

MONTHLY REPORT

as per 31 October 2010

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

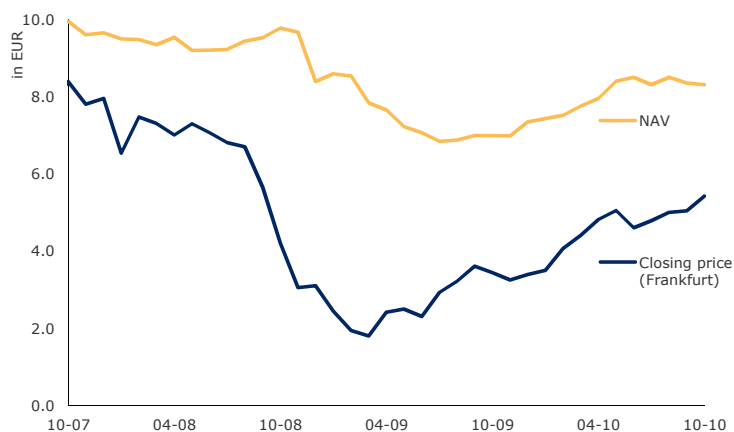
	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GY	PEY LN
WKN	AOLBRM	AOLBRL
ISIN	DE000A0LBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends 2008	EUR 0.30 (20/06/2008)	

Key figures

	31.10.2010	30.09.2010	YTD
Net asset value (NAV)	EUR 8.30	EUR 8.35	
Net asset value (NAV) incl. dividend	EUR 9.12	EUR 9.17	13.16%
Investment level	100.81%	101.82%	
Gross Investment level	95.02%	96.00%	
Overcommitment	40.59%	42.81%	
Overcommitment incl. credit line	29.42%	31.70%	
Closing price Frankfurt	EUR 5.42	EUR 5.04	59.88%
Premium	-34.71%	-39.63%	
Closing price London	EUR 5.50	EUR 5.03	66.16%
Premium	-33.75%	-39.81%	

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 and price development



Monthly commentary

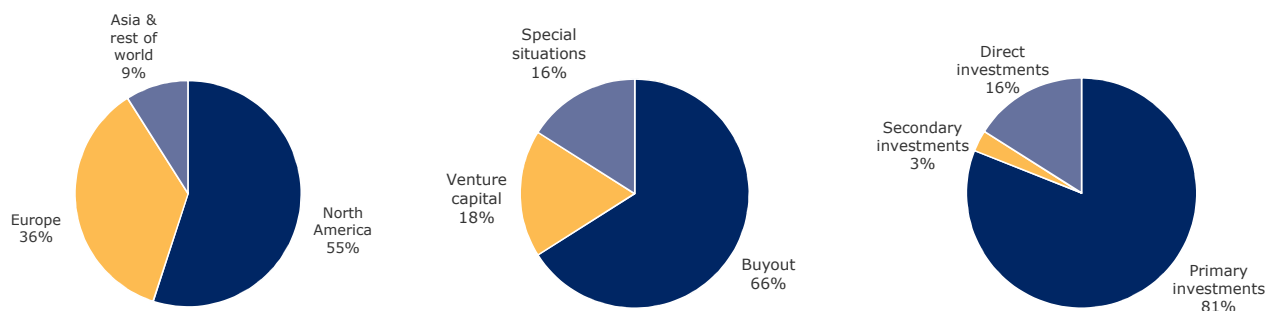
After a positive performance of +13.80% during the first three quarters of 2010, the net asset value (NAV) of Princess decreased slightly during the month of October by 0.56% to EUR 8.30 per share. The companies in Princess' portfolio continued the positive development of the past few quarters with a positive impact of +1.06% on the NAV. Investments in the mid-cap buyout and venture capital segments particularly contributed to this favorable development. However, foreign exchange movements had an adverse effect on the NAV due to the continued recovery of the euro against the US dollar during the past month.

Additionally, Princess made further progress with regards to the announced repositioning of the portfolio and made mark-to-market adjustments for a first tranche of the planned secondary sales program which is currently the subject of advanced negotiations. The valuation adjustments were in relation to the sale of two buyout funds with around EUR 30 million in adjusted commitments (current NAV plus unfunded commitments), resulting in a contribution of -0.34% to the NAV during the month of October. The sale of these two funds, along with potential further tranches of the secondary sales program, are currently expected to close in December 2010. Princess expects to announce valuation details on the secondary sales after the closing of the respective transactions.

In October, Princess received EUR 10.2 million in distributions from exited portfolio companies compared to EUR 5.8 million in drawdowns for new investments. Amongst others, Princess received a EUR 1.6 million distribution from Bruckmann, Rosser, Sherrill & Co. II's exit of the US restaurant chain Logan's Roadhouse, which generated a return of approximately 4.5x the original investment and an internal rate of return (IRR) of 50%. The restaurant chain comprises over 180 company-operated and 26 franchised Logan's Roadhouse restaurants in 23 states. The company delivered a strong operational performance during the entire investment period and increased its EBITDA from USD 43 million at the time of investment in 2006 to around USD 76 million at the time of sale.

Furthermore, Aksia Capital III announced that it had invested in EidosMedia, a supplier of multimedia publishing and content management systems for news and media organizations such as Le Figaro, The Financial Times and The Washington Post. EidosMedia's products enable its clients to communicate with multiple audiences through print and digital media. The company has experienced significant growth over the past few years and built up leading positions in markets in Europe and the United States. The new financing will enable EidosMedia to expand its position and support its growth in international markets.

PE investments by region, financing stage and type of investment



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

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 Net asset value (NAV) is calculated based on a total of 70,100,000 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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