

## Private Equity Investor Plc

### Interim Management Statement – 4 Months to 31 July 2007

#### Investment Objective

The Company was launched in February 2000 and provides both private and institutional investors with a means to participate in specialist venture funds in the USA, a category of funds that is not otherwise accessible to many investors.

The Company's objective is to achieve a substantial capital appreciation for shareholders over the long term. The Company's policy has been to invest in high quality venture capital funds, managed by several different management groups, focused on various stages of growth from early stage to pre-IPO, so as to obtain exposure to a diversified underlying portfolio of investments in unlisted companies in the IT and other technology sectors. Such funds have been selected with regard to the experience and track record of the managers, their investment strategy and their strength and quality of deal flow.

#### Financial Highlights

31 March 2002 = 100%

	To 31 July 2007	To 31 March 2007	To 31 March 2006	To 31 March 2005	To 31 March 2004	To 31 March 2003
Shareprice*	130.91%	133.36%	130.71%	82.51%	78.74%	69.98%
NASDAQ Composite	140.45%	131.23%	126.79%	108.47%	108.07%	72.68%

\*Ordinary share total return with dividends reinvested

#### Financial Position

	As at 31 July 2007	As at 31 March 2007
Net assets and shareholders funds	£84,896,000	£86,708,000
Net assets per ordinary share	169.79p	173.42p
Net assets and shareholder' funds in US \$	\$172,513,000	\$170,065,000
Net assets per ordinary share in US cents	345.03c	340.14c
Mid-market price per ordinary share	165.00p	167.00p
Discount to NAV	2.82%	3.70%
Exchange rate (US\$ / £)	\$2.03205	\$1.96135

## **LP Portfolio Revaluations**

As at 31 July 2007 the Company's NAV included re-valuations by the Limited Partnerships at the following dates:

APV Technology Partners III	31 March 2007
Bay III	30 June 2007
Crescendo IV	31 March 2007
Dawntreader Fund II	31 March 2007
Draper Fisher Jurvetson ePlanet Ventures	31 March 2007
Draper Fisher Jurvetson Fund VI	31 March 2007
Draper Fisher Jurvetson Fund VII	31 March 2007
Draper Fisher Jurvetson Gotham Venture Fund	31 March 2007
Focus Ventures II	30 June 2007
Francisco Partners II	31 March 2007
New Enterprise Associates 9	30 June 2007
New Enterprise Associates 10	30 June 2007
New Enterprise Associates 12	30 June 2007
Oak Investment Partners X	30 June 2007
Sprout Capital IX	31 March 2007
TCV IV	30 June 2007
Vanguard VII	30 June 2007
VantagePoint Venture Partners IV	31 March 2007
VantagePoint 2006 Fund	31 March 2007
Zone Venture Fund II	31 March 2007
Zone Venture Fund II Annex	31 March 2007

## **Material Events**

There were no material events to report during the period under review.

## **Material Transactions**

During the four months to 31 July 2007 the Company received cash and shares with a book cost of \$6,530,000. Limited Partnerships drew down \$3,070,000 during the four months.

As noted in the Chairman's Statement, contained in the preliminary announcement of annual results released on 27 July 2007, "PEI has recently made commitments to two new funds in highly regarded partnerships, Institutional Venture Partners and Vector Capital. In May, PEI made a \$5 million commitment to Institutional Venture Partners XII, L.P. With more than \$2.2 billion of committed capital, Institutional Venture Partners (IVP) is one of the premier later-stage venture capital firms in the United States. Founded in 1980, IVP invests in venture growth, industry consolidations, recapitalisations and select public market transactions. During its 26-year history, IVP has invested in over 200 companies - with more than 80 IPOs to its credit. IVP XII will focus on three target sectors: Communications and Wireless, Internet and Digital Media, and Enterprise IT companies.

In July, PEI made a \$4 million commitment to Vector Capital IV, L.P. Vector Capital is a specialist investor in small-cap buy-outs, restructurings and spin-outs in the technology sector. Vector received substantial press coverage for its highly successful take-private of Corel Corporation, the maker of WordPerfect software. Vector Capital was founded in 1997 and has, with the closing of Fund IV, over \$1.8 billion in capital under management.”

### **Annual General Meeting**

The next Annual General Meeting of the Company will be held on Thursday 27 September 2007 at 11.00am at the offices of Tavistock Communications, 131 Finsbury Pavement, London EC2A 1NT.

Peter Dicks

Chairman  
17 August 2007