



Gresham Private Equity Fund 2

PACIFIC PRINT GROUP

In November 2005, Gresham Private Equity acquired a 50% interest in Australasian commercial print company, Pacific Print Group.

SUMMARY OF DEAL

Gresham Private Equity has acquired 50% of trans-Tasman printing company Pacific Print Group ("PPG"), with the balance being owned by a mixture of printer investors and the incumbent management team.

PPG is a leading commercial printing business with annual revenues of approximately NZ\$170 million and over 700 employees. Its operations focus on sheet-fed offset printing, an attractive niche within the sector that shows strong margins and sustainable organic growth.

PPG's strategy will be to replicate the successful roll-up of the NZ sheet-fed offset market, in Australia and to drive out scale-based synergies from its New Zealand and Australian operations.

Total funding of NZ\$220 million was raised as part of the transaction. Senior and subordinated debt facilities were provided by a syndicate comprising ANZ and Westpac.

BACKGROUND

PPG was formed in 2001 with the objective of executing a roll-up of sheet-fed offset printing businesses in the Australasian region. Since inception, the Company has acquired 14 printing businesses in Auckland, Napier, Wellington, Christchurch, Melbourne and Sydney, which have been consolidated into ten subsidiaries.

Gresham Private Equity's investment has funded two recent acquisitions and will facilitate PPG's growth strategy going forward.

Gresham Private Equity's due diligence team included Ernst & Young (financial & tax), L.E.K. Consulting (commercial & market), Bell Gully (legal) and AON (insurance).

Roy McKelvie and Guy Reypert of Gresham Private Equity have joined the board of PPG.

THE BUSINESS

PPG is a market leading provider of high quality, technology-led printing solutions, comprising many of the leading sheet-fed offset print businesses in Australasia.

PPG's subsidiaries retain their own brands and operate largely independently from other subsidiaries, in most cases under the same management teams as prior to becoming part of PPG. As the group continues to grow, however, there will be an increasing number of opportunities to benefit from a higher level of integration across the group, particularly in functions that are not customer-facing. In this way, the subsidiaries benefit from retaining the customer focus of smaller businesses, while benefiting from the economies of scale of a large company.

The majority of Company revenues are currently generated in New Zealand, with Australia being the focus for growth.

PPG is well positioned to service a wide range of customers in the publishing, retail, corporate and government sectors. Typical products include magazines, brochures, trade journals, a broad range of advertising materials and corporate publications such as annual reports, as well as greeting cards, corporate stationary and business forms.

Sheet-fed offset printing is generally high quality with individual print runs capable of producing various sizes and finishes on a broad range of materials.

PPG also manufactures self-adhesive labels, using a similar process to sheet-fed offset printing by applying ink to adhesive backed paper or vinyl, rather than normal paper. These products are typically used for food and beverage labels, chemical product labels, barcodes, security and baggage tags and comprise a small but highly profitable part of the business.



MANAGEMENT

PPG's Chairman, Sandy Maier, was appointed to the Board of PPG in 2002 following a 15 year career with Citibank/Citicorp, where he rose to the position of CEO New Zealand. Sandy holds a number of directorships including Mighty River Power, Equitable Group, RECT Funds Management Limited and is a former director of the Bank of New Zealand.

Geoff Wilding founded PPG in December 2001 with the objective of undertaking a consolidation of the print industry. Geoff has previous roll-up experience, having founded his own investment vehicle, Transport Investments in 1991, through which he undertook a successful strategic roll-up within the NZ transport sector.

Mark Brebner is the CEO of PPG New Zealand and joined the group when PPG acquired Brebner Print Group in February this year. Mark founded Brebner Print Limited in 1978 and has overseen its growth from its first year's turnover of NZ\$98,000 to nearly NZ\$37 million in 2005.

These senior executives are supported by an able team of General Managers, who independently manage the subsidiaries.

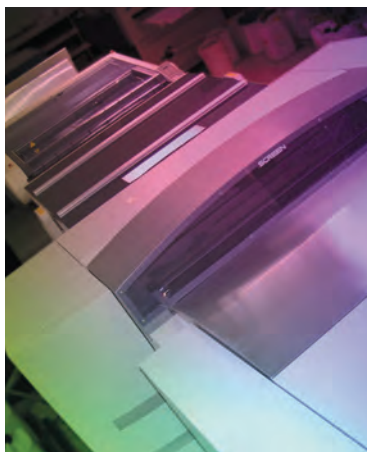
TRANSACTION RATIONALE

The attractions of this business as an investment opportunity include:

- Expansion strategy in Australia: There is a clear opportunity for industry consolidation in Australia. PPG intends to lead this consolidation by

replicating the successful New Zealand roll-up formula within the fragmented Australian market.

- Integration opportunity in New Zealand: To date, operations in New Zealand have largely been run independently, providing scope for operational efficiencies and cost savings resulting from economies of scale.



- State-of-the-art equipment: PPG subsidiaries have invested heavily in state-of-the-art technology in past years, resulting in modern production capabilities that are comparable to highest global standards.
- Manufacturing quality and efficiency: PPG's focus on manufacturing quality and efficiency has contributed to profit growth. PPG has a strong manufacturing base which serves to cement loyal client relationships and a growing customer base.
- Large, stable market: The commercial printing industry in Australia and New Zealand is substantial, totalling

sales of circa A\$11.5 billion, growing annually broadly in line with GDP.

- Trend in market drivers: PPG is focused on a high margin segment of the printing market. Positive drivers of this sector include growth in advertising spend on printed material, increasingly targeted niche direct marketing and the growing number of medium circulation magazine titles being published. These drivers will support demand for sheet-fed offset printing services.
- Varied products in different sectors: PPG customers operate in a very broad range of sectors and require a variety of printed products, which provides diversification of exposure. The Company has a broad client base, with no single client accounting for more than 3% of group revenues.
- Strong cash flow: The business has consistently demonstrated an ability to generate cash.
- Management: Management has retained a significant investment in the business, which is strong evidence of their faith in the company's continued growth potential.
- Complementary skill sets: Gresham Private Equity and management have formed an effective working partnership to grow the business organically and by acquisition. If successfully executed, this strategy will facilitate an attractive exit in 3 to 4 years time.

