

MONTHLY REPORT

as of 31 December 2011

Princess Private Equity Holding Limited (Princess) is an investment holding company domiciled in Guernsey that invests in private market 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.

Key facts

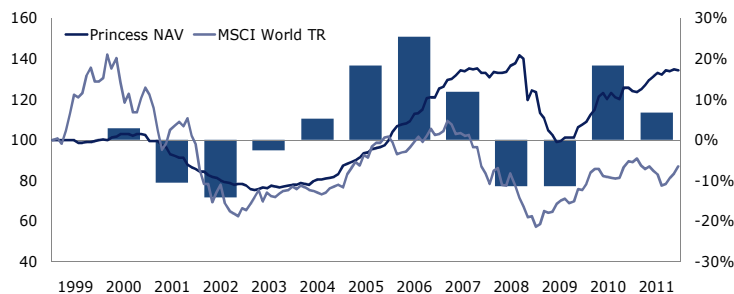
	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GY	PEY LN
WKN	A0LBRM	A0LBRL
ISIN	DE000A0LBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends 2011	EUR 0.22, 0.23 (15/07/11, 23/12/11)	

Key figures

	31.12.2011	30.11.2011	YTD
Net asset value (NAV)	EUR 8.82	EUR 8.84	
Net asset value (NAV) incl. dividend	EUR 10.19	EUR 10.21	6.81%
Investment level	99.28%	97.18%	
Gross Investment level	99.28%	97.18%	
Overcommitment	22.71%	21.11%	
Overcommitment incl. credit line	9.68%	8.11%	
Closing price Frankfurt	EUR 5.84	EUR 6.00	-1.42%
Discount	-33.82%	-32.11%	
Closing price London	EUR 5.85	EUR 5.99	-3.35%
Discount	-33.71%	-32.23%	

Where applicable, returns are calculated according to the standard BVI-method of the Bundesverband Investment and Asset Management and may be subject to decimal rounding.

NAV development

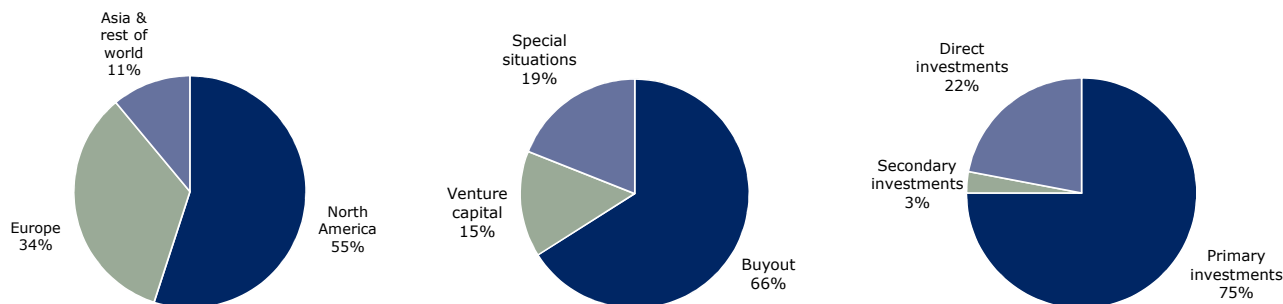


in %	2007	2008	2009	2010	2011 YTD	5 years annualized return	5 year
Princess NAV*	11.9%	-11.3%	-11.3%	18.4%	6.8%	11.4%	2.2%
MSCI World TR**	-5.3%	-35.9%	22.4%	17.9%	-2.6%	-14.7%	-3.1%

\* Based on monthly valuations

\*\* Source: Bloomberg NDDLWI Index in EUR

PE investments by region, financing stage and type of investment



The accompanying notes form an integral part of this monthly report.

Monthly commentary

The net asset value (NAV) of Princess Private Equity Holding Limited (Princess) was broadly flat in December, declining slightly (-0.2%) to close both the month and the year at an unaudited NAV of EUR 8.82 per share. Consequently, Princess returned 6.8% for the full year 2011, maintaining the positive growth momentum achieved in 2010. During the final month of 2011, valuation developments dragged on performance (-1.2%). Nonetheless, this negative impact was offset by the strong positives derived from currency movements over the month (+1.3%), as the US dollar continued to appreciate relative to the euro. The NAV result published is estimated on the basis of currently available information and is subject to review in the audit of the annual financial statements.

In December, Princess together with other investment vehicles advised by Partners Group AG and its investment partner Ventizz Capital Partner closed a small-cap buyout investment in Rioglass Solar, representing its sixth direct investment for 2011. Ultimately, Princess invested an aggregate of EUR 23.4 million in six direct investments in 2011, as it advanced its plan to refocus its portfolio towards direct investments. Rioglass Solar is one of the leading global manufacturers of high-precision mirrors for the solar power industry. Though Princess' mature portfolio continued to benefit from new realizations (EUR 5.5 million) over the month, distribution proceeds fell short of new investments (EUR 10.0 million), thereby generating a negative portfolio cash flow for December. Irrespective, for Princess the fourth quarter of 2011 proved to be the most lucrative quarter for distributions since the fourth quarter of 2007, with as much as EUR 35.1 million received from realized investments. Accordingly, Princess' balance sheet remains in a strong position, with liquidity also being supported by its undrawn EUR 80.0 million credit facility.

During the month Princess invested in Rioglass Solar, a manufacturer of high precision mirrors for concentrated solar power plants. Rioglass has production facilities in Spain and a new site in the US, which has significantly increased its capacity. Led by an experienced management team, Rioglass is expected to generate strong organic growth through its new US facility and planned expansion into new international markets. Partners Group believes that its global industry network in infrastructure and renewable energy should aid Rioglass in building out its leadership position in its target market while helping the company penetrate new markets.

In December, Princess also received a distribution from ICG European Fund 2006. This followed the sale of ICG's entire shareholding in the German frozen food home delivery company Eismann to Dutch-based Gilde Buy Out Partners BV. ICG supported the 2007 MBO of Eismann with an equity and junior debt package. Founded in 1974, the company sells around 700 frozen food products, primarily in Germany, but also elsewhere in Europe and in Brazil.

## PRINCESS PRIVATE EQUITY HOLDING LIMITED

On a bondholders' meeting on 5 December 2006, bondholders approved to amend the terms and conditions of the Bonds by entering into a fifth supplemental trust deed with Law Debenture Trustees Limited (the Fourth Supplemental Trust Deed) giving the Company a mandatory conversion right. Accordingly the Company was granted the right (the Mandatory Conversion Right) to convert all of the Bonds into Co-ownership Interests. On 8 December 2006 each bond has been converted into 10 Ordinary shares deliverable in the form of Co-ownership Interests in a global bearer certificate issued by Clearstream, Frankfurt such that each Co-ownership Interest in a global bearer certificate carries rights corresponding to one Ordinary Share.

The conversion of 700'000 convertible bonds at a par value of USD 1'000 each at USD 100 per share resulted in the issuance of 7'000'000 Ordinary Shares. 10,000 shares were already issued and outstanding leading to a total amount of 7'010'000 issued and outstanding Ordinary shares. The Extraordinary Shareholder Meeting of the holders of ordinary shares in Princess Private Equity Holding Limited on 12 October 2007 agreed on a 1 to 10 share split according to which each ordinary share was subdivided into 10 ordinary shares. The share split became effective after close of trading on 12 October 2007.

The Board of Directors of Princess Private Equity Holding Limited passed a resolution to implement a share buyback program on 13 December 2010. During December 2011, a total of 45'596 shares were repurchased under the share buyback program. All of the shares bought back in December 2011 were cancelled. As of 31 December 2011 there were 69'579'214 shares outstanding, and the net asset value (NAV) was thus calculated based on a total of 69'579'214 shares outstanding.

### GLOSSARY

Buyout (BO)	Acquisition of a controlling stake in a company, typically with financial or managerial reorganization needs. Small/mid/large/mega large size buyout refers to the enterprise value of the acquired company. Whereas the bandwidths are set at (EUR or USD) <250m/250m-EUR 1bn/1bn-5bn/>5bn for small/mid/large/mega large size buyout respectively.
Closing price	Last price paid on the Frankfurt Stock Exchange or on the London Stock Exchange on the respective date
Frankfurt Stock Exchange (Frankfurt)	First listing on 13/12/2006. The shares deliverable in the form of co-ownership interests in a global bearer certificate are admitted to trading on the regulated market (Reglementierter Markt) with concurrent admission to trading on the segment of the regulated market with additional post-admission obligations (Prime Standard).
Gross Investment level	The value of private equity investments divided by the sum of NAV and drawn credit line
Investment level	The value of private equity investments divided by NAV
London Stock Exchange (London)	First listing on 01/11/2007. Shares are admitted to the Official List.
Net asset value (NAV)	The net asset value, as described in the Prospectus dated 12 October 2007, equals the total assets less liabilities due in one year of the company calculated in accordance with the International Financial Reporting Standard (IFRS).
Overcommitment	Unfunded commitments less net current assets divided by NAV
Overcommitment incl. credit line	Unfunded commitments less the sum of net current assets and total credit line divided by NAV
Premium	Price divided by NAV
Private equity (PE)	Investments in companies, which typically are not publicly traded and in which the investor may significantly influence the management, and other investments of similar character.
Special situations (SS)	Any form of investment that falls within the definition of private equity but cannot be attributed to venture capital or buyout as described above. Special situations includes mezzanine, turnaround, distressed and other investments.
Total Return	Total return is calculated according the standard BVI-method of the Bundesverband Investment and Asset Management.
Value of private equity investments	Private equity investments are being held at fair value as required under the Company's adopted accounting standards IFRS.
Venture capital (VC)	Financing for companies typically in their build-up phase. Seed Stage describes the period where product feasibility is confirmed; Early Stage involves the identification of the position in the market, the establishment of production lines and the development of marketing channels; Later Stage portrays the subsequent rapid expansion phase of a young company.

This Newsletter is produced based on information available on the last working day of the month.

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