

EDITORIAL

By virtually all measures, the US economy is showing signs of faltering and we fully expect that the first semester of 2008 will see the US officially slide into a recession. In the US everyone knows someone personally hit by the subprime crisis, which by most accounts is expected to worsen as millions of mortgages convert to variable rates. Consumer spending has often kept recessions at bay, but such expectations would be foolhardy this time as consumers focus on keeping a roof over their heads.

Europe will not escape feeling the residual effects of the US led recession. As usual in our global economy we will all share some of the pain, and Europeans failing to take this into consideration will pay the price of short-sightedness.

The fate of young start-ups can not escape these turbulent times either. Those entrepreneurs with enough foresight to take this into account and build the dynamics of such a market into their business offering will be the next big winners.

[COMPANY IN THE SPOTLIGHT]

WooMe

"WooMe takes social networking to the next level, making it real time. Nothing beats actually seeing and talking to people," said Niklas Zennström, co-founder of Skype. "This is a great way to meet new people and will revolutionize the way people meet online."

WooMe provides an innovative online introduction platform that allows users to meet, see, and hear people live in 1-minute conversations. Users instantly experience the exhilaration of meeting five people in five minutes in topical sessions straight from their webcam. WooMe's optimized in-browser video and voice capability delivers the highest quality interactive experience available through a browser today.

Whether looking to meet new friends, find a date, or even find a travel companion, WooMe enables fun, fast and free introductions. WooMe's open platform encourages spontaneity and creativity. Users can easily create their own "speed sessions" based on any topic or interest or join already scheduled sessions. Contrived profiles and outdated pictures are obsolete as WooMe replaces static expression with live interaction.

Since its launch in late November, WooMe has received significant



user traction and buzz ranging from Wired to the FOX network's nationally syndicated morning show. It has hosted over 20,000 actual speed sessions in it's first six weeks, delivering over 150,000 individual introductions. Sessions have included a myriad of topics such as: "Study partner for Econ 101", "Woo woo, this site is coo," "Tech geeks and the woman that love them", and "Looking for travel partners to Europe this Christmas". WooMe was founded in December 2006 by a high-profile,

international management team with experience in bringing innovative web applications to market. Stephen Stokols, co-founder and CEO, was British Telecom's youngest vice president while Berkowski, co-founder and Product Director, brings extensive technical and marketing experience in the online space as well as outer space.



ABOUT MANGROVE

Mangrove Capital Partners is committed to turn entrepreneurial visions into realities as a means to drive capital appreciation for investors. Our hands-on philosophy in all areas of business and technological development is the cornerstone of our investment strategy and positions us as a true partner for growth.

Mangrove Capital Partners has invested in among other the following companies: Skype (www.skype.com), Lumension (www.lumension.com), Dialcom Networks (www.dialcom.com), Quintura (www.quintura.com), Piczo (www.piczo.com), Nimbuzz (www.nimbuzz.com), SeatWave (www.seatwave.com), Properazzi (www.properazzi.com), Jamendo (www.jamendo.com), Zlio (www.zlio.com).

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[PORTFOLIO
NEWS]

WWW.JAXTR.COM

Jaxtr reaches 5 million users in five months.



WWW.SEATWAVE.COM

Seatwave auctions the most expensive concert tickets in memory: \$ 10,000 for a pair of Led Zeppelin tickets for the band's comeback concert in London. Proceeds went to charity.



WWW.QUINTURA.COM

Quintura wins AltSearchEngine's 2007 Alternative Search Engine of the Year award.



WWW.PROPERAZZI.COM

Properazzi reaches 4 million listings in 50 countries and in 32 languages, becoming the world's largest real estate portal.

[INTERVIEW]



Laurent Kratz, CEO Jamendo

Could you describe Jamendo in a nutshell?

Jamendo is the world largest free online music web site. Artists and fans share music under licenses that allow free downloading and unlimited copying without DRM. The Creative Commons licenses are inspired by free software models like Linux or Firefox, but extended to free content as Wikipedia for instance. Jamendo is a live example of 'free culture' distribution, leveraging the Creative Commons content world. As of

today, users download more than 300,000 track per day.

What is your vision of the online music market?

The Internet has totally disrupted the music industry and its value chain. From a physical good where scarcity was managed in distribution channels, music is a now an abundant available everywhere. Radiohead, Barbara Hendricks, and many more show that online music files are becoming a marketing material available for free. Famous bands and artists will become brands. The money spent for music is still increasing but is leaving the retail sector to other revenue streams. Live shows, advertising, B2B licensing, MP3 and phone devices, merchandising are great revenue opportunities for a new dis-intermediated model.

What's the outlook for Jamendo in this market?

Jamendo is the one stop shop allowing fans and artists to experience music for free while

Jamendo

generating value for right-holders and businesses. Current stats: we will shortly hit 100,000 tracks in our catalogue and more than 1 million complete albums are downloaded on a monthly basis.

How would you describe your relationship with Mangrove?

I've known the Mangrove team for almost six years. My previous venture did not need VC money, but when we started Jamendo, we felt that it could become the Red Hat of Music, and that we couldn't manage the window of opportunity without venture backing. Mangrove is a VC firm that has a very compatible portfolio, including P2P technologies like Skype and AllPeers, open source compatible models like OpenAds. They are not afraid of the combination of free content and sustainable business model. The partnership goes well beyond financing; they deliver valuable operational advice and a good network of skills and partners.