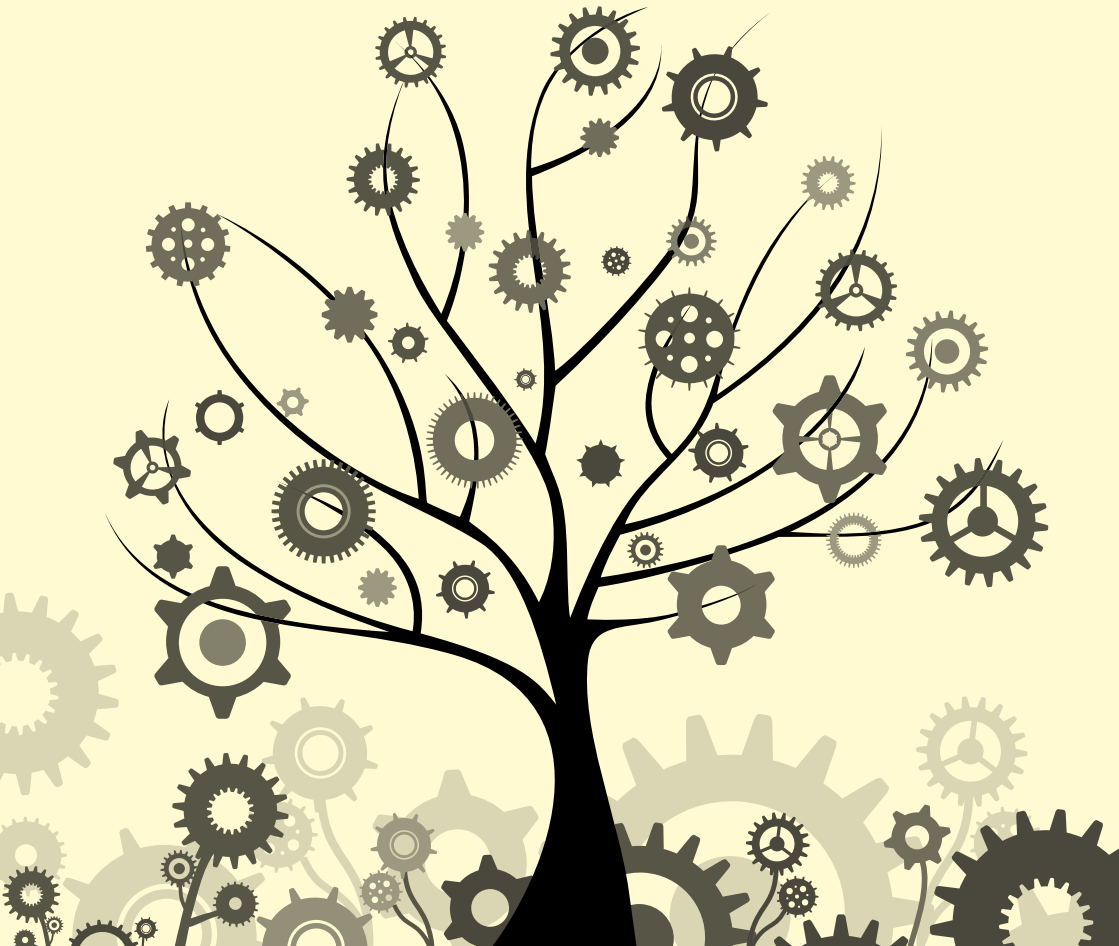


You have the potential
to be upper decile.
Make sure your investors see it.

Bladonmore
COMMUNICATING KNOWLEDGE ●●●

A guide to cultivating your
Limited Partner relationships.



Introduction

Funds raised in 2010 and 2011 could enjoy some of the best returns in private equity history.

When your next process begins, the need to distinguish your message from everyone else's is particularly acute.

The effectiveness of your communications with existing and potential LPs will be crucial.

GPs have cause for optimism. Vendors' pricing expectations will be more realistic enabling new investments to be struck at a fair value. This, in turn, will have increased the opportunities for management teams to consolidate sub-sectors through buy-and-build strategies.

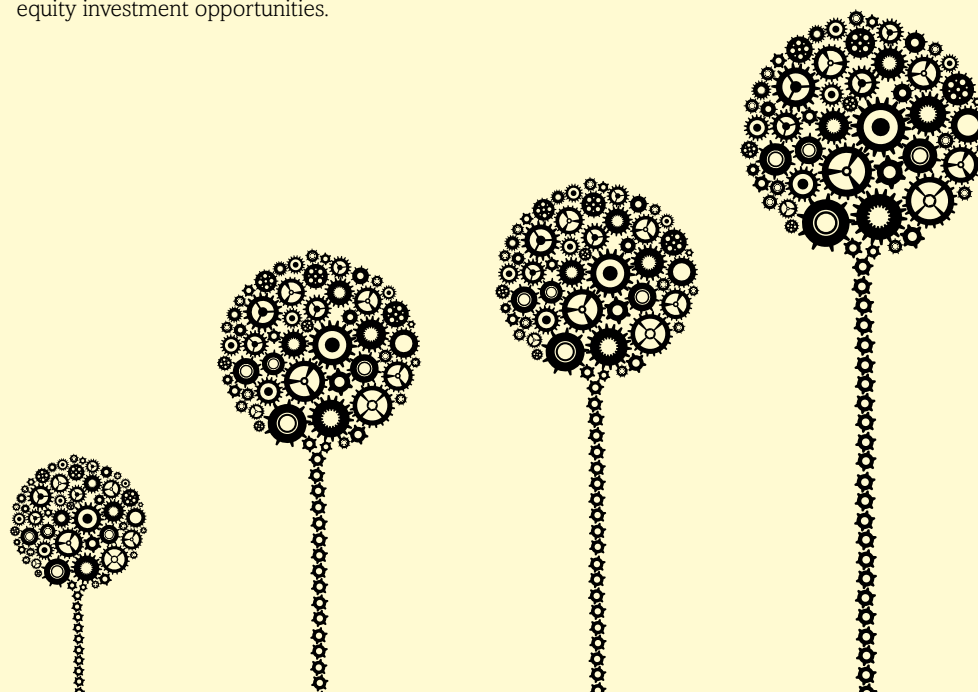
Meanwhile, the work completed by GPs on intensely managing their portfolio means progress has been made on ensuring its stability, as they strive to grind out growth.

GPs should be able to generate more striking returns for LPs over the coming times but must ensure LPs remain supportive.

It is not as if fund investors are not facing up to a long list of their own challenges. Many have got their asset allocation strategies wrong. They have been quietly telling GPs not to draw down historic commitments in recent times. They need to review and refine their commitments strategy to try to get a fresh start and access to a new generation of private equity investment opportunities.

So as GPs – when you walk into the rooms with existing or prospective LPs – you need to truly understand all the different swirling sets of motivations. Your ability to succeed will be driven by your performance in recent times. Failure rates in portfolio companies mean a number of GPs have recognised that they just cannot cut it, and have walked off the private equity stage. No amount of spinning or schmoozing would have changed investors' perception of them and there is absolutely no merit in saying otherwise.

This document is focused on maximising your success in those settings. Bladonmore has decisively established a reputation as a thought leader in LP communications. We have reflected on the key lessons we have learnt from delivering programmes during the past decade to create this paper. It is intended to challenge; to provoke, to start and extend a conversation with you.



Twelve ideas for the next 12 months

1. Know where you really stand – the power of research

How often do you think LPs are contacted for one firm or another's perception study? Anyone doing it with less than six months to go before you go out on the road is simply missing the point. Smarter operators will conduct this pivotal exercise between 12-18 months before the fundraising process is set to begin. A well-informed third party is able to identify and ask the right questions, analysing the responses and presenting the concerns of LPs back to you, while providing ample time to address any issues.

2. Key message development

Unilever and Procter & Gamble would never bring out a new product without ensuring they know exactly why and how it differs from any competitor's. So why is the GP community so weak in digging deep to unearth truly distinguishing features to present to investors? GPs need to accept they are part of evolving brands and they must invest the time to unlock their distinguishing features as a stepping stone to articulating them to investors.

3. One-to-one meeting preparation – the LP pitchbook & effective Q&A

Get in the habit of updating this on a quarterly or half-yearly basis. There are some basics to simply bring you up to speed with everyone else. Ensure the slides are consistent with the design of your brand. Make sure they communicate the key messages effectively and then ensure that anybody in your organisation who is LP-facing is trained up to present them. Ensure they can address all possible questions in an engaging and effective manner.

4. One-to-one meeting preparation – understanding body language

Invest time in understanding the basics of body language to interpret the unprompted signals investors provide. It is possible to learn a number of *tells* unconsciously communicated by investors. Dedicate three hours to learning some basics that will pay dividends over the coming years.

5. LP quarterly reporting update

Each firm brings their own approach to this important form of communication. Our recommendation is that the Managing Partner or Head of the IR function should be drafting a covering letter that gives your take on the market and its impact on your portfolio, before providing details of the individual portfolio updates. Ensure each member of the IR team receives the appropriate telephone communication coaching for when they make the follow-up calls.

6. Online LP communications

Your website sits at the forefront of your firm's communications with investors. Any LP under the age of 40 is going to bring a web-first approach to their interactions with you. Respond accordingly and ensure the LP extranet delivers above and beyond their expectations. Meanwhile ensure all of your site is well designed, informative and easy to navigate. Make use of dynamic filmed content to bring the site alive.

7. The annual investor meeting

An opportunity to re-affirm the key values of your firm and its funds and to also demonstrate the priorities for the coming year. This is a wonderful opportunity for the main protagonists to deliver a keynote speech backed up by an effective and engaging presentation with films to profile new investments made and old ones exited.

8. The power of film

Films remain the most emotive and evocative way of connecting with an audience. Many firms now produce case studies as a standard way of presenting to LPs. The smart ones let the portfolio company management teams do the talking and focus on how value is added. New innovations in this area are focusing on highlighting the core values underpinning a GP, demonstrating the depth of quality in team members.

9. GP annual review

Produce one for your firm: run a workshop to decide whether it is intended to be market-facing or, our recommendation, focused on simply demonstrating the progress made and challenges addressed in the past 12 months to your LPs. Continually communicating and being transparent with your LPs is logical, even if you never intend for this document to be distributed to external audiences such as the media. Do not go overboard with flash design. It is simply not necessary. Instead, focus on demonstrating your distinguishing features in a classy and effective manner.

10. Thought leadership campaign

When your firm truly understands its distinguishing features, there is a strong argument to invest in re-affirming these to key audiences. Really effective thought leadership is rare, and the exceptional pieces are those that resonate for years after completion.

11. Media train investment team members

LPs read the key international business and private equity trade media. Skilling your team members to talk to the LP audience through the gateway of the media is a sensible tactic to demonstrate the knowledge in your team.

12. Fundraising in the Middle East

Bladonmore operates from offices in Abu Dhabi and London. Bladonmore has extensive experience providing a range of communication services to Emirati and Middle Eastern clients throughout the region. This has provided us with the opportunity to develop a programme dedicated to fundraising in the Middle East (see page 10 for further details).

The perfect investor meeting

T-20 weeks

Define the strategic decisions and objectives for your investor meeting. This is the major set-piece event in your financial calendar, and there is absolutely no excuse for it to not be a success, however difficult the messages may be to convey.

There may be research from LPs who attended last year's event to analyse one final time or other perspectives to consider. Now is the time to host a robust debate about the lessons learned from last time and the objectives set for this year.

T-16 weeks

Now is the time for the key messages supporting this year's event to be agreed and signed off. There should be a draft framework for the event and a project management team will have been assembled to take responsibility for the effective management of this year's event. The decisions that are made at this point are likely to have an impact on the event's various working groups.

T-8 weeks

Examples of different working/work-flow groups that should by now be in a position to deliver their final product:

- a) The film production unit focused on demonstrating how value has been added to the portfolio and providing case studies of new investments made and exits completed in the past 12 months.

- b) The communications coaching unit focused on polishing the skills of team members who are set to present on the day. This may extend to members of portfolio management teams providing updates.

- c) The design unit focused on ensuring the slides are visually engaging and easy to navigate.

- d) The event planning unit focused on ensuring the venue is absolutely right for the needs and expectations of the audience.

T-2 weeks

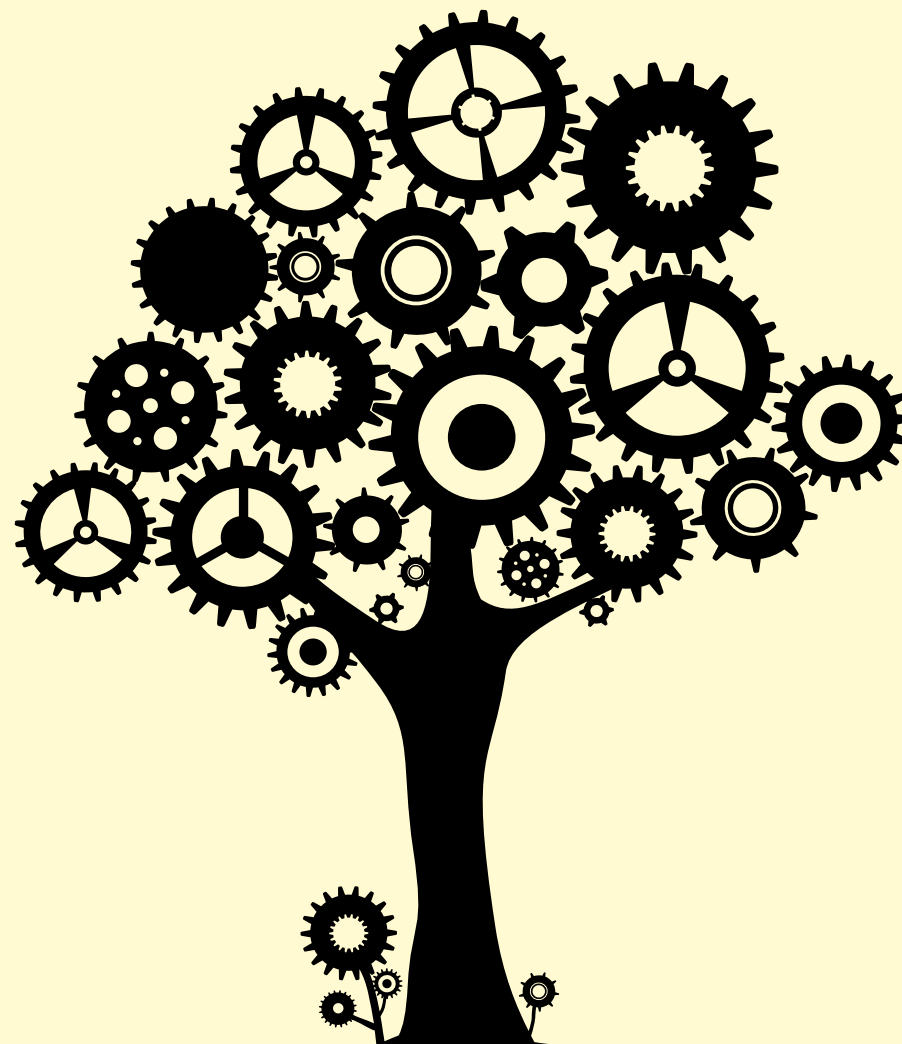
This is when there is likely to be a hive of activity. This time will witness a final film screening, presentation rehearsals, the development of a microsite and distribution of final information to delegates.

T-0 weeks

The event takes place. This can be filmed and beamed live as a webcast to LPs not able to attend the event. This content can then sit on your LP extranet for future use by LPs and your own marketing purposes.

T+4 weeks

There is an opportunity to source post-event analysis and for this to be presented in a formal feedback style for the GP.



Case studies

Coller Capital

Coller Capital is the global leader in secondaries investing. Bladonmore has enjoyed an eight-year relationship with the firm, providing a range of advisory services. The latest initiative is focused on the development of a publication to support the development of the Coller Institute of Private Equity at London Business School.

This is an example of an effective thought leadership programme focused on positioning Coller Capital as a global authority in private equity.

Doughty Hanson

Doughty Hanson has a 24-year track record of buying established businesses and working with management to create and realise value within companies across Europe.

The firm has one of the leading brands in private equity. It has emerged as a significant force in the industry with a unique strategy of focusing on three distinctive asset classes – private equity, real estate and technology ventures.

Bladonmore is now in its fourth year of working with Doughty Hanson, providing a range of services focused on enhancing Doughty Hanson's relationship with its investors. These include the development of the firm's Annual Review and a range of content initiatives for its annual meeting.

ECI Partners

ECI is a mid-market private equity house established in 1976. It asked Bladonmore to help improve the way it communicates with existing and potential LPs and intermediaries. Bladonmore worked with ECI on website redesign, content for the annual investor meeting – including film – and design and content for ECI's regular newsletter.

IK Partners

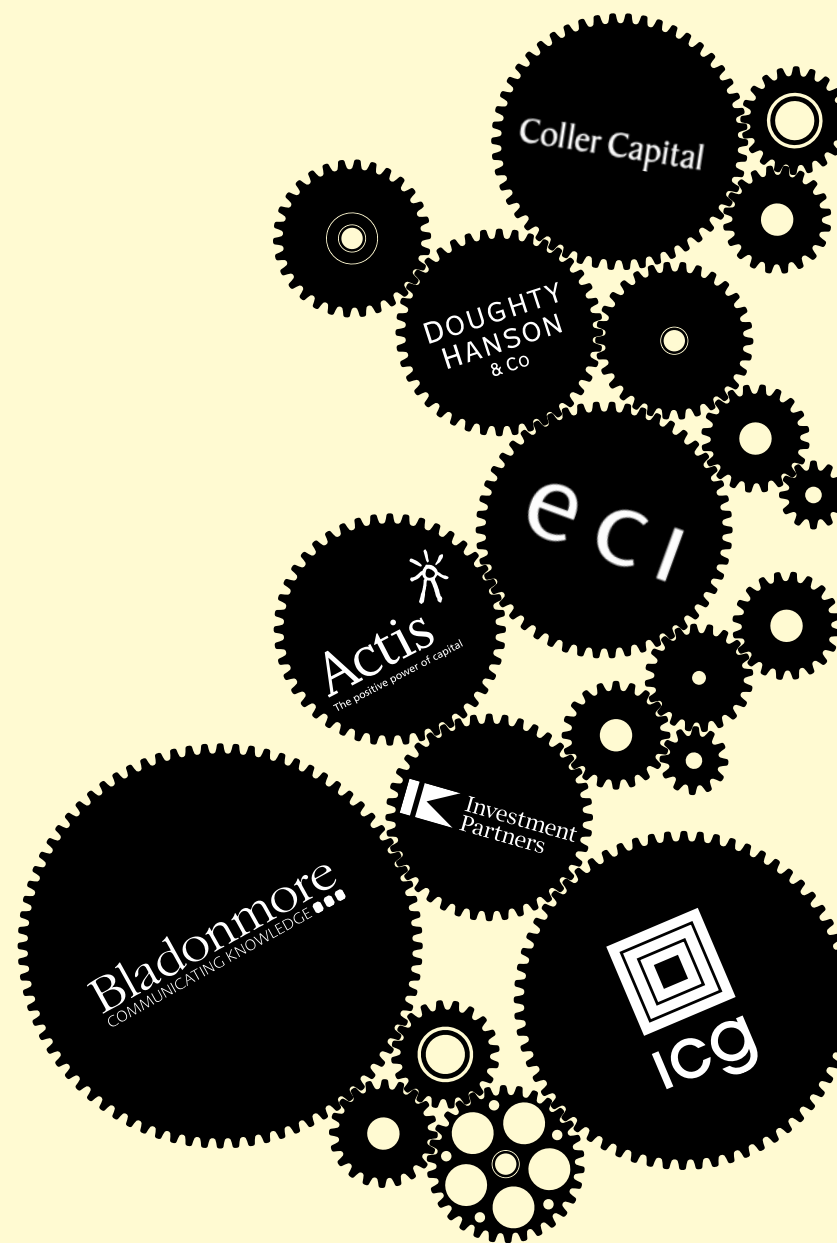
IK Investment Partners – formerly known as Industri Kapital – is a European private equity firm with Nordic roots, managing €5.7bn in fund commitments. It acquires and develops companies with the objective of delivering attractive returns to its investors. Bladonmore's first project for IK Partners has focused on redesigning its investor presentation.

Intermediate Capital Group

ICG is a quoted investor in and fund manager of private equity debt. Bladonmore has worked with the management of ICG on the development of its key messages. We also worked with members of the management team to polish their communication skills ahead of the successful rights issue that was completed in summer 2009.

Actis

Actis is a leading private equity investor in emerging markets. It is a pioneer with a 60-year history of investing exclusively in emerging markets. It has \$4.8bn under management and has more than 100 investment professionals located across the emerging markets working together to deliver what it calls the positive power of capital. Bladonmore has worked with Actis on the development and creation of its investor newsletter.



Service innovation: Effective fundraising in the Middle East

Bladonmore has five years' experience operating in the Middle Eastern markets. We have an office in Abu Dhabi delivering a range of communication services to organisations including Mubadala, the government investment firm, Aldar, the major real estate developer in the region and the Abu Dhabi Council for Economic Development.

Bladonmore's experience and network have enabled us to develop a new communications coaching programme exclusively focused on assisting private equity firms fundraising in the region. Elements of the programme include:

1. Cultural issues to address

Would you automatically extend your hand to shake the hand of a female Emirati when she enters the room? Would you leave the room if you were nearest the door? There is no shortage of cross-cultural challenges to contend with when you are looking to raise money in the Gulf. This module is focused on providing you with guidance on handling the issues you are most likely to face.

2. Capturing the interest of an Emirati audience

What tools and techniques can be best used to win them over and distinguish your approach? This module is focused on providing a number of tips and techniques to ensure you leave a memorable and positive impression.

3. Demonstrating expertise

Is there any difference in approach between demonstrating expertise to a potential European LP compared with an Emirati one? The short answer is yes. There is a need to communicate your key messages and engage in a manner that ensures they understand your points of differentiation.

4. Building long-term relationships

An effective Emirati relationship has the potential to last for generations if it is harnessed and nurtured in an effective fashion. It must be built on mutual respect and shared interests and passions. Bladonmore will help you lay the foundations to develop strong long-lasting relationships.

Service innovation: Leadership communications audit

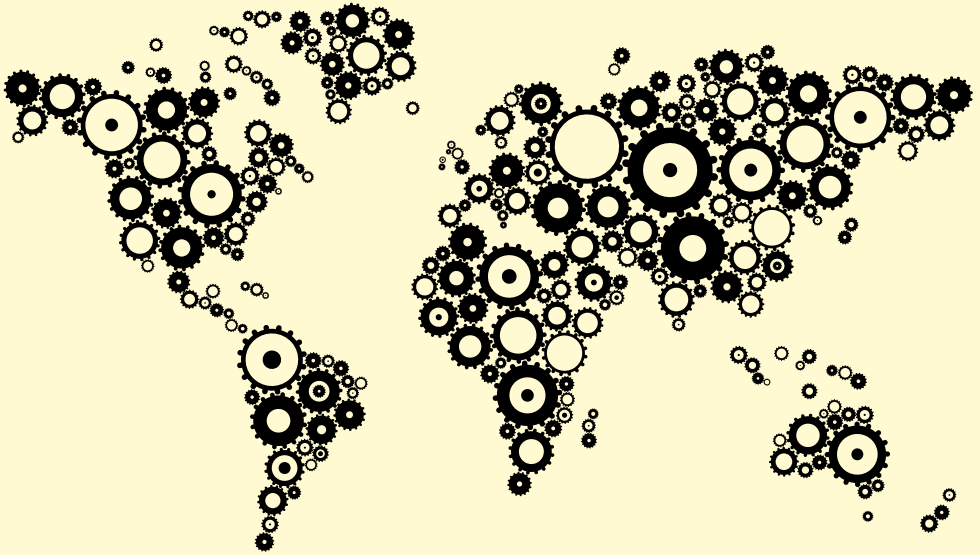
Bladonmore delivers a number of Leadership Communications programmes for senior executives internationally. The following is a proprietary test that Bladonmore has developed to test the skills of leaders. Take the test and see how high you score.

Score 1-5 points for each of the following leadership communication attributes. The stronger you are; the higher you score.

Leadership communication attributes and skills	Measure	Score (1 to 5) You	Score (1 to 5) Team
Authority	Can you lead the team? Do you command respect?		
Energy	Do you demonstrate enthusiasm and are your energies properly directed?		
Engagement	How skilled are you at connecting with and getting the best out of your people?		
Clarity	Can you get the message across clearly and effectively?		
Resolution	Will you stick with it through the tough times?		
Courage	Will you confront a challenge head-on?		
Decisiveness	Will tough decisions be deferred?		
Self-confidence	Do you have confidence in your own ideas and abilities?		
Assertiveness	Can you win the arguments? Do you speak up when you disagree?		
Trustworthiness	Are your life savings safe? Do you keep promises?		
Total		/50	/50

About us

Bladonmore provides strategic communications advice and implementation services to organisations, their leaders and executives. Driven by our desire to address our clients' challenges and opportunities, Bladonmore brings a unique combination of expertise and services in print, online, on screen and in spoken communications.



Bladonmore
10-11 Percy Street
London
W1T 1DN
United Kingdom

+44 (0)20 7631 1155

Bladonmore (Middle East)
FZ LLC
PO Box 77754
Abu Dhabi
United Arab Emirates

+971 552 925 368

www.bladonmore.com