

MONTHLY REPORT

as of 31 July 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	DE000AOLBRM2	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)	

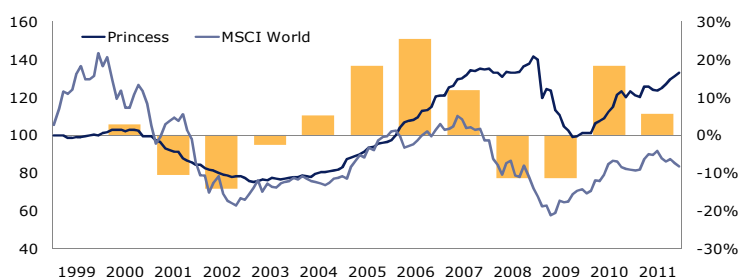
Key figures

	31.07.2011	30.06.2011	YTD
Net asset value (NAV)	EUR 8.96	EUR 8.85	
Net asset value (NAV) incl. dividend	EUR 10.08	EUR 9.96	5.67%
Investment level	94.77%	93.96%	
Gross Investment level	90.09%	89.27%	
Overcommitment	20.28%	20.60%	
Overcommitment incl. credit line	9.89%	10.09%	
Closing price Frankfurt	EUR 6.60	EUR 6.70	7.32%
Discount	-26.32%	-24.32%	
Closing price London	EUR 6.63	EUR 6.67	9.54%
Discount	-25.99%	-24.66%	

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 benchmark development

Net performance

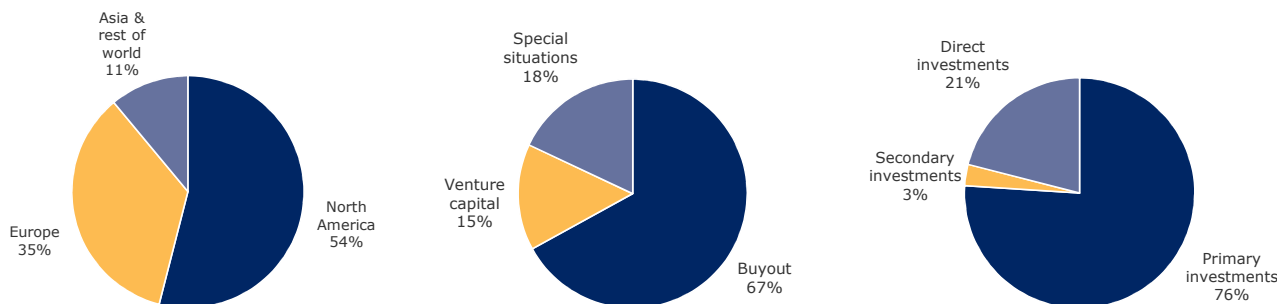


in %	2007	2008	2009	2010	2011 YTD	5 years	5 year annualized return
Princess*	11.9%	-11.3%	-11.3%	18.4%	5.7%	22.9%	4.2%
MSCI World**	-5.3%	-35.9%	22.4%	17.9%	-7.0%	-12.0%	-2.5%

* 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) increased by 1.2% in July to end the month at EUR 8.96 per share. This helped to boost Princess' NAV growth for the year-to-date to a solid 5.7%. Once again portfolio company developments proved the main performance driver, as value creation initiatives by Princess' portfolio companies continued to bear fruit. Contrary to recent trends, foreign exchange movements also contributed positively (0.5%) to Princess' NAV, as the US dollar appreciated against the euro.

The single largest contributor to NAV growth over the month was General Nutrition Centers (GNC), the US-based nutritional supplements retailer. Though partly realized through an IPO in April 2011, GNC remains Princess' largest portfolio company holding. GNC was revalued higher in July after its share price gained on its solid second quarter earnings results and increased sales forecasts for 2011.

In July, Princess' net cash position remained stable, with investment and distribution activity somewhat subdued in comparison to previous months. The Company received capital calls of EUR 5.9 million and distributions of EUR 4.7 million, though the latter did not yet include distribution proceeds from the Jack Wolfskin exit announced during the month. Overall, Princess' balance sheet remains in a healthy position, with net liquidity of 5.2% of NAV and an overcommitment ratio (including credit line) of 9.89%.

Jack Wolfskin, one of Princess' largest portfolio companies, was sold to Blackstone Group by Quadriga Capital Private Equity Fund II in July. The EUR 700 million sale price represents a tenfold increase from Jack Wolfskin's original purchase price. Quadriga bought the German maker of outdoor clothing in 2005, from which time the company's revenue grew significantly to EUR 304 million in 2010; it also experienced rapid international growth. Following the launch of its first UK store in 2005, Jack Wolfskin has since expanded into China, and is also considering entry into the US market.

In July, Sterling Investment Partners II acquired US-based Excelligence Learning Corporation for an undisclosed sum. Excelligence is a leading developer, manufacturer, distributor, and retailer of educational products and supplies for child care programs, preschools, elementary schools, and consumers. The company positions itself competitively by developing a sizable part of its merchandise in-house and by operating warehouses in six nationwide locations, which allows for timely deliveries. Sterling plans to grow Excelligence through potential acquisitions and by enhancing new and existing products.

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 June 2011, a total of 50,000 shares were repurchased under the share buyback program. All of the shares bought back in June 2011 were cancelled. As of 30 June 2011 there were 69'870'181 shares outstanding, and the net asset value (NAV) was thus calculated based on a total of 69'870'181 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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