

Investment in Karmarama by Phoenix Equity Partners marks first move in creation of new international integrated marketing communications group

London 2nd June 2011: Plans have been announced today to create a major new force within the international marketing communications sector following the completion of a strategic investment in Karmarama, one of the UK's fastest growing independent communications agencies, by Phoenix Equity Partners (Phoenix), the London-based mid-market private equity investor. This is the third investment by Phoenix's £450 million 2010 Fund, which was raised in May 2010.

In addition to Karmarama, the investment also encompasses its associate companies, Kream and Kaper and will accelerate the group's plans to create an international integrated marketing communications business. As such, this move represents the first of a number of planned investments, further acquisitions and recruitment initiatives. Over the next two to three years these will bring together some of the most talented industry practitioners and successful and innovative independent agencies from across the marketing communications sector – both in the UK and in key international markets – to build a highly integrated and future-facing agency model which combines the best creative, technology and data expertise.

On completion of the transaction, the business will be jointly owned by the partners of the three entities, including Karmarama's four principals: Ben Bilboul (CEO), Nicola Mendelsohn (Karmarama's executive chairman), Dave Buonaguidi (Chief Creative Officer) and Sid McGrath (Chief Strategic Officer), and Phoenix.

They will be joined by Adam Silver, who has been appointed corporate development director with responsibility for overseeing the continuing acquisition and investment programme, and Charles Watson, who has been appointed chairman of the group. Charles Watson was until the beginning of this year group CEO of Financial Dynamics, one of the world's leading financial and corporate public relations consultancies. In 2003, he led FD's management buy-out, and subsequently built the business, organically and through a series of acquisitions, into one of the most successful private equity-financed investments in the PR & marketing communications sector.

"Today's announcement secures our independent future and opens up a multitude of new opportunities for both our clients and our people. This investment will help us lead the market in the fusion of creativity, technology and data, and we're looking forward to partnering with other like-minded entrepreneurs to help achieve this. By putting the principles of collaboration, innovation and entrepreneurial thinking at its heart, we are confident that this progressive venture will be market-defining," said Ben Bilboul, CEO, Karmarama. *"We believe that our partnership with Phoenix, Charles and Adam provides the perfect formula for taking the business forward,"* he continued.

Commenting on today's news, Sandy Muirhead, Managing Partner of Phoenix, said: *"We are delighted to be backing this ambitious plan to create an innovative new force in the marketing communications sector. The combination of the exceptionally talented Karmarama team with Charles Watson's proven record in building successful "people" businesses and Adam Silver's transactional expertise creates a five star team around which to build the new challenger brand in this market. We are hugely looking forward to working with them all and are fully committed to deploying further significant amounts of investment capital to help achieve their goals."*

In conclusion, Charles Watson said: *"It is enormously exciting now to be working in partnership with what is without doubt one of the most successful teams in the marketing communications sector. An outstanding growth record combined with a truly innovative and collaborative culture has already proved Karmarama to be one the most progressive and creative agencies in the UK. This is the perfect starting point for building something quite exceptional in the industry and we look forward eagerly to engaging with other like-minded talent as we plan our next moves."*

During the transaction, Karmarama was advised by SI Partners.

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Notes to Editors

About Karmarama

Karmarama was founded in 2000 by Dave Buonaguidi, with Ben Bilboul, Sid McGrath and Nicola Mendelsohn joining in 2003, 2006, 2008 respectively. During this period the business has grown rapidly to become acknowledged as one of the leading creative independent agencies in the UK with a fast growing list of high profile clients which includes Nintendo, the BBC, Costa and Unilever. The business is the UK's fastest growing top 25 creative agency, regularly features in Campaign's top 10 new business league table and in March this year, was voted 27th in the 'Sunday Times Best Small Companies to Work For 2011'. On May 22, Karmarama was awarded 'Agency of the Year 2011' at Marketing Week's Engage Awards. www.karmarama.com

About Kream

Kream is a production agency specialising in the production of TV Commercials and Branded Content. The business was founded in partnership with Karmarama by Eddie Marshall, Jon Harvey, in 2007; they were joined by fellow Director Lisa Green in 2010. Kream has enjoyed rapid growth, supplying agencies, brands and broadcasters with screen based content. Their approach is platform agnostic, and work ranges from BAFTA nominated programming for Nick Jr through to high profile TV campaigns for Nintendo and digital content for LastMinute.com www.kreamlondon.com

About Kaper

Kaper was set up by former Shine Communications and MySpace Director Chris McCafferty in July 2010 following investment from the Karmarama management. The business provides a range of innovative consumer-focused communications services including digital PR, social media outreach, experiential events and branded content. Clients include AOL, Southbank Centre and Ebury Publishing. www.kaper.uk.com

About Phoenix Equity Partners: (www.phoenix-equity.com)

Phoenix Equity Partners is an independent private equity fund management business; its investment focus is on mid-market UK private businesses valued at up to £200 million.

Previous PEP transactions include:

- Investment in Jimmy Choo, the international branded designer, wholesaler and retailer of ladies shoes and handbags;
- Investment in Busaba Eathai, a leading Thai restaurant concept, to support its expansion;
- Investment in LK Bennett, the leading designer and retailer of womenswear, shoes and accessories, to support its continued growth;
- Investment in Precise Media, the leading provider of high-speed media monitoring and evaluation services.