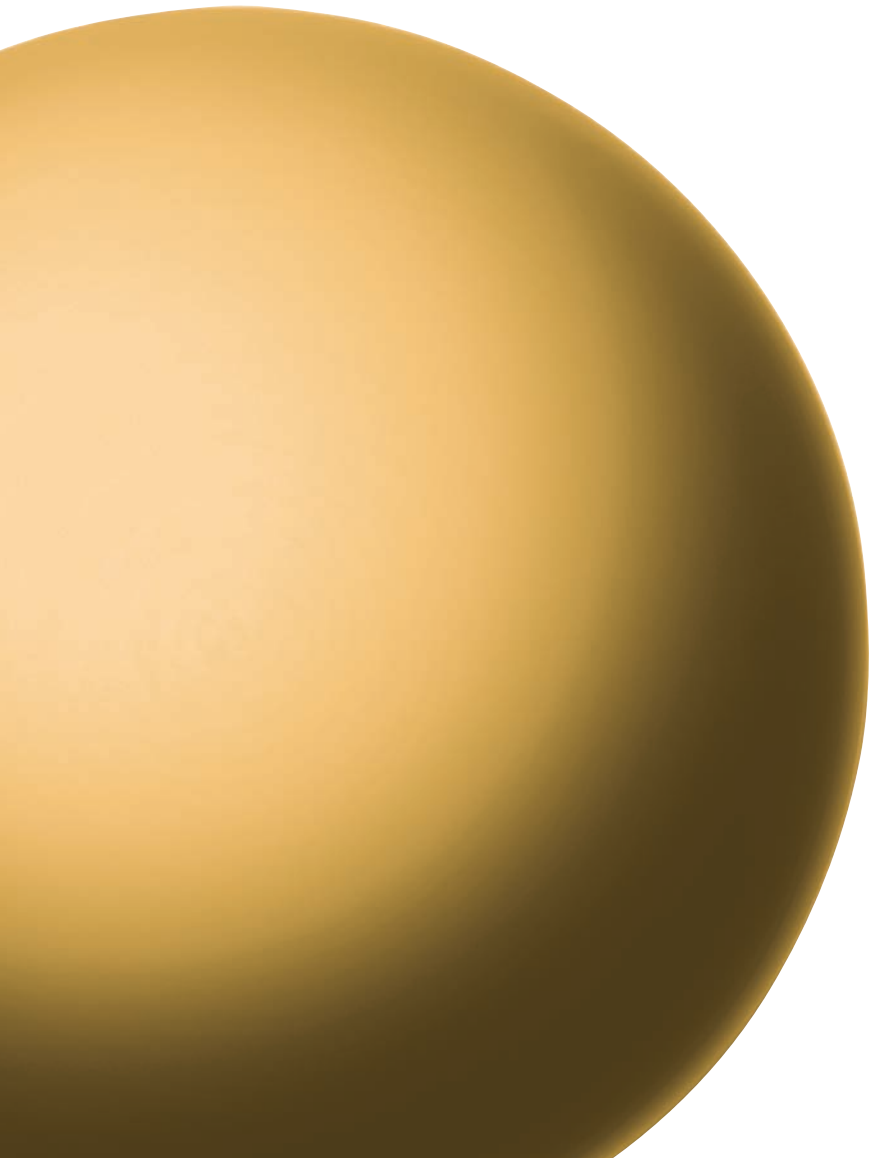


# HALF-YEARLY REPORT

for the period from 1 January 2008 to 30 June 2008



## INVESTMENT MANAGER'S REPORT

Princess Private Equity Holding Limited ("Princess") is an investment holding company domiciled in Guernsey that invests in private equity and private debt investments.

Investments include primary and secondary fund investments, direct investments and listed private equity. Princess aims to provide shareholders with long-term capital growth and an attractive dividend yield in the mid- to long-term.

The shares are traded on the Frankfurt Stock Exchange (in the form of co-ownership interests in a global bearer certificate) and on the London Stock Exchange.

This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the product described herein. This report was prepared using financial information contained in the company's books and records as of the reporting date. This information is believed to be accurate but has not been audited by any third party. This report describes past performance, which may not be indicative of future results. The company does not accept any liability for actions taken on the basis of the information provided.

### NAV HOLDS UP WELL IN DIFFICULT MARKET ENVIRONMENT

After a challenging first quarter of 2008, the net asset value ("NAV") of Princess recovered somewhat during the second quarter to reach EUR 9.20 per share by the end of June. The NAV has proved largely resilient to the turbulence in the global financial markets, having eased by just 1.4% since the beginning of the year after adjustment for the dividend payment in June.

Despite the sharp decline in the public markets, the portfolio partnerships overall reported an increase in value, lifting the NAV by as much as 2.2% and more than offsetting the IFRS adjustments made to reflect the fair market value of the underlying portfolio companies. The IFRS adjustments had a negative impact on the NAV of 1.0%.

Irrespective of the quality of the underlying assets, the publicly listed part of the Princess portfolio – which comprises listed private equity funds as well as public portfolio companies and accounts for approximately 12% of the total portfolio – did not escape the market downturn unscathed. As a result, the NAV declined by 0.8% during the first half of 2008.

Largely due to the consolidation of the US dollar during the second quarter of 2008, the adverse currency effect on the unhedged portion of Princess' non-euro-denominated investments eased after the first quarter. However, the hedging gains made on the hedging strategy applied were insufficient to offset the unfavorable foreign exchange impact, resulting in an 1.3% decline in the NAV.

The Princess share price was not immune to global stock market volatility and thus closed the first half of the year down 7.4% in Frankfurt at EUR 7.06 per share after adjustment for the dividend payment. It nevertheless clearly outperformed the LPX 50, which lost 21.7% over the same period.

## DIVIDEND YIELD OF 8.5%

Despite the very challenging market environment during the period, Princess paid its shareholders a semi-annual dividend of EUR 0.30 per share in June, which translates into an annualized dividend yield of 8.5% based on the closing share price in Frankfurt on 30 June 2008.

## REDUCED COMMITMENT ACTIVITY

The lower level of commitment activity in the first half of 2008 reflects the prevailing investment appetite of the private equity industry, which is being largely driven by the more stringent funding conditions.

After making one secondary transaction, one direct investment and five primary commitments in the first quarter, Princess com-

mitted another USD 10 million to the Ares Corporate Opportunities Fund during the month of April, bringing total new commitments to EUR 73 million for the first half of the year. Ares will be investing in undercapitalized middle-market companies that are either overleveraged, distressed or generally capital-constrained – an investment approach that reflects the relative value investment strategy pursued by Princess under which the most attractive opportunities at any given point in time are selected.

## INVESTMENT ACTIVITY REMAINS MODERATE

After a very active 2007, which was characterized by the building-up of the Princess direct portfolio, investment activity slowed down considerably in the first half of 2008. Throughout the entire industry, there has been a decline in conventional leveraged buy-out activity due to a lack of available financing as well as sellers' price expectations not having adjusted to the new market

paradigm yet. Plenty of deals are still being completed, but these tend to be concentrated in the small and mid-market sectors. The EUR 66 million in capital calls received was well below the level of investment Princess experienced in 2007, but reflects the general trend in the industry.

Despite a very challenging exit environment, several Princess partnerships were able to sell selected portfolio companies at a very attractive return. Graphite Capital Partners V and Warburg Pincus IX, for instance, generated a multiple of over three times their invested capital on their exit from Summit Medical and Euromedic International, respectively. Total distributions amounted to EUR 46 million in the first six months of 2008.

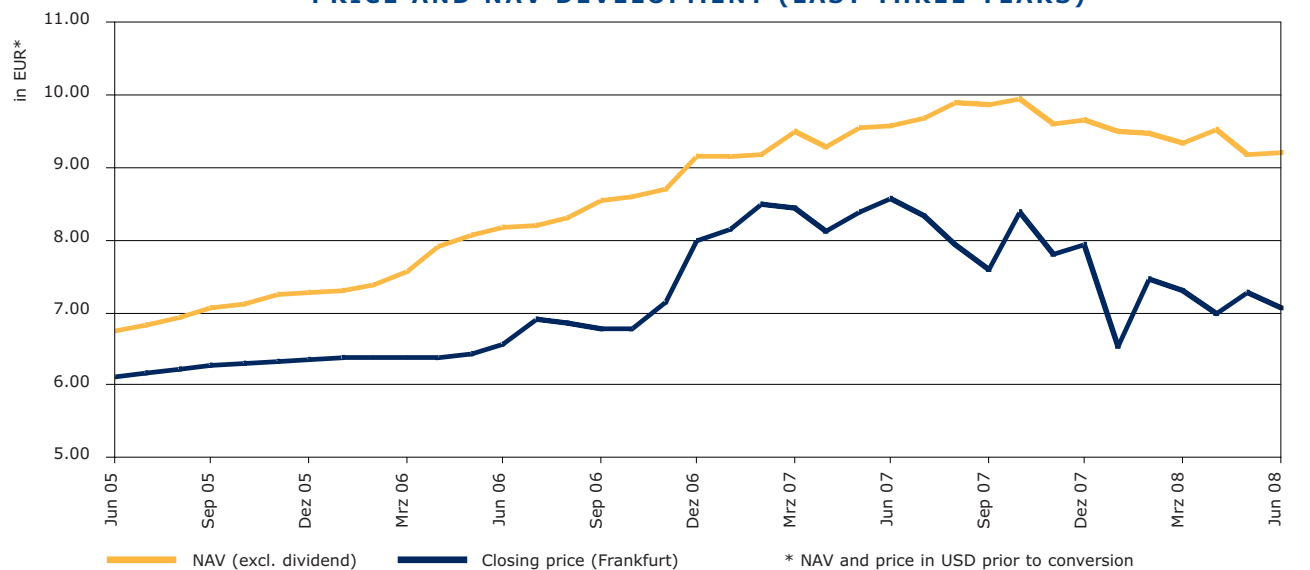
## INVESTMENT LEVEL RISING

With the capital calls from the general partners exceeding distributions, Princess was able to deploy some of its cash reserves during the first half of 2008. Together with the continued build-up of the portfolio, the investment level of Princess thus rose to 92% by the end of the second half, an increase of four percentage points over year-end 2007.

## OUTLOOK

As demonstrated by the portfolio performance of the partnerships, the quality of the well-diversified, mature Princess portfolio remains sound and thus very attractive. Princess pursues a long-term investment strategy and notwithstanding short-term market fluctuations, which are to be expected, Princess and its Investment Advisor, Partners Group, remain confident about the development of the NAV during the second half of the year. Against a backdrop of generally reduced market activity, Princess will maintain its moderate commitment levels, while still targeting a near-full investment level for 2008.

PRICE AND NAV DEVELOPMENT (LAST THREE YEARS)



## MARKET TRENDS

Though slowing down in pace, the past months have shown that the credit crisis and market dislocations have not brought the buyout industry to a complete halt. There has, however, been a definite shift in importance away from financial engineering towards value creation as the return driver for buyout investments.

With 30 years of history, Clayton, Dubilier & Rice (CD&R) is one of the most experienced and respected private equity firms. The firm's focused investment strategy is predicated on producing superior financial returns through building stronger, more profitable businesses. According to CD&R, historically approximately 90% of the firm's returns have resulted from improved operating performance. Donald J. Gogel, President and Chief Executive Officer at CD&R, in a recent interview with Partners Group addressed the impact of the current market environment on the private equity industry and the importance of operationally focused business models for long-term success in private equity.

### **MR. GOGEL, THE CREDIT CRISIS HAS AFFECTED THE FINANCIAL MARKETS SIGNIFICANTLY DURING THE PAST TWELVE MONTHS. HOW HAS THE CRISIS IMPACTED THE PRIVATE EQUITY INDUSTRY?**

The financing environment has been a challenge for private equity investors and this is likely to continue for the rest of the year. The good news is that as the overhang of leveraged loans continues to decrease, financing is becoming available for transactions on a selective basis, albeit at higher rates and with tighter credit standards. The financing environment has become more discriminating, with only the strongest sponsors and investment cases obtaining funding. The onus is on the sponsor of the transaction to demonstrate "control-lable" value creation, including clearly identified cost reduction opportunities, productivity enhancements and improved capital efficiency.

In other words, more detailed investment cases that are grounded in margin enhancement initiatives rather than revenue growth assumptions are now a necessary condition to obtain lender support. As a firm with a more operationally focused investment model, this is an environment in which we believe we will obtain appropriate financing for any acquisition we decide to pursue.

Beyond the credit crisis, private equity firms will need to demonstrate their effectiveness in a challenging, slow growth, higher inflation environment. There is little question that between 2006 and the first half of 2007 investors had an unusually benign view of the future, and this led to extreme valuations and unsustainably high levels of leverage. Lenders and investors were forecasting extremely favorable business results globally and downplaying the potential risks. One of the key challenges going forward for

investors when evaluating whether to invest with a particular manager will be to determine to what degree the firm's performance was attributable to fair winds in the capital markets and the global economy and to what degree it was based on sustainable profit improvements.

### **HOW WOULD YOU COMPARE THE CREDIT CRUNCH WITH PREVIOUS MARKET DISLOCATIONS FROM A PRIVATE EQUITY PERSPECTIVE?**

We have seen this movie before. If I were to tell you that CD&R undertook a complex, high-profile divestiture transaction during a period of extreme credit market dislocation and limited liquidity, when Middle East tensions were running high and oil prices were skyrocketing, and, on top of that, a political storm was raging about the merits of private equity, you might naturally conclude that I was referring to our purchase of HD Supply last year from The Home Depot. Think again. In 1991, when CD&R purchased IBM's printer and supplies businesses, which led to the creation of Lexmark, the world looked a lot like it does today – right down to turmoil in the credit markets due to the collapse of Drexel Burnham Lambert and widespread concerns over highly leveraged loans. These dislocations seem novel only to those in the industry for less than a decade.

### **HOW IS THE GENERAL ECONOMIC DOWNTURN AFFECTING PRIVATE EQUITY FIRMS?**

Portfolio companies will be under pressure and more than financial engineering skills will be required to make them succeed. A tough economic environment generally favors

firms that do not rely on leverage as the primary driver of value creation. On the positive side, a more challenging economic environment is also typically "target-rich", with the number of corporate divestitures increasing substantially. In the last economic downturn in 1999–2001, for example, the number of corporate carve-out transactions rose 56%, while the number of public-to-privates and other buyout transactions fell 41%. Many of the divestiture opportunities that we are seeing are structured transactions in the sense that the selling parent has an ongoing strategic and commercial interest in the divested business, which often occurs when a corporation divests a captive distribution unit. In such cases, the seller will look at both the price the private equity firm is offering and its management capabilities since the former unit may end up continuing to distribute the corporate parent's products. Here again, operating skills can be an important source of competitive advantage.

### **PRIVATE EQUITY INVESTORS ARE KNOWN FOR BEING FLEXIBLE AND BEING ABLE TO ADJUST TO NEW ENVIRONMENTS. HAS THE CREDIT CRUNCH CHANGED CD&R'S INVESTMENT APPROACH?**

Private equity is an adaptive asset class, though it is really made up of a heterogeneous group of firms following very different investment strategies. Some strategies are better suited than others to challenging economic times. If the primary source of a sponsor's returns has been leverage and multiple arbitrage, it may be difficult for that firm to generate returns in the new competitive climate. We believe an investment approach based on operating improvements is the most effective method of achieving consistently attractive risk-adjusted returns. We are doing exactly the same

things with the portfolio and when evaluating new investment opportunities as we have always done. We are focused on driving our returns by fundamentally improving the businesses we own.

### **WHAT NEW OPPORTUNITIES HAVE EMERGED FROM THE CREDIT CRUNCH FOR THE PRIVATE EQUITY INDUSTRY?**

A weak economy, leveraged balance sheets, declining stock prices and activist shareholders all encourage corporate managers to focus on their core businesses and to divest non-core units. Corporate divestiture activity is regaining prominence. Non-core businesses of the world's largest companies often appear to have a strong market position and scale, but lack management discipline and an approach that could dramatically improve profitability. These are not turnarounds of troubled companies, but instances where focus and additional resources can help a good business achieve its potential. At the same time, large "privatizations" will be harder to complete.

We are now in a period in which "fully committed" and "certain" financing will be difficult to obtain, and boards of directors are unlikely to approve transactions with uncertain financing conditions. The reputation of the buyer matters a great deal in times like these. Also of particular importance to sellers will be a private equity firm's record of completing transactions. At CD&R, we have always exercised patience when it comes to sourcing new investments. Our investments typically take three to four years to ripen, and in some cases much longer. We believe that our targeted, long-term sourcing strategy has helped us maintain a steady pipeline of investment opportunities and that the head start we often get from this approach gives us a competitive edge in the sales process.

**MARKET TRENDS**

(continued)

**IT IS OFTEN ARGUED THAT PRIVATE EQUITY FUNDS RAISED DURING ECONOMIC DOWNTURNS SHOW A DISTINCT OUTPERFORMANCE. DO YOU THINK THIS WILL APPLY TO THE CURRENT MARKET AS WELL?**

CD&R has been investing for 30 years and many of our best investments were made when the economy was faltering. A fundamental reason for this is that valuations tend to be more attractive during periods of distress. Using a weighted average IRR, recession-year vintage funds outperform non-recession vintage funds by more than 300 basis points. Historically, investors have been rewarded from capital deployed during economic downturns and we see no reason why this should not be the case going forward.

**SOME PEOPLE ARGUE THAT SO-CALLED MEGA-BUYOUT FUNDS ARE NOW A THING OF THE PAST. DO YOU AGREE?**

Not so long ago industry pundits were speculating that a USD 100 billion fund was just around the corner. Such talk has proven premature. Nonetheless, we believe that, after the current rebuilding period, the long-term outlook for the private equity asset class is positive with continued growth – whether we are talking about mega-caps or mid-caps. That said, I am not sure that a focus on fund size is all that relevant in assessing future performance. In my view, the source of return is more critical, as industry conditions have changed so dramatically. With less leverage available, returns will be driven by improving the basic profitability of businesses, which requires operating and management know-how on the part of the manager. There will be no other way of delivering superior returns.

**CD&R IS KNOWN FOR ITS CONCENTRATED INVESTMENT STRATEGY. WHAT ARE THE BENEFITS OF THIS STRATEGY?**

In pursuing a limited number of investments each year (typically two or three deals; but none in some years if we determine the risk/return profiles are unattractive), we believe that we are staying true to the underlying strength of our operating model. Our long-term sourcing strategy is carefully honed to uncover very specific investment opportunities in businesses with an attractive spread of risk attributes. For example, we have developed specialized capabilities to acquire and build significant value in distribution and multi-location networked businesses. In fact, all of our investments over the past six years fall into one of these two categories. Patient sourcing enables us to develop a deeper insight into a target business than the competition, as well as to flesh out investment cases that are grounded in clearly identifiable and quantified cost/productivity initiatives.

Prior to signing any deal, our operating and financial partners must prove to our Investment Screening Committee, and subsequently to the entire partnership, that the identified initiatives are both actionable and achievable beyond any reasonable doubt. Post acquisition, our operating partners ensure that the appropriate strategies and management resources are in place at our companies, and take an active leadership role in helping to drive the execution of the value-building initiatives. Additionally, as our portfolio companies are subject to ongoing, deep scrutiny, each undergoes regular Operating Reviews, which are attended by all of our operating partners and chaired by Jack Welch.

In short, we believe this concentrated approach enables us to know more about the businesses we acquire and accelerate their transformation through the operating initiatives that we identify in our due diligence, while mitigating risk.

**DO YOU SEE ANY MAJOR DEFAULTS OCCURRING AND, IF SO, HOW MIGHT THE NEGATIVE PUBLICITY AFFECT THE INDUSTRY?**

There is almost certainly to be some high-profile defaults and this will not help either the industry or investors. It is important to note, however, that default rates have historically been relatively low for companies sponsored by buyout firms. Over the past 20 years, LBOs have had an average default rate of 1.2% per year, compared to 1.6% for US corporate bond issuers and 4.7% for junk bonds issuers that were not sponsored by private equity firms. The larger issue about the general perception of the industry goes back to a fundamental misunderstanding about how private equity firms really work, how they are structured and how they operate to enhance the long-term value of the businesses they own. In some respects, the concerns being raised mirror the wave of controversy that surrounded the industry in the late 1980s following the RJR Nabisco transaction. The key difference is that today's apprehensions are being voiced globally – in Europe, Asia, as well as in the USA. As in the earlier period of controversy, much of the criticism directed against private equity has no factual grounding. While private equity's constructive influence in fostering the renewal of US corporations 20 years ago is well documented, its more recent impact around the world has not been analyzed as comprehensively yet.

**HOW DO YOU SEE PRIVATE EQUITY PERFORMANCE IN THE NEXT FIVE YEARS?**

I think that there will be less capital committed per year over the next two years than was committed annually between 2005 and 2007, but that investments made by the

strongest sponsors over this period will deliver superior returns in both absolute and relative terms since the fundamental advantages of private equity remain undiminished today:

The talent of the investment and operating professionals remains outstanding. The decision by Fred Kindle, who engineered the turnaround of ABB as its CEO from 2003 to 2007, to join CD&R reflects the ongoing attraction of private equity for the most talented managers.

The flexibility of private equity capital remains unparalleled – today we see private equity investment where public company investment appears impossible.

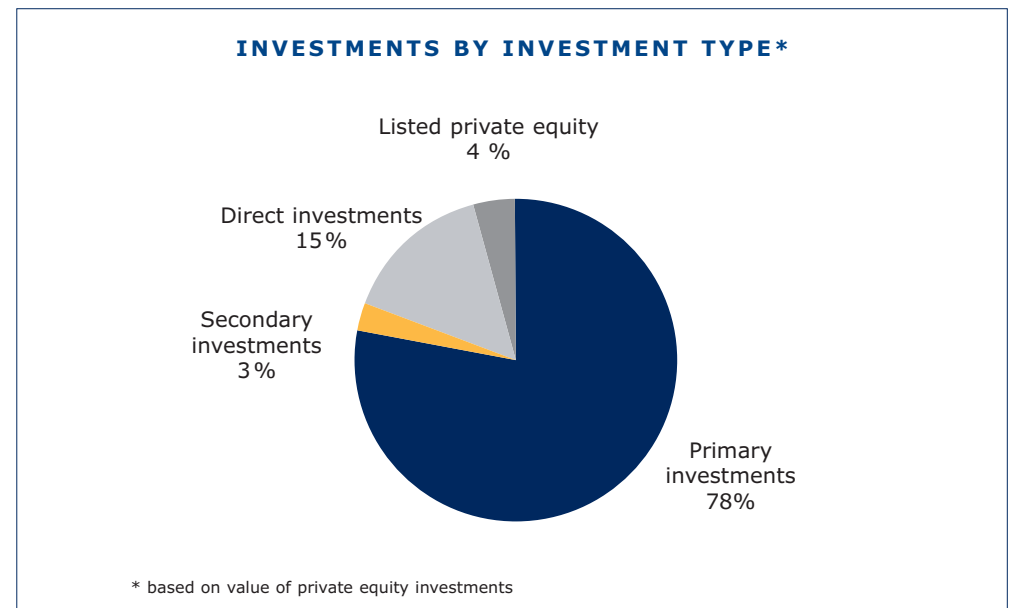
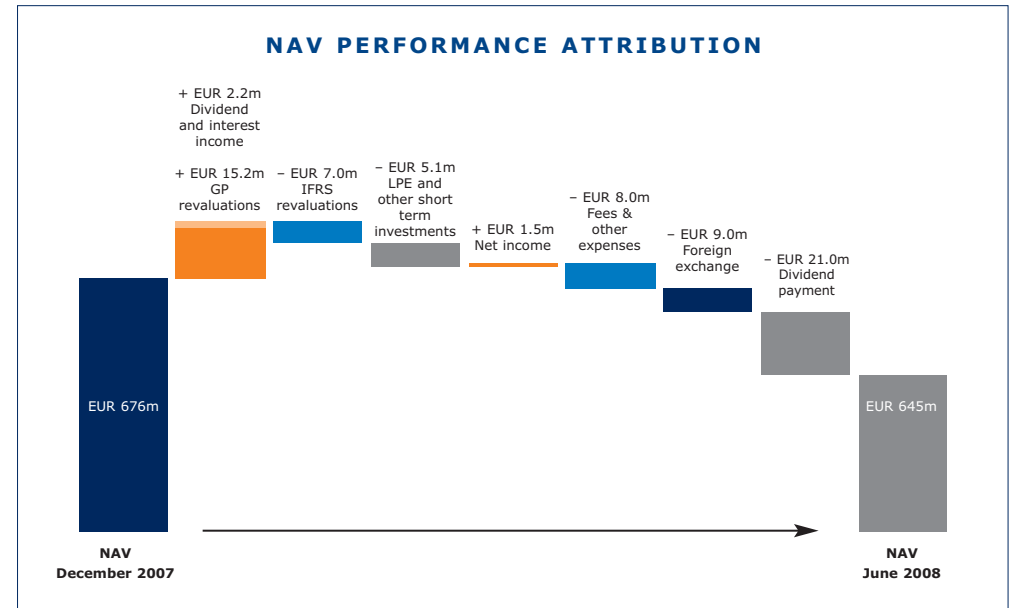
The governance model of having direct intervention by private equity sponsors has significant advantages over the agonizing tensions that will continue to plague public company governance.

That said, the next five years will see a wide dispersion in performance. The best private equity firms will become even stronger as they deliver superior returns; firms that do not manage to adapt to the new era will disappoint their investors and will not be able to raise new capital.

**MR. GOGEL, THANK YOU FOR THIS INTERVIEW.**

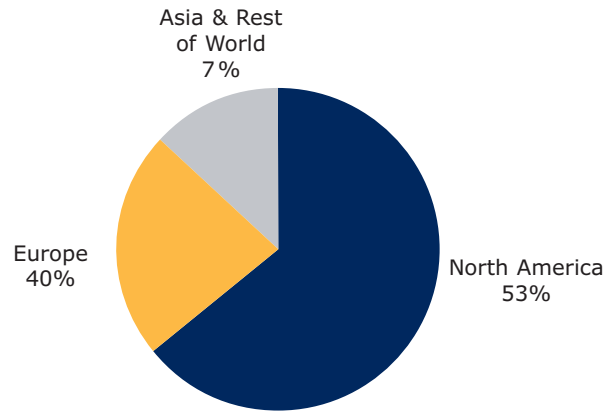
PORTFOLIO ALLOCATION

The portfolio is well-balanced and broadly diversified according to investment types, regions, financing stages and investment years, and maintains a suitable level of currency hedging.



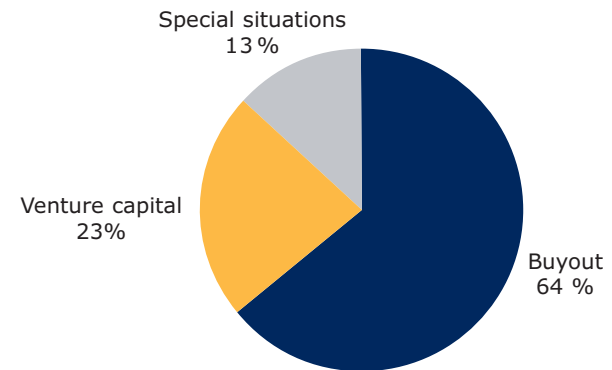


### INVESTMENTS BY GEOGRAPHIC REGION\*



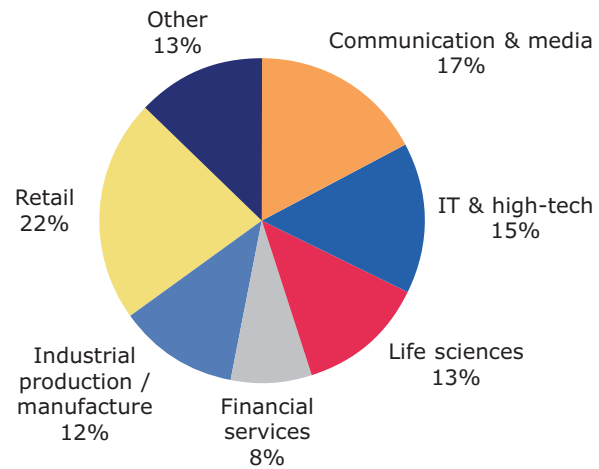
\* based on value of private equity investments

### INVESTMENTS BY FINANCING STAGE\*



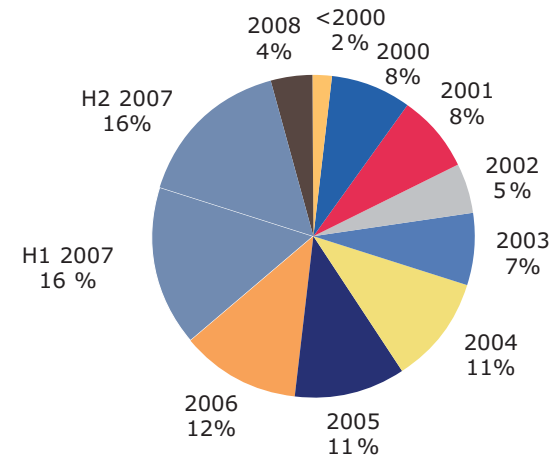
\* based on value of private equity investments

### INVESTMENTS BY INDUSTRY SECTOR\*



\* based on value of private equity investments

### INVESTMENTS BY INVESTMENT YEAR\*



\* based on value of private equity investments

## PORTFOLIO

Since the beginning of the year Princess made new commitments for EUR 73 million.

In 2008, Princess funded EUR 66 million in capital calls from partnerships and for direct investments and received EUR 46 million in distributions. Unfunded commitments at the end of the quarter totaled EUR 410 million.

**SELECTED COMMITMENTS****Ares Corporate Opportunities Fund III, L.P.**

In April, Princess committed USD 10 million to Ares Corporate Opportunities Fund III. The fund will follow the same flexible and opportunistic investment strategy as its predecessor funds by investing in middle-market companies that are overleveraged, distressed or generally capital-constrained. It aims to invest across a variety of industries in North America and build up a diversified portfolio of around 15 to 25 companies. With its broad platform, its structuring expertise and its profound insight into capital markets, Ares is very well positioned to capitalize on complex investment opportunities across economic cycles.

**SELECTED PARTNERSHIP INVESTMENTS****GP Capital Partners IV, L.P.**

In April, Princess partnership GP Capital Partners IV announced the acquisition of *Leitbom*, the fifth-largest and one of the fastest-growing Brazilian dairy companies. The dairy sector in Brazil is enjoying constant growth in demand and is poised to become more open to international trade and investment, which should reinvigorate the industry. GP Investments is well positioned to take advantage of this by investing in *Leitbom* and enabling it to increase its production. The transaction is subject to due auditing of *Leitbom*'s net debt and working capital levels.

### **3i Eurofund Vb, L.P.**

In May, Princess partnership 3i Eurofund V signed an agreement to back the buyout of *DruckChemie* for EUR 133 million. The company provides the printing industry with specialty chemicals, consumables and services such as regular deliveries, on-site inventory management and waste collection. With a head office in Germany, the company operates 24 outlets across ten European countries and Brazil, serving more than 6'000 customers. 3i has considerable experience of investing in the printing business through its previous investments in Azelis and Euro-Druckservice and was attracted to the company as DruckChemie is a leading service provider within its sector with a strong track record of profitable growth and a high cash conversion.

### **SELECTED REALISATIONS**

#### **GMT Communications Partners III, L.P.**

In April, Princess partnership GMT Communications Partners III sold its portfolio company *Asiakastieto*. Being the sole owner of the most comprehensive business and credit information database in Finland, *Asiakastieto* is the country's largest provider of such information with a 74% market share and 23'000 customers. Since GMT's acquisition of *Asiakastieto* in 2006, EBITDA has increased by 31% p.a. and net sales by 20% p.a. The sale generates an internal rate of return (IRR) of approximately 70% over a holding period of less than two years.

#### **Graphite Capital Partners V, L.P.**

In May, the Princess partnership Graphite Capital returned money to the investors after the sale of medical firm *Summit Medical Ltd.*, which generated a return of more than three times its original investment. Graphite led a GBP 17 million management buy-in/buy-out in 2001, after which Summit has developed strongly in the UK and overseas. Profit and turnover have both more than doubled. Summit designs, produces and distributes world class medical devices and accessories. Its customers include individual patients and medical practitioners as well as health services in the UK and in over 30 export markets, including the USA and continental Europe.

### **Warburg Pincus Private Equity IX, L.P.**

In June, Princess portfolio partnership Warburg Pincus IX sold *Euromedic International NV* to Ares Life Sciences and Merrill Lynch Global Private Equity. The transaction is reported to have been a very successful one, with Warburg Pincus achieving an internal rate of return (IRR) of 60% and a money multiple of 3x. *Euromedic* is a Dutch healthcare investor and operator in Europe with diagnostic centers, dialysis centers for renal care services and nephrological support, and training centers for medical staff and teleradiology services. Warburg Pincus had originally backed *Euromedic International* at a time when it was growing significantly and helped it to achieve a market leadership position.

## PORTFOLIO OVERVIEW

The Princess portfolio is broadly diversified over primary, secondary, directs and listed private equity investments.

**PRIMARY INVESTMENTS**
**Europe – Buyout**

3i Europartners IIIA, L.P.  
 3i Eurofund Vb, L.P.  
 Advent International Global Private Equity VI, L.P.  
 Apax Europe VII-B, L.P.  
 Astorg II, L.P. (FCPR)  
 August Equity Partners II A, L.P.  
 AXA LBO Fund IV, L.P.  
 BC European Capital VIII, L.P.  
 Botts Capital Partners, L.P.  
 Bridgepoint Europe I "D", L.P.  
 Bridgepoint Europe III, L.P.  
 Bridgepoint Europe IV "A", L.P.  
 Candover 2005 Fund  
 Capvis Equity III, L.P.  
 Doughty Hanson & Co V, L.P.  
 Fourth Cinven Fund, L.P.  
 GMT Communications Partners III, L.P.  
 Graphite Capital Partners V, L.P.  
 HitecVision V, L.P.  
 Industri Kapital 2000, L.P.  
 Industri Kapital 2007, L.P.  
 Magenta, L.P.  
 Mercapital Spanish Private Equity Fund II, L.P.  
 Nmás1 Private Equity Fund II, L.P.  
 Nordic Capital IV, L.P.  
 Nordic Capital VI, L.P.  
 Nordic Capital VII, L.P.  
 Palamon European Equity "C", L.P.  
 Partners Private Equity, L.P.  
 Permira Europe II, L.P.  
 Quadriga Capital Private Equity Fund II, L.P.  
 Quadriga Capital Private Equity Fund III, L.P.  
 Segulah II, L.P.  
 Terra Firma Capital Partners III, L.P.  
 Warburg Pincus International Partners, L.P.  
 Ventizz Capital Fund IV, L.P.

### Europe – Venture Capital

Abingworth Bioventures III, L.P.  
Elderstreet Capital Partners, L.P.  
European E-Commerce Fund  
European Equity Partners (III), L.P.  
European Equity Partners (IV), L.P.  
GMT Communications Partners II, L.P.

### Index Ventures I (Jersey), L.P.

Partners Group European Growth 2008, L.P.

### Summit Partners Europe Fund I

SV Life Sciences Fund II  
Wellington Partners II, L.P.

### Europe – Special Situations

AP Investment Europe Limited  
Apollo Principal Finance Fund, L.P.  
Coller International Partners III, L.P.  
Doughty Hanson & Co. European Real Estate Fund, L.P.

### EQT Infrastructure (No.1) Limited Partnership

ICG Mezzanine Fund 2000, L.P. No. 2  
ICG European Fund 2006, L.P.

### Innisfree PFI Secondary Fund

Mezzanine Management Fund III, L.P.  
Partners Group Global Real Estate 2008, L.P.  
Penta CLO 1 S.A.

### Perusa Partners 1, L.P.

The Rutland Fund

### North America – Buyout

American Securities Partners III, L.P.  
Apax US VII, L.P.  
Apollo Investment Fund V, L.P.  
Apollo Overseas Partners VI, L.P.  
Apollo Overseas Partner VII, L.P.

### Ares Corporate Opportunities Fund III, L.P.

Avista Capital Partners (Offshore) L.P.  
Bain Capital Fund X, L.P.  
Bain Capital X Co-Investment Fund, L.P.  
Blackstone Communications Partners I, L.P.

Bruckmann, Rosser, Sherrill & Co. II, L.P.  
Carlyle Partners III, L.P.  
Clayton, Dubilier & Rice Fund VII, L.P.

### Clayton, Dubilier & Rice Fund VIII, L.P.

Fenway Partners Capital Fund II, L.P.  
Green Equity Investors V, L.P.  
Heritage Fund III, L.P.  
INVESCO U.S. Buyout Partnership Fund II, L.P.

Kohlberg TE Investors IV, L.P.

Kohlberg TE Investors VI, L.P.

Providence Equity Partners IV, L.P.

Providence Equity Partners VI-A, L.P.

Silver Lake Partners, L.P.

Silver Lake Partners III, L.P.

Sterling Investment Partners II, L.P.

T3 Partners, L.P.

TPG Partners III, L.P.

### TPG Partners VI, L.P.

Thomas H. Lee Parallel Fund V, L.P.

Thomas H. Lee Parallel Fund VI, L.P.

Vestar Capital Partners IV, L.P.

Warburg Pincus Private Equity IX, L.P.

Warburg Pincus Private Equity X, L.P.

### North America – Venture Capital

Apax Excelsior VI, L.P.  
Advanced Technology Ventures VI, L.P.  
Austin Ventures VII, L.P.  
Battery Ventures VI, L.P.  
Cardinal Health Partners II, L.P.  
Catterton Partners IV Offshore, L.P.

Chancellor V, L.P.

Columbia Capital Equity Partners III, L.P.

Dolphin Communications Fund, L.P.

Draper Fisher Jurvetson Fund VII, L.P.

EnerTech Capital Partners II, L.P.

Infinity Capital Venture Fund 1999, L.P.

INVESCO Venture Partnership Fund II, L.P.

INVESCO Venture Partnership Fund II-A, L.P.

Lightspeed Venture Partners VI, L.P.

Menlo Ventures IX, L.P.

Morgan Stanley Venture Partners IV, L.P.

Morgenthaler Partners VII, L.P.

Prism Venture Partners IV, L.P.

Sevin Rosen Fund VIII, L.P.

Sierra Ventures VIII-A, L.P.

Summit Ventures VI-B, L.P.

SV Life Sciences Fund IV, L.P.

TA IX, L.P.

TH Lee Putnam Ventures Parallel, L.P.

Thomas Weisel Capital Partners, L.P.

Vortex Corporate Development Fund, L.P.

Worldview Technology Partners III, L.P.

Worldview Technology Partners IV, L.P.

### North America – Special Situations

Ares Corporation Opportunities Fund II, L.P.

Blackstone Mezzanine Partners, L.P.

### First Reserve Fund XI, L.P.

H.I.G Bayside Debt & LBO Fund II, L.P.

Levine Leichtman Capital Partners II, L.P.

MatlinPatterson Global Opportunities Partners III, L.P.

OCM Opportunities Fund III, L.P.

OCM Mezzanine Fund II, L.P.

OCM/GFI Power Opportunities Fund, L.P.

Pegasus Partners II, L.P.

Pensinsula Fund IV, L.P.

Sun Capital Partners V, L.P.

TCW/Crescent Mezzanine Partners III, L.P.

### Asia & Rest of World – Buyout

Abris CEE Mid-Market Fund, L.P.

Advent Latin American Private Equity Fund II, L.P.

Affinity Asia Pacific Fund III, L.P.

Archer Capital Fund 4, L.P.

Asia Opportunity Fund III, L.P.

Baring Asia Private Equity Fund IV, L.P.

CDH Venture Partners II, L.P.

## PORTFOLIO OVERVIEW

(Continued)

ChrysCapital V, LLC

**CVC Capital Partners Asia Pacific III, L.P.**

DLJ SAP International, LLC

Exxel Capital Partners VI, L.P.

**Global Buyout Fund, L.P.**

GP Capital Partners IV, L.P.

IVF III (Mauritius) Holdings Limited

Navis Asia Fund V, L.P.

Newbridge Asia III, L.P.

NewMargin Growth Fund, L.P.

Pacific Equity Partners Fund IV, L.P.

Pàtria – Brazilian Private Equity Fund IV, L.P.

Polish Enterprise Fund IV, L.P.

Russia Partners III, L.P.

SBCVC Fund II-Annex, L.P.

Southern Cross Latin America Private Equity Fund III, L.P.

TPG Asia V, L.P.

### Asia & Rest of World – Venture Capital

Advent Latin American Private Equity Fund IV, L.P.

Carmel Software Fund (Cayman), L.P.

**Carmel Ventures III, L.P.**

Crimson Velocity Fund, L.P.

Genesis Partners II LDC

**IDG-Accel China Capital Fund**

Jerusalem Venture Partners III, L.P.

Pitango Venture Capital Fund III

**SBCVC Fund III, L.P.**

### Asia & Rest of World – Special Situations

**3i India Infrastructure Fund D L.P.**

**Advent Central & Eastern Europe IV, L.P.**

**IDFC Private Equity (Mauritius) Fund III**

### SECONDARY INVESTMENTS

Affinity Asia Pacific Fund II, L.P.

**Aksia Capital III, L.P.**

**Asia Opportunity Fund I, L.P.**

**Asia Opportunity Fund II, L.P.**

**AsiaVest Opportunities Fund IV**

Axcel III K /S2

CapVis Equity II, L.P.

Chase 1998 Pool Participation Fund, L.P.

Coller International Partners III NW1, L.P.

Coller International Partners III NW2, L.P.

**Cybernaut Growth Fund, L.P.**

Doughty Hanson & Co. Fund III, L.P.

Partners Group SPP1 Limited

Second Cinven Fund (No.2), L.P.

**Taiwan Special Opportunities Fund III**

**The Baring Asia Private Equity Fund III L.P.1**

William Blair Capital Partners VI, L.P.

### DIRECT INVESTMENTS

AHT Cooling Systems GmbH

Arcos Dorados Limited

(aka: McDonalds Latin American Operation)

AWAS Aviation Holding

Cengage (fka: Thomson Learning, Inc.)

Direct selling company

Essmann

Ferretti SpA

Foodservice and distribution company

General Nutrition Centers, Inc.

**Harrah's**

Healthcare company

Hospital Xanit Internacional

Information service company

Lifeways Community Care Limited

Media Company

Partners Group Direct Investments 2006, L.P.

Plantasjen

Purple Labs

Telecommunication company

The Reader's Digest Association

**Tokyo Star Bank**

Universal Hospital Services, Inc.

### LISTED PRIVATE EQUITY

Partners Group Listed Investments - Listed Private Equity

Partners Group Private Equity Performance Holding Limited (P<sup>3</sup>)

Some investments may be made through Partners Group pooling vehicles at no additional fees. New investments highlighted in bold.

## STATEMENTS UNDER DISCLOSURE AND TRANSPARENCY RULES

This half-yearly report is the first to be published by the Company under the Disclosure and Transparency Rules ("DTR"). The Company is required to make a number of new disclosures:

### CONDENSED SET OF FINANCIAL STATEMENTS

The condensed set of financial statements are set out in the section "Condensed Consolidated Unaudited Financial Statements".

### INTERIM MANAGEMENT REPORT

– Important events during the past six months

The important events that have occurred during the period under review and the key factors influencing the financial statements are all set out in the Investment Manager's Report.

– Principal risks and uncertainties

The main focus of the Company is to invest in private equity funds, which themselves invest in unquoted companies, and direct investments co-investing with leading private equity fund managers. The Investment Manager believes that for the remaining six months of the financial year Princess' principal risk relate to the performance of its existing private equity portfolio and the ability of underlying fund managers to source and invest in new assets as well as in shifts in the global credit and economic markets that may impact the exit environment in the short term. A further explanation of the risks and how they are managed is contained in note 8 to the accounts in the Princess Annual Report 2007.

– Related party transactions

Partners Group Holding and all its subsidiaries and affiliates are considered to be related parties to the Group. The following transactions were carried out with related parties:

i) Commitments

|  |                |
|--|----------------|
| Partners Group Infrastructure 2007, L.P. | EUR 10 million |
| Partners Group Distressed 2008, L.P.     | USD 30 million |

### AUDITORS

The half-yearly financial report has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on the Review of Interim Financial Information.

### RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34;
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors on 28 July 2008

|              |                 |
|--------------|-----------------|
| Colin Maltby | Jonathan Hooley |
| Chairman     | Director        |





**CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

for the period from 1 January 2008 to 30 June 2008

**CONSOLIDATED UNAUDITED INCOME STATEMENT**

for the period from 1 January 2008 to 30 June 2008

|   | Notes | <b>01.04.2008–<br/>30.06.2008</b> | <b>01.01.2008–<br/>30.06.2008</b> | 01.04.2007–<br>30.06.2007 | 01.01.2007–<br>30.06.2007 |
|---|-------|-----------------------------------|-----------------------------------|---------------------------|---------------------------|
|   |       | EUR                               | EUR                               | EUR                       | EUR                       |
| <b>Net income from designated financial assets at fair value through profit or loss</b>       |       | <b>15'857'486</b>                 | <b>1'900'814</b>                  | 26'347'671                | 53'057'235                |
| – Dividend and interest income  | 3     | 1'491'806                         | 2'249'079                         | 298'786                   | 2'508'484                 |
| – Revaluation   | 3     | 13'914'601                        | 8'243'148                         | 28'481'249                | 55'020'275                |
| – Foreign exchange gains & losses   | 3     | 451'079                           | (8'591'413)                       | (2'432'364)               | (4'471'524)               |
| <b>Net income from financial assets at fair value through profit or loss held for trading</b> |       |                                   |                                   |                           |                           |
| Net income from listed private equity   |       | (721'720)                         | (5'114'650)                       | (158'355)                 | (158'355)                 |
| – Gains and losses  | 4     | (721'720)                         | (5'114'650)                       | (158'355)                 | (158'355)                 |
| Net income from short-term investments  |       | –                                 | –                                 | –                         | 301'065                   |
| – Gains and losses  |       | –                                 | –                                 | –                         | 950'535                   |
| – Interest on short-term investments  |       | –                                 | –                                 | –                         | 240'388                   |
| – Foreign exchange gains & losses   |       | –                                 | –                                 | –                         | (889'858)                 |
| <b>Net income from cash &amp; cash equivalents</b>  |       | <b>552'891</b>                    | <b>1'050'850</b>                  | 1'805'204                 | 1'975'874                 |
| – Interest income   |       | 802'119                           | 1'494'543                         | 1'849'141                 | 2'725'598                 |
| – Foreign exchange gains & losses   |       | (249'228)                         | (443'693)                         | (43'937)                  | (749'724)                 |
| <b>Operating income</b>   |       | <b>15'688'657</b>                 | <b>(2'162'986)</b>                | 27'994'520                | 55'175'819                |
| <b>Operating expenses</b>   |       | <b>(4'077'853)</b>                | <b>(7'994'312)</b>                | (3'696'033)               | (6'661'223)               |
| – Management fee  |       | (3'635'449)                       | (7'156'349)                       | (3'505'709)               | (6'702'058)               |
| – Administration fee  |       | (80'162)                          | (164'805)                         | (83'190)                  | (164'956)                 |
| – Incentive fee   |       | (218'968)                         | (294'128)                         | –                         | –                         |
| – Tax exemption fee   |       | –                                 | –                                 | (891)                     | (891)                     |
| – Other foreign exchange gains & losses   |       | (12'327)                          | 16'178                            | (26'405)                  | 600'527                   |
| – Other operating expenses  |       | (130'947)                         | (395'208)                         | (79'838)                  | (393'845)                 |
| <b>Financing cost</b>   |       | <b>(31'933)</b>                   | <b>(66'346)</b>                   | (24'127)                  | (36'831)                  |
| – Interest expense  |       | (31'933)                          | (66'346)                          | (24'127)                  | (36'831)                  |
| <b>Surplus / (loss) for the financial period</b>  |       | <b>11'578'871</b>                 | <b>(10'223'644)</b>               | 24'274'360                | 48'477'765                |



|   | <b>01.01.2008–<br/>30.06.2008</b> | 01.01.2007–<br>30.06.2007 |
|---|-----------------------------------|---------------------------|
| <b>Earnings per share</b>                                     |                                   |                           |
| – Weighted average number of shares outstanding               | 70'100'000                        | 7'010'000                 |
| – Basic surplus / (loss) per share for the financial period   | (0.15)                            | 6.92                      |
| – Diluted surplus / (loss) per share for the financial period | (0.15)                            | 6.92                      |

The earnings per share are calculated by dividing the surplus / (loss) for the financial period by the weighted average number of shares outstanding.

The notes on pages 24 to 26 form an integral part of these financial statements.

**CONSOLIDATED UNAUDITED BALANCE SHEET**

as at 30 June 2008

|   | Notes | 30.06.2008<br>EUR   |              | 31.12.2007<br>EUR  |
|---|-------|---------------------|--------------|--------------------|
| <b>Assets</b>   |       |                     |              |                    |
| <b>Non-current assets</b>   |       |                     |              |                    |
| <b>Designated financial assets at fair value through profit or loss</b>       |       |                     |              |                    |
| Investments in limited partnerships and directly held investments             | 2 & 3 | <b>565'499'218</b>  |              | 565'123'026        |
| <b>Financial assets at fair value through profit or loss held for trading</b> |       |                     |              |                    |
| Investment in listed private equity   | 2 & 4 | <b>26'169'200</b>   | 31'283'850   |                    |
| short-term investments  |       | –                   | –            |                    |
| Hedging assets  | 3     | <b>5'931'868</b>    | 6'095'015    |                    |
|   |       | <b>32'101'068</b>   |              | 37'378'865         |
| <b>Current assets</b>   |       |                     |              |                    |
| Other short-term receivables  |       | <b>2'120'338</b>    | 616'560      |                    |
| Cash and cash equivalents   |       | <b>53'433'967</b>   | 80'258'529   |                    |
|   |       | <b>55'554'305</b>   |              | 80'875'089         |
| <b>Total assets</b>   |       | <b>653'154'591</b>  |              | <b>683'376'980</b> |
| <b>Equity</b>   |       |                     |              |                    |
| <b>Capital and reserves</b>   |       |                     |              |                    |
| Issued capital  | 5     | <b>70'100</b>       | 70'100       |                    |
| Distributable reserve   | 5     | <b>668'881'890</b>  | 689'911'890  |                    |
| Accumulated loss  |       | <b>(23'999'125)</b> | (13'775'481) |                    |
| <b>Total equity</b>   |       | <b>644'952'865</b>  |              | 676'206'509        |
| <b>Liabilities falling due within one year</b>                                |       |                     |              |                    |
| <b>Other short-term liabilities</b>   |       |                     |              |                    |
| Other short-term payables   |       | <b>8'201'726</b>    | 7'170'471    |                    |
|   |       | <b>8'201'726</b>    |              | 7'170'471          |
| <b>Total liabilities and equity</b>   |       | <b>653'154'591</b>  |              | <b>683'376'980</b> |

The notes on pages 24 to 26 form an integral part of these financial statements.

## CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2008 to 30 June 2008 (all amounts in EUR)

|  | Share capital | Distributable reserve | Accumulated surplus/(loss) | Total               |
|--|---------------|-----------------------|----------------------------|---------------------|
| <b>Equity at beginning of reporting period</b> | 70'100        | 689'911'890           | (13'775'481)               | <b>676'206'509</b>  |
| Dividend payment                               | -             | (21'030'000)          | -                          | <b>(21'030'000)</b> |
| Surplus / (loss) for the financial period      | -             | -                     | (10'223'644)               | <b>(10'223'644)</b> |
| <b>Equity at end of reporting period</b>       | <b>70'100</b> | <b>668'881'890</b>    | <b>(23'999'125)</b>        | <b>644'952'865</b>  |

The notes on pages 24 to 26 form an integral part of these financial statements.

**CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY**

for the period from 1 January 2007 to 30 June 2007 (all amounts in EUR)

|   | <b>Share capital</b> | <b>Share premium</b> | <b>Distributable reserve</b> | <b>Accumulated surplus/(loss)</b> | <b>Total</b>        |
|---|----------------------|----------------------|------------------------------|-----------------------------------|---------------------|
| <b>Equity at beginning of reporting period</b>  | 70'100               | 730'149'287          | -                            | (88'919'448)                      | <b>641'299'939</b>  |
| Transfer share premium to distributable reserve | -                    | (730'149'287)        | 730'149'287                  | -                                 | -                   |
| Dividend payment                                | -                    | -                    | (19'207'398)                 | -                                 | <b>(19'207'398)</b> |
| Surplus / (loss) for the financial period       | -                    | -                    | -                            | 48'477'765                        | <b>48'477'765</b>   |
| <b>Equity at end of reporting period</b>        | <b>70'100</b>        | <b>-</b>             | <b>710'941'889</b>           | <b>(40'441'683)</b>               | <b>670'570'306</b>  |

The notes on pages 24 to 26 form an integral part of these financial statements.

## CONSOLIDATED UNAUDITED CASH FLOW STATEMENT

for the period from 1 January 2008 to 30 June 2008

|  | Notes | 01.01.2008–<br>30.06.2008<br>EUR | 01.01.2007–<br>30.06.2007<br>EUR |
|--|-------|----------------------------------|----------------------------------|
| <b>Cash flow from operating activities</b>                                   |       |                                  |                                  |
| – Management fee   |       | (7'156'349)                      | (6'702'058)                      |
| – Administration fee   |       | (164'805)                        | (164'956)                        |
| – Incentive Fee  |       | (294'128)                        | –                                |
| – Tax exemption fee  |       | –                                | (891)                            |
| – Other operating expenses   |       | (395'208)                        | (393'845)                        |
| – Proceeds from / (costs of) hedging activities                              | 3     | 27'010'775                       | 4'135'745                        |
| – Premium of hedging option  | 3     | (7'684'799)                      | –                                |
| – (Increase) / decrease in other short-term receivables                      |       | (1'487'600)                      | (7'162'370)                      |
| – Increase / (decrease) in other short-term payables                         |       | 1'031'255                        | 3'983'983                        |
| – Dividends received from limited partnerships and directly held investments | 3     | 1'255'111                        | 579'000                          |
| – Interest received from limited partnerships and directly held investments  | 3     | 662'028                          | 1'929'484                        |
| – Purchase of limited partnerships and directly held investments             | 3     | (65'552'547)                     | (134'044'644)                    |
| – Distributions from limited partnerships and directly held investments      | 3     | 45'997'201                       | 85'796'913                       |
| – Purchase of listed private equity  | 4     | –                                | (34'092'585)                     |
| – Redemptions of short-term investments                                      |       | –                                | 197'302'644                      |
| – Net purchase of short-term investments                                     |       | –                                | (150'790'113)                    |
| – Interest on short-term investments   |       | –                                | 240'388                          |
| – Interest from cash and cash equivalents                                    |       | 1'494'543                        | 2'725'598                        |
| – Financing cost / credit line charges                                       |       | (66'346)                         | (36'831)                         |
| Net cash from / (used in) operating activities                               |       | (5'350'869)                      | (36'694'538)                     |
| <b>Cash flow from financing activities</b>                                   |       |                                  |                                  |
| – Dividend payment   |       | (21'030'000)                     | (19'207'398)                     |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                |       | (26'380'869)                     | (55'901'936)                     |
| <b>Cash and cash equivalents at beginning of reporting period</b>            |       | 80'258'529                       | 167'922'252                      |
| Effects on cash and cash equivalents   |       |                                  |                                  |
| – Movement in exchange rates   |       | (443'693)                        | (749'724)                        |
| – Rounding   |       | –                                | (2)                              |
| <b>Cash and cash equivalents at end of reporting period</b>                  |       | 53'433'967                       | 111'270'590                      |

The notes on pages 24 to 26 form an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

**1 ORGANIZATION AND BUSINESS ACTIVITY**

Princess Private Equity Holding Limited is an investment holding company established on 12 May 1999. The Company's registered office is Tudor House, St. Peter Port, Guernsey, GY1 1BT. The Company is a Guernsey corporation that operates in the private equity and private debt market and invests directly or through its wholly-owned subsidiary, Princess Private Equity Subholding Limited, in private market investments.

Since 13 December 2006 the shares of the Company have been listed on the Prime Standard of the Frankfurt Stock Exchange. As of 1 November 2007 the shares have been listed additionally on the London Stock Exchange.

**2 BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 2007.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2007, except for the adoption of the following amendments mandatory for annual periods beginning on or after 01 January 2008; with the exception of IFRS 8, which is effective from 01 January 2009.

- IFRS 8 - Segmental reporting
- IFRIC 11 - Group and treasury share transactions
- IFRIC 12 - Service Concession Arrangements
- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 - Agreements for the Construction of Real Estate

The Group assessed the impact of IFRS 8 and the interpretations of IFRIC 11 to 15 and concluded that this new standard and these new interpretations will not affect the Group's results of operations or financial position.

**3 LIMITED PARTNERSHIPS AND DIRECTLY HELD INVESTMENTS****3.1 INVESTMENTS**

|   | <b>30.06.2008</b>   | 31.12.2007    |
|---|---------------------|---------------|
|   | <b>EUR</b>          | EUR           |
| <b>Balance at beginning of reporting period</b>   | <b>565'123'026</b>  | 430'576'071   |
| Capital activity recorded at the transaction rate | <b>65'552'547</b>   | 234'695'249   |
| Distributions                                     | <b>(45'997'201)</b> | (167'355'690) |
| Accrued PIK Interest                              | <b>330'794</b>      | 873'446       |
| Realized PIK                                      | -                   | (387'536)     |
| Accrued Cash Interest                             | <b>1'146</b>        | 138'814       |
| Revaluation                                       | <b>8'243'148</b>    | 103'667'915   |
| Foreign exchange gains / (losses)                 | <b>(27'754'242)</b> | (37'085'243)  |
| <b>Balance at end of reporting period</b>         | <b>565'499'218</b>  | 565'123'026   |



### 3.2 DISTRIBUTIONS

|   | <b>01.01.2008–<br/>30.06.2008<br/>EUR</b> | 01.01.2007–<br>30.06.2007<br>EUR |
|---|---|----------------------------------|
| Dividends   | <b>1'255'111</b>                          | 579'000                          |
| Interest income                                   | <b>662'028</b>                            | 1'929'484                        |
| Accrued PIK Interest                              | <b>330'794</b>                            | -                                |
| Accrued Cash Interest                             | <b>1'146</b>                              | -                                |
|   | <b>2'249'079</b>                          | 2'508'484                        |
| Return of investments                             | <b>46'050'433</b>                         | 85'816'303                       |
| Gains / (losses) from sale of stock distributions | <b>(53'232)</b>                           | (19'390)                         |
|   | <b>45'997'201</b>                         | 85'796'913                       |
| <b>Total distributions</b>                        | <b>48'246'280</b>                         | 88'305'397                       |

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

|  | <b>USD</b>  | <b>Rate</b> | <b>Value</b> | <b>date</b> | <b>Surplus/(loss)<br/>30.06.2008<br/>EUR</b> | <b>Surplus/(loss)<br/>31.12.2007<br/>EUR</b> |
|--|-------------|-------------|--------------|-------------|--|--|
| Buy EUR against USD                      | 335,000,000 | 0.7042      | 18.01.2008   |             | -  | 6'205'019                                    |
| Buy EUR against USD                      | 20,000,000  | 0.6802      | 18.01.2008   |             | -  | (110'004)                                    |
| Buy EUR against USD                      | 24,600,000  | 0.6412      | 18.07.2008   |             | <b>122'873</b>                               | -  |
| Revaluation FX Option<br>EUR against USD | 373'000'000 | 0.6422      | 16.04.2009   |             | <b>(1'875'804)</b>                           | -  |
|  |             |             |              |             | <b>(1'752'931)</b>                           | 6'095'015                                    |
| Premium on FX Option<br>EUR against USD  | 373'000'000 | 0.6422      | 16.4.2009    |             | <b>7'684'799</b>                             | -  |
|  |             |             |              |             | <b>5'931'868</b>                             | 6'095'015                                    |

### 3.3 FOREIGN EXCHANGE

|  | <b>01.01.2008–<br/>30.06.2008<br/>EUR</b> | 01.01.2007–<br>30.06.2007<br>EUR |
|--|---|----------------------------------|
| Foreign exchange revaluation   | <b>(27'754'242)</b>                       | (8'936'924)                      |
| Revaluation of foreign exchange hedges and options relating to investments in limited partnerships and directly held investments     | <b>(7'847'946)</b>                        | 329'655                          |
| Realized gains / (losses) from foreign exchange hedges relating to investments in limited partnerships and directly held investments | <b>27'010'775</b>                         | 4'135'745                        |
|  | <b>(8'591'413)</b>                        | (4'471'524)                      |

### 4 INVESTMENTS IN LISTED PRIVATE EQUITY

|   | <b>30.06.2008<br/>EUR</b> | <b>31.12.2007<br/>EUR</b> |
|---|---------------------------|---------------------------|
| <b>Balance at beginning of reporting year</b> | <b>31'283'850</b>         | -                         |
| Purchases recorded at the transaction rate    | -                         | 37'063'836                |
| Gains / (losses) on listed private equity     | <b>(5'114'650)</b>        | 5'779'986                 |
| <b>Balance at end of reporting year</b>       | <b>26'169'200</b>         | 31'283'850                |

**NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

(continued)

| <b>5 SHARE CAPITAL</b>  | <b>30.06.2008<br/>EUR</b> | 31.12.2007<br>EUR | <b>5.3 SHAREHOLDERS ABOVE 3% OF ORDINARY SHARES ISSUED</b>  |                           |                   |
|---|---------------------------|-------------------|---|---------------------------|-------------------|
| <b>Authorized</b>   |                           |                   | <b>Shares held</b>  | <b>in %</b>               |                   |
| 200'100'000 Ordinary shares of EUR 0.001 each   | <b>200'100</b>            | 200'100           | CVP/CAP   | 215'210                   | 3.07%             |
|   | <b>200'100</b>            | 200'100           | Deutsche Asset Management Investmentgesellschaft mbH  | 609'590                   | 8.70%             |
|   | <b>200'100</b>            | 200'100           | VEGA Invest Fund PLC  | 600'000                   | 8.56%             |
| <b>Issued and fully paid</b>  |                           |                   |   |                           |                   |
| 70'100'000 Ordinary shares of EUR 0.001 each<br>out of bond conversion  | <b>70'100</b>             | 70'100            |   |                           |                   |
|   | <b>70'100</b>             | 70'100            |   |                           |                   |
| <b>5.1 DISTRIBUTABLE RESERVES</b>   | <b>30.06.2008<br/>EUR</b> | 31.12.2007<br>EUR | <b>6 COMMITMENTS</b>  | <b>30.06.2008<br/>EUR</b> | 31.12.2007<br>EUR |
| Distributable reserves  | <b>689'911'890</b>        | 730'149'287       | Total commitments translated at the rate<br>prevailing at the balance sheet date  | <b>1'436'705'110</b>      | 1'426'422'963     |
| Dividend payment  | <b>(21'030'000)</b>       | (40'237'397)      | Unfunded commitments translated at the rate<br>prevailing at the balance sheet date   | <b>409'678'630</b>        | 408'170'641       |
| <b>Total distributable reserves</b>   | <b>668'811'890</b>        | 689'911'890       | <b>7 NET ASSETS AND DILUTED ASSETS PER ORDINARY SHARE</b>   |                           |                   |
|   |                           |                   | The net asset value per share is calculated by dividing the net assets in the balance sheet<br>by the number of potential shares outstanding at the balance sheet date. | <b>30.06.2008<br/>EUR</b> | 31.12.2007<br>EUR |
| <b>5.2 DIVIDEND PAYMENT</b>   |                           |                   | Net assets of the Group   | <b>644'952'865</b>        | 676'206'509       |
| On 20 June 2008 an interim dividend of EUR 0.30 per Ordinary Share, as declared at the<br>Board of Directors Meeting on the 8 May, was paid to investors. |                           |                   | Outstanding shares at the balance sheet date  | <b>70'100'000</b>         | 70'100'000        |
|   |                           |                   | Net asset per share at period-end   | <b>9.20</b>               | 9.65              |
|   |                           |                   | Diluted net assets per share at the balance<br>sheet date   | <b>9.20</b>               | 9.65              |



## LIST OF ADDRESSES

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### Investment Manager

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### Investor Relations

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### Auditors

PricewaterhouseCoopers CI LLP

### Trading Information

|                    |                                |                       |
|--------------------|--------------------------------|-----------------------|
| Listing            | Frankfurt Stock Exchange       | London Stock Exchange |
| ISIN               | DE000A0LBRM2                   | GG00B28C2R28          |
| WKN                | A0LBRM                         | AOLBRL                |
| Valor              | 2 830 461                      | 2 830 461             |
| Trading symbol     | PEY1                           | PEY                   |
| Bloomberg          | PEY1 GR                        | PEY LN                |
| Reuters            | PEYGz.DE / PEYGz.F             | PEY.L                 |
| Designated Sponsor | Sal. Oppenheim jr. & Cie. KGaA | JPMorgan Cazenove     |