

MONTHLY REPORT

as of 30 September 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	AOLBRM	AOLBRL
ISIN	DE000AOLBRM2	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

	30.09.2012	31.08.2012	YTD
Net asset value (NAV)	EUR 8.81	EUR 8.84	
Net asset value (NAV) incl. dividend	EUR 10.45	EUR 10.49	2.70%
Investment level	77.42%	95.91%	
Gross Investment level	77.42%	95.91%	
Overcommitment	18.45%	29.28%	
Overcommitment incl. credit line	5.39%	16.27%	
Closing price Frankfurt	EUR 6.65	EUR 6.40	18.50%
Discount	-24.52%	-27.63%	
Closing price London	EUR 6.68	EUR 6.59	18.81%
Discount	-24.18%	-25.48%	

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%	2.8%	2.8%	0.6%
MSCI World TR**	-5.3%	-35.9%	22.4%	17.9%	-2.6%	13.4%	-3.3%	-0.7%

* Based on monthly valuations.

** Source: Bloomberg NDDLWI Index in EUR.

Monthly commentary

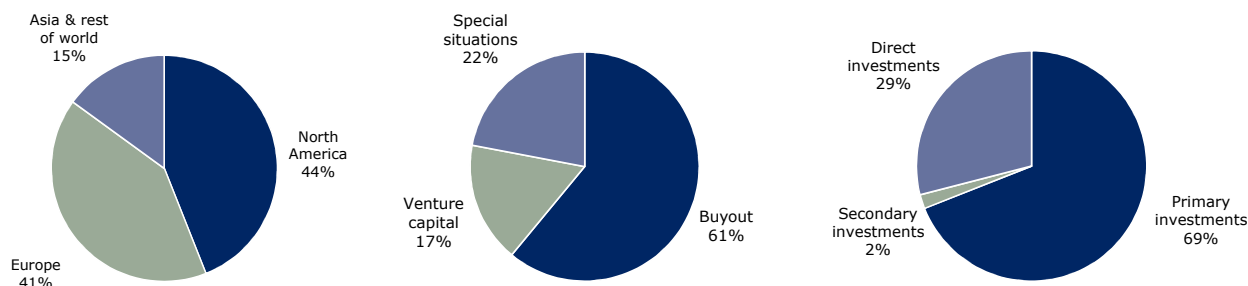
The net asset value (NAV) of Princess Private Equity Holding Limited (Princess, or the Company) fell by 0.4% in September to end the month at EUR 8.81 per share. Valuation developments (+0.7%) had a positive impact on NAV during September, as the mature portfolio continued to generate successful realizations and value creation efforts continued to engender operational improvements in underlying portfolio companies. However, these positives were more than offset during the month by negative currency effects (-0.8%) stemming from the euro's strong appreciation against the US dollar. Year-to-date the Company's NAV growth stands at 2.7%.

In September, strong distribution proceeds (+EUR 15.2 million) from realized portfolio companies such as Gasmedi, NoteMachine and Bartec, exceeded outgoings from new investments (-EUR 2.7 million). Year-to-date, the Company's mature portfolio has now generated exit proceeds of EUR 118 million, which represents 103% of the total distributions received in 2011. Princess also received further capital injections in late September (EUR 32.9 million), and early October (EUR 10.7 million), as part of the first installment payable to the Company following the transfer of 15 of the 17 buyout funds sold on the secondary market last month. Princess is expected to receive further cash proceeds in late December when the two remaining funds from the secondary sale are due to be transferred to the buyer.

To accelerate the portfolio's transition towards direct investments, Princess allocated USD 50 million from the recent secondary sale to the Partners Group Direct Mezzanine 2011 program, of which around half has already been drawn down in October. This allocation gives Princess access to a portfolio of direct mezzanine investments globally, including BSN medical, the producer and distributor of medical consumables. Princess will also allocate a further EUR 50 million to the Partners Group Direct Investments 2012 program.

In recent exit news, Mercapital sold Gasmedi, a leading Spanish provider of medical gases, to Air Liquide for EUR 330 million, representing a 2.4x return on costs. Following the investment in 2006, Mercapital grew Gasmedi into the third-largest medical gas supplier in the Spanish home healthcare sector. The investment partner aided Gasmedi in increasing its presence to 14 of the 17 Spanish regions and helped increase the company's annual turnover to EUR 82 million in 2011, which represented a 13% gain from 2010. Rutland Partners also announced the sale of portfolio company NoteMachine, an operator of over 7,000 automated teller machines (ATMs) throughout the UK, to Corsair Capital via a secondary buyout. Since the initial investment through Rutland Fund I in 2006, the company has grown from 2'000 ATMs to over 7'000 ATMs. The transaction represents a cash return of approximately 1.3x invested cost for Rutland Fund I.

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 September 2012, a total of 5'000 shares were repurchased under the share buyback program. All of the shares bought back in September 2012 were cancelled. As of 30 September 2012, there were 69'483'725 shares outstanding, and the net asset value (NAV) was thus calculated based on a total of 69'483'725 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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