

Monthly report as of 31 December 2016

NAV increases by 1.8%

- Princess Private Equity Holding Limited's ("Princess") net asset value ("NAV") increased by 1.8% to EUR 10.16 per share
- Currency movements (-0.1%) were slightly negative while overall portfolio developments (+2.5%) were positive
- Princess received distributions of EUR 16.1 million and invested EUR 8.3 million over the reporting period

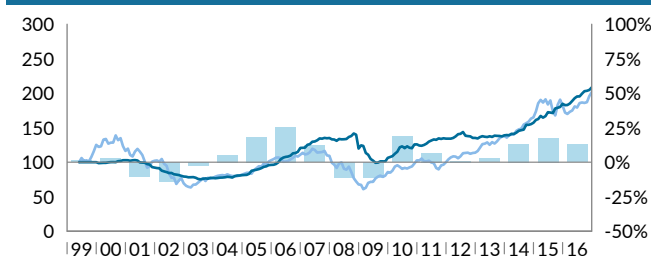
In December 2016, Princess' NAV benefitted from the quarterly revaluation of its direct investment portfolio. One of the largest value drivers was VAT Group AG. The global leader in the production of high-end vacuum valves continued the strong share price performance seen since its IPO in April 2016, resulting in an 88.6% increase in the share price as of 31 December 2016. Another value driver was Princess' investment in US early childhood care provider KinderCare Education where value creation initiatives focused on further increasing occupancy rates have led to an increase in EBITDA.

During the month of December, Princess invested a total of EUR 8.3 million. EUR 4.4 million was invested in the senior debt of Springer Science and Business Media (Springer), a Germany-based publishing group that specializes in the publication of scientific, technological and medicinal content. Springer's product range comprises books, journals, newsletters, databases, online services, conferences and seminars. It has operations in 20 European countries, as well as in the United States and Asia. The debt was acquired in the secondary market for liquidity management purposes, reducing Princess' net liquidity position and providing a superior return to the low rates available on bank deposits. EUR 3.4 million was invested in the senior debt financing of Global vet business (name withheld due to confidentiality restrictions), in support of the company's expansion. Headquartered in France, the business is a global animal healthcare company with a presence in over 42 countries and more than 3'500 employees.

Distributions during December amounted to EUR 16.1 million of which EUR 6.4 million stemmed from the recapitalization of Action, a European non-food discount retailer. This represents the fourth dividend payment by Action since Princess' initial investment in November 2011, the prior payment having taken place in February 2016. The recent dividend was financed by a EUR 1.7 billion all-senior debt refinancing and supported by Action's robust earnings growth and deleveraging. Princess also received proceeds of EUR 1.5 million from the full exit of its investment in Direct marketing and sales company (name withheld due to confidentiality restrictions), a Mexico-based seller focused on beauty, personal care and home products. Since Princess' investment in the company in 2007, the investment has generated a gross multiple of 2.15x cost. The remaining distributions of EUR 8.2 million came mainly from Princess' mature legacy fund portfolio.

Key figures			
In EUR	30.11.2016	31.12.2016	YTD
NAV per share	9.98	10.16	
NAV per share incl. dividends	15.52	15.81	12.9%
Total fund size (in million)	690.25	702.91	
Investment level	92.8%	92.6%	
Net liquidity	7.2%	7.4%	
Commitment ratio	7.7%	7.3%	
Gross commitment ratio	0.5%	0.2%	
Share price	8.50	8.63	17.2%
Discount	-14.8%	-15.1%	

NAV performance since inception (total return)



■ Princess ■ MSCI World TR ■ Performance (RHS)

In %	2012	2013	2014	2015	2016	5 yr. cum.	5 yr. ann.	5 yr. Sharpe ratio
Princess	0.8	2.7	13.2	17.5	12.9	55.4	9.2	1.87
MSCI World TR	13.7	21.2	19.6	10.3	10.8	101.5	15.0	1.44

Largest ten direct investments

				% of NAV
1.	VAT Group AG	WEU	Industrials	8.9
2.	Action	WEU	Consumer discretionary	5.0
3.	Permotio International Learning SarL	WEU	Consumer discretionary	4.2
4.	KinderCare Education	NAM	Consumer discretionary	4.0
5.	Dynacast	NAM	Materials	3.7
6.	Hofmann Menue Manufaktur	WEU	Consumer staples	3.6
7.	Fermaca	ROW	Energy	2.9
8.	Foncia	WEU	Financials	2.7
9.	Trimco International Holdings Ltd	APC	Industrials	2.0
10.	Systems Maintenance Services, Inc.	NAM	Information technology	1.7

Monthly net performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	0.0%	0.0%	0.8%	1.7%	2.3%	0.4%	1.9%	-3.8%	-0.4%	-0.3%	-1.6%	0.0%	0.8%
2013	-0.6%	1.5%	1.0%	-0.6%	-0.3%	0.8%	-0.7%	1.3%	-0.2%	-0.1%	-0.5%	1.1%	2.7%
2014	0.3%	-0.3%	1.6%	-0.2%	1.4%	1.9%	0.6%	0.5%	4.7%	0.0%	0.6%	1.3%	13.2%
2015	2.6%	0.8%	2.8%	-1.5%	1.4%	3.4%	-0.3%	-0.4%	3.9%	0.5%	0.7%	2.5%	17.5%
2016	-1.1%	0.1%	1.2%	2.0%	2.1%	1.3%	-0.0%	2.1%	1.8%	0.3%	0.6%	1.8%	12.9%

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Princess Private Equity Holding Limited (Princess or the Company) is an investment holding company domiciled in Guernsey that invests in private equity and private debt. The portfolio includes direct, primary and secondary fund investments. Princess aims to provide shareholders with long-term capital growth as well as an attractive dividend yield. The shares are traded on the main market of the London Stock Exchange.

The Board of Directors of Princess passed a resolution to implement a share buyback program on 13 December 2010. During December 2016, 0 shares were repurchased under the share buyback program. As of 31 December 2016, there were 69'151'168 shares outstanding, and the NAV was thus calculated based on a total of 69'151'168 shares outstanding.

Information

For further information please visit:
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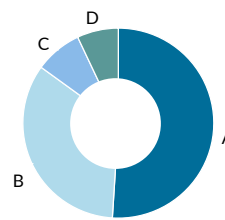
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Key facts

Stock exchange	London
Reuters	PEY.L
Bloomberg	PEY LN
ISIN	GG00B28C2R28
Sedol	B28C2R2
Product life start date	12.05.1999
Currency	EUR
Dividend YTD	0.54

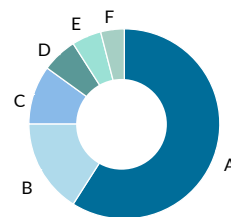
Portfolio composition

Investments by regional focus



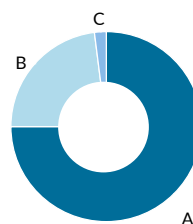
A	Europe	51%
B	North America	34%
C	Rest of World	8%
D	Asia-Pacific	7%

Investments by financing category



A	Small/Mid-cap	59%
B	Special situations	16%
C	Large/mega-large-cap	10%
D	Growth	6%
E	Venture capital	5%
F	Mezzanine	4%

Investments by transaction type



A	Direct	75%
B	Primary	23%
C	Secondary	2%



Key figures Commitment ratio: Unfunded commitments less the sum of net current assets divided by NAV (Gross commitment ratio includes undrawn balance on credit line). **NAV performance since inception (total return)** Indexed to 100. Since inception of Princess Private Equity Holding Limited. Princess: based on monthly total return valuations. MSCI World TR: Bloomberg NDDUWI Index in EUR. Sharpe ratio: risk-free rate based on 3-month EURIBOR (Bloomberg: ECC0TR03 Index). **Largest ten direct investments** Based on net asset value. **Monthly net performance** Based on monthly total return valuations. **Portfolio composition** Based on total value of investments.

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