

MONTHLY REPORT

as of 31 October 2012

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

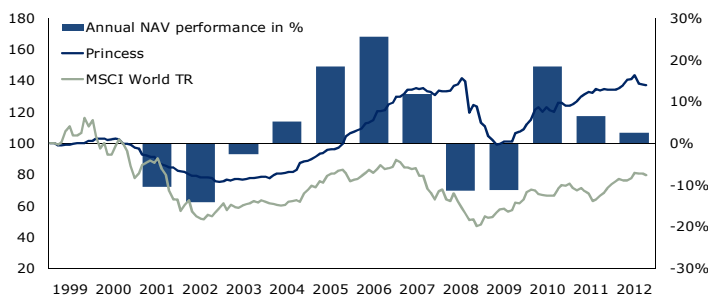
	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GY	PEY LN
WKN	A0LBRM	A0LBRL
ISIN	DE000A0LBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends 2012	EUR 0.24 (22/06/12)	

Key figures

	31.10.2012	30.09.2012	YTD
Net asset value (NAV)	EUR 8.79	EUR 8.81	
Net asset value (NAV) incl. dividend	EUR 10.42	EUR 10.45	2.49%
Investment level	73.78%	77.42%	
Gross Investment level	73.78%	77.42%	
Overcommitment	5.67%	18.45%	
Overcommitment incl. credit line	-7.43%	5.39%	
Closing price Frankfurt	EUR 6.61	EUR 6.65	17.79%
Discount	-24.82%	-24.52%	
Closing price London	EUR 6.66	EUR 6.68	18.45%
Discount	-24.25%	-24.18%	

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	2012 YTD	5 years	5 year annualized return
Princess NAV*	11.9%	-11.3%	-11.3%	18.4%	6.6%	2.5%	1.6%	0.3%
MSCI World TR**	-5.3%	-35.9%	22.4%	17.9%	-2.6%	11.9%	-5.0%	-1.0%

* Based on monthly valuations.

** Source: Bloomberg NDDLWI Index in EUR.

Monthly commentary

The net asset value (NAV) of Princess Private Equity Holding Limited (Princess, or the Company) decreased by 0.2% in October, to end the month at EUR 8.79 per share.

Valuation developments (+0.4%) again had a positive impact on NAV during the month, as constructive value creation efforts continued to foster operational improvements in underlying portfolio companies, and investments continued to be realized at attractive cost multiples. However, currency movement offset these gains (-0.4%) over the month, as the US dollar weakened relative to the euro. Year-to-date, Princess' NAV growth now stands at 2.5%.

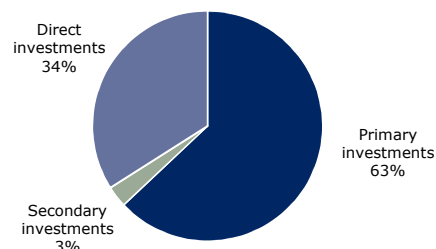
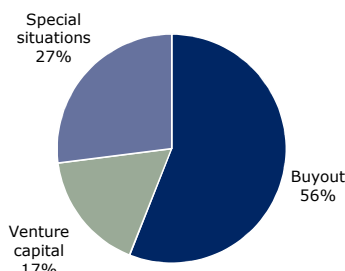
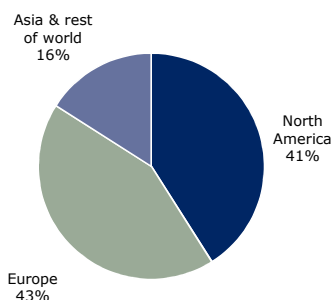
Distribution activity remained strong in October, as successful exits generated proceeds of EUR 7.3 million. Notably, Princess received cash receipts from August Equity Partners' GBP 111 million sale of Enara Group, and from Sterling Investment Partners' sale of FCX Performance. A further EUR 10.6 million was paid to Princess in October, after 5 of the 17 funds involved in the Company's recently transacted secondary sale were transferred to the buyer.

In terms of investment activity, EUR 19.4 million of the USD 50 million (EUR 38.9 million) allocated to the Partners Group Direct Mezzanine 2011 program was funded during the month, with a further EUR 2.2 million in capital called from existing third-party fund commitments.

In October, August Equity announced the GBP 111 million sale of Enara Group, one of the UK's market-leading providers of elderly care services, to MITIE Group, an outsourcing and energy services company. August Equity acquired Enara in 2008 and the company was used as a platform for a buy-and-build strategy aimed at capitalizing on the highly fragmented UK home care market. Enara has since established a strong reputation for excellence in quality and service delivery and achieved a more than 15-fold increase in profits during the holding period.

During the month, Sterling Investment Partners II also distributed proceeds from the sale of FCX Performance, a US distributor of specialty flow control equipment, to US private equity firm Harvest Partners. Sterling Investment Partners first invested in FCX Performance in 2008 and supported the company through several add-on acquisitions and internal growth initiatives. The add-on acquisitions helped FCX Performance expand its geographic reach, market position and product offerings, while the internal growth initiatives boosted earnings. To date, FCX Performance has grown into a company with 25 business locations and more than 400 employees, serving 30 states.

PE investments by region, financing stage and type of investment



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

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 October 2012, a total of 28'288 shares were repurchased under the share buyback program. All of the shares bought back in October 2012 were cancelled. As of 31 October 2012, there were 69'455'437 shares outstanding, and the net asset value (NAV) was thus calculated based on a total of 69'455'437 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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