

MONTHLY REPORT

as per 31 January 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

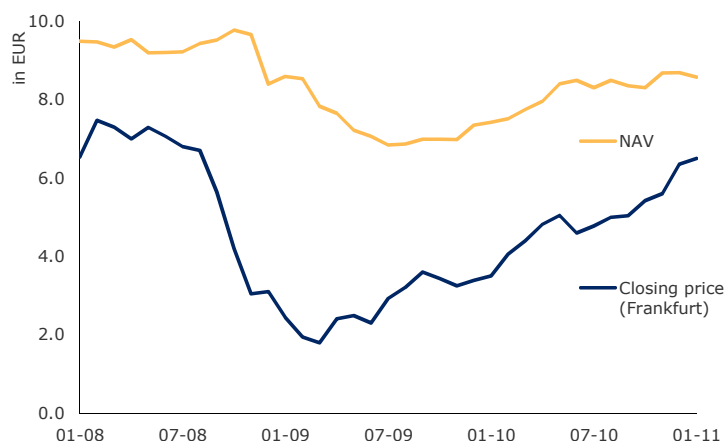
	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GY	PEY LN
WKN	AOLBRM	AOLBRL
ISIN	DE000A0LBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends 2008	EUR 0.30 (20/06/2008)	

Key figures

	31.01.2011	31.12.2010	YTD
Net asset value (NAV)	EUR 8.57	EUR 8.69	
Net asset value (NAV) incl. dividend	EUR 9.41	EUR 9.54	-1.34%
Investment level	92.07%	96.69%	
Gross Investment level	87.35%	91.79%	
Overcommitment	24.32%	31.24%	
Overcommitment incl. credit line	13.50%	20.57%	
Closing price Frankfurt	EUR 6.50	EUR 6.35	2.36%
Premium	-24.17%	-26.91%	
Closing price London	EUR 6.50	EUR 6.25	4.00%
Premium	-24.17%	-28.06%	

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

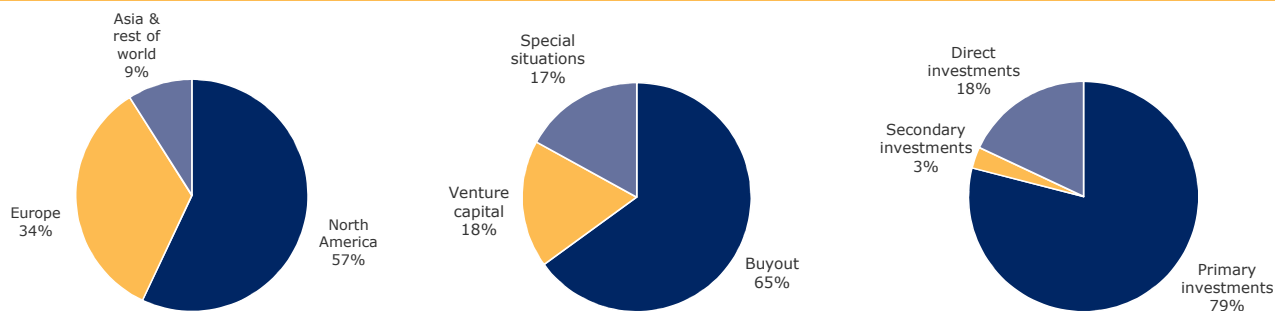
Following the performance of +18.4% in 2010 based on the unaudited year-end net asset value (NAV), the NAV of Princess decreased by 1.3% to EUR 8.57 per share in January 2011. The companies in Princess' portfolio continued the strong development of the past year and had a positive effect on the NAV. However, foreign exchange movements had an adverse impact on the January NAV due to the further appreciation of the euro against the US dollar during the past month.

With regards to the strategic repositioning, as previously announced Princess received proceeds of EUR 12.1 million from the secondary sales program in January. Furthermore, at the beginning of February Princess received secondary sales proceeds of EUR 9.1 million. After the settlement of all transactions, total cash proceeds from sold fund interests amount to EUR 50.1 million, which will be used for the repositioning measures including the share buyback program, the plan to resume dividend payments in 2011 and new direct investments going forward.

In January, Princess also received EUR 9.9 million in distributions from realized portfolio companies, compared to EUR 2.1 million in drawdowns for new investment opportunities. Amongst others, Princess received a distribution from the exit of Ardian, a company located in California that develops catheter-based therapies to treat hypertension and related conditions. Ardian was recently acquired by US medical technology company Medtronic for a cash payment of USD 800 million plus potential additional payments based on the company's annual revenue growth over the next four and a half years. Over the past few years, Ardian has been developing a catheter designed to help treat people with drug-resistant hypertension. It recently completed human trials in Europe, where the device has already been cleared for sale. Ardian raised seed funding of around USD 66 million from investors including Morgenthaler Partners VII since it was founded in 2003 which, compared to the reported sales price of at least USD 800 million, is an aggregate return of more than 12x the original investment.

Shortly before the end of the year, Warburg Pincus X announced the acquisition of ReSearch Pharmaceutical Services Inc., a Fort Washington-based clinical trial outsourcing company, for USD 227.3 million, or USD 6.1 per share, in an all-cash transaction. ReSearch Pharmaceutical Services is a contract research organization (CRO) that provides comprehensive global Phase 1-4 clinical development solutions to the pharmaceutical, biotechnology and medical device industries. Founded in 1998, the company today has 2'500 employees. In 2009, it generated USD 200.5 million in revenues.

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 Board of Directors of Princess Private Equity Holding Limited passed a resolution to implement a share buyback program on 13 December 2010. During January 2011, a total of 15'240 shares were repurchased under the share buyback program. All of the shares bought back in January 2011 were cancelled. As of 31 January 2010 there were 70'084'760 shares outstanding, and the net asset value (NAV) was thus calculated based on a total of 70'084'760 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.

CONTACT DETAILS

Princess Private Equity Holding Limited
 Tudor House
 P.O. Box 477
 St. Peter Port
 Guernsey, GY1 1BT
 Channel Islands
www.princess-privateequity.net

Investor Relations
 Phone: +44 (0)1481 730 946
 Fax: +44 (0)1481 730 947
 Email: princess@princess-privateequity.net

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