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Press Release

For immediate release

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F&C announces close on new private equity fund and acquisition of Landsbanki's private equity fund interests

F&C Private Equity, the private equity fund of funds division of F&C Asset Management plc (F&C), has announced the first close at €30m of the Aurora Fund, a new fund specialising in acquiring secondary interests in predominantly European private equity funds (buyout and mezzanine) and co-investments. Investors in the Aurora Fund include UK and Dutch pension funds.

F&C believes that the European mid market offers one of the most attractive areas for private equity investment. The firm has been investing in European buyout funds, mezzanine and co-investments, through their listed vehicle, F&C Private Equity Trust plc, for many years with a strong track record. The Trust's portfolio of European Buyout and mezzanine investments achieved an IRR of 24.2% between 2001 and 2008.

The private equity market has seen a dramatic decline in activity since last year's banking crisis but there remains interest and activity in the European mid market. Within this segment, many are attracted to the secondary market where private equity funds are acquired some years after establishment, often at a significant discount to asset value, with the effect of shortening the investment period and enhancing returns. In recent years F&C has been active in the secondary market acquiring over €45m of secondary positions since 2004 generating an IRR to 31 December 2008 of 32%.

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F&C Asset Management plc is the listed holding company of the F&C Group.

F&C Management Limited is a member of the F&C Group and a subsidiary of F&C Asset Management plc.

Acquisition of Landsbanki's private equity fund interests

On 22 October 2009 F&C Private Equity completed its first acquisition for the Aurora Fund LP. On behalf of its clients, F&C has acquired Icelandic bank Landsbanki's private equity fund interests, representing the whole of Landsbanki Private Equity Fund I and a substantial part of Landsbanki Private Equity Fund II. Together this represents over €65m of original commitments, making it one of the larger secondary transactions carried out during 2009. Landsbanki Private Equity Fund II, which has a number of Icelandic investors, will continue to be managed by Landsvaki, the asset management arm of NBI hf. in partnership with F&C. The Landsbanki private equity fund interests will comprise the Aurora Fund's initial portfolio.

Hamish Mair, Head of F&C Private Equity, commented: "We are delighted to have acquired an attractive portfolio of European mid-market buyout funds which was put together by the well regarded private equity funds team at Landsvaki and at the same time provided a solution which protects the interests of the other investors in Landsbanki Private Equity Fund II while relieving Landsbanki of a substantial amount of undrawn commitments. This transaction represents a welcome opportunity to profit from the credit crisis. The combination of the mid market focus and an attractively priced secondary transaction gives us an excellent prospect of delivering strong returns to the fund's investors over the medium term. The transaction has been complex but we believe it delivers a good outcome for all parties."

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Notes to Editors

F&C Private Equity

- F&C Private Equity has a long track record of investing in private equity dating back to the 1980s. The team manage F&C Private Equity Trust plc, a London listed investment trust with total assets of £185 million invested in a diversified portfolio of private equity funds and direct investments.

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- F&C Private Equity Trust plc which has generated a total return on net assets of 15.0% per annum over the 5 years to 30 September 2009, well ahead of the 6.7% per annum generated by the FTSE All Share Index and the 2.1% per annum generated by the Datastream Private Equity Investment Trusts (ex 3i) Index over the same period.
- On 9 December 09 F&C Private Equity Trust plc announced the successful completion of a £30m zero dividend preference share issue which was fully subscribed. The zeros have been issued with a five-year life and a gross redemption yield (GRY) of 8.75%.
- F&C Private Equity also manages F&C European Capital Partners LP, a fund of private equity funds which closed in 2008 with investor commitments of €173 m

F&C Investments

- F&C Asset Management (F&C) is an independent London Stock Exchange listed asset management group with around 100,000 shareholders.
- F&C traces its origins to 1868 with the launch of the Foreign & Colonial Investment Trust, the first ever publicly listed investment fund. Foreign & Colonial Investment Trust remains a client of F&C.
- F&C is an active fund manager with a multi-specialist investment model where individual teams have strong accountability for their products and processes. The group is also an active shareholder with a leading franchise in governance and sustainable investment.
- F&C manages £99.2 billion (€108.5 billion) of assets* for a diverse range of institutional, insurance and retail clients across all major asset classes – equities, bonds, cash and property – as well as alternative and specialist product classes. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has a global office network spanning a dozen countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).

* As at 30 September 2009.

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