

MONTHLY REPORT

as of 31 January 2013

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 London Stock Exchange.

Key facts

	London
Trading symbol	PEY
Reuters	PEY.L
Bloomberg	PEY LN
WKN	A0LBRL
ISIN	GG00B28C2R28
Valor	2 830 461
Formation of the Company	12.05.1999
Base currency	EUR
Dividends 2012	EUR 0.24 (22/06/12) EUR 0.25 (19/12/12)

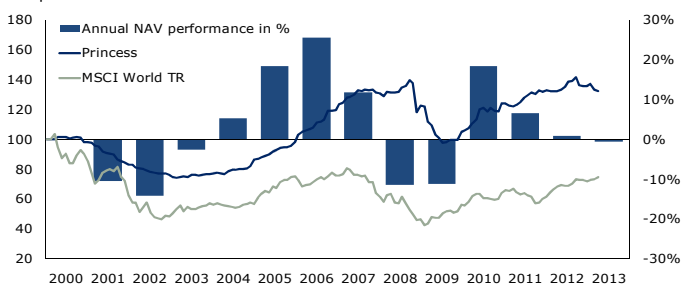
Key figures

	31.01.2013	31.12.2012	YTD
Net asset value (NAV)	EUR 8.34	EUR 8.40	
Net asset value (NAV) incl. dividend	EUR 10.19	EUR 10.25	-0.62%
Investment level	67.86%	71.64%	
Gross Investment level	67.86%	71.64%	
Overcommitment	6.54%	10.78%	
Overcommitment incl. credit line	-7.27%	-2.94%	
Closing price London	EUR 7.14	EUR 6.83	4.54%
Discount	-14.42%	-18.66%	

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 development

Net performance



in %	2008	2009	2010	2011	2012	2013 YTD	5 years	5 year annualized return
Princess NAV*	-11.3%	-11.3%	18.4%	6.6%	0.8%	-0.6%	1.0%	0.2%
MSCI World TR**	-35.9%	22.4%	17.9%	-2.6%	13.7%	2.4%	16.6%	3.1%

* 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 0.6% in January to EUR 8.34 per share. Valuation developments had a positive impact on Princess' NAV (+0.2%) during the month, as underlying company holdings continued to generate robust earnings and successful exits. However, adverse currency effects detracted from Princess' NAV (-0.8%), as the euro appreciated 2.9% versus the US dollar on the European Central Bank's (ECB) decision to leave its benchmark interest rate unchanged and on positive growth utterances by the ECB president Mario Draghi.

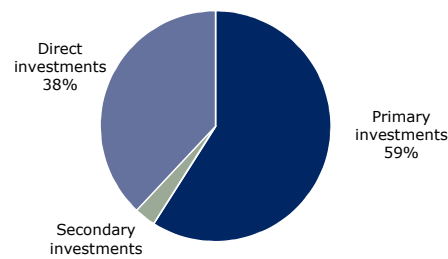
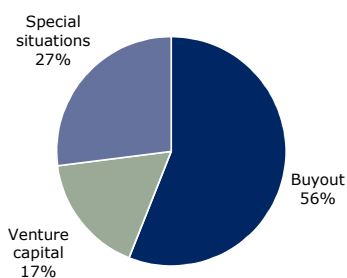
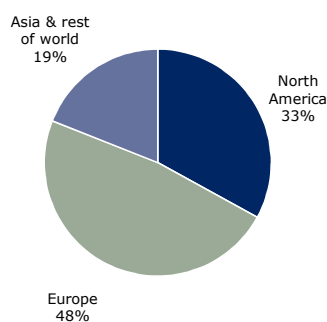
Princess' net liquidity position nonetheless remains strong, and in January the portfolio continued to generate positive net cash flows, as distributions from exited portfolio companies (+EUR 3.6 million) outpaced new investments (-EUR 0.8 million). During the month, the Company also received an extra EUR 15.5 million in cash proceeds from the two previously announced secondary sales in 2012.

A notable source of distributions during the month was the sale of Advantage Healthcare. In January, Princess' investment partner, Rutland Partners, distributed proceeds stemming from the sale of Advantage Healthcare, a leading UK-based healthcare services provider, for GBP 26.5 million. Advantage Healthcare operates a national network of 27 branches, providing a broad range of home healthcare services. The exit returned a multiple of 2.6x cost.

With the ongoing re-rating of Princess in January, the Company's share price rose 4.5% to EUR 7.14, its highest monthly close since May 2008. As a result, Princess' share price to NAV discount also narrowed to a record low of 14.4%.

From 1 January 2013, a standard management fee of 1.5% per annum across the Company's entire portfolio came into effect. The new fee structure, which should result in reduced operating expenses over time, was introduced to align the Company's fee structure with its new focus on direct investments. The previous management fee structure was put in place at the time of Princess' first listing on the Frankfurt Stock Exchange in December 2006, and assumed an integrated investment strategy with different fee levels for primary, secondary and direct investments.

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. As of 6 December 2012, the Company delisted from the Frankfurt Stock Exchange, and now only trades on the London Stock Exchange, where each ordinary registered share represents one voting right.

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 2013 zero shares were repurchased under the share buyback program. As of 31 January 2013, there were 69'450'385 shares outstanding, and the net asset value (NAV) was thus calculated based on a total of 69'450'385 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 London Stock Exchange on the respective date
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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