

PRINCESS PRIVATE EQUITY HOLDING LIMITED

as of 31 October 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

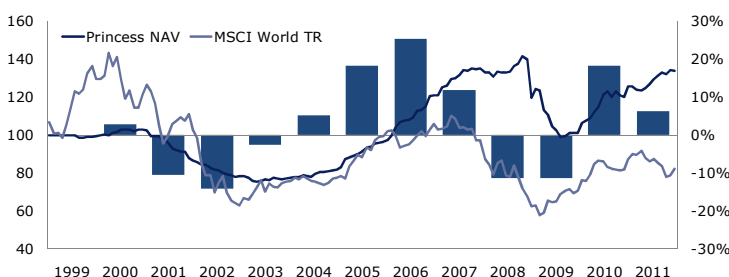
	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GY	PEY LN
WKN	AOLBRM	AOLBRL
ISIN	DE000A0LBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends 2011	EUR 0.22 (15/07/2011)	

Key figures

	31.10.2011	30.09.2011	YTD
Net asset value (NAV)	EUR 9.01	EUR 9.06	
Net asset value (NAV) incl. dividend	EUR 10.14	EUR 10.20	6.26%
Investment level	95.40%	96.99%	
Gross Investment level	95.40%	96.99%	
Overcommitment	18.93%	21.82%	
Overcommitment incl. credit line	6.18%	9.15%	
Closing price Frankfurt	EUR 6.17	EUR 5.88	0.33%
Discount	-31.51%	-35.13%	
Closing price London	EUR 6.09	EUR 5.80	0.62%
Discount	-32.39%	-36.01%	

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	5 year annualized return
Princess NAV*	11.9%	-11.3%	-11.3%	18.4%	6.3%	18.0%	3.4%
MSCI World TR**	-5.3%	-35.9%	22.4%	17.9%	-8.7%	-19.7%	-4.3%

* Based on monthly valuations

** Source: Bloomberg NDDLWI Index in EUR

Monthly commentary

The net asset value (NAV) of Princess Private Equity Holding Limited (Princess) fell 0.6% in October to close the month at EUR 9.01 per share. However, the strong NAV development experienced by Princess in the recent past means that year-to-date, NAV growth stands at 6.3%.

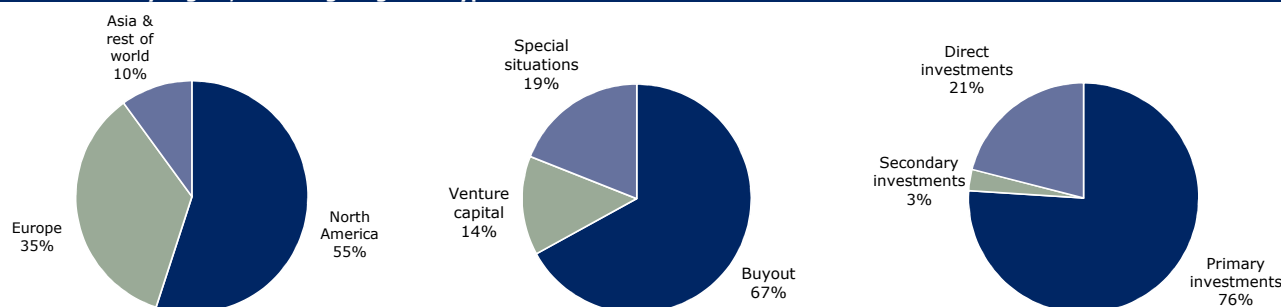
Efforts to improve operational results continued to support the value of its portfolio companies, which over the month led to a number of positive revaluations. The main contribution to valuations in October came from General Nutrition Centers (GNC), a leading global specialty retailer of health products and Princess' largest portfolio company holding, which published strong earnings results during the month and further increased its sales forecasts for 2011. GNC's share price increased by 23.0% in October, thereby adding 0.7% to NAV. Valuation developments had an overall impact of +1.8% on Princess' NAV. This contribution was nonetheless offset by negative currency effects (-2.1%), as the US dollar depreciated against the euro.

Due in part to its mature portfolio, Princess remained cash flow positive over the month, as distributions (EUR 13.2 million) significantly outpaced investments (EUR 5.4 million). At the end of October, Princess sold approximately 30% of its remaining investment in GNC in a secondary offering at USD 24.75 per share, compared to the IPO issuance price of USD 16.00 per share on 1 April 2011. Altogether, Princess received a EUR 4.2 million distribution from its direct investment in GNC and expects to receive approximately EUR 2.3 million from its additional indirect holdings in GNC during the month of November. In addition, Princess received a EUR 2.4 million distribution from the previously announced sale of Nycomed to Takeda Pharmaceutical in October with receipt of the remaining exit proceeds of approximately EUR 4.1 million expected in November.

On 9 November, Princess announced a second interim dividend of EUR 0.23 per share for the 2011 calendar year. The total dividend due to shareholders therefore equates to EUR 0.45 per share for the year, including the first interim dividend of EUR 0.22 per share. This translates into a dividend yield of 5.0% on the NAV per share (as of 30 September 2011) and a yield of 7.3% on the share price, based on the October closing price on the Frankfurt Stock Exchange (Xetra). The corresponding ex-dividend date was on 16 November 2011 and the second interim dividend will be reflected in the NAV as of 30 November 2011.

In October, Princess received a EUR 1.6 million distribution from the sale of Etanco by Industri Kapital 2007 (IK 2007) to 3i Group. Etanco is the French market leader in the building fasteners and fixing systems. The deal is valued at an estimated EUR 370 million and is expected to provide an exit multiple of 2x on the original investment. Princess also received EUR 0.7 million from the sale of Idex by Industri Kapital 2000 to Cube Infrastructure. The deal is said to be in the EUR 300-500 million range. Idex is France's largest independent energy and environmental services company, and since being acquired in 2004, its net sales have risen by over 40% to EUR 525 million as of February 2011.

PE investments by region, financing stage and type of investment



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

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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 2011 zero shares were repurchased under the share buyback program. As of 31 October 2011 the net asset value (NAV) was thus calculated based on a total of 69'647'813 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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