



## Dear Investors and Friends,

2012 was another successful year for LLM Capital Partners LLC.

We completed a new investment in Ingenios Health, a provider of home health risk assessments to Medicare Advantage plan members, backing John Shermeyen, the founder and former CEO of LogistiCare, a prior portfolio company of LLM's principals

Vology, a platform portfolio company, completed two add-on acquisitions, including Bayshore Technologies, creating a company with over \$135 million of expected 2013 revenues and prospects of further accelerating future growth.

Spectrum Clubs, sold its Texas cluster of health clubs, enabling Spectrum's management to focus on its valuable Los Angeles cluster of clubs and pay off all funded debt, leaving the company with excess cash and the ability to pay LLM's accrued dividends in cash.

Kennedy Wilson (NYSE:KW), an international real estate investment and services company in which LLM holds warrants, led real estate acquisitions in 2012 totaling \$2.9 billion bringing the total purchases of real estate related assets by the company and its partners to \$8.0 billion over the 3 years since our portfolio company Prospect Acquisition Corp. acquired Kennedy-Wilson.

Through continued realizations on various portfolio investments, in 2012 we distributed 177% of capital called in 2012. Since the fund inception, we have realized 64% of capital called for fund investments. Our first fund has made eight investments in total, three of which have been successfully realized or partially realized. Our five unrealized investments continue to perform well and remain on track for realizations over the next few years.

LLM is focused on providing growth capital to businesses that have strong management teams and fundamentals that could benefit from LLM's capital and expertise. LLM primarily pursues non-control, minority stake equity investments providing capital for recapitalizations, acquisitions and growth.

Our professionals collectively have over 100 years of experience sourcing transactions, evaluating companies and making, managing and realizing on private equity investments. The firm is relationship driven, with longstanding associations with management teams, capital partners and senior principals at other investment firms. LLM is headquartered in Boston with an office in San Francisco.

### Investment Criteria

LLM makes minority, and at times, control, equity investments in growing small-capitalization companies. Our investments size is \$5 to \$25 million, and at times, larger with co-investors. LLM primarily invests in profitable, growing companies in which the management teams own a significant equity stake. LLM favors investments in higher growth sectors in which LLM has had repeated success including healthcare and wellness services, business services, financial services and niche manufacturing.

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