

Adressen -

List of Addresses

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Auditors - Revisionsstelle
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Handelsinformation -

Trading Information

Price Information - Preisinformation

Reuters	DBSTRUK03
Bloomberg	PRINEQ <<Corp>>RELS <go>
Telekurs, Investdata	CH813917

Market Maker
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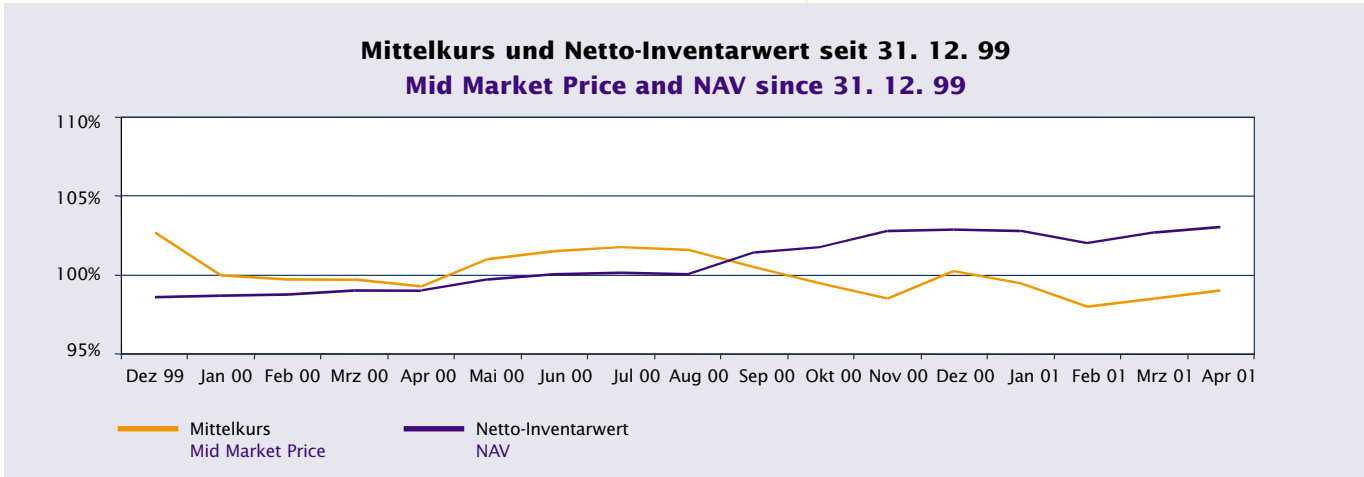


*Geschäftsbericht
Annual Report
2000*

 Princess

Kurs- und Performance-Information

Price and Performance Information



Firmenprofil

Princess Private Equity Holding Limited ist eine Private Equity-Investmentgesellschaft mit Sitz in Guernsey. Die von der Princess Holding emittierte Wandelanleihe eröffnet sowohl institutionellen als auch privaten Investoren die Möglichkeit, an einem professionell betreuten und breit diversifizierten Portfolio aus Beteiligungen an Private Equity-Partnerships zu partizipieren. Der Emissionserlös von USD 700 Mio. wird seit Juni 1999 von diesen Partnerships in nicht börsennotierte Unternehmen investiert. Durch eine Rückversicherung der Swiss Re ist die deckungsstockfähige Wandelanleihe mit einem vollen Kapitalschutz bis zur Wandlung und einem AAA-Rating von Standard & Poor's ausgestattet.

Company profile

Princess Private Equity Holding Limited is a Guernsey-registered Private Equity investment company. The Princess Holding convertible bond enables institutional and private investors to participate in a professionally managed, broadly diversified portfolio of investments in Private Equity partnerships. Since June 1999, the total issue amount of USD 700 million has been progressively invested in unlisted companies by the partnerships. By means of re-insurance cover provided by Swiss Re, the capital of the convertible bond, which is eligible in Germany for investment of prime stock reserves, is fully protected until maturity and the issue has been assigned a AAA rating by Standard & Poor's.

	Wert per 31. Dez. 1999 Value as of Dec. 31. 1999	Wert per 31. Dez. 2000 Value as of Dec. 31. 2000	Performance 2000	Wert per 31. März 2001 Value as of March 31. 2001	Performance 31. Dez. 2000 bis 31. März 2001 Dec. 31. 2000 till March 31. 2001
NAV	98.62%	102.89%	4.33%	102.75%	-0.14%
Mittelkurs Mid Market Price	102.75%	100.25%	-2.43%	98.50%	-1.75%

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Dieses Dokument stellt weder einen Verkaufsprospekt noch eine direkte oder indirekte Verkaufsförderung dar.

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This document is neither a sales prospectus nor a direct or indirect sales promotion instrument.

Daten und Fakten

Emittent der Wandelanleihe	Princess Private Equity Holding Limited, Guernsey
Versicherung	Kapitalgarantie bei Fälligkeit durch Princess Management & Insurance Limited, Guernsey, rückversichert durch Swiss Re
Gebühren	Versicherungsprämie: 1.5% p.a. Management Fee: 1.5% p.a.
Gesamtbetrag der Anleihe	USD 700 Mio.
Zinssatz	0%
Verfallsdatum	31. Dezember 2010
Rückzahlung bei Verfall	100%
Anfängliche Wandelprämie bei Emission	0%
Wandlungsfrist	1. Januar 2007 bis 30. November 2010
Status	AAA-Rating Standard & Poor's Deckungsstockfähig
Börse	Notierung an den Börsen in Frankfurt und Luxembourg
Kennnummern	Schweiz 813.917 Deutschland 313.965
Settlement	Euroclear/Clearstream/ ISIN XS0098576563
Berichte	Monatsbericht Quartalsbericht Jahresbericht

Facts and Figures

Issuer	Princess Private Equity Holding Limited, Guernsey
Capital Protection	Principal of the Bond protected at maturity under insurance arrangements by Princess Management & Insurance Limited, Guernsey, reinsured by Swiss Re
Fees	Insurance Fee: 1.5% p.a. Management Fee: 1.5% p.a.
Issue Size	USD 700 Mio.
Coupon	0%
Maturity	December 31, 2010
Redemption	100%
Initial Conversion Premium	0%
Conversion Period	January 1, 2007 until November 30, 2010
Rating	AAA-rating by Standard & Poor's Fulfills stringent investment regulations for German investors
Stock Exchange	Listed on the Frankfurt and Luxembourg Stock Exchanges
Security Numbers	Switzerland 813.917 Germany 313.965
Settlement	Euroclear/Clearstream/ ISIN XS0098576563
Reporting	Monthly Report Quarterly Report Annual Report



Vorwort des Verwaltungsrates

Sehr geehrte Investoren

Die Princess Private Equity Holding Limited hat das erste vollständige Geschäftsjahr erfolgreich beendet und der Verwaltungsrat freut sich, Sie im Folgenden detailliert über den Geschäftsverlauf informieren zu dürfen.

Durch den Erwerb von Beteiligungen an weltweit mittlerweile über 95 sorgfältig ausgewählter Partnerships investiert die Princess Private Equity Holding Limited das durch die Ausgabe einer Wandelanleihe aufgenommene Kapital in Höhe von USD 700 Mio. in die Anlageklasse Private Equity. Durch die innovative Versicherungslösung bietet Princess eine neuartige Möglichkeit für Investitionen in aufstrebende Wachstumsmärkte, neue Technologien und expandierende Märkte.

Der Innere Wert (Net Asset Value oder NAV) des noch jungen Produktes konnte trotz des ungünstigen Umfeldes der weltweiten Finanzmärkte im Jahr 2000 einen Anstieg ausweisen und damit auch in diesen Zeiten eindrucksvoll die Stärken der Anlageklasse Private Equity unterstreichen. Eine geringe Korrelation zu den öffentlichen Märkten und das attraktive Risiko/Rendite-Verhältnis eines breit diversifizierten Private Equity-Portfolios, machen gerade jetzt eine Investition in Princess zu einem wichtigen strategischen Portfoliobestandteil und damit sowohl für institutionelle, als auch private Anleger überaus interessant.

Erste Rückflüsse aus dem erworbenen Sekundär-Portfolio der NatWest-Bank führten zu einer positiven Entwicklung des Inneren Wertes, der bereits den Break-even-Punkt überschreiten konnte und damit auf der J-Curve ein gutes Stück vorangekommen ist. Commitment- und Investitionsgrad konnten auf ein hohes Niveau gesteigert werden und schaffen damit die Voraussetzungen für eine weitere positive Wertentwicklung des Portfolios.

Die Management-Gesellschaft *Princess Management & Insurance Limited*, die auf die Erfahrung von drei der weltweit grössten Private Equity-Manager zugreift, ist überzeugt, dass bereits ein qualitativ hochwertiges und ausgewogen gestreutes Portfolio aus Private Equity-Partnerships entstanden ist, das den Investoren einen attraktiven Zugang zu dieser Anlageklasse bietet.

Der Verwaltungsrat ist stolz auf das Princess-Portfolio, das er seinen Investoren in diesem Jahresbericht vorlegen kann und dankt Ihnen für das uns entgegengebrachte Vertrauen.

Ihr Verwaltungsrat

Statement from the Board of Directors

Dear Investors

Princess Private Equity Holding Limited has successfully completed its first full financial year and the Board of Directors is pleased to provide you with the following detailed report on the year's business activity.

Through the purchase of holdings in more than 95 carefully selected partnerships worldwide, Princess Private Equity Holding Limited has begun to invest the USD 700 million in capital raised via the issuance of a convertible bond in the asset class Private Equity. The issue's innovative insurance-backed structure provides Princess with a completely new means of investing in strong growth sectors, new technologies and expanding markets.

The Net Asset Value (or NAV) of this still new product was able to show an increase in 2000 despite the unfavourable environment within the global financial markets and thus to emphasize impressively the strengths of the asset class Private Equity. The low correlation with publicly traded markets and the attractive risk/return ratio of a broadly diversified Private Equity portfolio are what currently makes an investment in Princess an important strategic component of a portfolio, and, as a result highly interesting for institutional and private investors.

The first inflows of proceeds from the NatWest Bank secondary portfolio purchased during the year led to a positive development in the NAV, which has already gone through the break-even point and thus advanced considerably along the J-curve. Both the commitment level and the investment level were able to be raised to a high level and thus to set the scene for continued positive growth in the value of the portfolio.

The investment management company, *Princess Management & Insurance Limited*, benefits from the experience of three of the world's largest Private Equity managers and is convinced that a top-quality and well-balanced portfolio of Private Equity partnerships has already been created which offers Princess's investors an attractive access to this asset class.

The Board of Directors is proud of the Princess's portfolio which is presented to Princess's investors in this annual report and would like to thank you for the confidence you have placed in the Board.

Board of Directors

Private Equity – eine Anlageklasse mit attraktiven Eigenschaften

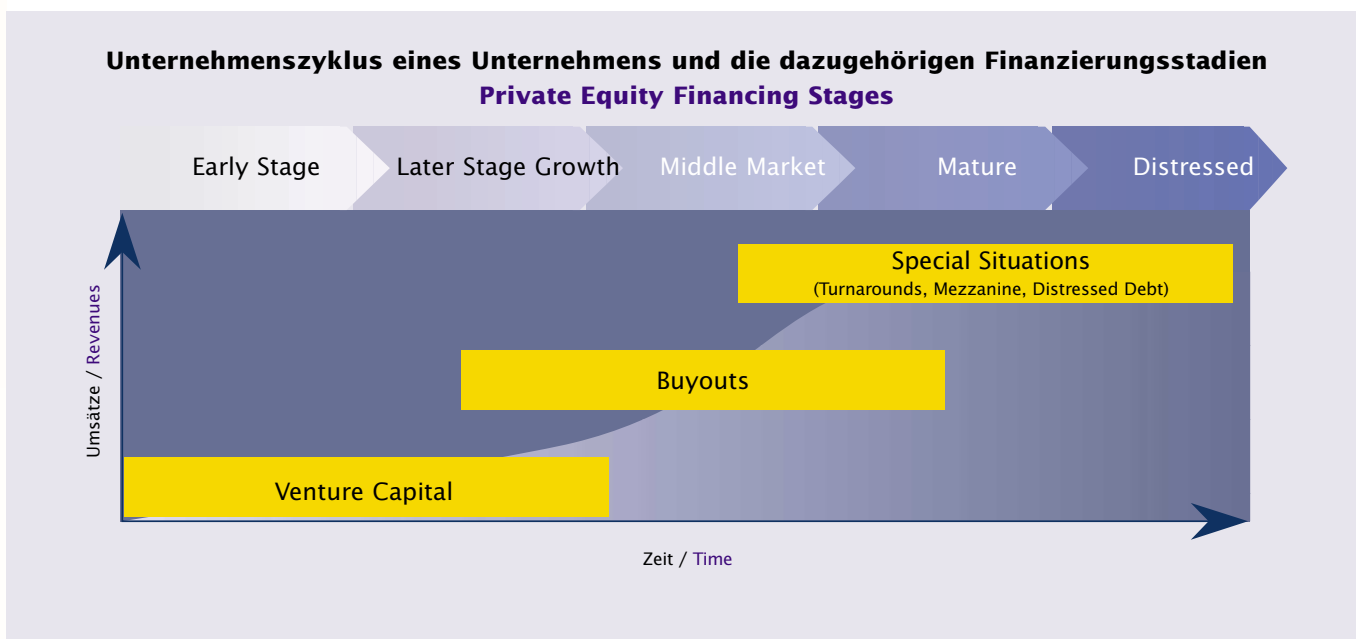
Was bedeutet Private Equity/Venture Capital?

Unter Private Equity/Venture Capital-Investitionen versteht man den Erwerb von Anteilen an privaten, in speziellen Fällen auch öffentlichen, Unternehmen mit dem Ziel, noch nicht realisiertes Wachstumspotenzial zu aktivieren und die erworbenen Anteile zu einem späteren Zeitpunkt nach einer substantiellen Wertsteigerung zu verkaufen. In diesem Bereich haben sich schon seit einiger Zeit professionelle Beteiligungsgesellschaften gebildet, sogenannte Partnerships, die oftmals über das finanzielle Engagement hinaus den Portfoliounternehmen, in die sie investiert haben, aktiv bei der Entfaltung der Geschäftstätigkeit mit ihrem Know-how und Netzwerk zur Seite stehen.

Private Equity – An Asset Class with attractive Opportunities

What is Private Equity/Venture Capital?

Private Equity/Venture Capital investments are defined as the purchase of holdings in private, or, in some special cases, also public, companies, with the aim of tapping the as yet unrealised growth potential and of later selling the acquired holdings after a substantial increase in value. For some time now, a number of professional investment companies, so-called partnerships, have established themselves in this Private Equity sector, often providing the portfolio companies not only with financial assistance, but also supporting them with their know how and their network.



Investitionen in Private Equity/Venture Capital werden herkömmlicherweise in die folgenden Segmente unterteilt, die sich an den Entwicklungsphasen der Unternehmen orientieren:
Early Stage Venture:

Umfasst Unternehmen in einer Entwicklungsphase, in der das zugeführte Eigenkapital mehrheitlich zur Finanzierung von Produktentwicklungen, Markteinführungskampagnen sowie Aufbau von Produktionskapazitäten und Vertriebsapparat verwendet wird. Während Finanzierungen in der Unterkategorie "Seed Stage" noch erhebliche Produktrisiken in sich bergen können, handelt es sich bei "Early Stage"-Investitionen bereits um den Auf- bzw. Ausbau von existierenden Fertigungskapazitäten, Vertriebskanälen und dem Halten eines Wettbewerbsvorsprungs.

Investments in Private Equity/Venture Capital are usually divided into the following segments, according to the companies' phases of development:

Early Stage Venture:

This segment includes companies at a stage of development in which the invested capital is mainly used for the financing of product development, marketing campaigns and the building up of production capacity and distribution infrastructure. Whereas the financing of the sub-category called the "Seed Stage" can contain considerable product risks, "Early Stage" investments imply the building or further development of existing production capacity, distribution channels and the preserving of a company's competitive advantage.

Later Stage Venture:

Umfasst Unternehmen, die sich in einer starken Expansionsphase befinden. Die Herausforderung in diesem Stadium liegt zumeist darin, dass es dem Unternehmen gelingen muss, nach erfolgtem Ausbau zusätzlicher Fertigungs- und Vertriebskapazitäten die angestrebten Marktanteile auch wirklich zu erreichen.

Small Mid Size Buyout:

Umfasst Investitionen, die den Erwerb von Anteilen am Kapital von Unternehmen mit einer Bilanzsumme von bis zu einer Milliarde USD zum Ziel haben. In der Regel werden im Rahmen von Buyout-Finanzierungen kontrollierende Mehrheiten angestrebt und unternehmerischer Einfluss ausgeübt.

Large Size Buyout:

Umfasst Investitionen, die den Erwerb von Anteilen am Kapital von Unternehmen mit einer Bilanzsumme von über einer Milliarde USD zum Ziel haben. Auch in diesem Segment werden kontrollierende Mehrheiten angestrebt und unternehmerische Gestaltungsprozesse ausgeübt.

Special Situations & Mezzanine:

Bei Anlagen in Spezial Situationen handelt es sich im Allgemeinen um Anlagen in bereits etablierte Unternehmen. Häufig sind dies Unternehmen, die sich in speziellen Finanzierungsumständen befinden, sei es, dass sie kürzlich an die Börse gegangen sind, sich in einer "Turn-around"-Situation oder einem Restrukturierungsprozess befinden.

Charakteristische Eigenschaften der Anlageklasse

Private Equity

Zu den charakteristischen Eigenschaften der Anlageklasse Private Equity/Venture Capital gehört neben den attraktiven Renditeerwartungen vor allem die niedrige Korrelation zu traditionellen Anlagen. Eine Analyse der historischen Daten hat nicht nur eine geringe Korrelation zu den Aktien-, sondern auch zu den Rentenmärkten ergeben. Zudem weisen Private Equity/Venture Capital-Anlagen im Vergleich zu den öffentlichen Märkten eine sehr geringe kurzfristige Volatilität auf. Diese Eigenschaften sorgen dafür, dass sich Private Equity/Venture Capital-Anlagen mit ihrem spezifischen Diversifikationsnutzen ideal als optimierende Beimischung zu einem traditionellen Anlegerportfolio eignen.

Investitionsstrategie und -prozess

Durch Umsetzung zweier kombinierter Ansätze – Top Down und Bottom Up – strebt Princess ein optimiertes Portfolio an. Basierend auf definierten Allokationsrichtlinien, suchen die Princess Investment-Advisor (Partners Group, Hamilton Lane und Invesco) nach den bestmöglichen Private Equity-Partnerships.

Later Stage Venture:

This includes companies which find themselves in a phase of strong expansion. The main challenge at this stage is that, having developed the required additional production and distribution capacity, the company must actually succeed in achieving the market-share it is aiming for.

Small Mid Size Buyout:

This phase includes investments aimed at purchasing shares in the capital of companies with a capitalization of up to one billion USD. The aim is generally to obtain a controlling majority by means of 'Buyout' financing structures, so that influence can be applied on business development.

Large Size Buyout:

This includes investments aimed at the acquiring of stakes in the equity of companies with a capitalization of more than one billion USD. Here too, controlling majorities are sought, in order to be able to influence the development of the company concerned.

Special Situations & Mezzanine:

Special Situation investments usually imply investments in companies which are already established. Frequently, these are companies which are in a special situation with regard to financing needs, whether this be shortly after an IPO, or because they are in a 'turn-around' situation or are in the process of restructuring.

Typical Characteristics of the Asset Class Private Equity

The typical characteristics of the asset class Private Equity/Venture Capital include not only the attractive expected returns, but, above all, the low correlation with traditional investment forms. An analysis of the historical data shows a low correlation not only with the equity markets, but also with the bond markets. In addition, Private Equity/Venture Capital investments show very little short-term volatility compared with the public markets. These characteristics make investments in Private Equity/Venture Capital, with their unique diversification benefit, into the ideal complement for optimizing the traditional investment portfolio.

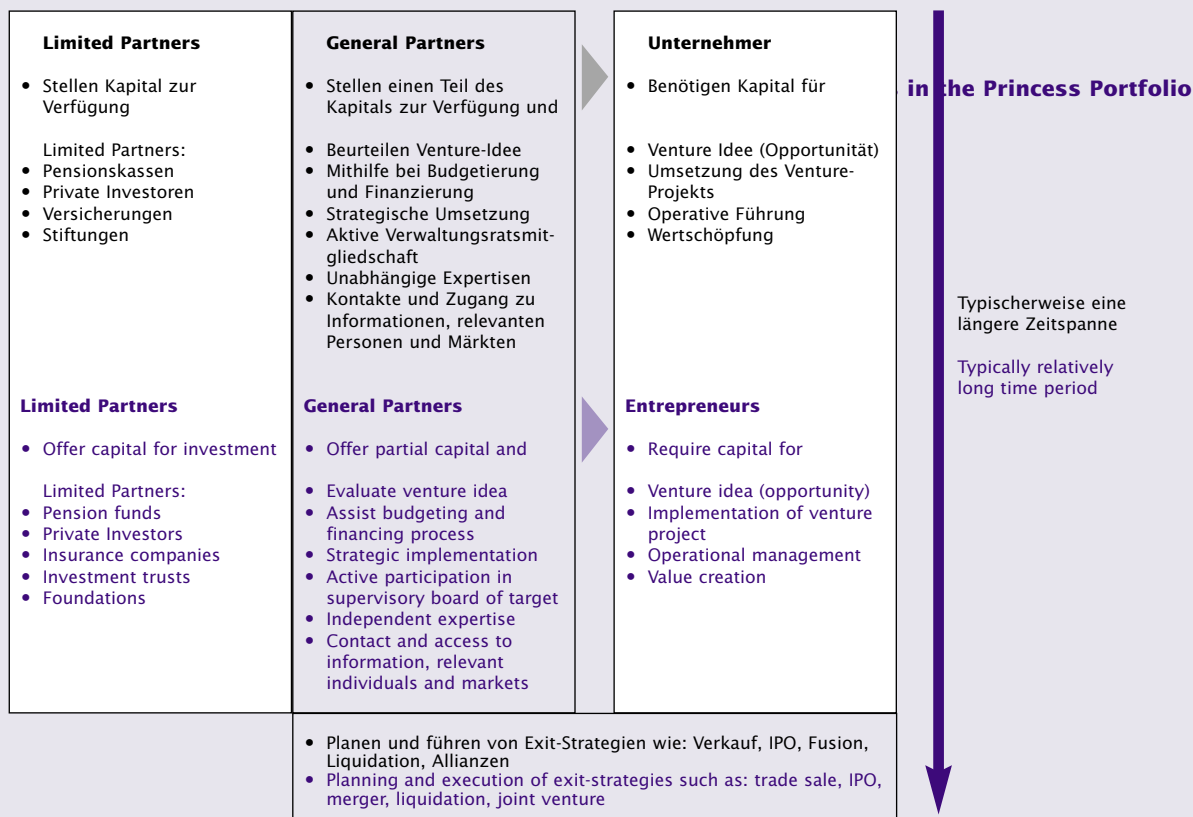
Investment Strategy and Process

Princess aims to achieve an optimization of the portfolio by combining two approaches – top down and bottom up. Based on clearly defined allocation guidelines, Princess's investment advisors (Partners Group, Hamilton Lane and Invesco) search out the best available Private Equity partnerships. The nominal issuance amount of the bond, a total of USD 700 million, is targeted exclusively for the building of a portfolio of investments in Private Equity partnerships, considered by Princess to be potential 'top quartile' partnerships (i.e. among the top 25 per cent). In the top down approach, Princess uses a risk/return model, developed by Partners Group and Swiss

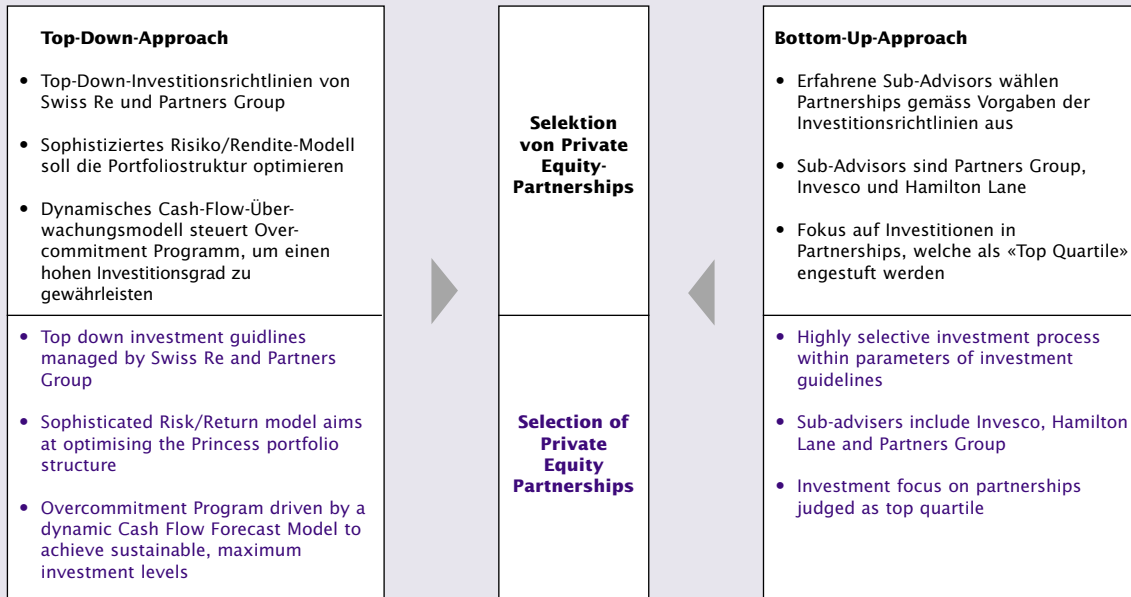
Das Nominalkapital der Anleihe von USD 700 Millionen ist ausschliesslich für den Aufbau eines Portfolios bestimmt, welches aus Beteiligungen an Private Equity-Partnerships bestehen wird, die von Princess potentiell als Top-Quartile-Partnerships (Partnerships, die zu den besten 25 Prozent zählen) eingeschätzt werden. Über den Top-Down-Ansatz bedient sich Princess eines von Partners Group und Swiss Re entwickelten Risiko/Rendite-Modells, um die optimale quantitative Vermögensverteilung zu bestimmen. Die zugrunde liegenden Informationen beruhen auf der Auswertung weltweiter statistischer Daten zur Private Equity-Industrie. In Verbindung mit einer qualitativ determinierten Bottom-Up-Selektion der Partnerships, soll dieser Prozess zu einem qualitativ hochwertigen Portfolio aus Private Equity-Beteiligungen führen. Der Selektionsprozess wird in den USA und Europa durch mehr als 50 Private Equity-Investitionsspezialisten durchgeführt. Über Partners Group, einem der führenden Private Equity-Manager/Advisor, Invesco Private Capital, einem der erfahrensten Venture Capital-Spezialisten und Hamilton Lane, einem der grössten Private Equity-Berater in den USA, kombiniert Princess die Investitionserfahrung und das

Re, to define the optimal quantitative portfolio structure. The information used as a basis for this model derives from the analysis of worldwide statistical data on the Private Equity industry. This is the process that a qualitatively defined bottom up selection of the partnerships is intended to lead to a top-quality portfolio of Private Equity investments. The selection process is performed in both the USA and in Europe by more than 50 Private Equity investment specialists. Using Partners Group, one of the leading Private Equity manager/advisors, Invesco Private Capital, one of the most experienced Venture Capital specialists, and Hamilton Lane, one of the leading Private Equity consultants in the USA, Princess combines the investment know how and the network of all of these teams on a global scale and thus gains access to the most promising Private Equity investment targets.

Typischer Aufbau eines Private Equity-Partnerships Typical Structure of a Private Equity Partnership



Top Down und Bottom Up – der kombinierte Ansatz zur Qualitätssicherung Princess Holding – Investment Methodology



Netzwerk dieser Teams auf globaler Ebene und erschliesst sich damit den Zugang zu den vielversprechendsten Private Equity-Investitionsobjekten.

Sekundärtransaktionen im Princess-Portfolio

Einen besonderen Investitionserfolg stellt der Erwerb von verschiedenen Beteiligungen an Sekundärtransaktionen dar. Ein sogenanntes Secondary-Portfolio besteht idealerweise aus Beteiligungen an Private Equity-Partnerships, die 4 bis 6 Jahre zuvor aufgelegt wurden. Der Vorteil einer solchen Sekundärtransaktion liegt darin, dass die enthaltenen Partnerships ihre Investitionsphase oftmals abgeschlossen haben, sich in der Realisierungsphase befinden und somit bereits Erträge produzieren. Dies hat darüber hinaus den positiven Effekt, dass bereits bekannt ist, in welche einzelnen Unternehmen die Private Equity-Partnerships investiert haben. Hierdurch hat der Investor die Möglichkeit, eine umfassende Beurteilung des Portfolios und der entsprechenden Realisierungschancen vorzunehmen.

The acquisition of different holdings in secondary transactions prove particularly successful investments. A so-called Secondary Portfolio consists ideally of investments in Private Equity partnerships which were established 4 to 6 years beforehand. The advantage of such a secondary transaction is that the partnerships contained have often completed the investment phase, are in the realization phase and are therefore already producing returns. In addition, there is the positive effect that the individual companies in which the Private Equity partnerships have invested are already known. Thus, the investor has the opportunity to undertake an in-depth assessment of the portfolio and of the relevant realization potential.

J-Curve – die logische Konsequenz von Private Equity- Investitionen

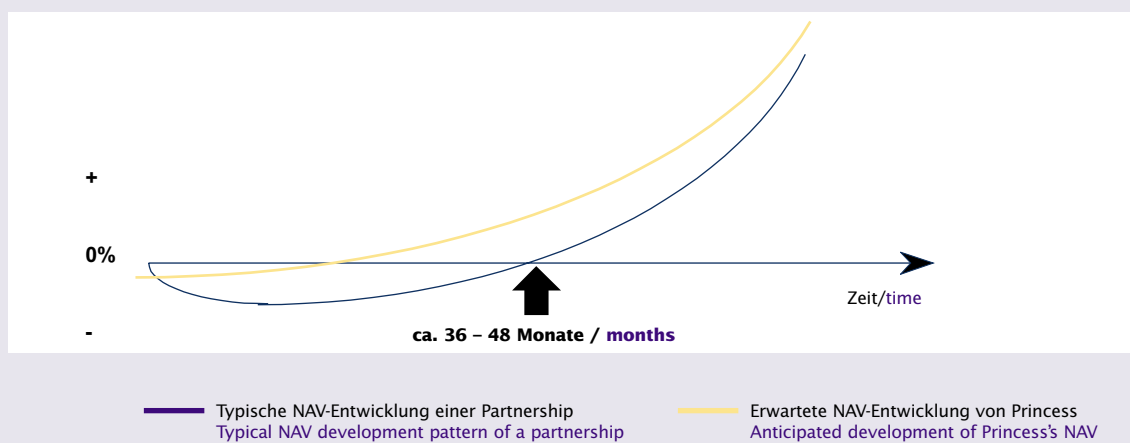
Die Entwicklung des Inneren Wertes wird stark vom Verlauf des Investitionsprozesses geprägt. Die Gelder der Holding werden von den Partnerships in Unternehmen investiert und erst nach einem durchschnittlichen Zeitraum von 3 – 5 Jahren realisiert. In der Aufbauphase des Portfolios wird der Wert der Investitionen der Princess Holding durch Emissionskosten und andere Kosten im Zusammenhang mit dem Aufbau der Investitionsportfolios sowie Managementgebühren und Versicherungsprämie belastet.

Im Verlauf des Reifeprozesses der den Partnerships zu Grunde liegenden Portfoliogesellschaften rapportieren diese unrealisierte Gewinne bzw. Verluste. Zum Zeitpunkt der Realisierung der Investition - bekannt als "Exit" im Rahmen eines Börsengangs oder Verkaufs der Firma an einen neuen Eigentümer - fließen Gelder zurück an die Princess Holding.

The J-Curve – The Logical Consequence of Investment in Private Equity

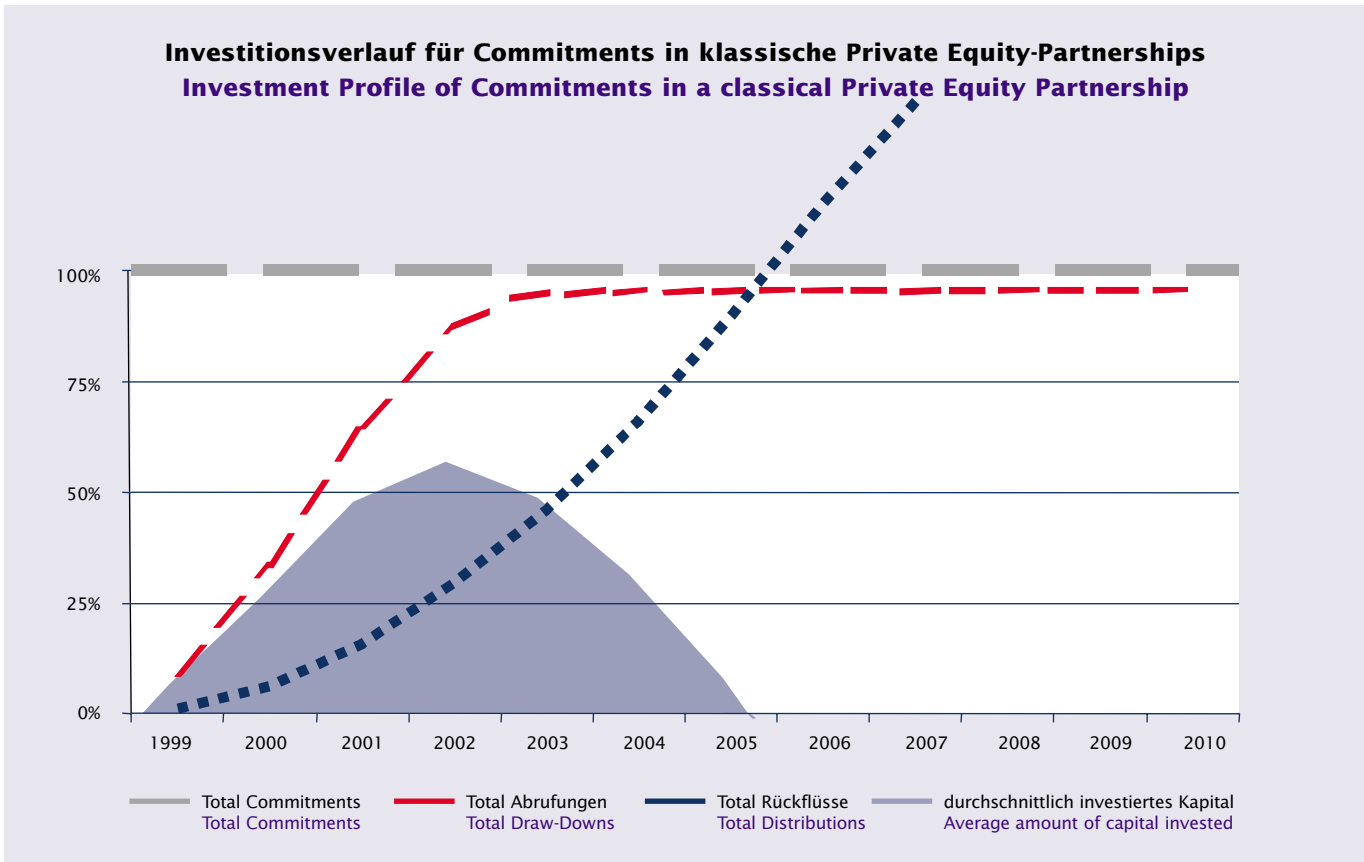
The development of the Net Asset Value depends to a large degree on the progress of the investments. The funds of Princess Holding are invested by the partnerships in underlying companies and the investments are only realized after an average period of 3-5 years. In the early stages of the development of the partnerships, the value of the Princess Holding investments is weighed down by issuance cost and other unavoidable costs caused by the building up of the portfolio, management and insurance fees. As the underlying companies begin to mature they report unrealized gains and losses which upon realization, which is known as the "exit" via an IPO or M&A, result in proceeds flowing back to Princess Holding.

Die J-Curve – typische Entwicklung eines Private Equity-Portfolios Typical NAV Development of a Private Equity Partnership Portfolio



Overcommitment-Strategie

Overcommitment Strategy



Princess Management & Insurance Limited setzt eine proprietäre Overcommitment-Strategie ein, um langfristig höhere Renditen zu erzielen. Mit ihrer Hilfe soll die Zeitspanne verkürzt werden, während der die liquiden Mittel in die Partnerships investiert werden, und anschliessend der angestrebte, volle Investitionsgrad dauerhaft sichergestellt werden. Statistische Auswertungen haben gezeigt, dass sich der Abruf der von den Investoren eingegangenen Investitionsverpflichtungen in der Regel über einen Zeitraum von 3 – 5 Jahren erstreckt. Die Ausschüttungen von Kapital und Erträgen beginnen jedoch nicht erst nach dieser Investitionsphase, sondern können unter Umständen relativ rasch einsetzen und stellen damit einen gegenläufigen Zahlungsstrom dar, der in der Regel verhindert, dass mehr als durchschnittlich 65 Prozent des bereitgestellten Kapitals investiert sind. Das daraus resultierende verhältnismässig tiefe Investitionsniveau beschränkt das mögliche Anlageergebnis und die Renditeerwartungen des Investors. Aus diesem Grund haben Partners Group und Swiss Re für Princess eine Overcommitment-Strategie entwickelt. Diese steuert Betrag und Zeitpunkt der gesprochenen Commitments basierend auf Daten, die von zwei integrierten Modellen geliefert werden: dem Cash-Flow-Forecast-Modell und dem Cash-Flow-

Princess Management & Insurance Limited uses a proprietary overcommitment strategy in order to obtain higher returns over the longer term. This strategy aims to shorten the period during which the liquid funds are invested in the partnerships and to ensure that the targeted full investment level is maintained.

Statistical analyses have shown that the drawing down of the investors' commitments generally stretches over a period of 3-5 years. The distribution of capital and returns do not necessarily start once this period is over, but can, under certain circumstances, begin to take place relatively rapidly, thus creating a contrary cash flow which generally prevents more than 65 per cent of the committed capital from being actually invested at any one time. The resulting relatively low investment level limits the performance potential and the investor's yield-expectations. It is for this reason that Partners Group and Swiss Re have developed an overcommitment strategy for Princess. The strategy controls the amount and timing of the commitments on the basis of data which are provided by two integrated models: the Cashflow Forecast model and the Cashflow Monitoring model. The Cashflow Forecast model predicts the cash flows according to historical data and thus makes it possible to undertake a greater

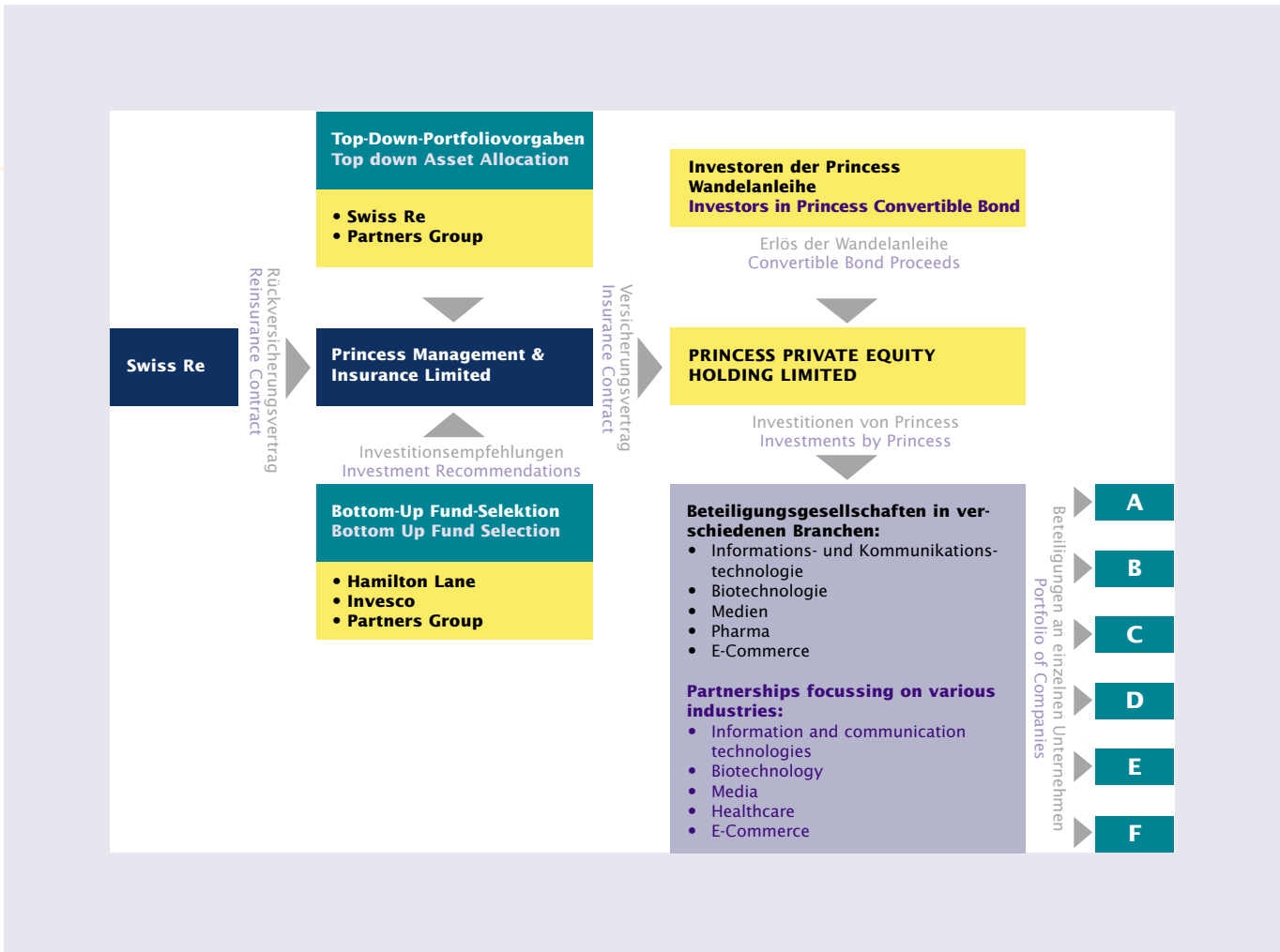
Monitoring-Modell. Das Cash-Flow-Forecast-Modell liefert eine Vorhersage der anfallenden Zahlungsströme basierend auf Vergangenheitsdaten und ermöglicht so die Abgabe von Commitments in einem höheren Umfang, als dem des zu investierenden Kapitals. Durch das sogenannte Overcommitment kann nach einer entsprechenden Aufbauphase ein Investitionsgrad von annähernd 100 Prozent erreicht werden. Das Cash-Flow-Monitoring-Modell überwacht die tatsächlich anfallenden Zahlungsströme und ermöglicht eine dynamische Anpassung der Overcommitment-Strategie. Princess ist überzeugt, dass durch den Einsatz dieser Strategie ein voller Investitionsgrad schnell erreicht und effizient gehalten werden kann und damit die Renditeerwartungen nachhaltig optimiert werden.

amount of total commitments than the actual available capital. As a result of the said overcommitment, and after the necessary development phase, an investment level of almost 100 per cent can be achieved. The Cashflow Monitoring model monitors the actual cash flows as they occur and thus enables a dynamic adjustment of the overcommitment strategy.

Princess is convinced that, the application of this strategy will enable it to achieve an investment level of 100 per cent rapidly and to maintain this level efficiently and thus provide an optimal level of expected returns.

Vereinfachte Strukturdarstellung

Simplified Structural Overview



Die *Princess Holding* gibt zunächst den Emissionserlös der Wandelanleihe in Form von Zahlungsverprechen an professionelle Private Equity-Partnerships weiter. Das Portfolio der Princess Holding umfasste Ende 2000 bereits über 90 solcher Partnerships. Diese bauen nun ein eigenes Portfolio aus direkten Beteiligungen an nichtbörsennotierten Unternehmen auf. Diese Portfolios wiederum können nach Abschluss der durchschnittlich 3 bis 5 Jahre dauernden Investitionsphase zwischen 20 und 30 Beteiligungen enthalten. Auf diese Weise ist schon jetzt ein Gesamtportfolio von über 1'600 Direktbeteiligungen entstanden, an dessen Potenzial die Investoren der Princess Holding partizipieren können. Die Auswahl derjenigen Partnerships, an die Zahlungsverprechen abgegeben werden, wird vom Investment-Manager, der *Princess Management & Insurance Limited*, getroffen. Diese Gesellschaft, die ihren Sitz ebenfalls in Guernsey hat, wurde als Joint Venture zwischen Swiss Re, der zweitgrössten Rückversicherung weltweit, und Partners

Princess Holding passes on the capital, raised through the issuance of its convertible bond, in the form of commitments to professional Private Equity partnerships. The portfolio of Princess Holding contained more than 90 such partnerships by the end of 2000. The latter then build up their own portfolio of direct investments in unlisted companies. Once the investment phase is completed, these portfolios can themselves contain between 20 and 30 holdings. Thus a total portfolio of more than 1'600 direct investments has already been created, in whose potential Princess Holding's investors will be able to participate. The selection of the partnerships, to which the commitments are made, is undertaken by the Investment Manager, Princess Management & Insurance Limited. This company, which is also registered in Guernsey, was set up as a joint venture between Swiss Re, the second largest re-insurance company in the world, and Partners Group, one of the world's largest independent Private Equity manager/advisors. Princess Management & Insurance Limited is the primary insu-

Group, einem der weltweit grössten, unabhängigen Private Equity-Manager/Advisor, gegründet.

Princess Management & Insurance Limited tritt als Erstversicherer des im Rahmen der Emission einbezahlten Nominal-Kapitals gegenüber den Investoren der Princess Holding auf. Diese Erstversicherung wird von einer Versicherungspolice der Swiss Re bis zur Wandlung im Jahr 2010 rückversichert. Auf diese Weise entstand erstmalig eine deckungsstockfähige, mit einem AAA-Rating von Standard & Poor's ausgestattete Wandelanleihe, die das Renditepotential eines breit gestreuten und professionell aufgebauten Private Equity-Portfolios mit dem Verlustrisiko einer normalen Zero Coupon-Anleihe verbindet.

Die Investitionsentscheidungen werden im Rahmen eines klar definierten und strukturierten Auswahlprozesses getroffen. Hierbei verfolgt Princess Management & Insurance Limited grundsätzlich zwei integrierte Ansätze. Im Rahmen der Top-Down-Allokation wurden umfassende Diversifikationsrichtlinien festgelegt, die für eine optimale Streuung der Mittel und damit des Risikos sorgen. Im Verlaufe des Investitionsprozesses und des einsetzenden Re-Investitionsprozesses der zu einem späteren Zeitpunkt zurückfliessenden Mittel, werden diese Richtlinien dauernd überwacht und dynamisch an die unterschiedlichen Cash-Flows angepasst.

Der Bottom-Up-Ansatz ist ein strukturierter Auswahlprozess der Partnerships, wobei angestrebt wird, in diejenigen Partnerships zu investieren, die in der Vergangenheit überdurchschnittliche Ergebnisse für ihre Investoren ausweisen konnten. In mehreren Phasen werden im Rahmen eines aufwendigen Analyseprozesses Team, Struktur und Strategie der Partnerships an unterschiedlichen Kriterien gemessen. Durchgeführt wird die Auswahl von zusammen weit über 50 Private Equity-Professionals der Partners Group, Hamilton Lane und Invesco. Mit diesen Sub-Advisors hat Princess Holding Zugriff auf ein globales Team mit eindrucksvoller Private Equity-Expertise und einem breiten Netzwerk.

rer of Princess Holding's paid-up nominal issuing amount. This primary insurance is re-insured at maturity in 2010 by means of a re-insurance policy with Swiss Re. Thus, for the first time ever, a convertible bond was created, which is eligible in Germany for the investment of prime stock reserves and is rated AAA by Standard & Poor's. This bond combines the potential returns of a broadly diversified, professionally developed Private Equity portfolio with the down side risk of a normal zero coupon bond.

The investment decisions are taken according to a clearly defined and structured selection process. As such, Princess Management & Insurance Limited follows two basically inter-related approaches.

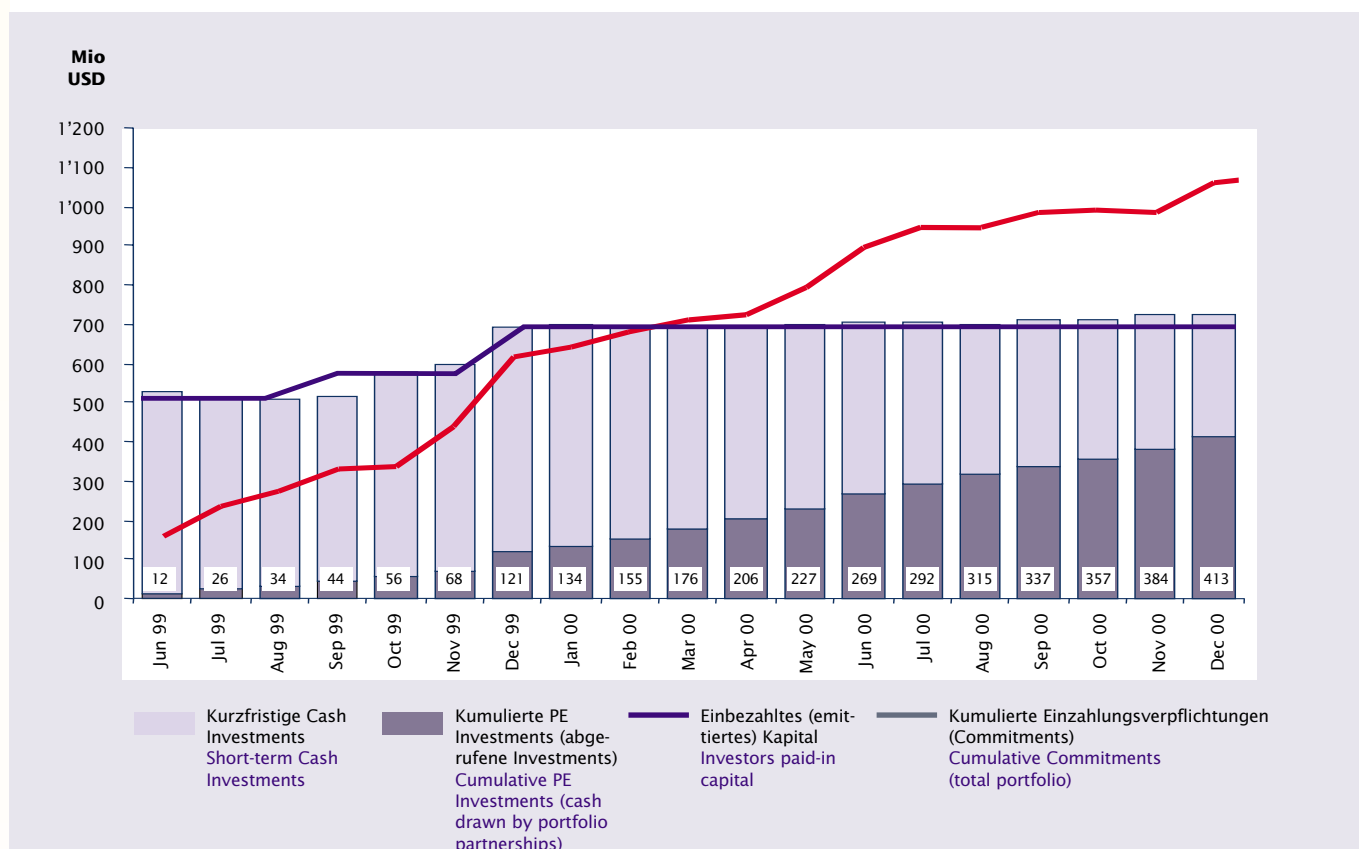
Within the top down approach, comprehensive diversification guidelines have been set, which ensure the optimal spread of the funds and, therefore, of any risk. These guidelines are constantly monitored in the course of the investment of original funds and the re-investment process of partnership distributions as they later flow back, and are adapted dynamically to the differing cash flows.

The bottom up approach is a structured process by which the partnerships are selected, aiming to invest in those partnerships which have in the past shown their investors above-average performance. The team, structure and strategy of the partnerships are measured against different criteria in the course of a detailed analysis process, which is divided into several stages. The selection is carried out by a total of well over 50 Private Equity professionals from Partners Group, Hamilton Lane and Invesco. With these sub-advisors Princess Holding has access to a global team which brings together an impressive Private Equity expertise and a broad network.



Verlauf des Investitionsprozesses

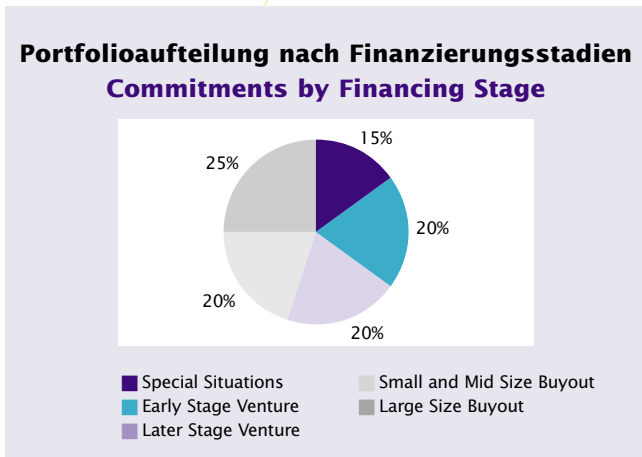
Progress in Investment Activities



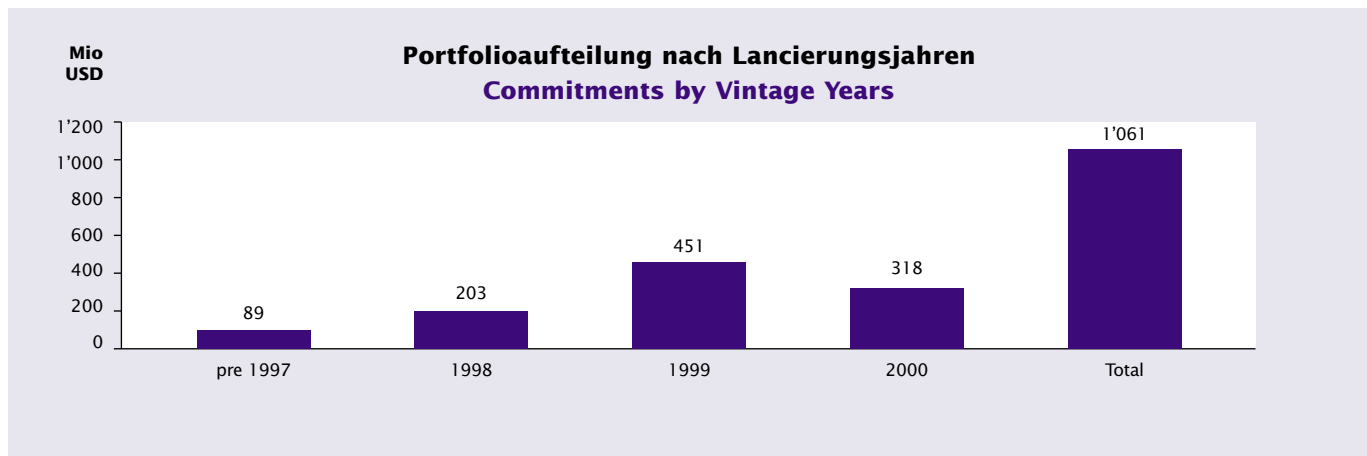
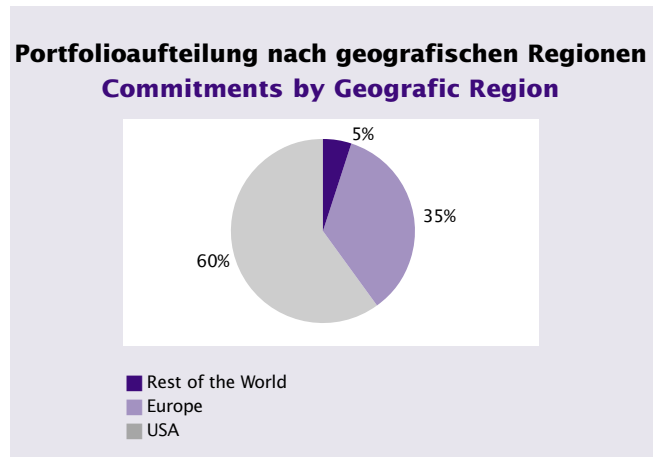
Das noch junge Portfolio der Princess Holding konnte im Jahr 2000 sowohl den Commitment-Grad, als auch den Investitionsgrad substantiell steigern. Bereits Anfang des Jahres stieg der Gesamtbetrag der an Partnerships abgegebenen Commitments über den Nominalbetrag der Anleihe und konnte bis Ende des Jahres auf einen Commitment-Grad von 152% gesteigert werden. Der hohe Commitment-Grad sorgt dafür, dass Gelder in einem höheren Umfang von den Partnerships abgerufen und investiert werden und so der Investitionsgrad des Portfolios in einem Zeitraum von ca. 24 – 36 Monaten auf annähernd 100% angehoben werden kann. Dieser lag am 31. Dezember 2000 mit einem Betrag von USD 418 Mio. bei 58% des Nominalkapitals. Die im Portfolio der Holding gehaltenen liquiden Mittel, die ständig zur Verfügung der Partnerships gehalten werden müssen, wurden demnach merklich verringert und der Investor partizipiert in wachsendem Ausmass an den Renditen der eigentlichen Private Equity-Anlagen.

During the year 2000, Princess Holding's still young portfolio achieved a substantial increase in both the commitment level and the investment level. Already at the beginning of the year, the total amount of the commitments to partnerships exceeded the total nominal volume of the bond issue and, by the end of the year, the total commitments had risen to 152%. The high level of commitments ensures that higher volumes of funds will be drawn down and invested by the partnerships, with the result that the investment level of the portfolio can rise to almost 100% within approx. 24-36 months. As at 31 December 2000, the latter amounted to USD 418 million, or 58% of the total nominal amount. The liquid funds in the Holding's portfolio, which have to be kept constantly available for the partnerships, have been substantially reduced, with the result that the investors will increasingly participate in the returns of the underlying Private Equity investments.

Graphische Übersicht der Portfolio-Allokation



Structure of Commitments



Allokation von Commitments und Investitionen - die aktive Streuung des Risikos

Die Princess Private Equity Holding, die das von den Investoren aufgenommene Geld an Partnerships weitergibt, verfolgt bei der Minimierung der damit zusammenhängenden Risiken mehrere Ansätze.

Neben der sorgfältigen Auswahl der Partnerships muss vor allem auf eine ausreichend breite Streuung, die sogenannte Diversifikation der Anlagen, geachtet werden. Vermeidbare Risiken könnten zum Beispiel entstehen, wenn zuviele Anlagen dem gleichen Risiko ausgesetzt sind, z.B. wenn ein zu grosser Anteil der Gelder in Form von Zahlungsverprechen an amerikanische Partnerships abgegeben wurde und somit dem gleichen Marktrisiko ausgesetzt ist. Ein hoher Diversifikationsgrad hingegen ermöglicht es dem gesamten Portfolio, die Auswirkungen von schwächeren Entwicklungsphasen einzelner Sektoren zu kompensieren. Um eben jene vermeidbaren Risiken weitestgehend auszuschliessen, wird im Rahmen des Top-Down-Ansatzes das Portfolio nach mehreren Kriterien gestreut.

Allocating the Commitments and Investments - The Active Spreading of Risk

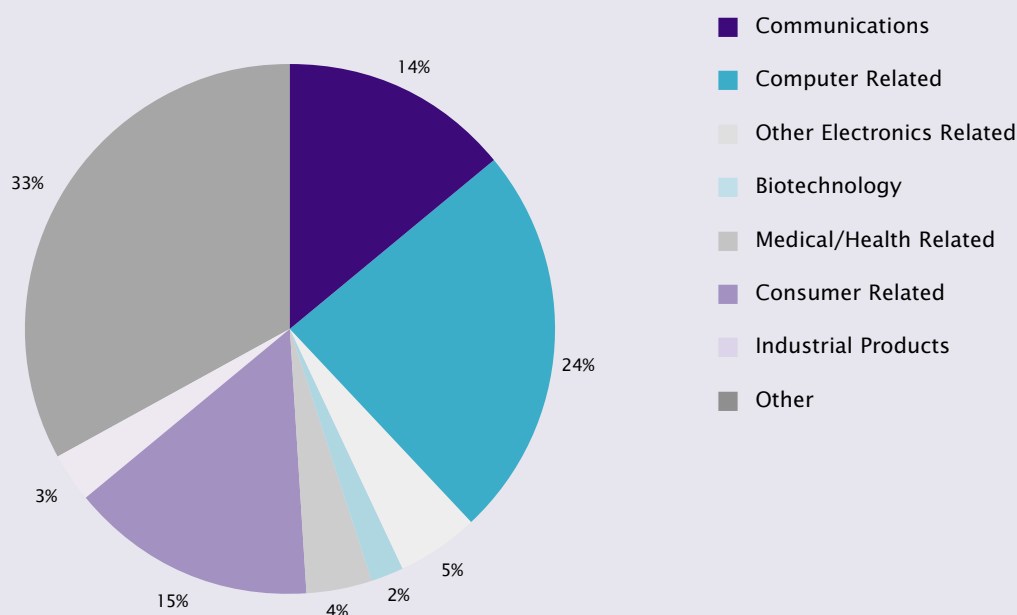
Princess applies various approaches in order to minimize the associated risks.

Alongside the careful selection of the partnerships, Princess Management and Insurance Limited have to take care that there is a sufficiently broad spread, or so-called diversification, of the investments. Avoidable risks might arise if too large a share of the investments is concentrated in the same risk, e.g. if too great an amount of funds have been committed to American partnerships, thus becoming subject to the same market risk. A high degree of diversification, on the other hand, enables the portfolio as a whole to compensate the effects of weaker phases of development in individual sectors. In order to eliminate such avoidable risks as far as possible, the portfolio is spread according to various criteria, by means of the top down approach.

Private Equity is a unique investment form in every respect and therefore it has its own criteria, as regards investment diversification.

Private Equity ist eine in jeder Hinsicht besondere Anlageklasse und hat dementsprechend eigene Kriterien hinsichtlich der Diversifikation der Anlagen. Da ein Grossteil der Partnerships sich bei den Investitionen nicht nur hinsichtlich der verschiedenen Unternehmensphasen, wie der Early Stage oder der Expansionsphase, sondern auch auf eine bestimmte Branche und Region spezialisiert, werden die Commitments der Princess Holding nach eben diesen Kriterien aktiv gestreut. Hinzu kommt eine natürliche Verteilung der Commitments über die verschiedenen Lancierungsjahre der Partnerships, da die Princess Holding die zurückfliessenden Mittel umgehend als Commitments an neu aufgelegte Partnerships weitergibt. Auf diese Weise wird nicht nur der Investitionsgrad dauerhaft auf einem hohen Niveau gehalten, sondern das Vermögen der Princess Holding über die Lancierungsjahre gestreut. In der Vergangenheit konnte Princess sich darüber hinaus mehrfach erfolgreich an Sekundärtransaktionen beteiligen und so die Commitments auch in die Vergangenheit streuen.

As most of the partnerships are not only specialized with respect to the different phases of the companies, such as the so-called early stage, or the expansion phase, but also specialize in a specific sector and region, the commitments undertaken by Princess Holding are actively spread according to these criteria. In addition, there is a natural distribution of the commitments across the different vintage years of the partnerships, as Princess Holding immediately passes on the incoming proceeds in the form of commitments to newly established partnerships. This results not only in the maintaining of a constant high investment level, but also in the spreading of Princess Holding's assets over the various vintage years. Princess has in the past participated successfully in several secondary transactions, thus further spreading the commitments over past vintage years.



Bei den Finanzierungsstadien ist ein angemessenes Verhältnis von Buyout- zu Venture-Partnerships unter mehreren Gesichtspunkten von besonderer Bedeutung. Das Buyout-Segment konnte in den letzten Jahren oftmals eine stabilere Entwicklung zeigen, als die tendenziell turbulenteren frühen Finanzierungsphasen. Aufgrund von Vergangenheitsdaten konnte eine geringe Korrelation zwischen diesen beiden Segmenten errechnet werden. Somit bedeutet das richtige Verhältnis von Venture Capital zu Buyout, sowie die Streuung der Commitments nach den verschiedenen geographischen Regionen und über die Lancierungsjahre, einen hohen Diversifikationsnutzen für das Gesamtportfolio. Die in den Anlagerichtlinien im Detail definierten Richtwerte sehen Minimum- und Maximumwerte für die einzelnen Kriterien vor und geben somit im Rahmen des Top-Down-Ansatzes die Eckpunkte für den Aufbau eines unter Risiko/Rendite-Gesichtspunkten optimierten Portfolios vor.

As regards to the financing stages, a balanced ratio of 'Buyout' to 'Venture' partnerships is particularly important from a number of angles. In the past, the Buyout sector has frequently shown a more stable development than the early financing stages, which tend to be more turbulent. The use of historical data enabled the calculation of a low correlation between these two sectors. Thus, by ensuring the right ratio of Venture Capital to Buyout, and the spreading of the commitments over different geographical regions and vintage years, a high diversification for the whole portfolio is achieved. The limits defined in the investment guidelines give minimum and maximum levels for the individual criteria and provide a framework for the top down approach which ensures, from the risk/return standpoint, the building of an optimized portfolio.

Industrie-Fokus **Commitments by Industry**

Media

- Television Broadcasting
- Radio Broadcasting
- Multimedia

High-Tech

- Electronics
- Microelectronics
- Office Automation
- Environmental Services Automation
- Test and Measurement
- Chemical

Retail

- Consumer Products (branded)
- Speciality Retail
- Food, Beverage Retail
- Automotive Retail
- Financial Services
- Business Services
- Travel and Tourism
- Electronic Commerce

Life Sciences

- Healthcare
- Medical Devices
- Biotechnology
- Food Manufacturing
- Veterinary Medicine
- Agriculture

Information Technology and Communications

- Information Technology
- Telecommunications
- Software and Internet Applications

Portfolio-Details

Commitments to Partnerships

Manager	Fund name/Partnership Name	Total Size / USD Gesamtvolumen	Amount Committed / USD Beteiligung von Princess	Percent Owned/ Anteil der Beteiligung	Percentage Drawn Down/ Anteil abgerufen	Vintage Year/ Lancierungs-jahr	Financing Stage/ Finanzierungs-stadium	Industry Focus/ Industrie-Fokus
US - Venture								
Access Technology Partners	Access Technology Partners, L.P.	265'000'000	15'000'000	5.66	100.00	1999	Later - VC	Technology
Advanced Technology Partners	Advanced Technology Ventures VI, L.P.	400'000'000	5'000'000	1.25	45.00	1999	Early/Seed - VC	Technology
Austin Ventures	Austin Ventures VII, L.P.	825'000'000	5'000'000	0.61	33.94	1999	Early/Seed - VC	Diversified
Battery Ventures	Battery Ventures VI, L.P.	1'010'101'010	5'000'000	0.50	21.50	2000	Later - VC	Technology
Cardinal Health Partners	Cardinal Health Partners II, L.P.	110'000'000	5'000'000	4.55	17.58	2000	Early/Seed - VC	Technology
Catterton Partners	Catterton Partners IV Offshore, L.P.	345'525'002	15'000'000	4.34	32.76	1999	Later - VC	Diversified
Columbia Capital	Columbia Capital Equity Partners III (Cayman), L.P.	855'650'000	10'000'000	1.17	20.69	2000	Early/Seed - VC	Technology
Crescendo Ventures	Crescendo IV, L.P.	518'383'823	7'000'000	1.35	57.50	2000	Early/Seed - VC	Technology
Dolphin Communications	Dolphin Communications Fund, L.P.	125'606'061	10'000'000	7.96	63.92	1998	Later - VC	Technology
Draper Fisher Jurvetson	Draper Fisher Jurvetson Fund VII, L.P.	636'650'000	5'000'000	0.79	10.00	2000	Early/Seed - VC	Technology
Infinity Capital Ventures	Infinity Capital Venture Fund 1999, L.P.	200'000'000	10'000'000	5.00	65.00	1999	Early/Seed - VC	Diversified
INVESCO Private Capital, Inc.	Chancellor V, L.P.	155'000'000	20'000'000	12.90	37.30	2000	Later - VC	Technology
INVESCO Private Capital, Inc.	INVESCO Venture Partnership Fund II, L.P.	341'349'000	60'000'000	17.58	55.58	1999	Later - VC	Technology
INVESCO Private Capital, Inc.	INVESCO Venture Partnership Fund II-A, L.P.	40'404'000	40'000'000	n.m.	33.44	2000	Later - VC	Technology
Menlo Ventures	Menlo Ventures IX, L.P.	1'500'000'000	10'000'000	0.67	-	2000	Early/Seed - VC	Technology
Morgan Stanley Dean Witter & Co	Morgan Stanley Dean Witter Venture Partners IV, L.	487'000'000	5'000'000	1.03	70.17	1999	Later - VC	Technology
Patricof & Co Ventures, Inc.	APAX Excelsior VI, L.P.	1'085'000'000	5'000'000	0.46	20.94	2000	Later - VC	Diversified
Sevin Rosen Funds	Sevin Rosen VIII, L.P.	875'225'000	5'000'000	0.57	5.00	2000	Early/Seed - VC	Technology
Sierra Ventures	Sierra Ventures VIII-A, L.P.	500'000'000	10'000'000	2.00	10.00	2000	Early/Seed - VC	Diversified
Summit Partners	Summit Ventures VI-B, L.P.	2'000'000'000	5'000'000	0.25	-	2000	Later - VC	Diversified
T A Associates	TA IX, L.P.	2'000'100'000	10'000'000	0.50	9.00	2000	Later - VC	Technology
TH Lee Internet Partners	TH Lee Putnam Internet Parallel Partners, L.P.	458'860'000	10'000'000	2.18	45.99	1999	Later - VC	Technology
TL Ventures	TL Ventures V, L.P.	200'000'000	10'000'000	5.00	10.00	2000	Early/Seed - VC	Technology
Vortex Partners	Vortex Corporate Development Fund, L.P.	48'613'540	4'000'000	8.23	40.00	2000	Early/Seed - VC	Technology
Weiss, Peck & Greer Venture Partners, L.P.	Weiss, Peck & Greer Venture Associates VI, L.P.	797'400'000	10'000'000	1.25	10.52	2000	Early/Seed - VC	Technology
Worldview Technology Partners	Worldview Technology Partners III, L.P.	364'646'465	5'000'000	1.37	81.35	1999	Early/Seed - VC	Technology
Worldview Technology Partners	Worldview Technology Partners IV, L.P.	1'000'000'000	5'000'000	0.50	15.00	2000	Early/Seed - VC	Technology
US - Buyout								
Apollo Advisors V, L.P.	Apollo Overseas Partners V, L.P.	2'000'000'000	10'000'000	0.50	-	2000	Large-cap Buyout	Diversified
Bruckmann, Rosser, Sherrill & Co., Inc.	Bruckmann, Rosser, Sherrill & Co. II, L.P.	767'200'000	15'000'000	1.96	19.63	1999	Small/Mid-cap Buyout	Diversified
Carlyle Group	Carlyle Partners III, L.P.	3'800'000'000	10'000'000	0.26	18.61	1999	Large-cap Buyout	Diversified
Fenway Partners, Inc.	Fenway Partners Capital Fund II, L.P.	909'090'909	30'500'000	3.36	47.88	1998	Small/Mid-cap Buyout	Consumer Cyclicals
Heritage Partners, Inc.	Heritage Fund III, L.P.	843'434'343	10'000'000	1.19	20.88	1999	Small/Mid-cap Buyout	Diversified
INVESCO Private Capital, Inc.	INVESCO U.S. Buyout Partnership Fund II, L.P.	84'560'000	30'000'000	n.m.	29.58	1999	Large-cap Buyout	Diversified
Kohlberg & Company, L.L.C.	Kohlberg TE Investors IV, L.P.	403'000'000	10'000'000	2.48	1.07	2000	Small/Mid-cap Buyout	Diversified
Lexington Partners	Partners Group SPP1 Limited	1'000'000'000	40'000'000	4.00	36.75	1996	Large-cap Buyout	Diversified
Silver Lake Partners	Silver Lake Partners, L.P.	2'247'940'000	30'000'000	1.33	51.30	1999	Large-cap Buyout	Technology
Texas Pacific Group	T3 Partners, L.P.	486'842'106	7'000'000	1.44	74.76	1999	Large-cap Buyout	Technology
Texas Pacific Group	TPG Partners III, L.P.	3'413'684'209	4'000'000	0.12	30.47	1999	Large-cap Buyout	Diversified
The Blackstone Group	Blackstone Communications Partners I, L.P.	2'018'600'000	10'000'000	0.50	9.02	2000	Large-cap Buyout	Technology
Thomas H. Lee Company	Thomas H. Lee Equity Fund V, L.P.	1'207'817'197	10'000'000	0.83	-	2000	Large-cap Buyout	Diversified
Thomas Weisel Capital Partners	Thomas Weisel Capital Partners, L.P.	1'070'741'483	10'000'000	0.93	50.65	1999	Large-cap Buyout	Technology
Vestar Capital Partners	Vestar Capital Partners IV, L.P.	2'480'350'000	5'000'000	0.20	15.31	1999	Large-cap Buyout	Diversified
William Blair & Company LLC	William Blair Capital Partners VI, L.P.	270'000'000	2'000'000	0.74	83.23	1998	Small/Mid-cap Buyout	Diversified
US - Special Situations								
Canterbury Capital Partners	Canterbury Mezzanine Capital II, L.P.	243'181'818	10'000'000	4.11	44.48	1999	Mezzanine	Diversified
Levine Liechtman Capital Partners, Inc.	Levine Liechtman Capital Partners II, L.P.	349'455'000	30'000'000	8.58	53.93	1998	Mezzanine	Diversified
Providence Equity Partners, Inc.	Providence Equity Partners IV, L.P.	2'750'000'000	10'000'000	0.36	0.26	2000	Mezzanine	Technology
The Blackstone Group	Blackstone Mezzanine Partners, L.P.	1'100'000'000	4'000'000	0.36	22.03	1999	Mezzanine	Diversified
Mezzanine Management Limited	Mezzanine Management Fund III, L.P.	528'800'000	15'000'000	2.84	23.54	1999	Mezzanine	Diversified
Chase Capital Partners	Chase 1998 Pool Participation Fund, L.P.	350'000'000	20'000'000	5.71	94.80	1998	Mezzanine	Diversified
EnerTech Capital Partners	EnerTech Capital Partners II, L.P.	236'000'000	5'000'000	2.12	15.00	2000	Distressed	Technology
Oaktree Capital Management, LLC	OCM Opportunities Fund III, L.P.	2'076'910'000	4'000'000	0.19	85.00	1999	Mezzanine	Diversified
Oaktree Capital Management, LLC	OCM/GFI Power Opportunities Fund, L.P.	453'839'000	4'000'000	0.88	11.14	1999	Mezzanine	Energy
Pegasus Capital Advisors	Pegasus Partners II, L.P.	561'050'000	4'000'000	0.71	40.06	1999	Mezzanine	Diversified

n.m. = not meaningful/nicht aussagekräftig

INVESTMENT
MANAGER'S
REPORT

Manager	Fund name/Partnership Name	Total Size / USD Gesamtvolumen	Amount Committed / USD Beteiligung von Princess	Percent Owned/ Anteil der Beteiligung	Percentage Drawn Down/ Anteil abgerufen	Vintage Year/ Lancierungs-jahr	Financing Stage/ Finanzierungs-stadium	Industry Focus/ Industrie-Fokus
Europe - Venture								
EEP Managers Limited	European Equity Partners (III), L.P.	4'881'800	2'662'800	54.55	24.91	1999	Later - VC	Technology
Elderstreet Investments Limited	Elderstreet Capital Partners, L.P.	69'216'640	10'230'500	14.78	54.87	1999	Early/Seed - VC	Technology
Galileo Partners	Galileo III, L.P.	221'900'000	8'876'000	4.00	13.30	2000	Early/Seed - VC	Technology
GMT Communications Partners Limited	GMT Communications Partners II, L.P.	321'006'487	12'426'400	3.87	11.80	2000	Later - VC	Technology
Index Ventures	Index Ventures I (Jersey), L.P.	101'414'141	10'000'000	9.86	71.68	1998	Later - VC	Technology
Merlin Capital Partners	Merlin Biosciences Fund, L.P.	219'191'932	4'438'000	2.02	32.80	2000	Later - VC	Technology
Schroder Ventures	Schroder Ventures Int'l Life Science Fund II	279'958'800	20'000'000	7.14	49.00	1998	Early/Seed - VC	Technology
Wellington Partners Verwaltungs GmbH	Wellington Partners II, L.P.	98'523'600	3'550'400	3.60	20.67	2000	Early/Seed - VC	Technology
Zouk Ventures Limited	European E-Commerce Fund	81'800'000	5'000'000	6.11	62.21	1999	Early/Seed - VC	Technology
Europe - Buyout								
3i Plc	3i Eurofund III	883'162'000	17'752'000	2.01	38.69	1999	Large-cap Buyout	Diversified
B & S Investments Limited	Italian Private Equity Fund III, L.P.	266'280'000	3'550'400	1.33	26.14	1999	Small/Mid-cap Buyout	Diversified
Botts & Company Limited	Botts Capital Partners, L.P.	189'087'400	29'230'000	15.46	61.74	1998	Small/Mid-cap Buyout	Diversified
Bridgepoint Capital Limited	European Private Equity Fund „D“, L.P.	1'781'477'156	29'230'000	1.64	83.72	1998	Large-cap Buyout	Diversified
Cinven	The Second Cinven Fund	1'322'657'500	7'490'188	0.57	77.20	1998	Large-cap Buyout	Diversified
Coller Capital Limited	Coller International Partners III NW1, L.P.	166'084'210	18'999'500	11.44	51.81	1994	Large-cap Buyout	Diversified
Coller Capital Limited	Coller International Partners III NW2, L.P.	168'159'901	22'653'250	13.47	51.81	1997	Large-cap Buyout	Diversified
Doughty Hanson & Co	Doughty Hanson & Co. Fund III, L.P. No. 14	2'660'000'000	7'000'000	0.26	60.02	1997	Large-cap Buyout	Diversified
F&C Ventures Limited	FCV Capital Partners V „A“	56'998'500	8'038'250	14.10	23.28	1999	Small/Mid-cap Buyout	Diversified
F&C Ventures Limited	FCV Capital Partners V „F“	24'333'975	6'576'750	27.03	23.28	1999	Small/Mid-cap Buyout	Diversified
Industri Kapital 2000 Limited	Industri Kapital 2000 Limited Partnership	1'863'960'000	8'876'000	0.48	51.94	1999	Large-cap Buyout	Diversified
Mercapital Servicios Financieros	Mercapital Spanish Private Equity Fund II, L.P.	532'560'000	6'213'200	1.17	-	2000	Small/Mid-cap Buyout	Diversified
Nordic Capital	Nordic Capital IV, L.P.	721'000'000	13'905'000	1.93	4.73	2000	Small/Mid-cap Buyout	Diversified
Palamon Capital Partners	Palamon European Equity „C“, L.P.	381'668'000	8'876'000	2.33	26.82	1999	Small/Mid-cap Buyout	Diversified
Partners Private Equity Management Inc.	Partners Private Equity, L.P.	88'755'000	6'343'024	7.15	83.81	1998	Small/Mid-cap Buyout	Diversified
Quadrige Capital Limited	Quadrige Capital Private Equity Fund II, L.P.	235'976'000	6'353'200	2.69	15.22	1999	Small/Mid-cap Buyout	Diversified
Schroder Ventures	Schroder Ventures European Fund II, L.P.	2'929'080'000	17'752'000	0.61	28.39	2000	Large-cap Buyout	Technology
Segulah Management II Limited	Segulah II, L.P.	87'550'000	8'755'000	10.00	9.92	2000	Small/Mid-cap Buyout	Diversified
Suez Capital Partenaires SAS	FCPR Astorg II, L.P.	164'206'000	8'343'440	5.08	55.11	1998	Small/Mid-cap Buyout	Industrial
Warburg Pincus International Partners	Warburg Pincus International Partners, L.P.	1'895'275'000	5'000'000	0.26	14.00	2000	Large-cap Buyout	Diversified
Europe - Special Situation								
Coller Capital Limited	Coller International Partners III, L.P.	444'880'980	12'000'000	2.70	49.50	1999	Other	Diversified
Doughty Hanson & Co	Doughty Hanson & Co. European Real Estate Fund	531'350'000	10'000'000	1.88	17.14	1999	Other	Financial
Intermediate Capital Group	ICG Mezzanine Fund 2000 Limited Partnership	421'610'000	8'876'000	2.11	16.76	2000	Mezzanine	Diversified
Rutland Fund Management Limited	Rutland Fund, The	306'476'550	9'499'750	3.10	17.79	2000	Mezzanine	Diversified
Rest of the World - Venture								
Carmel Ventures	Carmel Software Fund (Cayman), L.P.	160'000'000	10'000'000	6.25	20.00	2000	Later - VC	Technology
CIBC World Markets Corp	Genesis Partners II LDC	144'250'000	10'000'000	6.93	27.29	2000	Early/Seed - VC	Technology
Jerusalem Venture Partners (Israel)	Jerusalem Venture Partners III, L.P.	142'400'000	5'000'000	3.51	70.00	1999	Early/Seed - VC	Technology
Pitango Venture Capital	Pitango Venture Capital Fund III, L.P.	470'000'000	12'000'000	2.55	20.00	2000	Later - VC	Technology
Rest of the World - Buyout								
Enterprise Investors	Polish Enterprise Fund IV, L.P.	198'989'898	5'000'000	2.51	1.51	2000	Small/Mid-cap Buyout	Diversified
Exxel Group S.A., The	Exxel Capital Partners VI, L.P.	430'500'000	5'000'000	1.16	43.72	2000	Small/Mid-cap Buyout	Diversified
Texas Pacific Group	Newbridge Asia III, L.P.	583'000'000	5'000'000	0.86	-	2000	Large-cap Buyout	Technology
Unison Capital, Inc.	Unison Capital Partners, L.P.	330'600'000	5'481'000	1.66	24.88	1999	Small/Mid-cap Buyout	Diversified
Total			1'061'478'052					

Repräsentativer Querschnitt des Portfolios *Representative cross section of the Portfolio*

3i Eurofund III

Der 3i Eurofund III wird ein Volumen von fast EUR 1 Mrd. in die Bereiche Mid-Market Buyout und Expansionsfinanzierung investieren. Der Partnership-Manager 3i ist mit seiner langjährigen Erfahrung einer der führenden Private Equity-Investoren Europas. Das Unternehmen verfügt über einen hohen Bekanntheitsgrad und ein ausgesprochen weiträumiges Netzwerk. Die lokale Präsenz in 28 Büros im gesamten europäischen Raum ermöglicht den Aufbau enger Beziehungen mit Unternehmungen und Managern und gewährleistet einen starken, konstanten Transaktionsfluss. Der Eurofund III wird von einem ausgewählten Team bestehend aus 53 Private Equity-Spezialisten in Frankreich, Deutschland, Italien und Spanien gesteuert.

Apollo Investments V

Apollo wurde 1990 gegründet und verfügt heute über Büros in New York (Hauptsitz), Los Angeles und London. Die Gruppe zeichnet sich aus durch langjährige Erfahrung im Investment Banking und Private Equity. Apollo verfolgt eine Investmentstrategie, welche sich flexibel an veränderte Marktbedingungen anpassen kann. Dadurch konnten in der Vergangenheit trotz unterschiedlichen Marktbedingungen und ökonomischen Zyklen konstant hohe Renditen erzielt werden. Sehr viel Gewicht wird auf das Minimieren von Risiken und Kapitalerhaltung gelegt, was durch geschickte Transaktionsstrukturen und sorgfältige Beurteilungsprozesse erreicht wird. Gerade im heutigen Marktumfeld sollte Apollo in der Lage sein mit Fund V, welcher über ein Kapital von rund USD 3.5 Mrd. verfügt, überdurchschnittliche Renditen zu erzielen.

Carlyle Partners III

Carlyle, gegründet im Jahre 1987, ist eine globale Private Equity-Gruppe, welche sowohl in Management Buyouts, Konsolidierungen und Build-ups investiert, als auch Expansionskapital zur Verfügung stellt. Mit derzeit 247 Mitarbeitern in neun Ländern zählt Carlyle heute zu den weltweit grössten Private Equity-Unternehmen. Carlyle Partners III wird das Fondvolumen von USD 3.8 Mrd. vorwiegend in Leveraged Buyout-Transaktionen im nordamerikanischen Raum investieren. Die Beteiligungen werden von sechs spezialisierten Investment-Teams vorgenommen, die sich vor allem auf die Branchen Telekommunikation/Medien, Informationstechnologie, Luft- und Raumfahrttechnik, Konsumgüter, Gesundheitswesen, Energie, Technologie und Umweltschutz fokussieren werden. Diese branchenfokussierte Investitionsstrategie verbunden mit einem vertieften Industrieverständnis, ermöglicht das Generieren eines proprietären

3i Eurofund III

The 3i Eurofund III intends to invest a total of almost EUR 1 billion in mid-market buyout and expansion financing. With its experience gained over many years, the partnership manager 3i is one of Europe's leading Private Equity investors. The company is a very well-known and has an extremely extensive network. Its local presence, in the form of 28 offices throughout Europe, enables it to develop close relationships with both businesses and managers and guarantees a strong, continuous transaction flow. The Eurofund III is run by selected teams of 53 Private Equity specialists in France, Germany, Italy and Spain.

Apollo Investments V

Apollo was founded in 1990 and now has offices in New York (Head Office), Los Angeles and London. The group is known for its extensive experience in investment banking and Private Equity. Apollo follows an investment strategy which is able to adapt easily to changing market circumstances. Thus, despite differing market situations and economic cycles, it has in the past achieved consistently high returns. It lays a great deal of emphasis on the minimizing of risks and the maintaining of capital and achieves this by means of well structured transactions and careful assessment procedures. Particularly in today's markets, Apollo should be able to achieve above-average returns with its V Fund, which has a total capital of around USD 3.5 billion.

Carlyle Partners III

Carlyle, founded in 1987, is a global Private Equity group which not only invests in management buyouts, consolidations and build ups, but also provides companies with capital for expansion. With its current total of 247 employees in nine countries, Carlyle is now one of the world's largest Private Equity companies.

Carlyle Partners III is to invest the total fund volume of USD 3.8 billion primarily in leveraged buyout transactions in the North American region. The investments are undertaken by six specialized investment teams, which will focus mainly on the sectors of telecommunications/media, information technology, aerospace, consumer goods, health, energy, technology and protection of the environment. This sector-targeted investment strategy, coupled with in-depth knowledge of the different industries, enables Carlyle to generate a proprietary transaction flow and leads to a strong network of contacts to management teams in the relevant industry sectors, simultaneously improving the efficiency of its prudent assessment processes. As a result, Carlyle has been in a position to achieve above-average performance in the past.

Transaktionsflusses, führt zu einem starken Beziehungsnetz zu Management Teams in den relevanten Industriesektoren und verbessert die Effizienz der sorgfältigen Beurteilungsprozesse. Dadurch konnte Carlyle in der Vergangenheit überdurchschnittliche Renditen erzielen.

Bridgepoint - The European Private Equity Fund

Bridgepoint gehört zu den führenden europäischen Private Equity- Investoren in mittelgrosse Buyout-Transaktionen. Das Unternehmen verfügt über ein starkes gesamteuropäisches Netzwerk mit neun Niederlassungen in Westeuropa (Paris, Düsseldorf, Frankfurt, Mailand, Madrid, Manchester, London, Birmingham, Leeds). Bridgepoint, ehemals als NatWest bekannt und seit dem Management-Buyout im Juni 2000 unabhängig, hat seit fast zehn Jahren konstant exzellente Renditen erzielt. Die Strategie von Bridgepoint zielt auf mittelgrosse westeuropäische Unternehmen ab, jedoch ohne besonderen Fokus auf einen bestimmten Sektor. Das Investment-Team besteht aus über 60 Spezialisten und verfügt über einen aussergewöhnlichen Erfahrungsschatz.

Coller International Partners III

Coller International Partners III ("CIP III") ist eine Partnership, die sich auf die Erstehung weltweiter Sekundär-Portfolios in Venture Capital und Buyout-Investments spezialisiert hat. Jeremy Coller, der Gründer von Coller Capital, hat in den vergangenen Jahren einen wertvollen Erfahrungsschatz im Bereich der Sekundär-Transaktionen aufgebaut und die Unternehmung kann heute auf diesem Gebiet in Europa als führend angesehen werden. CIP III wird von einem grossen Team von Investitionsspezialisten in London geführt. Seit 1994 hat dieses Team über USD 1 Milliarde in Sekundär-Portfolios investiert. Die Investments verteilen sich auf 6 Fonds und die Renditen liegen im Top-Quartile-Bereich und machen CIP III zu einer Top-Partnership im globalen Private Equity-Sekundär-Markt.

Galileo III

Galileo Partners, 1989 gegründet, ist eine über die Grenzen Frankreichs hinaus bekannte Adresse mit Kontakten in ganz Europa. Für den im Lancierungsjahr 2000 aufgelegten Fund liegt der Investitionsfokus auf französischen Early Stage Venture-Unternehmen in den Bereichen Software, Telekommunikation, Informationstechnologie und Internet, bei denen das Potenzial zur Expansion in andere europäische Länder besteht. Vier General Partner und vier Investitionsspezialisten unterstützen die Unternehmen nicht nur durch die Finanzierung oder mit dem Zugang zu ihrem breiten Netzwerk, sondern auch in strategischen Belangen und beim Ausbau eines tragfähigen Managements.

Bridgepoint - The European Private Equity Fund

Bridgepoint is one of the leading European Private Equity investors in midsize buyout transactions. The company has a strong network throughout the whole of Europe with nine branches in Western Europe (Paris, Düsseldorf, Frankfurt, Milan, Madrid, Manchester, London, Birmingham, Leeds). Bridgepoint, formally known as NatWest and independent since the management buyout in June 2000, has brought excellent returns for almost ten years now. Bridgepoint's strategy targets medium sized Western European companies, without focusing on any one sector in particular. The investment team consists of over 60 specialists and can fall back on an extraordinary wealth of experience.

Coller International Partners III

Coller International Partners III ("CIP III") is a partnership which specializes in the acquisition of global secondary portfolios of Venture Capital and Buyout investments.

Over the past few years, Jeremy Coller, the founder of Coller Capital, has built up valuable experience in the area of secondary transactions and the company can now be considered as a leader in this sector in Europe.

CIP III is managed in London by a large team of investment specialists. Since 1994, this team has invested more than USD 1 billion in secondary portfolios. The investments are spread over 6 funds whose returns put them in the top quartile sector and make CIP III into a top-rate partnership in the global Private Equity secondary market.

Galileo III

Galileo Partners, founded in 1989, is a firm which is known well beyond the borders of France, with contacts throughout Europe.

The investment focus of the fund, which was launched in the vintage year 2000, is on French Early Stage Venture companies in the software, telecommunications, information technology and Internet sectors, which have potential to expand into other European countries. Its four general partners and four investment specialists, support the companies not only by means of financing or with access to their broad network, but also with regard to strategic matters and in the building up of a strong management structure.

ICG Mezzanine Fund 2000

Die Intermediate Capital Group (ICG) wurde bereits vor 12 Jahren gegründet. Sie gilt als einer der führenden Mezzanine-Finanzierer in Europa. Die Beteiligungen von ICG zeichneten sich in der Vergangenheit stets durch eine sehr ausgewogene Diversifikation nach Industrien und Geografie aus. ICG ist dafür bekannt, seine Investitionen mit äusserster Sorgfalt und nach einem breiten Kriterienkatalog zu selektionieren. Von den Büros in London und Paris aus operiert ICG zur Zeit in elf westeuropäischen Ländern und investiert in ca. 30 verschiedene Industriebranchen. Beim ICG Mezzanine Fund 2000 handelt es sich um die zweite Partnership der Intermediate Capital Group. ICG konnte in ihrer 12-jährigen Geschichte konstant über dem Durchschnitt liegende Renditen erwirtschaften.

Index Ventures I

Index Ventures I ist eine Partnership mit einem Kapital von USD 150 Mio., deren Investitionsstrategie hauptsächlich auf westeuropäische Early und Later Stage Venture-Unternehmen in den Bereichen Informationstechnologie und Life Science ausgerichtet ist.

Index Ventures wurde 1998 von einem europäischen Team mit guten Kontakten zur amerikanischen Venture Capital-Industrie gegründet. Das Team verfügt über ausgeprägtes Know-how in den angestrebten Technologie-Segmenten und vertiefte Erfahrung bei der Strukturierung von Beteiligungen.

Industri Kapital 2000

Industri Kapital 2000 ("IK 2000") ist eine Partnership mit einem Volumen von EUR 2.1 Mrd. unter der Regie einer Schwedischen Private Equity-Unternehmung. Sitz der IK Gruppe ist Stockholm. Daneben befinden sich weitere Büros in Oslo, Hamburg und London. IK 2000 investiert in mittlere bis grosse Buyout-Transaktionen in Nordeuropa und strebt dabei stets Mehrheitsbeteiligungen an.

Das aus 23 Personen bestehende Team hat zuvor 3 erfolgreiche Partnerships im Umfang von insgesamt EUR 1.1 Mrd. gemanagt. Die IK Gruppe zählt zu den erfolgreichsten Buyout-Spezialisten in Europa.

Jerusalem Venture Partners III

Jerusalem Venture Partners III ("JVP III") spezialisiert sich auf Early Stage Venture Capital-Investitionen in israelische Technologiefirmen sowie internationale Unternehmen israelischen Ursprungs. Die dritte Partnership des erfolgreichen Managers investiert USD 160 Mio. in die Bereiche Technologie, Data-Kommunikation, Telekommunikation, Software- und Internetapplikationen. Speziell im Bereich der Kommunikationstechnologie genießt JVP international einen exzellenten Ruf und kann auf ein breites Netzwerk von

ICG Mezzanine Fund 2000

The Intermediate Capital Group (ICG) was founded 12 years ago and is considered to be one of the leading providers of mezzanine finance in Europe. ICG's holdings have in the past always been noted for their very balanced spread of both industry sectors and geographical regions. ICG is renowned for the extreme care and the broad catalogue of criteria with which it selects its investments.

From its offices in London und Paris, ICG currently operates in eleven Western European countries and invests in around 30 different sectors of industry.

The ICG Mezzanine Fund 2000 is Intermediate Capital Group's second partnership. In its 12-year history, ICG has managed to earn constantly above-average returns.

Index Ventures I

Index Ventures I is a partnership backed by a capital of USD 150 million, with an investment strategy which concentrates primarily on Western European Early and Later Stage Venture companies in the information technology and life sciences sectors.

Index Ventures was set up in 1998 by a European team with good contacts to the American Venture Capital industry. The team has considerable know how in its targeted technology sectors and extensive experience in the structuring of investments.

Industri Kapital 2000

Industri Kapital 2000 ("IK 2000") is a partnership with a total volume of EUR 2.1 billion under the management of a Swedish Private Equity company. The IK group headquarters is in Stockholm and it also has offices in Oslo, Hamburg und London. IK 2000 invests in medium to large-size buyout transactions in Northern Europe, in which it always tries to obtain majority stakes.

The 23-person team has previously managed 3 successful partnerships, with a total volume of EUR 1.1 billion. The IK group is one of Europe's most successful buyout specialists.

Jerusalem Venture Partners III

Jerusalem Venture Partners III ("JVP III") specializes in Early Stage Venture Capital investments in Israeli technology firms and in international companies of Israeli origin. This successful manager's third partnership is currently investing USD 160 million in the technology, data communications, telecommunications, and in software and Internet applications sectors.

Internationally, JVP has an excellent reputation, particularly in the communications technology sector, and is able to fall back on a broad network of entrepreneurs which provide the partnership with exclusive investment opportunities. JVP was founded in Jerusalem in 1994 and today also has offices in New York and London. The core team of four general partners has recently been reinforced with several principals.

Unternehmern zugreifen, die der Partnership exklusive Investitionsgelegenheiten bieten. JVP wurde 1994 in Jerusalem gegründet und ist heute zudem in New York und London ansässig. Das aus vier General Partnern bestehende Kernteam wurde jüngst durch mehrere Principals verstärkt.

Kohlberg Investors IV

Kohlberg wurde 1987 durch Jerome Kohlberg Jr., einem der Gründungspartner von KKR (Kohlberg Kravis Roberts & Co.) und seinem Sohn, James A. Kohlberg, gegründet. Seit der Gründung hat Kohlberg über USD 700 Millionen in mittlere und kleinere US-Unternehmungen im Leveraged Buyout-Segment investiert. Kohlberg nimmt in den Portfoliogesellschaften starken Einfluss auf die strategische Ausrichtung und operationelle Verbesserungen, mit dem Ziel, den Wert der Portfoliogesellschaften langfristig zu steigern.

Levine Leichtmann Capital Partners II

Levine Leichtman Capital Partners ist seit der Gründung 1986 in Beverly Hills, Kalifornien, ansässig und investiert hauptsächlich in mittelgroße kalifornische Unternehmen, die Kapital für Wachstumsfinanzierungen, Kapitalerhöhungen oder zur Akquisition benötigen. Typischerweise handelt es sich hierbei um etablierte Unternehmungen, die über ein starkes Management Team verfügen und in ihrer Nische eine führende Marktposition inne haben. Je nach Situation wird das Kapital als reines Eigenkapital oder strukturiertes Eigenkapital, wie z.B. Wandeldarlehen, zur Verfügung gestellt. Damit wird, bei gleichbleibenden Renditeerwartungen, das Risiko möglichst minimiert. In der Regel erwirbt Levine Leichtmann keine Mehrheitsanteile, sichert sich aber durch Vertrag umfassende Kontrollmechanismen. Durch die langjährige, erfolgreiche Investitionstätigkeit hat sich Levine Leichtmann in Kalifornien eine starke Marktposition gesichert. Fund II verfügt über ein Lancierungskapital von USD 350 Mio., welches inzwischen grösstenteils investiert ist.

Menlo Ventures IX

Menlo Ventures, mit Sitz in Menlo Park, Kalifornien wurde 1976 als eine der ersten Venture Partnerships im Silicon Valley gegründet und gilt heute als eine der renommiertesten Adressen in den USA. Die jüngste Partnership, Menlo IX, verfügt über Zahlungsverprechen in Höhe von USD 1.5 Mrd. und wird in Unternehmen unterschiedlichster Entwicklungsstadien investiert. Hierbei konzentriert sich Menlo Ventures auf die Bereiche Kommunikation, Software und Internet. Das Management-Team setzt sich aus 8 General Partnern mit einem ausgeprägten technischen Background zusammen, von denen 4 schon seit mehr als 15 Jahren bei Menlo Ventures zusammenarbeiten.

Kohlberg Investors IV

Kohlberg was founded in 1987 by Jerome Kohlberg Jr., one of the founding partners of KKR (Kohlberg Kravis Roberts & Co.) and his son, James A. Kohlberg. Since its foundation, Kohlberg has invested more than USD 700 million in medium and small-sized US companies in the leveraged buyout sector. Kohlberg has considerable influence over the strategic direction and operational improvements of its portfolio companies, with the aim of ensuring a long-term increase in their value.

Levine Leichtmann Capital Partners II

Levine Leichtman Capital Partners has been domiciled in Beverly Hills, California, since its foundation in 1986. It invests mainly in medium-sized Californian companies which need capital to finance their growth, to increase their equity or to finance acquisitions. Typically, it chooses established enterprises which have a strong management team and are leaders in their own market niche. Depending on the situation, the capital is provided either as pure equity or in the form of structured capital, such as convertible loans. Thus, the return potential is maintained, while the risk is minimized as far as possible. Levine Leichtmann rarely tries to acquire majority stakes, but it tends to ensure that the agreements provide it with far-reaching control mechanisms.

Thanks to its many years of successful investment activity, Levine Leichtmann has built up a strong position in the market. Fund II has initial capital of USD 350 million, the bulk of which has already been invested.

Menlo Ventures IX

Menlo Ventures, with its headquarters in Menlo Park, California, was founded in 1976 as one of the first Venture partnerships in Silicon Valley and it is today considered to be one of the best of its kind in the USA. The latest partnership, Menlo IX, already has commitments of USD 1.5 billion for investment in businesses of various development-stages. Menlo Ventures primarily targets the communications, software and Internet sectors. The management team is made up of 8 general partners, all of which have a strong technical background, and of which 4 have already worked together at Menlo Ventures for more than 15 years.

Mercapital Spanish Private Equity Fund II

Mercapital ist einer der Top-Namen im spanischen Private Equity-Buyout-Markt für Mid-Caps. Als lokaler Spezialist konzentriert sich Mercapital auf Spanien und strebt stets Mehrheitsbeteiligungen und damit eine aktive Rolle innerhalb der Portfoliounternehmen an. Mercapital hat den spanischen Private Equity-Markt entscheidend mitentwickelt. Das ausgewogene und stabile Team von sechs Partnern arbeitet schon seit über acht Jahren zusammen. Trotz der ungünstigen Entwicklung der spanischen Wirtschaft zu Beginn der 90er-Jahre konnte Mercapital durchgehend sehr gute Renditen ausweisen. Die Beteiligung an einem der besten spanischen Buyout-Spezialisten stellt einen ausgezeichneten Diversifikationsnutzen für das Gesamtportfolio dar.

Mezzanine Management Fund III

Mezzanine Management wurde 1988 von Rory Brooks und James Read gegründet. Seither konnte sich der Fund als eine der wichtigsten, unabhängigen Gruppen im Bereich der Mezzanine-Finanzierung etablieren. Bei solchen Finanzierungen tritt der Investor gegenüber dem Unternehmen als Fremdkapitalgeber auf und erhält oft gleichzeitig mittels Optionen, Aktien oder anderen Wertpapieren einen Anteil an der Wertsteigerung des finanzierten Unternehmens. Das Mezzanine Management-Team, mit Büros in London, Frankfurt und Paris, zählt 12 Investitionsspezialisten, wovon vier seit über sechs Jahren zusammenarbeiten.

Newbridge Asia III

Newbridge Asia ist eine der führenden Partnership-Manager in Asien für mittelgrosse Buyouts, welche durch ein Team bestehend aus 23 lokal ansässigen, spezialisierten und im Westen ausgebildeten Investmentmanagern geführt wird. Der Fund hat eigene Niederlassungen in Hong Kong, Shanghai, Singapur, Seoul und Tokio und verfügt insbesondere über ein starkes Netzwerk von Kontakten zu Regierungsstellen und Wirtschaftspartnern. Die Investitionsstrategie zielt auf die Nutzung von Veränderungen in den asiatischen Märkten bei gleichzeitiger Verringerung von Geschäfts-, Währungs- und Länderrisiken ab, wobei ein besonderer Fokus auf wertsteigernden Restrukturierungen innerhalb der Sektoren Technologie- und Telekommunikations-Infrastruktur liegt.

Lexington Partners Hamilton Lane 2000

Für die Übernahme des Chase Capital Partners Sekundär-Portfolios bildete Partners Group zusammen mit Hamilton Lane und Lexington Capital Partners, einem der grössten und erfahrensten Käufer von Sekundär-Portfolios, eine Interessengemeinschaft, die die 65 Beteiligungen des Portfolios für USD 589 Mio., und damit zu einem attraktiven Preis, übernehmen konnte. Die Diversifikation des Portfolios ist breit über Lancierungsjahre (pre 1995 - 1999) und Finanzierungsstadien

Mercapital Spanish Private Equity Fund II

Mercapital is one of the top names in the Spanish Private Equity mid-cap buyout market. As a local specialist, Mercapital concentrates on Spain and always tries to acquire majority stakes, and therefore to maintain an active role within its portfolio companies. Mercapital played a decisive role in the development of the Spanish Private Equity market. Its balanced and stable team of six partners has been working together for more than eight years. Despite the unfavourable development of the Spanish economy at the beginning of the 90's, Mercapital has consistently produced very good returns. The investment in one of the best Spanish Buyout specialists gives an excellent diversification boost to the total portfolio.

Mezzanine Management Fund III

Mezzanine Management was founded by Rory Brooks and James Read in 1988 and has since managed to establish itself as one of the prominent independent groups in the mezzanine financing sector. In this type of financing, the investor acts towards the company as a debt-provider, often simultaneously obtaining a share in the increase in value of the financed company by means of warrants, stocks or other securities. The Mezzanine Management team, with offices in London, Frankfurt and Paris, boasts 12 investment specialists, four of whom have been working together for over six years.

Newbridge Asia III

Newbridge Asia is one of Asia's leading medium size buyout fund managers and is run by a team of 23 locally specialized investment managers, all of whom were educated in the West. The Fund has its own branches in Hong Kong, Shanghai, Singapore, Seoul and Tokyo and its particular strength is its well-developed network of contacts with government offices and business partners. Its investment strategy plays on the changes in the Asian markets, while at the same time aiming to reduce business, currency and country risk. It focuses in particular on value-increasing restructurings within the technology and telecommunications infrastructure sectors.

Lexington Partners Hamilton Lane 2000

For the purpose of acquiring a Chase Capital Partners secondary portfolio, Lexington Capital Partners, one of the largest and most experienced purchasers of secondary portfolios, and Hamilton Lane together with Partners Group, created a syndicate, which was able to acquire a portfolio over 65 partnerships for the attractive price of USD 589 million. The portfolio is broadly diversified regarding both the vintage years contained (pre 1995 - 1999) and the financing stages, with the main focus being on US buyout. Princess participates in this vehicle via a special purpose vehicle, Partners Group SPP1 Limited.

verteilt, wobei das Schwergewicht bei US Buyout liegt. Princess ist über das Spezialvehikel Partners Group SPP1 Limited an diesem Secondary beteiligt.

Pitango III

Pitango (früher Polaris Venture Capital) ist einer der führenden Partnership-Manager Israels. Sie genießt einen ausgezeichneten Ruf und kann sich auf ein breites Netzwerk von Unternehmen abstützen, die einen proprietären Zugang zu qualitativ hochwertigen Investitionen ermöglichen. Der Fund Pitango ist eine Venture-Partnership über USD 400 Mio., die hauptsächlich in die Bereiche Kommunikation, Internet-Infrastruktur und Software investiert. Der regionale Fokus liegt dabei auf Israel. Die Finanzierungsstadien der Portfolio-Unternehmen können von "Seed" bis "Pre-IPO" reichen; der Schwerpunkt der Investitionstätigkeit wird jedoch im Early Stage-Bereich angesiedelt sein. Das verantwortliche Team besteht aus 6 General Partnern, die mit zu den erfahrensten Venture-Spezialisten Israels zählen.

Providence Equity Partners IV

Die General Partner von Providence verwalten verschiedene Anlage-Vehikel mit aggregiertem Kapital von rund USD 1.3 Milliarden und haben durch diese in über 50 Portfolio-Gesellschaften, welche in mehr als 20 Ländern tätig sind, investiert. Als langfristig orientierte Investoren im Kommunikationssektor mit einem positivem Leistungsausweis und dem Ruf eines zuverlässigen Partners, hat Providence einen einzigartigen Zugang zu hochqualifiziertem Management und Investitionsmöglichkeiten. In ihrem spezialisierten Branchenumfeld zielt die Partnership auf Unternehmen mit realistischen Wachstumsperspektiven und erwirbt üblicherweise Mehrheitsbeteiligungen an diesen Unternehmen. Der Fonds wird sein Portfolio nach Entwicklungsstadien diversifizieren, welches Early/Later Stage Venture, Buyout und in besonderen Fällen auch Unternehmenssanierungen umfassen wird.

Schroder Ventures International Life Sciences Fund II

Der Schroder Ventures International Life Sciences Fund II ("ILSF II") investiert in Life Science-Unternehmungen über alle Finanzierungsstadien. ILSF II versteht den Life Science-Sektor als ein globales Geschäft und verfolgt entsprechend einen internationalen Ansatz. Als eine der wenigen Partnerships ist ILSF II in der Lage, den Weltmarkt umfassend abzudecken. Die weltweite Präsenz bringt signifikante Vorteile beim Identifizieren neuer, attraktiver Deals und verschafft Zugang zu einem grossen Netzwerk. ILSF II ist eine Partnership von J. Henry Schroder & Co., einer Unternehmung die im Bereich Life Science-Investments seit 1981 tätig ist und über grosse Erfahrung verfügt. Die Partnership über USD 200 Mio. wird von 13 Spezialisten in Boston und London betreut. Schroder Ventures zählt zu den erfolgreichsten Partnership-Manager im

Pitango III

Pitango (formerly named Polaris Venture Capital) is one of Israel's leading fund managers. It has an excellent reputation and can rely on a broad network of companies which enable proprietary access to top-quality investments. The Pitango III fund is a Venture partnership amounting to USD 400 million, and which invests mainly in the communications, Internet infrastructure and software sectors, while the regional emphasis is on Israel. The financing stages of the portfolio companies stretches from "Seed" to "Pre-IPO", although the bulk of investment activity lies in the Early Stage area. The team responsible consists of 6 general partners, who are among Israel's most experienced Venture specialists.

Providence Equity Partners IV

Since 1985 Providence's General Partners have managed various investment vehicles with an aggregate capital of approximately USD 1.3 billion, which have been invested into more than 50 portfolio companies operating in more than 20 countries. In its role as long-term oriented investor in the communications sector, with a good record of success and reputation of being a reliable partner, Providence has a unique access to highly qualified management and investment opportunities. The partnership targets companies in its specialist sector which have good prospects for growth and it generally acquires majority stakes in the companies. The fund will be diversifying its portfolio according to development stages, including Early/Later Stage Venture, Buyout and in certain cases company restructurings.

Schroder Ventures International Life Sciences Fund II

The Schroder Ventures International Life Sciences Fund II ("ILSF II") invests in life sciences companies across all financing stages. ILSF II sees the life science sector as a global business and has therefore adopted an international approach. ILSF II is one of the few partnerships which is able to thoroughly cover the global market. The partnership's presence throughout the world gives it significant advantages in identifying new and attractive deals and gives it access to a broad network. ILSF II is a partnership which is associated with J. Henry Schroder & Co., an enterprise which has been active in life science investments since 1981 and which thus has enormous experience. The USD 200 million partnership is managed by 13 specialists in Boston and London. Schroder Ventures is among the most successful managers in the life sciences sector and boasts an impressive deal flow.

Life Science-Bereich und verfügt über einen eindrucklichen Deal Flow.

Segulah II

Segulah II ist eine Partnership, die in kleinere und mittlere Buyouts in Schweden investiert. Die Grösse des dritten Segulah Fonds beträgt SEK 850 Mio. Segulah II übt normalerweise in den Portfolio-Unternehmungen eine starke Kontrolle aus, sei es via Mehrheitsanteile oder durch entsprechende Vereinbarungen mit den Aktionären. Der Retail-Bereich, der Dienstleistungssektor und die verarbeitende Industrie sind die bevorzugten Branchen der Partnership. Das AB Segulah Management-Team hat seinen Sitz in Stockholm. Es besteht aus 5 General Partnern, die bereits seit sechs Jahren zusammenarbeiten.

Sierra Ventures VIII

Sierra Ventures, mit Sitz in Menlo Park, Kalifornien wurde 1982 gegründet und genießt einen exzellenten Ruf als Early Stage-Investor im Silicon Valley. Die Gruppe investiert zurzeit den Fund Sierra Ventures VIII welcher über Commitments in Höhe von USD 550 Mio. verfügt und sich auf Investitionen in den Bereichen Kommunikation, Software und Internet-Infrastruktur konzentriert. Das Team von 5 General Partnern wird von 2 Venture Partnern unterstützt, welche über profunde technische Kenntnisse der modernen Kommunikationstechnologie verfügen.

Summit Ventures VI

Die Managementgesellschaft lancierte ihre erste Partnership 1984. Sie konnte seit über 16 Jahren und durch unterschiedliche Wirtschafts- und Marktzyklen hindurch attraktive Renditen erwirtschaften. Summit Partners spezialisiert sich auf Investitionen in Wachstumsunternehmen, welche Gewinne ausweisen bzw. im Begriff sind, die Gewinnschwelle zu durchschreiten. Seit ihrer Lancierung 1984 hat Summit in rund 240 Gesellschaften in den Bereichen Technologie, Gesundheitswesen und Dienstleistungen für Unternehmen investiert. Zurzeit investiert Summit den sechsten Fund, der über Commitments in Höhe von USD 2 Mrd. verfügt. Das breit abgestützte Team, bestehend aus rund 40 Investitionsspezialisten, generiert Investitionsmöglichkeiten in einem pro-aktiven Ansatz, wobei Unternehmen oft auch durch sogenannte "cold calls" kontaktiert werden. Summit Partners verfügt über Niederlassungen in Boston, MA, und Palo Alto, CA.

Thomas H. Lee Equity Fund V

Thomas H. Lee ist eines der ältesten und renommiertesten Private Equity-Häuser in den USA. Gegründet wurde das Unternehmen 1974 von Thomas H. Lee, welcher auch heute noch aktiv die Firma führt.

Mit USD 6 Mrd. Commitments ist Thomas H. Lee Equity Fund V, L.P. einer der grössten Private Equity-Funds überhaupt und investiert pro Einzelanlage zwischen USD 150 – 750 Mio. Die 23 Investitionsspezialisten in den Büros in Boston und New

Segulah II

Segulah II is a partnership which invests in small and medium-sized buyouts in Sweden. This is the third Segulah fund with total commitments of SEK 850 million. Segulah II normally exercises considerable control within its portfolio companies, either by means of majority stakes or via appropriate agreements with the shareholders. The partnership's preferred focus is on the retail sector, the services sector and light manufacturing. The AB Segulah management team is situated in Stockholm and consists of 5 general partners, who have been working together for already six years.

Sierra Ventures VIII

Sierra Ventures, with its headquarters in Menlo Park, California, was founded in 1982 and has an excellent reputation as an Early Stage investor in Silicon Valley. The Group is currently in the process of investing the Fund Sierra Ventures VIII, which already has commitments of USD 550 million and concentrates on investments in the communications, software and Internet infrastructure sectors. The team of 5 general partners is supported by 2 venture partners who have very wide technical knowledge of modern communications technology.

Summit Ventures VI

The management company launched its first partnership in 1984. It has, throughout different economic and market cycles, achieved attractive returns for more than 16 years. Summit Partners specializes in investments in growth companies which are profitable or are in the process of becoming profitable. Since its launch in 1984, Summit has invested in around 240 businesses in the technology, health and business services sectors. It is currently investing its sixth fund, which already has commitments of USD 2 billion. The broadly based team, which consists of around 40 Investment specialists, uses a pro-active approach in order to generate investment opportunities, in which companies are frequently contacted via so-called "cold calls". Summit Partners has branches in Boston, MA, and Palo Alto, CA.

Thomas H. Lee Equity Fund V

Thomas H. Lee is one of the oldest and most highly reputed US Private Equity houses. The company was founded in 1974 by Thomas H. Lee, who still actively runs the firm.

With its USD 6 billion in commitments, the Thomas H. Lee Equity Fund V, L.P. is one of the largest Private Equity funds and will invest between USD 150 – 750 million per individual transaction. The 23 investment specialists, spread across offices in Boston and New York, together have an average of

York verfügen im Schnitt über 20 Jahre Investitions- und Industrieerfahrung und haben über verschiedene ökonomische Zyklen überdurchschnittliche Renditen erwirtschaftet. Die Reputation, die Investitions-Strategie und die Disziplin gepaart mit einem grossen, über lange Jahre aufgebauten Beziehungsnetzwerk ermöglichen die Evaluation erstklassiger Investmentgelegenheiten.

William Blair Capital Partners VI

William Blair & Company existiert seit 1935, ist heute in Chicago, San Francisco, London, Zürich und Vaduz ansässig und in den Bereichen Investment Banking, Investment Management und Private Equity-Investments tätig. William Blair kann eine langjährige Erfahrung als Private Equity-Investor vorweisen und investierte durch die vergangenen sechs Funds erfolgreich USD 650 Millionen. Die bewährte Investitionsstrategie von William Blair strebt ein Portfolio an, welches grösstenteils aus Buyout-Transaktionen in etablierte, kleinere und mittlere Unternehmungen besteht. Ein kleinerer Anteil wird auf Wachstumsfinanzierungen im Technologie-Bereich alloziert. Die starke Verankerung von William Blair als Investment Bank für kleinere und mittlere Unternehmungen, vor allem in der "mid-western" Region um Chicago herum, unterstützt die erfolgreiche Private Equity-Tätigkeit vor allem im Generieren und Beurteilen von Transaktionen.

more than 20 years of investment and industry experience and have achieved above-average performance through many different economic cycles. The firm's reputation, investment strategy and disciplined approach, coupled with a large network of contacts, built up over many years, enable it to evaluate first-class investment opportunities.

William Blair Capital Partners VI

William Blair & Company, in existence since 1935, today has offices in Chicago, San Francisco, London, Zurich and Vaduz and is involved in investment banking, investment management and Private Equity investments. William Blair boasts many years' experience as a Private Equity investor and has already successfully invested USD 650 million via its six previous funds. William Blair's well-tested investment strategy aims to create a portfolio consisting mainly of buyout transactions in established small and medium-sized companies. A smaller part is allocated to financing the growth of companies in the technology sector. William Blair's strong position as an investment bank for small and medium-sized businesses, primarily in the "mid-western" region around Chicago, gives support to its successful Private Equity activity mainly in the generation and assessment of transactions.

*Die Commitments des ersten Quartals 2001**Commitments to Partnerships 1st Quarter 2001*

Manager	Fund name/Partnership Name	Total Size / USD Gesamtvolumen	Amount Committed / USD Beteiligung von Princess	Percent Owned/ Anteil der Be- teiligung	Percentage Drawn Down/ Anteil abgerufen	Vintage Year/ Lancier- ungs- jahr	Financing Stage/ Finanzierungs- stadium	Industry Focus/ Industrie- Fokus
TCW / Crescent Mezzanine Partners	TCW / Crescent Mezzanine Partners III, L.P.	850'000'000	10'000'000	1.18	0.72	2001	Mezzanine	Diversifield
Abingworth BioVentures	Abingworth BioVentures III, L.P.	81'000'000	2'500'000	3.09	25.00	2001	Early/Seed - VC	Technology

Ausblick 2001

Das Jahr 2000 war durch ein schwieriges Marktumfeld mit starken Schwankungen in nahezu sämtlichen Bereichen der öffentlichen Märkte gekennzeichnet. Im März 2000 erreichten die Aktien an den Technologiemarkten ihren Höhepunkt, bis Dezember mussten jedoch deutliche Korrekturen in Kauf genommen werden. Diese Situation hat dazu geführt, dass der Preis der Princess Wandelanleihe sich nicht in dem Masse entwickeln konnte, wie es der Innere Wert des zugrundeliegenden Portfolios und das vorhandene Potenzial zugelassen hätten. Dies unterstreicht, dass gerade in der Aufbauphase eines Private Equity-Portfolios die Aufmerksamkeit auf der Entwicklung des Inneren Wertes liegen sollte. Im Falle der Princess Private Equity Holding verläuft diese im Rahmen der angestrebten Strategie und konnte in der Anfangsphase die gesetzten Erwartungen durch den Kauf der Sekundär-Portfolios sogar übertreffen.

Der Innere Wert der Princess Private Equity Holding ist im schwierigen Umfeld des Jahres 2000 von 98.62% um 4.31% auf 102.87% gestiegen. Durch indirekte Auswirkungen der Turbulenzen an den weltweiten Kapitalmärkten auf die Private Equity-Industrie mussten bis Mitte des Jahres 2001 Bewertungskorrekturen hingenommen werden, die den Inneren Wert auf 99.69% zurückgehen liessen. In einem begrenzten Umfang könnten von den Partnerships in den kommenden Monaten noch weitere Bewertungskorrekturen gemeldet werden. Die sich dem Ende nähernde Anlaufphase des Portfolios und die verstärkten Rückflüsse bewirken, dass der Wert des Portfolios auf der J-Curve bald in den positiven Bereich eintreten sollte. Für die Zukunft wird dementsprechend nicht mit einer dauerhaften negativen Entwicklung gerechnet.

Die gegenwärtige Situation birgt auch Chancen für das Portfolio. Da die geringeren Aussichten für schnelle Börsengänge oder Verkäufe der Beteiligungen das Bewertungsniveau der Unternehmen gesenkt haben, sind Beteiligungen in diesen Zeiten besonders günstig zu erwerben. Der Markt bietet somit attraktive, neue Investitionsmöglichkeiten.

Outlook 2001

The year 2000 was marked by difficult market conditions, with high volatility in nearly all sectors of the public markets. Technology stocks reached their highs in March 2000, but by December investors had had to reckon with sharp corrections. It is due to this situation that the price of the Princess convertible bond was not able to develop to the degree that the NAV of the underlying portfolio and its actual potential would have allowed. This emphasizes the importance, during the creation phase of the portfolio, of concentrating on the development of the portfolio's NAV. In the case of Princess Private Equity Holding, the NAV has developed according to the plan set by the targeted strategy and was even, at this early stage, able to beat expectations with regard to the targeted strategy through the purchase of the secondaries.

Thus, the NAV of Princess Private Equity Holding rose during the difficult conditions of 2000 by 4.31%, from 98.62% to 102.87%. Because of the indirect effects of the turbulence on the global capital markets on the Private Equity industry, partnerships had to report re-valuations of their portfolios up until the middle of the year 2001, which led to the NAV decreasing again to 99.69%. Further limited corrections may continue to be reported by the partnerships over the coming months. However, due to the fact that the portfolio is coming to the end of the J-Curve and in view of the expected increase in the inflow of proceeds from the partnerships, a prolonged negative development of the NAV is not expected.

The current situation may even conceal positive opportunities for the portfolio. As the poor outlook for fast IPO's or trade sales has lowered companies' valuation-levels, participations can therefore be bought at lower levels. Thus, the market is beginning to offer attractive new investment opportunities.

Princess believes that the purchase of the Chase Manhattan Group secondary portfolio will add considerable value to the portfolio, as the commitments were thus able to be extended to older vintage years. The increasing investment level is hel-

Das Management von Princess ist der Ansicht, dass die durch das Sekundärportfolio der Chase-Manhattan-Gruppe hinzugekommenen Partnershipbeteiligungen einen erheblichen Mehrwert für das Portfolio bedeuten, da die Commitments auf ältere Lancierungsjahre ausgedehnt werden konnten. Der steigende Investitionsgrad lässt das Portfolio "reifen" und erhöht für das kommende Jahr die Wahrscheinlichkeit eines Anstiegs des Inneren Wertes durch einsetzende Rückflüsse von den Partnerships.

ping to "mature" the portfolio in excess of Princess's chronological age and thus raises the likelihood of a rise in the Net Asset Value as a result of proceeds starting to flow back from the partnerships.



Financial Figures

Auditor's report to the members of Princess Private Equity Holding Limited

We have audited the financial statements on pages 7 to 25.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 4 and 5, this includes responsibility for preparing the financial statements in accordance with applicable International Accounting Standards. Our responsibilities, as independent auditors, are established in Guernsey by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

PricewaterhouseCoopers
Chartered Accountants
Guernsey CI

2001

Consolidated statement of income
for the year ended 31 December 2000

	Notes	01.01.00 – 31.12.00 USD	12.05.99 – 31.12.99 USD
Income	<i>1</i>		
Bank deposit interest		1'204'173	434'746
Income from limited partnerships		2'065'015	483'046
Net surplus on limited partnerships		30'378'162	–
Income from short-term investments		26'817'191	13'795'229
Net surplus on long-term investments	5	510'000	–
		60'974'541	14'713'021
Expenditure			
Investment management fee	2	12'432'906	4'198'743
Insurance fee	2	10'495'957	4'198'743
Administration fee	2	350'452	129'653
Personnel costs		65'823	–
Other operating expenses		899'355	1'327'922
Finance cost on convertible bond	10	27'582'258	11'547'605
Amortisation of transaction costs	10	1'567'071	694'738
Net loss on limited partnerships		–	5'778'774
Net foreign exchange loss	1	9'772'951	61'996
Net loss on long-term investments			510'000
Net loss on short-term investments		275'000	50'000
Tax exemption fee	3	1'905	1'437
		63'443'678	28'499'611
Surplus/(loss) for the financial period before reclassification		(2'469'137)	(13'786'590)
Surpluses/(losses) reclassified to income statement		–	9'016'855
Surplus / (loss) for the financial period		(2'469'137)	(4'769'735)
The disclosures relating to the calculation of the loss per share are included in note 15			
Basic surplus/(loss) per share	USD	(246.9137)	(476.9735)
Diluted surplus/(loss) per share	USD	(0.3522)	(0.6804)

Consolidated balance sheet
at 31 December 2000

	Notes	USD	31.12.00 USD	USD	31.12.99 USD
Assets					
Non-current assets					
Investments in limited partnerships	1&4		415'975'657		123'142'462
Long-term investments			-		239'490'000
			415'975'657		362'632'462
Current assets					
Short-term investments	1&5	269'411'000		286'630'000	
Other short-term receivables	6	5'302'181		4'068'708	
Cash at banks	7	31'025'818		41'445'690	
			305'738'999		332'144'398
Total assets			721'714'656		694'776'860
Equity and Liabilities					
Capital and reserves					
Issued capital	9	100		100	
Reserves		233'790'042		236'259'179	
			233'790'142		236'259'279
Liabilities falling due after more than one year					
Bond	10		487'527'439		458'378'110
Liabilities falling due within one year					
Creditors	11	153'961		119'180	
Hedging liability	12	147'071		-	
Other short-term payables		96'043		20'291	
			397'075		139'471
Total liabilities			721'714'656		694'776'860

Consolidated statement of changes in shareholders' equity

for the period from 01 January 2000 to 31 December 2000

	Share capital USD	Share premium USD	Movement on revaluation of investments in underlying partnerships USD	Surplus/(loss) on underlying partnerships USD	Accumulated surplus/(loss) USD	Total USD
Equity at beginning of reporting period	100	241'028'914	8'586'421	430'434	(13'786'590)	236'259'279
Gains reclassified to income statement	–	–	(8'586'421)	(430'434)	9'016'855	–
Adjusted equity at beginning of reporting period	100	241'028'914	–	–	(4'769'735)	236'259'279
Loss for the financial period	–	–	–	–	(2'469'137)	(2'469'137)
Equity at end of reporting period	100	241'028'914	–	–	(7'238'872)	233'790'142

Consolidated statement of changes in shareholders' equity

for the period from 12 May 1999 to 31 December 1999

	Share capital USD	Share premium USD	Movement on revalua- tion of investments in underlying partnerships USD	Surplus/ (loss) on underlying partnerships USD	Accumulated surplus/ (loss) USD	Total USD
Issue of share capital	100	999'900	–	–	–	1'000'000
Premium on bond issues	–	4'000'000	–	–	–	4'000'000
Equity component of bond	–	242'200'000	–	–	–	242'200'000
Transaction costs attributed to equity	–	(6'170'986)	–	–	–	(6'170'986)
Net surplus on limited partnerships	–	–	8'586'421	430'434	–	9'016'855
Loss for the financial period	–	–	–	–	(13'786'590)	(13'786'590)
Equity at end of reporting period	100	241'028'914	8'586'421	430'434	(13'786'590)	236'259'279

Consolidated cash flow statement

for the period from 01 January 2000 to 31 December 2000

	Notes	USD	01.01.00 – 31.12.00 USD	USD	12.05.99 – 31.12.99 USD
Cash flow from operating activities					
Cash paid to suppliers and employees		(24'108'750)		(9'774'879)	
Net cash from operating activities			(24'108'750)		(9'774'879)
Cash flow from investing activities					
Interest received		31'533'399		7'074'875	
Investment in limited partnerships	4	(297'705'995)		(120'654'940)	
Sale of investments in limited partnerships		26'817'617		690'881	
Income received from limited partnerships		2'065'015		483'046	
Purchases of short-term investments		(240'139'187)		(479'095'182)	
Repayments of short-term investments		479'234'369			
Settlement of hedging contracts		(2'907'575)		–	
Net cash from investing activities			(1'102'357)		(591'501'320)
Cash flow from financing activities					
Proceeds from issuance of share capital		–		1'000'000	
Proceeds from bond issue		–		700'000'000	
Premium on bond issue		–		4'000'000	
Payment of bond transaction costs		–		(17'835'218)	
Net cash from financing activities			–		687'164'782
Effect of exchange rate changes on cash and cash equivalents			(1'890)		116
Net (decrease)/increase in cash and cash equivalents			(25'212'997)		85'888'699
Cash and cash equivalents at beginning of period			85'888'699		–
Cash and cash equivalents at end of period	8		60'675'702		85'888'699

Notes to the Consolidated financial statements

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards. The financial statements are prepared under the historical cost convention as modified by the fair valuation of available for sale securities.

The Group adopted International Accounting Standard 39 (IAS 39), Financial Instruments: Recognition and Measurement, on 14 December 2000, with effect from 1 January 2000. It is the policy of the Group to disclose its financial assets at fair value. With the adoption of IAS 39 and the classification of the Group's investments as "available for sale", the Group has decided that all realised and unrealised surpluses and losses should be recognised in the statement of income. The Group intends to hold its investments for an indefinite period of time.

During the period from the date of incorporation up to 30 September 2000, the Group had disclosed all realised and unrealised surpluses and losses in accordance with IAS 25.

In accordance with the transition rules as detailed in IAS 39 the realised surpluses and losses and any unrealised surpluses for the period from 1 January 2000 to 30 September 2000 have been disclosed as "Surpluses reclassified to the income statement".

Income

Income from bank deposits is included on an accruals basis.

Income from short-term investments also includes the increase in value of bonds purchased at a discount.

Expenditure

The expenditure is included in the accounts on an accruals basis.

Reporting currency

As US dollars reflects the economic substance of the underlying events and circumstances relevant to the Group and US dollars are used to a significant extent in, or has a significant impact on, the Group, US dollars are the appropriate currency to be used as the measurement currency and accordingly the reporting currency in these financial statements. All transactions in currencies other than the measurement currency are treated as transactions in foreign currencies.

Investment in limited partnerships

The investments in limited partnerships are valued at the most recent net asset value as reported by the underlying Partnership and are adjusted for subsequent net capital activity. The changes in fair value are shown as "Movement on revaluation of limited partnerships" in the statement of income.

Any realised surpluses or losses are shown as "Net realised surplus / loss on limited partnerships".

The Group recognises the funding of the limited partnerships on the date funds are transferred to the Partnership. Any distributions, including return of principal of investment, received from the underlying limited partnerships are recognised on the distribution date.

Long-term investments

The investments are included in the balance sheet at market values ruling at the balance sheet date. The changes in fair value are shown as "Net surplus / loss on long-term investments".

All transactions relating to long-term investments are recognised on the settlement date.

Short-term investments

The short-term investments purchased at par are included in the balance sheet at market values ruling at the balance sheet date. The changes in the fair value are included within "Net surplus / loss on short-term investments".

The short-term investments purchased at a discount are included in the balance sheet at market values ruling at the balance sheet date. The changes in the fair value and the interest received at maturity are included within "Income from short-term investments".

Upon maturity of the short-term investments purchased at a discount the difference between the last reported fair value and the maturity amount are included within "Income from short-term investments".

All transactions relating to short-term investments are recognised on the settlement date.

Foreign exchange

Transactions in foreign currencies are translated into US dollars at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate prevailing at the balance sheet date. Exchange surpluses and losses are included in the statement of income.

Accounting for hedging activities

The Group's policy of hedging the value of non-US dollar investments against the US dollar does not qualify as hedge accounting as defined in IAS 39. As a result the unrealised changes in the fair value of these derivatives are recognised in the statement of income under the heading of "Net foreign exchange surplus / loss". The realised net surplus / loss on the derivatives that matured during the year is disclosed under "Net foreign exchange surplus / loss".

Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, have been consolidated. All inter-company transactions, balances and unrealised surplus and deficits on transactions between group companies have been eliminated. A listing of the Group's subsidiaries is set out in Note 19.

2 Expenses

Investment management fee

The investment management fee is paid quarterly in advance pursuant to the Investment Management Agreement between Princess Private Equity Holding Limited and Princess Management & Insurance Limited.

Administration fee

The administration fee is paid quarterly in advance pursuant to the Administration Agreement between Princess Private Equity Holding Limited and Partners Group Private Equity Administration Limited.

Insurance fee

The insurance fee is paid quarterly in advance pursuant to the Insurance Trust Agreement between Princess Private Equity Holding Limited and Princess Management & Insurance Limited.

3 Taxation status

The companies are exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 and 1992 and they are each charged an annual exemption fee of £600.

Notes to the Consolidated financial statements (continued)

4 Investments in limited partnerships	31.12.00	31.12.99
	USD	USD
Balance at beginning of reporting period	123'142'462	–
Capital activity recorded at the transaction rate	297'170'466	114'904'241
Out of commitment expenses	535'529	5'750'699
Capital repayments at cost	(19'494'272)	(260'447)
Revaluation of investments in limited partnerships	21'337'887	2'807'647
Foreign exchange loss	(6'716'415)	(59'678)
Balance at end of reporting period	415'975'657	123'142'462

The balance on the investments in limited partnerships at the end of the reporting period can be split as follows:

United States	253'113'850	78'301'994
Europe	147'434'946	44'370'108
Rest of the World	15'426'861	470'360

5 Short-term investments	Bonds issued at par USD	Bonds issued at a discount USD	Cash equivalents USD	Total USD
Cost				
At beginning of reporting period	290'000'000	189'095'182	44'443'009	523'538'191
Additions	–	240'139'187	168'512'900	408'652'087
Interest received on redemption	–	10'765'631	1'693'975	12'459'606
Redemptions	(50'000'000)	(440'000'000)	(185'000'000)	(675'000'000)
At end of reporting period	240'000'000	–	29'649'884	269'649'884
Valuation				
At end of reporting period	239'675'000	–	29'736'000	269'411'000
At beginning of reporting period	289'440'000	191'996'000	44'684'000	526'120'000

Market investments with maturity of up to three months from date of acquisition have been classified as cash equivalents for the purposes of the cash flow statement.

The data as disclosed above can be split as follows:

Non-current assets

Cost at end of reporting period	–	240'000'000
Valuation at end of the reporting period	–	239'490'000

Current assets

Cost at end of reporting period	269'649'884	283'538'191
Valuation at end of the reporting period	269'411'000	286'630'000

Notes to the Consolidated financial statements (continued)

6 Other short-term receivables	31.12.00 USD	31.12.99 USD
Funds received from broker		
Capital repayment at cost	102'330	–
Net surplus on limited partnership	1'614'600	–
	1'716'930	–
Income receivable from short-term investments	3'506'973	4'013'290
Bank deposit interest payable	49'975	–
Partners Group Private Equity Administration Limited	11'711	–
Princess Management & Insurance Limited	–	55'418
Sundry prepayments	16'592	–
	5'302'181	4'068'708

7 Cash at Banks	31.12.00 USD	31.12.99 USD
Cash at banks	31'025'818	41'445'690

8 Cash and cash equivalents	31.12.00 USD	31.12.99 USD
Cash and cash equivalents consist of cash at banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash at banks	31'025'818	41'445'690
Cash equivalents	29'649'884	44'443'009
Cash and cash equivalents at cost	60'675'702	85'888'699
Cash and cash equivalents at market value	60'761'818	86'129'690

For the purpose of the cash flow statement these investments have been included at cost.

9 Share capital	31.12.00 USD	31.12.99 USD
Authorised		
20,000,000 Class A shares of USD 0.01 each	200'000	200'000
10,000 Class B shares of USD 0.01 each	100	100
	200'100	200'100
Issued		
10,000 Class B shares of USD 0.01 each	100	100

GE & W AG, a company organised under Swiss Law, holds 8,010 Class B Shares. Partners Group owns 19.9% of the share capital of GE & W AG and Urs Wietlisbach, a Director of the Princess Private Equity Holding Limited and a Partner of Partners Group, controls 26.7%. The holders of the Class B shares have the right to attend and vote at general meetings.

10 Bond	31.12.00 USD	31.12.99 USD
Balance at beginning of reporting period	458'378'110	–
Issued during reporting period	–	457'800'000
Transaction costs attributed to debt	–	(11'664'233)
	458'378'110	446'135'767
Amortisation of transaction costs	1'567'071	694'738
Finance cost on convertible bond	27'582'258	11'547'605
Balance at end of reporting period	487'527'439	458'378'110

As at the balance sheet date the nominal value of the bond outstanding was USD 700,000,000. The bond is not convertible into shares until on or after 1 January 2007, at the option of the investor, using the relevant conversion price. Princess Private Equity Holding Limited has entered into an insurance policy to ensure that it is provided with sufficient funds for the repayment of the principal upon redemption of the bond on 31 December 2010.

In accordance with IAS 32, Financial Instruments: Disclosure and Presentation, the net proceeds of the bond have been split between the liability and equity option components. The fair value of the equity component has been calculated as USD 242,200,000 using an accepted option valuation model. This amount is classified as share premium and will remain part of the permanent equity of the Company. The remaining net proceeds, after the allocation of the liability related transaction costs, of USD 446,135,767 are allocated to the liability component. The liability, including transaction costs, is therefore stated at a discount of 1.4379% per quarter to the maturity value.

The result of this technical requirement in IAS 32 is that the discount is amortised through the income statement as a finance cost, on a yield to maturity basis, over the 7.5-year life of the bonds until the first conversion at 1 January 2007. This accounting treatment has no effect on either the economic position or the net asset value of the Company. The cumulative finance cost in retained earnings is offset by an equivalent credit in share premium. However, the required treatment clearly does have a significant impact on the net surplus or loss reported in the income statement over the period to the conversion of the bond.

Notes to the Consolidated financial statements (continued)

11 Creditors

	31.12.00	31.12.99
	USD	USD
Investment management fee	66'502	17'605
Insurance premium	49'201	17'605
Administration fee	1'640	–
Bank custody fee	36'618	83'970
	153'961	119'180

12 Hedging

At the balance sheet date, Princess Private Equity Holding Limited had the following forward foreign exchange contracts in place. The contracts were entered into to hedge against changes in the foreign exchange value of the investments of Princess Private Equity Subholding Limited. The unrealised surplus/(loss) at the end of the reporting period is detailed below:

	USD	Rate	Value date	Surplus / (loss) USD 31.12.00	Surplus / (loss) USD 31.12.99
Buy USD against GBP	40'000'000	1.4114	19. Mar 01	(1'419'867)	–
Buy USD against GBP	25'000'000	1.4722	27. Mar 01	181'701	–
Buy USD against Euro	30'000'000	0.9180	27. Mar 01	993'464	–
Buy USD against CHF	5'000'000	1.7085	27. Mar 01	97'631	–
				(147'071)	–

	31.12.00 USD	31.12.99 USD
13 Commitments		
Total committed translated at the rate prevailing at the balance sheet date	1'061'478'051	626'390'992
Actual funded at the transaction rate	412'074'707	114'904'241
Unutilised commitment translated at the rate prevailing at the balance sheet date	656'387'599	511'516'082
Differences due to foreign exchange movements	(6'984'255)	(29'331)

14 Diluted net assets per ordinary share		
The Net Assets are calculated by deducting the Current Liabilities from the Gross Assets. The 700'000 convertible bonds at a par value of USD 1'000 each, if converted at USD 100 per share would result in 7'000'000 shares.		

	31.12.00 USD	31.12.99 USD
Net assets of the company	721'317'578	694'637'386
Outstanding shares at the balance sheet date	10'000	10'000
Additional shares due to conversion	7'000'000	7'000'000
Net assets per share after conversion	102.8984	99.0924

15 Basic and diluted surplus/(loss) per share		
In relation to the calculation of the diluted value per share the 700'000 convertible bonds at a par value of USD 1'000 each, if converted at USD 100 per share would result in 7'000'000 shares.		

	31.12.00 USD	31.12.99 USD
Basic surplus/(loss) per share		
Surplus/(Loss) for the financial period	(2'469'137)	(4'769'738)
Outstanding shares at the balance sheet date	10'000	10'000
Net surplus/(loss) per share	(246.9137)	(476.9738)
Diluted surplus/(loss) per share		
Surplus/(Loss) for the financial period	(2'469'137)	(4'769'738)
Outstanding shares at the balance sheet date	10'000	10'000
Additional shares due upon conversion	7'000'000	7'000'000
Net surplus/(loss) per share after dilution	(0.3522)	(0.6804)

*Notes to the Consolidated financial statements***16 Contingent Assets**

On 29 June 1999, Princess Private Equity Holding Limited has entered into an Insurance Agreement with Princess Management & Insurance Limited, to ensure that it will be provided with sufficient funds to be able to pay the principal amount of the Bond at maturity on 31 December 2010.

17 Number of employees

The number of persons employed by the Group at the balance sheet date was one.

18 Related party transactions*Investment in underlying partnership*

On 30 December 1999, Princess Private Equity Subholding Limited committed CHF 10'720'000 to Partners Private Equity L.P., a partnership administered by Partners Private Equity Management Inc, a subsidiary of Partners Group Holding who owns 19.9% of the share capital of GE & W AG who in turn holds 80.1% of the Class B shares of Princess Private Equity Holding Limited.

On 15 December 2000, Princess Private Equity Subholding Limited committed USD 40'000'000 to Partners Group SPP1 Limited, a special purpose vehicle established to facility the participation by various Partners Group mandates in Lexington Hamilton Lane 2000 LLC that purchased 65 limited partnership interests from JP Morgan Partners (formerly Chase Capital Partners)

Affiliated Companies and Controlling Parties

The following directors are affiliated to companies that are disclosed as related parties within these financial statements

M Giannini	Hamilton Lane
P Gujer	Swiss Reinsurance Company
T Wilson	Swiss Reinsurance Company
U Wietlisbach	Partners Group

GE & W AG, a majority of whose shares are held by the founding partners of Partners Group, and Swiss Reinsurance Company hold 8,010 and 1,090 Class B Shares respectively. Mr Wietlisbach, a Director of Princess Private Equity Holding Limited and a Partner of Partners Group, controls 26.7% of the issued share capital of GE & W AG whereas Partners Group owns 19.9%

19 Subsidiary

<i>Name</i>	<i>Country of incorporation</i>
Princess Private Equity Subholding Limited	Guernsey, Channel Islands

The subsidiary is wholly owned

20 Risks

It is expected that a large proportion of the Group's investments will be made by investing in private equity funds (including affiliated funds). Many of the private equity funds may be wholly unregulated investment vehicles. In addition, certain of the private equity funds may have limited or no operational history and have no proven track record in achieving their stated investment objectives.

The value of the investments in the private equity funds and the income from them may fluctuate significantly.

The Group's over-commitment strategy could result in periods in which the Group has inadequate liquidity to fund its commitments or to pay other amounts payable by the Group.

Investors should be aware that there may be situations in which the Group, the investment manager and Partners Group, their associated companies and their respective officers and employees could have a conflict of interest.

The Group expects that a portion of the private equity investments to be made by the Group will be in a number of different countries and denominated in a number of different currencies. Any returns on, and value of, such portion of the private equity investments made by the Group may, therefore, be materially affected by exchange rate fluctuations, local exchange control and other restrictions, including restrictions on the convertibility of the currencies in question and also by political and economic developments in the relevant countries.

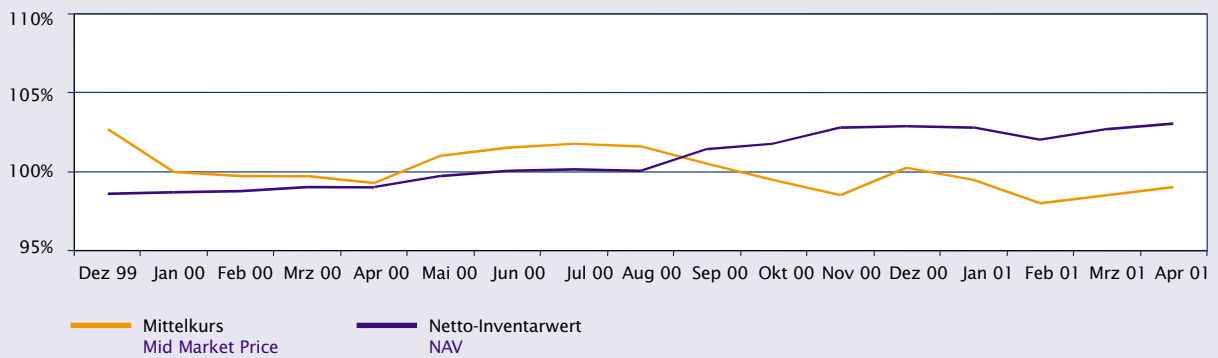
21 Parent company and ultimate controlling party

GE & W AG, a company organised by Swiss law holds the majority of the Class B shares. Partners Group Holding holds 19.9% of the share capital of GE & W AG.

Kurs- und Performance-Information

Price and Performance Information

Mittelkurs und Netto-Inventarwert seit 31. 12. 99
Mid Market Price and NAV since 31. 12. 99



	Wert per Ausgabe Juni 1999 Value as of issuance June 1999	Wert per 31. Dez 2000 Value as of Dec. 31. 2000	Performance seit Ausgabe bis 31. Dez. 2000 Since issuance till Dec. 31. 2000	Wert per 31. März 2001 Value as of March 31. 2001	Performance seit Ausgabe bis 31. März 2001 Since issuance till March 31. 2001
NAV	100%	102.89%	2.89%	102.75%	2.75%
Mittelkurs Mid Market Price	100%	100.25%	0.25%	98.50%	-1.50%

