PRINCESS PRIVATE EQUITY HOLDING LIMITED

ANNUAL REPORT 2011

Audited consolidated financial statements for the period from 1 January 2011 to 31 December 2011

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Partners Group
Passion for Private Markets

PRINCESS PRIVATE EQUITY HOLDING LIMITED

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 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 main market of the London Stock Exchange.

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1 KEY FIGURES

IN EUR	31 DECEMBER 2011	31 DECEMBER 2010
Net asset value (NAV)	612'826'424	609'032'745
NAV per share	8.81	8.69
Total dividend per share	0.45	0.00
Closing price (Frankfurt)	5.84	6.35
Discount to NAV (Frankfurt)	-33.69%	-26.91%
Closing price (London)	5.85	6.25
Discount to NAV (London)	-33.58%	-28.06%
Cash and cash equivalents	19'338'535	49'148'524
Use of credit facility	0	32'500'000
Value of private market investments	608'424'962	588'886'327
Undrawn commitments	143'865'439	210'394'209
Investment level	99.28%	96.69%
Overcommitment	22.76%	31.24%
Overcommitment incl. credit line	9.70%	20.57%

2 CHAIRMAN'S REPORT

Dear valued investor

As Chairman of the Board of Princess Private Equity Holding Limited, I am pleased to present the Annual Report for 2011. I continue to have great confidence in the Princess portfolio and its Investment Manager, and I am convinced that the active repositioning measures implemented in 2011 have substantially enhanced the position of your Company.

The strategic review in late 2010 to address Princess' share price to net asset value (NAV) discount proposed introducing dividend payments, implementing a share buyback program and repositioning the portfolio towards direct investments. To this end, the Company paid its investors a total dividend of EUR 0.45 per share in 2011 and invested EUR 23.4 million in six direct transactions. Of these investments, two were mezzanine transactions in Newcastle Coal Infrastructure Group, the Australian coal export terminal operator, and Securitas Direct, the European alarm solutions provider. The remaining four were private equity investments such as in BarBri, a firm noted as the largest provider of bar exam test preparation services in the world.

Going forward, the intention is to pay dividends semi-annually, with an annual aggregate of 5-8% of NAV per share. During the year, the Company also implemented a number of share buybacks. Ultimately these measures helped, whereby towards the end of the year, Princess' share price was trading in the upper tier of its peers' discount to NAV range.

Distribution proceeds also increased significantly in 2011, as robust trade sales and Princess' mature portfolio helped to facilitate a high number of successful realizations. For Princess, the fourth quarter also proved to be the most lucrative quarter for distributions since the corresponding period in 2007. As a result, Princess' balance sheet remains in a good position to support both future dividend payments and further direct investments, with dividend payments being the main priority for the Board. Despite volatile public markets throughout the latter half of 2011, Princess continued to build upon its strong recent track record, delivering NAV growth of 6.6% in 2011.

My fellow Directors and I would like to take this opportunity to thank you for the confidence you have shown in Princess. It is our sincere belief that the substantial progress made with the repositioning of Princess so far and the continuing transition towards a direct investment company with a high dividend yield objective will ensure that Princess is well-placed to continue creating value for its shareholders over the years to come.

Brian Human
Chairman

Guernsey, 6 March 2012

3 PRIVATE EQUITY MARKET ENVIRONMENT

The global economy in 2011; a tale of two halves

The global economy in 2011 was a tale of two halves. The first six months of the year were characterized by great confidence in a sustainable economic recovery from 2010. However, in the second half, concerns over the European debt crisis and US budgetary deadlock led to increased financial market volatility and a notable slowdown in economic activity. According to the International Monetary Fund, global economic output expanded by 3.8% in 2011. Compared to 2010, the global economy grew at a markedly weaker pace, due to a number of factors.

In Europe, concerns over the sovereign debt crisis mounted in the latter half of the year as investors worried over public debt levels in Greece, Italy and Spain. These Eurozone countries, which faced higher borrowing costs, were forced to rein in spending as their governments rushed to implement austerity measures to reduce indebtedness. The European Central Bank (ECB) ended the year with a string of attempts to stem the crisis by supporting the liquidity of European banks, which are large holders of the region's sovereign debt. The latest measure was a EUR 489 billion program of inexpensive three-year loans that resulted in a reduction of interbank borrowing costs. However, these efforts were hampered as Standard & Poor's cut the credit rating of nine Eurozone countries in early 2012, followed shortly by the downgrade of the European Financial Stability Fund by one notch to AA+.

On the other side of the Atlantic, better-than-expected US job numbers led to a decline in the unemployment rate to a three-year low of 8.5% in December. This was largely attributed to rising demand for temporary workers, predominantly driven by the year-end holiday season. Higher export numbers in the US, aided by the depreciation of the nation's currency, also contributed to an upward revision of the annual GDP forecast for the world's largest economy. Although Standard & Poor's cut the US credit rating from AAA to AA+ in August, the first downgrade in the country's history and reflecting concerns over the sustainability of the country's governmental budget, this had little impact on investor confidence as US treasury yields were relatively unchanged.

In addition, emerging market economies continued to grow at a healthy pace, although their expansion rates have moderated from the preceding year. An overall decline in commodity prices and weaker global economic growth mitigated concerns over inflationary pressures in these countries. Emerging economies have begun undertaking structural reforms to rebalance their economies. In China, for instance, the government announced in its 12th Five Year Plan that it will rebalance the economy by expanding private consumption and reducing reliance on exports.

Global mergers & acquisitions (M&A) activity edges up

Global M&A activity, a barometer of investment confidence, grew by 2.5% to USD 2.2 trillion for the full year 2011, according to mergermarket. The global increase in M&A activity was driven by a robust first half, which itself marked a continuation of the strong rebound seen in 2010, as a flurry of deals were completed. Stronger confidence in the global economy, improved credit markets and a growing need for corporations to enhance growth were driving factors for M&A activity in the first half of the year.

GLOBAL M&A ACTIVITY

Source: mergermarket

The latter half of 2011 saw M&A activity losing steam as increased market volatility, coupled with concerns over the European sovereign debt crisis, stifled investment confidence. Furthermore, debt financing in the region was more restrictive as banks were reluctant to provide credit lines for M&A deals, particularly for larger transactions. Nevertheless, M&A transactions in Europe edged up to USD 697.9 billion, a 4.8% increase from the preceding year, stemming from a buoyant first half.

In a related development, many European banks were compelled to repatriate capital from emerging markets to bolster their capital reserves, in the face of uncertainties in the Eurozone. As a result, debt financing in emerging markets was also constrained and, consequently, M&A activity in these regions declined by 11.7% to USD 459.7 billion.

On the bright side, M&A activity in the US rose by 14.4% to reach USD 820.6 billion. This was attributed to improving economic growth, lower unemployment and increased corporate confidence in 2011. Furthermore, the availability of debt in the US for M&A transactions has been generally broader than may be the case in Europe, with a number of established alternative financing providers, for example collateralized loan obligations (CLOs) and credit-focused funds. Furthermore, in terms of actual bank financing, US banks generally have not suffered the same contagion fears as their counterparts in Europe.

Underpinning this, corporate balance sheets remain robust, with Fortune 1'000 companies globally holding over USD 2 trillion in cash. Valuations are seen to be at 20-30% discounts to historical averages, in terms of forward price-to-earnings ratios. Cheap valuations and corporate strategic needs have ensured that M&A activity in 2011 held up relatively well, despite the market turmoil in the latter half of the year. Across all geographical regions, energy was the most active sector for M&A activity, likely benefitting from the finite nature of resources and increasing demand from economic growth, especially in emerging markets.

Positive momentum in private equity investment activity

The uptrend in global M&A activity was further supported by the fact that the private equity industry, as at the end of 2011, had collectively more than USD 900 billion in unspent capital, according to Preqin. More than 20% of this would likely need to be invested within the next two years.

Reflecting this, data compiled by mergermarket indicates that global private equity-backed M&A totaled USD 277.7 billion for 2011, a 15.3% increase year-on-year, and marking the strongest level of buyout activity since 2008. The largest private equity-backed acquisition in 2011 was Kohlberg Kravis Roberts' (KKR) purchase of US oil and gas exploration and production firm Samson Investment Company for USD 7.2 billion, reinforcing the strong deal flow in the energy sector.

In terms of deal financing for leveraged buyouts, debt accounted for, on average, 55.5% of total transaction size in 2011, a decrease from the 59.3% average for 2010. Banks around the globe, particularly in Europe were seeking to reduce their balance sheets to shore up capital reserves. Private equity firms were therefore well-positioned to provide companies with access to capital. This was distinctly demonstrated as large-cap private equity buyout transactions increased by 27.7% year-on-year to USD 150.2 billion.

The major geographical regions reported higher numbers across the board. The US accounted for nearly half of the total private equity M&A activity, while private equity-backed M&A targeting Europe and Asia strengthened their positions during the year. This was especially the case for Asia, where private equity-backed M&A activity continued to be powered by the combined effects of resilient economic growth and relatively attractive valuations in this region, given the growth outlook.

Booming mezzanine investment activity

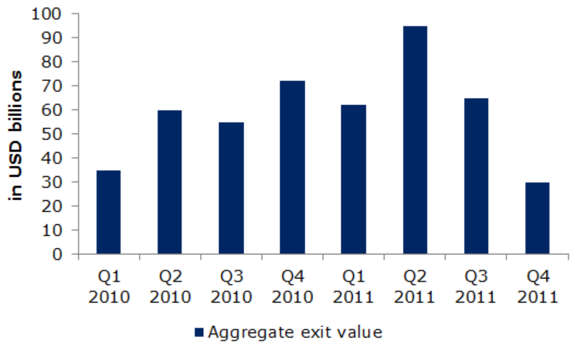
Mirroring the positive momentum in private equity investment activity, mezzanine transactions saw a boom in 2011. The damage caused by Europe's sovereign debt crisis, coupled with regulatory pressure for higher capital reserves, had led to a dearth in availability of large leverage facilities, as banks reined in their risk appetite and various alternative providers left the market. Reflecting this, global high-yield debt issuance reached USD 278.1 billion during 2011, a decline of 14% year-on-year, which was driven by a 69.6% drop in volume in the latter half of 2011. The full-year average spread to benchmark widened by 142 basis points from the levels seen in 2010 to come in at +476 basis points, whereas for the year, the peak spread was 631 basis points in August 2011.

Pricing shifts in the high-yield debt markets have improved the competitiveness of mezzanine debt as an asset class, which helped create a robust demand environment for mezzanine. For instance, Partners Group participated in the five-member syndication of one of the largest mezzanine transactions of 2011, which was the EUR 393.5 million tranche provided for Securitas Direct, a leading supplier of complete safety and security solutions.

Private equity-backed exits bifurcated by economic uncertainty

Although private equity exit activity was off to a good first half, there was a stark decline as the year progressed, with many exits delayed or postponed due to the increased market volatility in the second half of 2011.

PRIVATE EQUITY EXITS VIA SECONDARY BUYOUTS AND TRADE SALES



Source: mergermarket

Notwithstanding, private equity exits via secondary buyouts and trade sales surged ahead. Mergermarket research indicates that by the end of 2011, the aggregate value of secondary buyouts and trade sales reached USD 252.5 billion, an increase of 13.8% from the USD 221.8 billion reached in the previous year. This was the strongest performance since 2007 as fund managers with unspent capital were presented with attractive opportunities after the market volatility in the third quarter of the year led to a realignment of valuations. On average, private equity firms exited their holdings at an enterprise valuation of 11.8x EBITDA during the year, the lowest multiple seen since 2004. Overall, the largest private equity-backed exit in 2011 was Nordic Capital and co-investors' trade sale of pharmaceutical company Nycomed to Takeda Pharmaceutical for EUR 9.6 billion.

On the other hand, the global initial public offering (IPO) market slowed significantly midway through the year, predominantly due to investor concerns about sovereign debt issues in Europe and Standard & Poor's downgrade of the US credit rating. According to data provided by Thomson Reuters, the value of funds raised via IPOs for 2011 was USD 163.8 billion, down by 39.5% from 2010. In any case, the hotspot for IPO activity was the Greater China region, which accounted for more than 40% of global proceeds. Reflecting this trend, the largest IPO globally was the USD 10.3 billion dual listing of Glencore on the Hong Kong and London exchanges, attesting to the strength of the IPO market in Asia.

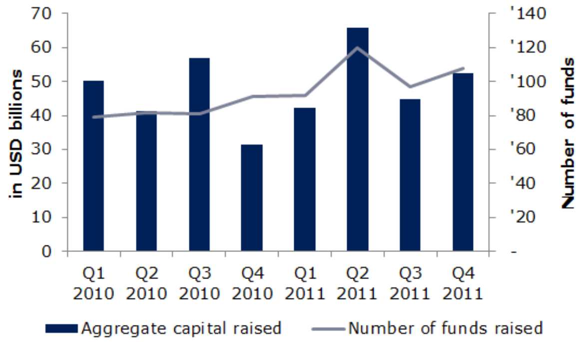
Globally, private equity-backed IPOs raised USD 28.4 billion for the full year. A large chunk of this capital was raised in the first six months of 2011, before increased market volatility shook investor confidence. Despite the headwinds in the broader IPO market, 2011 saw the largest ever private equity-backed IPO with the USD 4.4 billion public offering of HCA Holdings in March 2011. The transaction was oversubscribed and sold at the high end of the expected price range. HCA Holdings is the largest private hospital chain operator in the US and had been taken private five years ago by KKR, Bain Capital and Bank of America.

Fundraising activity remains challenging

Fundraising activity in the private equity industry is partially dependent on a continuous flow of exits, as distributions are recycled into new fund commitments. A significant slowdown in private equity exits would more than likely lead to a decrease in fundraising as investors are less willing to commit capital due to investment allocation limits.

As seen in the other private equity-related activities, fundraising was off to a strong start in the first half of 2011, but was impacted by market volatility in the latter half. As a result, a total of 603 funds held final closings during the year, raising an aggregate of USD 262.6 billion, down 4.2% from 2010. Based on fund type, buyout funds raised the largest amount of capital, with an aggregate of 92 funds raising a total of USD 69.2 billion for the whole of 2011.

OVERALL PRIVATE EQUITY FUNDRAISING ACTIVITY



Source: Preqin

On average, the amount of time required to raise funds improved to 16.5 months, compared to the 18.7 months needed in 2010. Private equity firms are taking a shorter time to raise funds, signaling that there is momentum for funds seeking to obtain capital. Clearly, investors have indicated their desire to continue committing to private equity funds. Based on a Preqin survey, 73% of investors plan to make new commitments in

2012. Moreover, more than 80% of investors are at or below their target allocations to the asset class. These results indicate that investors will be more than likely to allocate capital to private equity in 2012.

Nonetheless, with 1'823 funds on the road, seeking to raise USD 739.6 billion in capital, the fundraising environment remains competitive. That said, investors have expressed confidence that there are talented fund managers who are able to exploit the current market conditions and achieve attractive returns. Fund managers with stellar track records are likely to buck the trend and stand out among the competition in the fundraising arena.

Record year for secondary market

2011 was a watershed year for the secondary market. Like the preceding year, high levels of transaction activity for the twelve-month period pointed to not just a growing appetite for secondaries but also to a healthy supply of investment opportunities.

While the secondary market has already seen financial institutions such as Citigroup, HSH Nordbank and BNP Paribas put up billion-dollar portfolios for sale, the full impact of financial regulations on secondary transaction activity has yet to be seen. A number of insurers and banks that have held onto private equity portfolios now face imminent deadlines to comply with regulations, such as Basel III, the Volcker Rule and Solvency II.

A similar scenario is emerging in relation to the Eurozone debt crisis. In December 2011, the European Banking Authority mandated that European Union banks must raise fresh capital to withstand write-downs on sovereign bond holdings. Given these capital shortfalls, a large number of European banks are anticipated to join a host of other liquidity-driven sellers in disposing of private equity holdings to raise capital and deleverage their balance sheets. Given the urgency of regulatory changes, these financial institutions are expected to seek to divest their private equity interests over the coming months.

Venture capital maintains its resurgence

Looking at the venture capital segment, the industry witnessed a sustained resurgence in overall activity. According to data from Thomson Reuters, venture capital investments totaled USD 28.4 billion in 2011, up by 22% from the preceding year and despite the market volatility seen in the latter half of the year. Similarly, transaction volume also rose by 4% to 3'673 deals in 2011. The amount invested by venture capital funds in the period marked the third-largest aggregate annual investment tally over the past decade. Likewise, fundraising activity by venture capital firms reached a total of USD 18.2 billion for 2011, an increase of 32% year-on-year.

Venture-backed IPO activity, on the other hand, experienced a 31% decrease in transactions, with 52 venture-backed companies going public in 2011. Meanwhile, the dollar value rose by 41% to USD 9.9 billion for the full year, implying that investor appetite for larger ventured-backed IPOs still remains healthy. In aggregate, venture capital activity was robust for the whole of 2011.

Outlook

To conclude, economic forecasters remain cautious about growth prospects of the global economy in 2012. Nonetheless, economic performance is likely to vary across the board. For sustainable economic recovery, internal and external rebalancing needs to take place. For developed countries, further transitioning from public to private sector-led growth is needed. In contrast, developing countries need to lessen their reliance on exports and promote greater domestic consumption.

The implementation of austerity measures in most developed nations will slow the recovery in these economies. Preliminary estimates from the IMF indicate that the G7 budget deficits will be reduced to a slightly improved figure of 7.9% of GDP in 2011. This is expected to trend downwards to 4.2% by 2016. Austerity and growth do not mix; it is unlikely that the global recovery will be driven by developed nations.

Despite this, global M&A activity is expected to improve in 2012, supported by relatively low valuations and high corporate cash balances. The positive outlook hinges on the still fragile economic recovery in the US and containment of the sovereign debt crisis in Europe. Private equity-related investment activity in the upcoming years will be powered by the "dry powder" amounting to almost USD 1 trillion, largely raised during the boom period of 2006–2007.

Private equity-backed exits will likely be driven by the buoyancy of equity markets. With a backlog of private equity-backed companies waiting to go public, a return of investor confidence would provide impetus for private equity exits. However, this is highly dependent upon sentiment. Trade sales and secondary buyouts, on the other hand, will likely remain at fairly healthy levels. However, sentiment impacts these exit avenues, too, especially in terms of appetite and deal pricing.

Although partly driven by exit momentum, the private equity fundraising environment is expected to be challenging due to the number of funds seeking to raise capital. In the current market, investors have the luxury of being discerning in their manager selection, though fund managers with good track records will still be sought after by investors.

On the whole, the sentiment for 2012 in the global economy and private equity industry will be characterized by cautious optimism.

4 INVESTMENT MANAGER'S REPORT

NAV maintains positive momentum in 2011

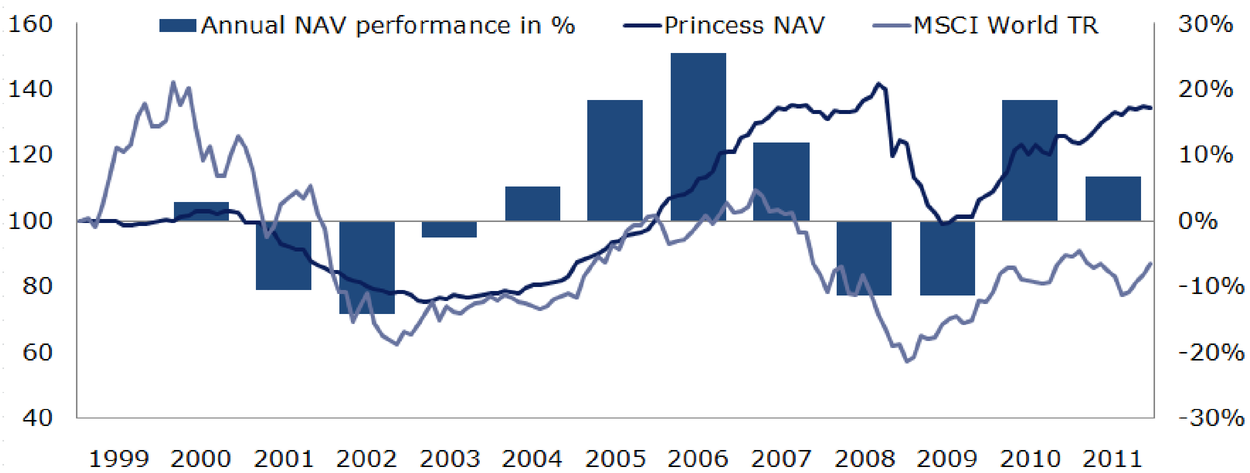
In 2011, Princess' audited net asset value (NAV) increased by 6.6% to EUR 8.81 per share, adjusted for the total dividend of EUR 0.45 per share paid out over the year. Despite volatile public markets throughout the latter half of 2011, Princess continued to build upon its strong recent track record, having delivered NAV growth of 18.4% in 2010.

Positive valuation developments in the Princess portfolio were by and large responsible for the bulk of the Company's NAV growth in 2011, adding as much as 9.7% to NAV development. This performance was predominantly fuelled by the operational growth of underlying portfolio companies, as constructive value creation initiatives by the Investment Manager and its partners continued to engender operational improvements. For instance, Princess' 30 largest portfolio companies, representing approximately 27% of NAV, posted weighted average year-on-year revenue and earnings (EBITDA) growth of 7.5% and 11.4%, respectively.

Realizations provided a further boost to NAV growth over the year, as Princess' mature portfolio and robust initial public offering (IPO) activity in the first half of 2011 led to the Company benefiting from sizable distributions. During the year, firms such as Nycomed, the Swiss pharmaceutical producer; General Nutrition Centers, the US-based retailer of health and nutrition products and Princess' largest company by value; Jack Wolfskin, the German outdoor-clothing maker; and Phadia Group, the Swedish medical diagnostics company, were all exited at significant premiums to their previous carrying values.

Falling public markets during the second half of 2011, however, took some of the shine off these positives, with foreign exchange movements having only a negligible impact

NAV DEVELOPMENT (SINCE INCEPTION)



(-0.2%) on performance as the US dollar depreciated slightly against the euro.

Correcting public markets impact on share price

Amid financial market volatility, Princess' share price decreased by 1.4% in 2011 to EUR 5.84 on the Frankfurt Stock Exchange (Xetra), adjusted for the dividend payments. Princess did however continue to outperform the LPX 50 Total Return Index (in euro terms) for listed private equity, which declined 16.2% over the corresponding period.

One direct consequence of Princess' falling share price was the widening of the discount to NAV, which stood at 33.7% as of the end of December 2011. However, the Investment Manager believes that such a large gap, though substantially smaller relative to its peers, reflects neither the high quality of the Princess portfolio, nor the active steps taken by the Board and the Investment Manager in recent quarters to address the discount. These strategic measures include the payment of semi-annual dividends and the repositioning of the portfolio towards direct investments.

Princess pays EUR 0.45 per share dividend

Princess paid investors a total dividend of EUR 0.45 per share, or EUR 31.4 million overall in 2011. This translated to an annualized dividend yield of 5.0% based on the NAV per share as of 30 September, or an annualized dividend yield of 7.7% based on the closing price of EUR 5.84 on the Frankfurt Stock Exchange at the end of the year.

Going forward, Princess intends to pay dividends semi-annually, with an annual aggregate of 5-8% of NAV per share. The Investment Manager is confident that the strong dividend yield on offer will further enhance the attractiveness of Princess to new and existing investors alike.

Six new direct investments concluded in 2011

In 2011, Princess invested EUR 23.4 million to fund six direct transactions, as part of the strategy to reposition its portfolio in favor of direct investments. During the first quarter, Princess completed a EUR 5.6 million mezzanine investment in Australian coal export terminal operator Newcastle Coal Infrastructure Group. This was followed in the second quarter by a EUR 3.8 million buyout investment in a leading European apparel retailer, and a EUR 2.7 million mid-cap buyout investment in BarBri, a provider of bar exam preparation services in the US.

In the third quarter, Princess closed a EUR 4.5 million direct mezzanine investment in Securitas Direct, opportunistically replacing a planned subordinated high-yield bond issuance, as the high-yield debt market seized up over the second half of 2011. In the fourth quarter the Company finalized two further direct transactions. The first was a EUR 3.5 million investment in a European non-food discount retailer, while the second was a EUR 3.2 million small-cap buyout investment in a solar energy company. The company is a leading global manufacturer of high-precision mirrors, a critical component used in the production of concentrated solar power (CSP) systems, and thus gives Princess direct exposure to the attractive renewable energy market. The company currently has production facilities in Spain and the US.

Overall, new investments for 2011 totaled EUR 75.0 million, up from EUR 59.5 million in 2010. Although this year's total included EUR 51.5 million in drawdowns from existing fund commitments, it is expected that new direct transactions will account for virtually all investment activity in two to three years' time, given that Princess' existing fund commitments are nearing the end of their investment periods.

Maturing portfolio boosts distribution activity

Distribution proceeds increased significantly in 2011, as robust trade sales and Princess' mature portfolio helped to facilitate a high number of successful realizations. Distribution proceeds from exited investments rose to EUR 115.4 million from EUR 95.2 million in the previous year; and for Princess the fourth quarter proved to be the most lucrative quarter for distributions since the same period of 2007, with as much as EUR 35.1 million received from realized investments.

Two key exits for Princess in 2011 were the EUR 9.6 billion trade sale of Nycomed to Japan's Takeda Pharmaceuticals, which generated a EUR 6.5 million distribution to Princess, and the IPO and subsequent secondary share sale by General Nutrition Centers (GNC), which generated aggregate distributions to Princess of EUR 10.3 million. The realization of the investment in Jack Wolfskin was another notable exit, as the sale generated a more than tenfold return on the original investment in the company and a distribution of EUR 7.0 million for Princess in August.

Princess maintains its healthy net liquidity position

Princess' net liquidity position strengthened over the year, as distributions from successful realizations (EUR 115.4 million) exceeded capital calls from existing fund commitments (EUR 58.3 million) by EUR 57.0 million. The company also deployed EUR 23.4 million in new direct investments. Aside from exit proceeds, Princess also received EUR 21.2 million from the secondary sales program that was concluded in the first quarter of 2011. The Company therefore holds sufficient liquidity on its balance sheet to permit new direct investments and the on-going return of capital to shareholders. The investment level stood at 99.3% and net liquidity at EUR 4.4 million as of the end of December 2011.

In July, the Board of Directors of Princess also agreed a new EUR 80 million multi-currency credit facility, arranged by Lloyds Bank Corporate Markets. This replaced Princess' existing facility, which was due to expire in September 2012. The new credit facility was structured as a senior revolving facility with a three-year term, and was secured on more favorable terms. The credit line, which has not been drawn upon, will be used to address short-term funding needs.

Unfunded commitments down by more than 30%

Unfunded commitments in the Princess portfolio decreased by around 31.7% in 2011 to EUR 143.9 million, down from EUR 210.4 million as of the end of 2010. Around 25%, or EUR 36.9 million, of the Company's unfunded commitments stem from funds that have a vintage year 2000 and older, and are considered unlikely to call any more capital as they should have already completed their investment periods. The Investment Manager expects unfunded commitments to virtually disappear over the next two to three years, and no new fund commitments are being made under the policy of focusing on direct transactions.

Key milestones achieved

Princess achieved several key milestones in 2011, as the Company began to implement measures to boost shareholder value prescribed by its 2010 strategic review. One key development was the introduction of dividend payments, with an intended annual aggregate yield of 5-8% of NAV per share. Elsewhere, Princess closed on six new direct investments as it sought to reposition the portfolio towards direct investments and hence reduce the discount to NAV.

In 2011, the Company's liquidity position was also enhanced by the completion of a secondary sales program that raised EUR 50.1 million from the disposal of nine buyout funds at the end of 2010 and beginning of 2011. A share buyback program to provide support to Princess in the face of heightened market volatility resulted in the repurchase and cancellation of shares worth EUR 3.2 million.

Outlook

The Investment Manager anticipates that Princess' NAV growth will maintain its positive momentum throughout 2012, with successful realizations from its mature portfolio and positive operating results from underlying company holdings providing a boost to performance, although at a lower growth rate compared to recent years. Distributions are expected to receive solid support from secondary buyouts and particularly trade sales in 2012, as cash-rich corporates increasingly deploy capital as an alternative to holding cash on their balance sheet. These distributions should also help to fund new direct investments, as Princess advances the strategic repositioning of its portfolio in favor of direct investments.

Nonetheless, in 2012 the Company plans to adopt a cautionary stance with respect to both new investments and realization expectations, as the trajectory for global growth, particularly among more advanced economies, is expected to develop at a below-trend pace over the medium term. So, while the Investment Manager will continue to screen new direct investments on a global basis, as in previous quarters, the emphasis will remain on pricing discipline or buying at the right price. This involves avoiding stretched valuations, particularly in the large-cap sector, in favor of more attractively priced small- to mid-cap transactions such as BarBri or the solar energy company.

Despite the ongoing global uncertainty, investors in Princess should receive some assurance in 2012 from the Company's robust liquidity position, as evidenced by the quality of its balance sheet, the prospect of more distributions from its mature portfolio and the support of the undrawn credit facility.

In conclusion, the Investment Manager remains confident that the attractive dividend yield on offer and the considerable progress made thus far with the strategic repositioning of Princess towards more direct investments will further enhance its value for shareholders.

PORTFOLIO ALLOCATION

Increased allocation to direct investments

At 75%, the largest allocation in the Company's portfolio as of the end of 2011 was to primary investments, down from 80% as of the end of the previous year. The allocation to direct investments increased to 22% as of year-end 2011 (2010: 17%), with the portfolio allocation to secondary investments remaining unchanged at 3% (2010: 3%).

Special situations exposure increases by 2 percentage points

The allocation of the portfolio to the buyout sector remained unchanged versus the previous year at 66%. Investments were spread equally between the small- and mid-cap and the large- and mega-large-cap buyout segments. The allocation to special situations investments rose by 2 percentage points in 2011 to 19% of the portfolio. This was supported by EUR 10.2 million in new direct mezzanine investments in 2011. Finally, the share of venture capital investments in the portfolio decreased to 15% at the end of 2011 from 17% at the end of 2010. This reflects the fact that many of the portfolio companies in the venture stage are maturing, and more and more of them are being realized.

Asian investments favored in the medium term

The geographical exposure of the Princess portfolio by value at the end of 2011 was split between North America (55% against 59% in 2010), Europe (34% against 32% in 2010) and Asia & Rest of World (11% against 9% in 2010). Following the 2010 strategic review which called for the repositioning of the portfolio, it has been the intention to increase Princess' exposure to Asia and the Rest of World in the medium term.

Highly diversified portfolio by industry sectors

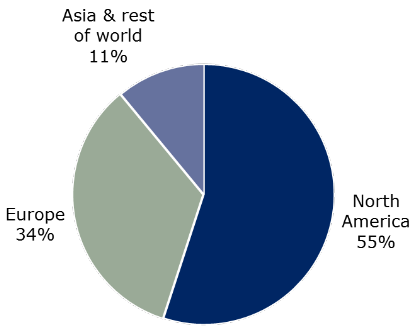
The Princess portfolio is broadly diversified across a wide range of industries. The highest allocations are to the consumer discretionary (24%), industrials (21%), healthcare (17%), information technology (10%) and financial (10%) sectors, which together represented more than four-fifths of the NAV as of the end of 2011.

Well-balanced split by investment year

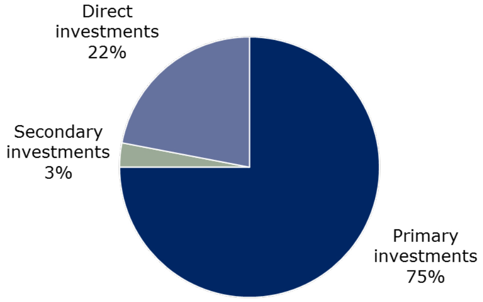
The maturity of the Princess portfolio is further underpinned by a healthy level of diversification across investment years. Around 27% of Princess' current investments were made before 2007. These portfolio companies have been developed in the past years in readiness for exiting over the next few years. Around 42% of the Company's more recent investments were made over the past four years and typically at lower entry valuations.

5 PORTFOLIO COMPOSITION

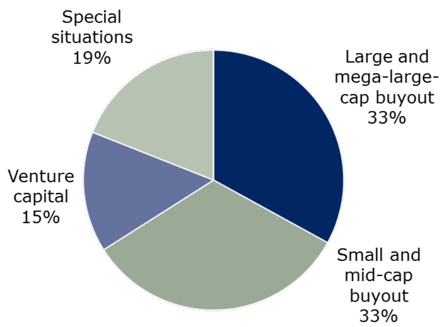
INVESTMENTS BY GEOGRAPHIC REGION



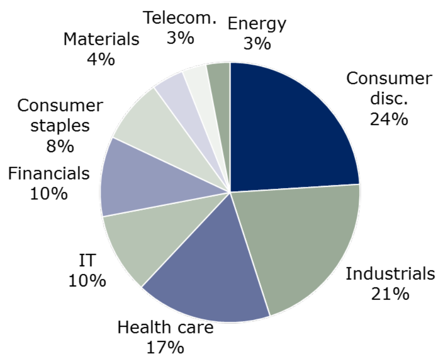
INVESTMENTS BY INVESTMENT TYPE



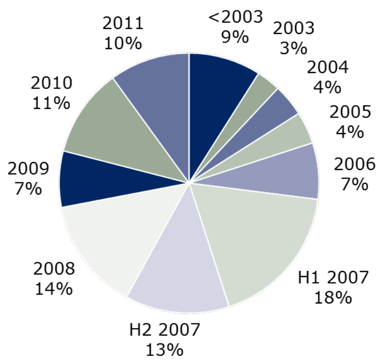
INVESTMENTS BY FINANCIAL STAGE



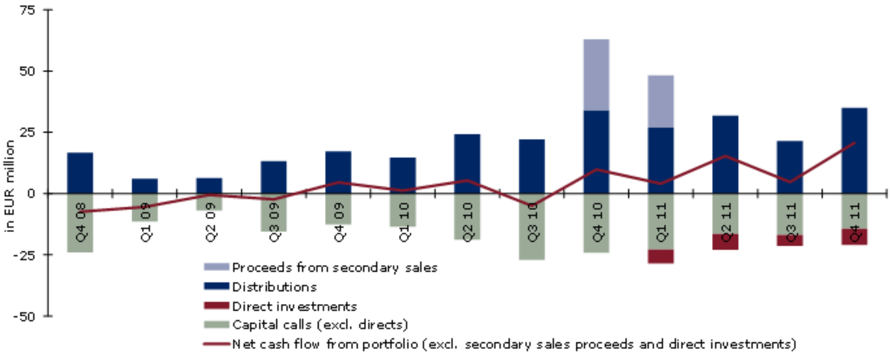
INVESTMENTS BY INDUSTRY SECTOR



INVESTMENTS BY INVESTMENT YEAR

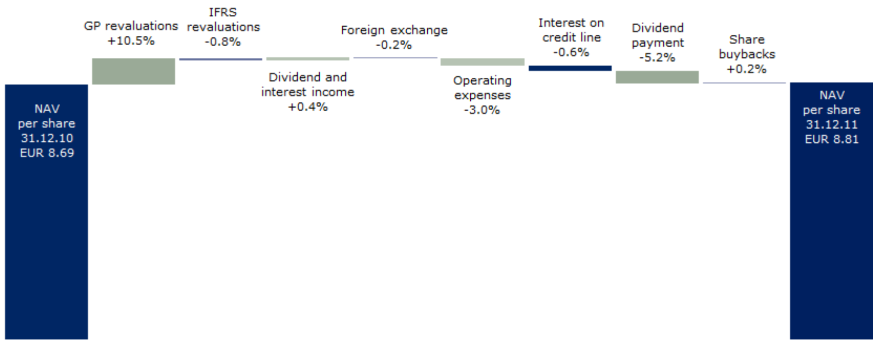


DEVELOPMENT OF NET CASH FLOWS



Q4 2011	2011
-	+21.2m from secondary sales
+35.1m in distributions	+115.4m in distributions
-14.3m in capital calls	-58.3m in capital calls
-6.7m in directs	-23.4m in directs

NAV PERFORMANCE ATTRIBUTION IN 2011



VALUATION METRICS OF 30 LARGEST UNDERLYING PORTFOLIO COMPANIES*

	Top 10	Top 20	Top 30
EV/EBITDA	9.3x	9.4x	9.4x
Debt/EBITDA	4.2x	4.7x	4.5x
Leverage	45.2%	49.4%	47.9%
Average EV	EUR 2.6bn	EUR 3.2bn	EUR 2.9bn
% of NAV	14.8%	21.7%	27.2%

"Investments" refers to the value of investments.

*As of 31 December 2011 and based on available information. Valuation and performance metrics are weighted averages based on the value of the portfolio companies in the latest valuation report; the 30 largest portfolio companies exclude fully realized investments and distressed debt investments; Debt / EBITDA ratio based on net debt.

The above allocations are provided for additional investor information only and do not necessarily constitute nor are necessarily managed as separate reportable segments by the Investment Manager, the Investment Advisor and Company.

6 PORTFOLIO TRANSACTIONS

In 2011, Princess invested EUR 23.4 million to fund six direct transactions, as part of the strategy to reposition its portfolio in favor of direct investments. Its distribution proceeds from exited investments also rose to EUR 115.4 million from EUR 95.2 million in 2010; with the fourth quarter proving to be the most lucrative quarter for distributions since the same period of 2007, with as much as EUR 35.1 million received from realized investments.

Selected investments

■ Newcastle Coal Infrastructure Group

In March, Princess completed a direct mezzanine investment into Newcastle Coal Infrastructure Group, an Australian coal export terminal operator located in the Port of Newcastle and currently being expanded to a capacity of 53 million tons per annum. The subordinated debt tranche worth EUR 5.6 million offers attractive terms with strong downside protection due to secure revenue streams which are based on long-term “ship or pay” agreements, wherein a buyer agrees to pay for contracted transportation capacity regardless of actually transported volumes.

■ BarBri

In June, the Company made a direct equity investment in BarBri, the largest provider of bar exam test preparation services in the world. BarBri offers in-class and online review courses as well as supplemental products for those seeking to obtain the requisite license to practice law within individual states. BarBri has been active in this market for over 40 years, and has a presence on almost all major law school campuses across all 50 US states and possesses the largest proprietary database of content amongst its competitors.

■ Securitas Direct

In September, Princess provided mezzanine financing to support the acquisition of Securitas Direct by Bain Capital and Hellman & Friedman. Securitas Direct is a European supplier of monitored alarm solutions for residential and small business customers. It has shown strong growth over the past three years, increasing its EBITDA by more than 50%, and has a leading position in its markets. The credit quality is reinforced by a subscription-based business model with a large portion of recurring revenue, supported by a broad client base of almost 1.4 million subscribers.

Selected exits

■ General Nutrition Centers

On 1 April 2011, Princess’ largest portfolio company General Nutrition Centers (GNC) completed its IPO on the New York Stock Exchange at an issue price of USD 16.00 per share. The company raised a total of USD 414 million in the IPO. GNC sells health and wellness products, including vitamins, minerals and herbal supplements, through its worldwide network of more than 7’200 locations and its website. Since Princess’ investment in 2007, the company has been growing significantly, with revenues in 2011 increasing by 13.7% to USD 2.1 billion compared to 2010 and net income increasing by 37% to USD 132.3 over the previous year. Princess sold part of its holding in GNC during the IPO and received cash proceeds of

EUR 3.1 million in April 2011. At the end of October, Princess sold approximately 30% of its remaining investment in GNC in a secondary offering at USD 24.75 per share, compared to the IPO issuance price of USD 16.00 per share on 1 April 2011. Princess received a EUR 4.2 million distribution from its direct investment in GNC in October, and an additional EUR 2.3 million from its indirect holdings in GNC during November.

Nycomed

In May, Nordic Capital V and Avista Capital Partners agreed to sell Nycomed to Osaka-based research company Takeda Pharmaceutical for EUR 9.6 billion. Headquartered in Zurich, Switzerland, Nycomed is a pharmaceutical company with a broad and strong presence in Europe and the emerging markets. The company has a diversified portfolio of products, including both established prescription pharmaceutical and over-the-counter drugs. Since the company's acquisition by Nordic Capital and Avista Capital Partners in 2005, Nycomed has followed an aggressive growth strategy that has propelled it to international standing. The transaction marks a successful exit for Nordic Capital and Avista Capital Partners and is the largest European private equity deal since the beginning of the global financial crisis. Princess received a EUR 2.4 million distribution from the sale in October, with the remaining exit proceeds of EUR 4.1 million paid out in November.

Jack Wolfskin

In July, Jack Wolfskin was sold to Blackstone Group by Quadriga Capital Private Equity Fund II and its co-investor for about EUR 700 million, which resulted in a more than tenfold increase from the original purchase price. Quadriga had bought the German maker of outdoor clothing in 2005. Since the investment, Jack Wolfskin's revenue grew significantly to EUR 304 million in 2010 and the company experienced rapid international growth: after launching its first UK store in 2005, Jack Wolfskin expanded into China, and is also considering entry into the US market.

7 PORTFOLIO OVERVIEW

for the period ended 31 December 2011 (in EUR)

Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Since inception Contributions
3i Eurofund Vb	Primary	Buyout	Europe	2006	10'000'000	9'208'575
3i Europartners IIIA, L.P.	Primary	Buyout	Europe	1999	20'000'000	18'174'976
3i India Infrastructure Fund D L.P.	Primary	Special situations	Asia-Pacific	2007	342'215	249'640
5 Canada Square	Direct	Real estate	Europe	2010	244'192	242'215
Abingworth Bioventures III, L.P.	Primary	Venture capital	Europe	2001	2'416'309	2'342'383
Abris CEE Mid-Market Fund, L.P.	Primary	Buyout	Rest of World	2007	817'753	734'736
Action	Direct	Buyout	Europe	2011	3'654'464	3'661'210
Advanced Technology Ventures VI, L.P.	Primary	Venture capital	North America	2000	5'187'928	5'187'928
Advent Central & Eastern Europe IV, L.P.	Primary	Buyout	Rest of World	2008	1'064'685	563'824
Advent International GPE VI, L.P.	Primary	Buyout	Europe	2008	2'180'674	1'454'510
Advent Latin American Private Equity Fund II, L.P.	Primary	Buyout	Rest of World	2001	4'238'336	4'238'336
Advent Latin American Private Equity Fund IV, L.P.	Primary	Buyout	Rest of World	2007	3'805'491	3'374'158
Advent Latin American Private Equity Fund V, L.P.	Primary	Buyout	Rest of World	2009	805'873	175'306
Affinity Asia Pacific Fund II, L.P.	Secondary	Buyout	Asia-Pacific	2003	476'295	466'767
Affinity Asia Pacific Fund III, L.P.	Primary	Buyout	Asia-Pacific	2007	1'049'072	711'647
AHT Cooling Systems GmbH	Direct	Buyout	Europe	2007	1'110'431	n.a.
AHT Cooling Systems GmbH	Direct	Special situations	Europe	2007	4'023'847	n.a.
AIF Capital Asia IV, L.P.	Primary	Buyout	Asia-Pacific	2011	n.a.	n.a.
Aksia Capital III, L.P.	Secondary	Buyout	Europe	2005	5'500'000	5'078'051
Alinda Infrastructure Parallel Fund II, L.P.	Primary	Special situations	North America	2008	2'176'104	1'375'872
American Securities Partners III, L.P.	Primary	Buyout	North America	2001	4'325'500	4'141'895
Anonymized Asian Buyout Fund 3	Primary	Buyout	Asia-Pacific	2007	n.a.	n.a.
Anonymized Asian Buyout Fund 6	Secondary	Buyout	Asia-Pacific	2007	n.a.	n.a.
Anonymized Asian Venture Fund 1	Primary	Venture capital	Asia-Pacific	2007	n.a.	n.a.
Anonymized Emerging Markets Venture Fund 2	Primary	Venture capital	Rest of World	2008	n.a.	n.a.
Anonymized European Buyout Fund 13	Secondary	Buyout	Europe	2007	n.a.	n.a.
Anonymized European Buyout Fund 3	Primary	Buyout	Europe	2008	1'635'505	1'038'703
Anonymized European Buyout Fund 7	Primary	Buyout	Europe	2007	n.a.	n.a.
Anonymized European Buyout Fund 9	Primary	Buyout	Europe	2007	9'307'662	7'810'680
Anonymized US Buyout Fund 2	Primary	Buyout	North America	2007	n.a.	n.a.
Anonymized US Buyout Fund 8	Primary	Buyout	North America	2007	n.a.	n.a.
AOT Bedding Super Holdings LLC	Direct	Special situations	North America	2005	75'419	75'419
AP Investment Europe Limited	Primary	Special situations	Europe	2006	5'000'000	5'000'000
APAX Europe VII - B, L.P.	Primary	Buyout	Europe	2007	4'487'230	3'836'581
APAX Excelsior VI, L.P.	Primary	Venture capital	North America	2000	4'688'909	4'552'347

					Since inception	
Investment	**Type of investment**	**Financing stage**	**Regional focus**	**Vintage year**	**Total commitments**	**Contributions**
Apax US VII, L.P.	Primary	Buyout	North America	2006	7'234'188	7'245'413
Apollo European Principal Finance Fund (Feeder)	Primary	Special situations	Europe	2008	690'805	605'612
Apollo Investment Fund IV, L.P.	Secondary	Buyout	North America	1998	6'563	6'403
Apollo Investment Fund VI, L.P.	Secondary	Buyout	North America	2006	83'587	77'266
Apollo Overseas Partners (Delaware) VII, L.P.	Secondary	Buyout	North America	2008	396'894	307'205
Apollo Overseas Partners VI, L.P.	Primary	Buyout	North America	2005	17'762'632	21'923'051
Apollo Overseas Partners VII, L.P.	Primary	Buyout	North America	2008	14'735'436	12'088'638
Archer Capital Fund 4, L.P.	Primary	Buyout	Asia-Pacific	2007	862'246	771'802
Ares Corporate Opportunities Fund II, L.P.	Primary	Special situations	North America	2006	14'164'715	14'756'380
Ares Corporate Opportunities Fund III, L.P.	Primary	Special situations	North America	2008	7'781'107	5'239'671
Ares Corporate Opportunities Fund III, L.P.	Secondary	Special situations	North America	2008	449'320	287'888
ARK Holding Company Inc.	Direct	Buyout	North America	2007	1'078'771	1'078'771
AsiaVest Opportunities Fund IV	Secondary	Venture capital	Asia-Pacific	2004	26'108	26'592
Astorg V FCPR	Primary	Buyout	Europe	2011	735'977	117'758
August Equity Partners II A, L.P.	Primary	Buyout	Europe	2007	8'447'307	n.a.
Austin Ventures VII, L.P.	Primary	Venture capital	North America	1999	5'030'577	4'863'267
Avaya Inc.	Direct	Special situations	North America	2007	85'870	85'877
Avio Holding S.p.A	Direct	Buyout	Europe	2006	465'286	468'052
Avista Capital Partners (Offshore), L.P.	Primary	Buyout	North America	2005	14'052'606	16'381'606
AWAS Aviation Holding	Direct	Buyout	Europe	2006	4'500'000	4'500'000
AWAS Aviation Holding	Direct	Buyout	Europe	2006	1'470'444	1'470'444
AXA LBO Fund IV	Primary	Buyout	Europe	2007	1'090'337	1'006'344
Axcel III K / S 2	Secondary	Buyout	Europe	2005	151'354	145'120
BarBri	Direct	Buyout	North America	2011	2'654'598	2'654'598
Baring Asia Private Equity Fund IV, L.P.	Primary	Buyout	Asia-Pacific	2007	885'866	828'165
Baring Asia Private Equity Fund IV, L.P.	Secondary	Buyout	Asia-Pacific	2007	189'012	175'480
Baring Asia Private Equity Fund V, L.P.	Primary	Buyout	Asia-Pacific	2011	426'016	30'938
Bartec GmbH	Direct	Buyout	Europe	2008	1'773'019	1'769'352
Battery Ventures VI, L.P.	Primary	Venture capital	North America	2000	4'201'154	4'201'154
Bausch & Lomb, Inc	Direct	Buyout	North America	2007	1'086'188	n.a.
BCH	Direct	Venture capital	Asia-Pacific	2011	106'180	106'180
Behrman Capital IV, L.P.	Primary	Buyout	North America	2007	563'768	236'762
Biffa	Direct	Buyout	Europe	2008	680'662	680'662
Blackstone Communications Partners I, L.P.	Primary	Buyout	North America	2000	8'746'528	9'484'237
Blackstone Mezzanine Partners, L.P.	Primary	Special situations	North America	1999	3'568'334	2'774'108
Bridgepoint Europe I 'D', L.P.	Primary	Buyout	Europe	1998	30'977'434	30'281'543
Bruckmann, Rosser, Sherrill & Co. II, L.P.	Primary	Buyout	North America	1999	13'706'796	14'335'363
Cabot Credit Management Group	Direct	Buyout	Europe	2011	258'190	258'190
Candover 2005 Fund, L.P.	Primary	Buyout	Europe	2005	10'000'000	9'914'162

					Since inception	
Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Contributions
Capital Today China Growth Fund II, L.P.	Primary	Venture capital	Asia-Pacific	2009	195'794	58'291
Capvis Equity II, L.P.	Secondary	Buyout	Europe	2003	174'080	169'034
Cardinal Health Partners II, L.P.	Primary	Venture capital	North America	2000	4'583'813	4'583'801
Carlyle Asia Growth Partners IV, L.P.	Primary	Venture capital	Asia-Pacific	2008	357'267	153'006
Carlyle Japan International Partners II, L.P.	Secondary	Buyout	Asia-Pacific	2006	61'106	39'382
Carlyle Partners III, L.P.	Primary	Buyout	North America	1999	9'492'534	10'238'333
Carmel Software Fund (Cayman), L.P.	Primary	Venture capital	Rest of World	2000	9'254'930	9'503'599
Casadoce Industria e Comercio de Alimentos S.A.	Direct	Buyout	Rest of World	2010	164'752	105'470
Catterton Partners IV Offshore, L.P.	Primary	Venture capital	North America	1999	15'501'184	17'071'346
CDH Fund IV, L.P.	Primary	Venture capital	Asia-Pacific	2009	253'251	130'383
Centerbridge Capital Partners II, L.P.	Primary	Special situations	North America	2011	512'722	118'844
Chancellor V, L.P.	Primary	Venture capital	North America	1999	19'141'122	17'311'014
Chase 1998 Pool Participation Fund, L.P.	Secondary	Special situations	North America	1998	19'815'203	24'100'864
China Forestry Holdings Co. Ltd.	Direct	Venture capital	Asia-Pacific	2009	166'619	166'619
Chronos Life Group	Direct	Special situations	North America	2010	168'370	168'370
ChrysCapital V, LLC	Primary	Venture capital	Asia-Pacific	2007	426'760	377'809
Citigroup Venture Capital Int Growth Prt Cayman LP	Secondary	Buyout	Asia-Pacific	2005	n.a.	n.a.
Citigroup Venture Int. Growth Partnership II, L.P.	Secondary	Venture capital	Asia-Pacific	2007	n.a.	n.a.
Clayton, Dubilier & Rice Fund VIII, L.P.	Primary	Buyout	North America	2008	1'567'472	2'224'093
Clessidra Capital Partners II	Primary	Buyout	Europe	2008	817'753	211'193
Coller International Partners III NW1, L.P.	Secondary	Special situations	Europe	1994	19'921'910	17'207'405
Coller International Partners III NW2, L.P.	Secondary	Special situations	Europe	1996	24'338'586	23'179'371
Coller International Partners III, L.P.	Primary	Special situations	Europe	1999	12'596'497	12'531'927
Collins Foods Group	Direct	Special situations	Asia-Pacific	2010	168'360	165'646
Columbia Capital Equity Partners III (Cayman), LP	Primary	Venture capital	North America	2000	9'491'841	10'065'848
Comvest Investment Partners IV-A, L.P.	Primary	Special situations	North America	2010	510'439	64'533
Contech Construction Products, Inc.	Direct	Buyout	North America	2006	410'888	411'022
ConvaTec Inc	Direct	Buyout	Europe	2008	749'479	749'479
Crimson Velocity Fund, L.P.	Primary	Venture capital	Asia-Pacific	2000	4'561'015	5'799'103
CVC Capital Partners Asia Pacific II, L.P.	Secondary	Buyout	Asia-Pacific	2005	45'526	42'663
CVC Capital Partners Asia Pacific III, L.P.	Primary	Buyout	Asia-Pacific	2007	1'292'050	711'826
Cybernaut Growth Fund, L.P.	Secondary	Venture capital	Asia-Pacific	2005	454'850	366'943
Delsey Group	Direct	Buyout	Europe	2007	533'254	533'254
DFJ Esprit Capital III, L.P.	Primary	Venture capital	Europe	2007	414'326	115'455
Diagnostic imaging company	Direct	Buyout	Asia-Pacific	2007	49'685	49'034
Direct marketing and sales company	Direct	Buyout	Rest of World	2007	n.a.	n.a.
Distressed debt purchase	Direct	Special situations	Europe	2008	224'814	224'814
DLJ SAP International, LLC	Primary	Buyout	Rest of World	2007	308'432	238'396
DLJ SAP International, LLC	Secondary	Buyout	Rest of World	2007	105'704	72'989

					Since inception	
Investment	**Type of investment**	**Financing stage**	**Regional focus**	**Vintage year**	**Total commitments**	**Contributions**
Dolphin Communications Fund, L.P.	Primary	Venture capital	North America	1998	10'356'069	10'816'699
Doughty Hanson & Co. European Real Estate Fund	Primary	Real estate	Europe	1999	5'456'796	6'475'116
Doughty Hanson & Co. Fund III, L.P.	Secondary	Buyout	Europe	1997	6'597'467	6'523'901
Draper Fisher Jurvetson Fund VII, L.P.	Primary	Venture capital	North America	2000	4'422'273	4'422'273
ECI 9, L.P.	Primary	Buyout	Europe	2009	962'007	334'510
Education publisher	Direct	Buyout	North America	2007	n.a.	n.a.
Electric supply manufacturer	Direct	Buyout	North America	2006	n.a.	n.a.
EnerTech Capital Partners II, L.P.	Primary	Venture capital	North America	2000	4'661'991	4'701'269
Enterprise Venture Fund I, L.P.	Primary	Venture capital	Rest of World	2008	995'976	440'599
EQT Infrastructure (No.1) Limited Partnership	Primary	Special situations	Europe	2008	1'428'571	994'913
Esprit Capital I Fund, L.P.	Secondary	Venture capital	Europe	2000	1'457'200	1'512'233
Essmann	Direct	Special situations	Europe	2007	2'705'065	n.a.
ET Solar Group Corp.	Direct	Venture capital	Asia-Pacific	2008	126'156	126'156
European E-Commerce Fund	Primary	Venture capital	Europe	1999	5'217'140	5'222'486
European Equity Partners (III), L.P.	Primary	Venture capital	Europe	1999	3'000'000	3'060'600
European Equity Partners (IV), L.P.	Primary	Venture capital	Europe	2004	600'000	604'500
EXCO Resources, Inc.	Direct	Buyout	North America	2007	1'482'153	1'482'153
Exxel Capital Partners VI, L.P.	Primary	Buyout	Rest of World	2000	4'584'641	5'152'964
Fashion company	Direct	Buyout	North America	2007	1'075'830	1'075'830
Fenway Partners Capital Fund II, L.P.	Primary	Buyout	North America	1998	28'970'033	31'631'626
First Reserve Fund XI, L.P.	Primary	Special situations	North America	2006	491'478	427'064
Food and beverage services operator	Direct	Buyout	Europe	2006	1'653'974	n.a.
Food and beverage services operator	Direct	Buyout	Europe	2006	98'165	98'165
Food company 1	Direct	Buyout	North America	2007	2'369'456	2'369'456
Food Company 3	Direct	Buyout	Rest of World	2010	77'881	77'881
Fourth Cinven Fund, L.P.	Primary	Buyout	Europe	2006	7'500'000	5'665'277
Freescale Semiconductor, Inc.	Direct	Buyout	North America	2006	1'303'018	1'288'219
General Nutrition Centers, Inc.	Direct	Buyout	North America	2007	6'159'644	6'159'644
Genesis Partners II LDC	Primary	Venture capital	Rest of World	1999	9'607'594	9'176'349
GMT Communications Partners II, L.P.	Primary	Venture capital	Europe	2000	14'000'000	15'313'252
GMT Communications Partners III, L.P.	Primary	Buyout	Europe	2006	10'000'000	8'603'372
GP Capital Partners IV, L.P.	Primary	Buyout	Rest of World	2007	1'491'078	1'487'127
GP Capital Partners V, L.P.	Primary	Buyout	Rest of World	2008	1'601'409	711'692
Graphite Capital Partners V, L.P.	Primary	Buyout	Europe	1999	15'355'367	14'549'657
Green Equity Investors Side V, L.P.	Primary	Buyout	North America	2007	9'305'749	6'934'170
Grupo Santillana	Direct	Venture capital	Rest of World	2010	n.a.	n.a.
H.I.G. Bayside Debt & LBO Fund II, L.P.	Primary	Special situations	North America	2008	511'044	190'915
Healthcare operator 1	Direct	Buyout	Europe	2006	588'178	588'178
Healthcare operator 2	Direct	Buyout	Europe	2007	n.a.	n.a.

Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Since inception Contributions
Healthcare operator 4	Direct	Buyout	Europe	2007	n.a.	n.a.
Helios Investors II, L.P.	Primary	Buyout	Rest of World	2009	472'367	193'621
HitecVision V, L.P.	Primary	Buyout	Europe	2008	988'014	773'012
Hony Capital Fund 2008, L.P.	Primary	Buyout	Asia-Pacific	2008	825'731	818'489
i2, Inc.	Direct	Buyout	North America	2008	443'081	443'081
ICG EOS Loan Fund I Limited	Primary	Special situations	Europe	2010	776'444	776'444
ICG European Fund 2006, L.P.	Primary	Special situations	Europe	2006	15'000'000	15'065'971
ICG Mezzanine Fund 2000 L.P. No. 2	Primary	Special situations	Europe	2000	10'000'000	9'719'927
IDFC Private Equity (Mauritius) Fund III	Primary	Special situations	Asia-Pacific	2008	356'255	213'509
IDG-Accel China Capital Fund	Primary	Venture capital	Asia-Pacific	2008	354'679	273'342
Index Ventures Growth I (Jersey), L.P.	Primary	Venture capital	Europe	2008	1'991'952	1'754'534
Index Ventures I (Jersey), L.P.	Primary	Venture capital	Europe	1998	10'249'856	10'446'518
India Equity Partners Fund I, LLC	Secondary	Venture capital	Asia-Pacific	2006	78'757	75'878
Indian communications company	Direct	Buyout	Asia-Pacific	2008	n.a.	n.a.
Indium III (Mauritius) Holdings Limited	Primary	Buyout	Asia-Pacific	2007	292'081	254'264
Indium IV (Mauritius) Holdings Limited	Primary	Buyout	Asia-Pacific	2009	721'235	86'939
Industri Kapital 2000, L.P.	Primary	Buyout	Europe	1999	10'000'000	10'931'148
Industri Kapital 2007 Fund, L.P.	Primary	Buyout	Europe	2007	15'000'000	13'236'432
Industrial gas containment company	Direct	Buyout	North America	2007	681'540	681'540
Information service company	Direct	Buyout	North America	2007	4'545'447	4'546'736
Innisfree PFI Secondary Fund	Primary	Special situations	Europe	2007	1'696'911	559'106
Intermediate Capital Asia Pacific Fund 2008, L.P.	Primary	Special situations	Asia-Pacific	2008	521'772	303'916
INVESCO U.S. Buyout Partnership Fund II, L.P.	Primary	Buyout	North America	2000	28'518'332	26'608'454
INVESCO Venture Partnership Fund II, L.P.	Primary	Venture capital	North America	1999	58'816'730	54'930'788
INVESCO Venture Partnership Fund II-A, L.P.	Primary	Venture capital	North America	2000	33'526'527	32'115'665
ISIS IV LP	Secondary	Buyout	Europe	2007	540'542	280'757
Japanese financial institution	Direct	Buyout	Asia-Pacific	2008	n.a.	n.a.
Jerusalem Venture Partners III, L.P.	Primary	Venture capital	Rest of World	1999	5'437'699	5'438'454
Jiuding China Growth Fund, L.P.	Primary	Venture capital	Asia-Pacific	2010	n.a.	n.a.
Kaffee Partner AG	Direct	Buyout	Europe	2010	269'152	217'626
Kelso Place Special Situations Fund L.P.	Primary	Special situations	Europe	2009	402'134	86'792
KKR China Growth Fund L.P.	Primary	Venture capital	Asia-Pacific	2010	n.a.	n.a.
Kofola S.A.	Direct	Buyout	Rest of World	2008	619'317	619'317
Kohlberg Investors IV, L.P.	Primary	Buyout	North America	2000	9'418'037	8'629'501
Kohlberg TE Investors VI, L.P.	Primary	Buyout	North America	2007	8'971'984	7'889'900
L'Equipe Monteur	Direct	Buyout	Rest of World	2008	441'546	441'546
Levine Leichtman Capital Partners II, L.P.	Primary	Special situations	North America	1998	30'522'089	35'633'016
Lightspeed Venture Partners VI, L.P.	Primary	Venture capital	North America	2000	7'230'064	6'720'384
Lone Star Fund VII, L.P.	Primary	Real estate	North America	2009	381'766	113'887

Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Since inception Contributions
Lone Star Real Estate Fund II, L.P.	Primary	Real estate	North America	2009	386'675	90'374
Marlin Equity III, L.P.	Primary	Special situations	North America	2010	578'374	171'279
MatlinPatterson Global Opportunities Partners III	Primary	Special situations	North America	2007	7'181'756	7'398'694
Measurement machinery company	Direct	Buyout	North America	2007	n.a.	n.a.
Meat producer	Direct	Buyout	Asia-Pacific	2010	n.a.	n.a.
Media and communications company	Direct	Buyout	North America	2008	n.a.	n.a.
Media company	Direct	Buyout	Asia-Pacific	2007	1'867'823	1'867'787
Medical Device Company1	Direct	Buyout	North America	2008	n.a.	n.a.
Medical device distributor	Direct	Buyout	North America	2007	n.a.	n.a.
Medical diagnostic company	Direct	Buyout	North America	2008	n.a.	n.a.
Menlo Ventures IX, L.P.	Primary	Venture capital	North America	2000	8'655'044	8'655'044
Mercapital Spanish Private Equity Fund II, L.P.	Primary	Buyout	Europe	2000	7'000'000	7'122'224
Mezzanine Management Fund III, L.P.	Primary	Special situations	Europe	1999	14'407'398	14'084'689
Minimax Viking - Equity	Direct	Buyout	Europe	2009	n.a.	218'067
Montagu Private Equity IV LP	Primary	Buyout	Europe	2011	817'753	65'953
Morgan Stanley Dean Witter Venture Partners IV LP	Primary	Venture capital	North America	1999	4'916'690	5'529'166
Morgenthaler Partners VII, L.P.	Primary	Venture capital	North America	2001	2'692'716	2'692'716
Navis Asia Fund V, L.P.	Primary	Buyout	Asia-Pacific	2007	1'158'551	1'357'579
Navis Asia Fund VI, L.P.	Primary	Buyout	Asia-Pacific	2009	176'460	41'984
Newbridge Asia III, L.P.	Primary	Buyout	Asia-Pacific	2000	4'193'523	4'397'338
Newcastle Coal Infrastructure Group	Direct	Special situations	Asia-Pacific	2010	n.a.	n.a.
NewMargin Growth Fund, L.P.	Primary	Venture capital	Asia-Pacific	2007	230'487	205'613
Nmas1 Private Equity Fund II, L.P.	Primary	Buyout	Europe	2008	1'362'921	687'091
Non-performing loan portfolio II	Direct	Special situations	Europe	2009	91'066	88'101
Nordic Capital IV, L.P.	Primary	Buyout	Europe	2000	14'528'443	13'645'306
Nordic Capital VI, L.P.	Primary	Buyout	Europe	2005	7'500'000	8'079'959
NXP Semiconductors N.V.	Direct	Buyout	Europe	2006	588'096	588'096
Oaktree Principal Fund V (Cayman) Ltd.	Primary	Special situations	North America	2009	499'979	299'573
Oasis Dental Care, Ltd.	Direct	Buyout	Europe	2009	363'750	363'750
OCM Mezzanine Fund II, L.P.	Primary	Special situations	North America	2005	11'339'861	12'706'849
OCM Opportunities Fund III, L.P.	Primary	Special situations	North America	1999	4'371'426	4'404'203
Pacific Equity Partners Fund IV, L.P.	Primary	Buyout	Asia-Pacific	2007	834'910	354'634
Palamon European Equity 'C', L.P.	Primary	Buyout	Europe	1999	10'000'000	12'249'502
Partners Group Global Real Estate 2008 LP	Primary	Real estate	Europe	2008	20'000'000	13'244'154
Partners Group SPP1 Limited	Secondary	Special situations	North America	1996	42'061'834	40'112'114
Patria - Brazilian Private Equity Fund III, L.P	Primary	Buyout	Rest of World	2007	n.a.	n.a.
Peepul Capital Fund III, LLC	Primary	Buyout	Asia-Pacific	2010	524'817	n.a.
Pegasus Partners II, L.P.	Primary	Special situations	North America	1999	3'915'193	4'298'741
Penta CLO I S.A..	Primary	Special situations	Europe	2007	2'850'000	2'850'000

						Since inception
Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Contributions
Permira Europe II, L.P.	Primary	Buyout	Europe	2000	20'000'000	20'002'356
Perusa Partners 1, L.P.	Primary	Special situations	Europe	2008	1'758'347	1'394'523
Pitango Venture Capital Fund III	Primary	Venture capital	Rest of World	2000	11'559'197	11'559'197
Plantasjen ASA	Direct	Special situations	Europe	2007	3'363'816	3'363'816
Polish Enterprise Fund IV, L.P.	Primary	Buyout	Rest of World	2000	4'784'667	4'927'017
Prism Venture Partners IV, L.P.	Primary	Venture capital	North America	2001	1'732'347	1'730'697
Project Dome Distressed	Secondary	Buyout	North America	2007	231'205	124'433
Project Dome EU Buyout	Secondary	Buyout	Europe	2006	432'954	342'155
Project GIH/Baring Asia	Primary	Buyout	Rest of World	2005	653'635	625'614
Project Icon	Direct	Buyout	Europe	2011	3'800'000	3'800'000
Project Opportunistic Direct Investments	Direct	Buyout	North America	2007	140'562	140'562
Project Phoenix	Direct	Real estate	Europe	2010	134'771	134'097
Project Power Play	Direct	Buyout	North America	2011	416'611	63'058
Project Razor	Secondary	Buyout	Asia-Pacific	1999	93'276	92'375
Project Spring	Direct	Special situations	North America	2010	n.a.	n.a.
Project Sun	Direct	Buyout	Europe	2011	n.a.	n.a.
Providence Equity Partners IV, L.P.	Primary	Buyout	North America	2000	9'262'502	11'780'916
Providence Equity Partners VI, L.P.	Primary	Buyout	North America	2007	18'485'334	18'064'804
Quadriga Capital Private Equity Fund II, L.P.	Primary	Buyout	Europe	1999	8'173'976	9'553'518
Quadriga Capital Private Equity Fund III, L.P.	Primary	Buyout	Europe	2006	10'000'000	9'282'381
Quadriga Capital Private Equity Fund IV L.P.	Primary	Buyout	Europe	2012	817'753	0
Realogy Corporation	Direct	Buyout	North America	2007	n.a.	n.a.
RoadLink Holdings, Inc.	Direct	Buyout	North America	2007	n.a.	n.a.
Russia Partners III, L.P.	Primary	Buyout	Rest of World	2007	1'535'585	1'156'089
Rutland Fund, The	Primary	Special situations	Europe	2000	9'646'561	9'153'322
Saehwa International Machinery Corporation	Direct	Venture capital	Asia-Pacific	2010	n.a.	n.a.
San Antonio Internacional Ltd	Direct	Special situations	Rest of World	2010	335'410	335'410
SBCVC Fund II-Annex, L.P.	Primary	Venture capital	Asia-Pacific	2007	116'530	64'894
SBCVC Fund III, L.P.	Primary	Venture capital	Asia-Pacific	2008	358'566	201'475
Schenck Process GmbH	Direct	Buyout	Europe	2007	941'381	951'350
Searchlight Capital PV, L.P.	Primary	Special situations	North America	2010	779'725	26'519
Second Cinven Fund (No.2), L.P.	Secondary	Buyout	Europe	1998	8'319'514	8'168'492
Securitas Direct - Debt 2011	Direct	Special situations	Europe	2011	4'365'000	4'500'000
Segulah II, L.P.	Primary	Buyout	Europe	1999	9'368'226	8'531'174
Service company	Direct	Buyout	North America	2007	289'643	291'043
Sevin Rosen Fund VIII, L.P.	Primary	Venture capital	North America	2000	3'149'944	3'110'278
Sierra Ventures VIII-A, L.P.	Primary	Venture capital	North America	2000	8'881'970	8'881'970
Silver Lake Partners, L.P.	Primary	Buyout	North America	1999	29'416'604	28'089'046
Sofinnova Capital VI FCPR	Primary	Venture capital	Europe	2008	995'976	597'586

Investment	Type of investment	Financing stage	Regional focus	Vintage year	Since inception Total commitments	Contributions
Software Developer	Direct	Venture capital	Rest of World	2009	n.a.	n.a.
Southern Cross Latin America PE Fund III	Primary	Buyout	Rest of World	2007	1'512'802	1'324'835
Southern Cross Latin America PE Fund IV	Primary	Buyout	Rest of World	2010	486'761	69'760
Standard Chartered IL&FS Asia Infra Growth Fund	Primary	Special situations	Asia-Pacific	2008	1'421'684	769'778
Starbev	Direct	Buyout	Rest of World	2010	211'110	211'110
Sterling Investment Partners II, L.P.	Primary	Buyout	North America	2005	7'479'181	5'744'561
STIC Korea Integrated-Tech New Growth PE Fund	Primary	Venture capital	Asia-Pacific	2009	271'828	185'404
Strategic Value Global Opportunities Fund I-A, LP	Secondary	Special situations	Europe	2006	346'444	289'938
Summit Partners Europe Private Equity Fund, L.P.	Primary	Venture capital	Europe	2008	1'991'952	547'787
Summit Ventures VI, L.P.	Primary	Venture capital	North America	2000	4'215'279	4'215'279
Sun Capital Partners IV (Preferred Interest), L.P.	Primary	Special situations	North America	2005	10'364	5'159
Super A-Mart Pty Limited	Direct	Buyout	Asia-Pacific	2006	1'036'717	1'036'717
SV Life Sciences Fund II, L.P.	Primary	Venture capital	Europe	1998	20'953'730	22'120'527
SV Life Sciences Fund IV, L.P.	Primary	Venture capital	North America	2006	3'666'894	3'102'542
T3 Partners, L.P.	Primary	Buyout	North America	2000	6'937'929	5'682'385
TA IX, L.P.	Primary	Venture capital	North America	2000	8'986'098	8'754'810
TCW/Crescent Mezzanine Partners III, L.P.	Primary	Special situations	North America	2001	9'353'416	9'185'913
Telecommunication company	Direct	Buyout	North America	2007	n.a.	n.a.
Terra Firma Capital Partners III, L.P.	Primary	Buyout	Europe	2006	20'000'000	15'288'458
TH Lee Putnam Parallel Ventures, L.P.	Primary	Venture capital	North America	1999	9'577'401	9'815'506
The Nielsen Company	Direct	Buyout	Europe	2006	383'948	384'241
The Peninsula Fund IV, L.P.	Primary	Special situations	North America	2005	7'522'945	7'099'875
Thomas H. Lee Parallel Fund VI, L.P.	Primary	Buyout	North America	2006	18'512'234	14'048'752
Thomas Weisel Capital Partners, L.P. (Tailwind)	Primary	Venture capital	North America	1999	10'181'774	10'241'501
TPG Asia V, L.P.	Primary	Buyout	Asia-Pacific	2007	1'155'944	869'578
TPG Partners III, L.P.	Primary	Buyout	North America	2000	3'797'133	3'553'527
TPG Partners VI, L.P.	Secondary	Buyout	North America	2008	44'955	28'120
Unison Capital Partners III (B), L.P.	Primary	Buyout	Asia-Pacific	2008	349'547	106'252
Universal Hospital Services, Inc.	Direct	Buyout	North America	2007	3'642'548	3'642'548
Univision Communications, Inc.	Direct	Buyout	North America	2007	635'643	664'407
US entertainment company	Direct	Buyout	North America	2008	n.a.	n.a.
Valedo Partners Fund II AB	Primary	Buyout	Europe	2011	508'740	8'859
Value Enhancement Partners Special Sit. Fund I	Primary	Special situations	Europe	2008	674'720	203'301
Ventizz Capital Fund IV, L.P.	Primary	Venture capital	Europe	2007	1'991'952	1'739'038
Vestar Capital Partners IV, L.P.	Primary	Buyout	North America	1999	4'532'374	4'427'351
Vortex Corporate Development Fund, L.P.	Primary	Venture capital	North America	2000	2'949'870	2'838'852
Warburg Pincus Private Equity IX, L.P	Primary	Buyout	North America	2005	11'358'827	11'358'827
Warburg Pincus Private Equity X, L.P.	Primary	Buyout	North America	2007	14'527'453	13'170'558
Wellington Partners II, L.P.	Primary	Venture capital	Europe	2000	4'000'000	4'007'000

					Since inception	
Investment	**Type of investment**	**Financing stage**	**Regional focus**	**Vintage year**	**Total commitments**	**Contributions**
William Blair Capital Partners VI, L.P.	Secondary	Buyout	North America	1998	2'029'754	2'024'819
Worldview Technology Partners III, L.P.	Primary	Venture capital	Rest of World	1999	5'356'437	5'356'437
Worldview Technology Partners IV, L.P.	Primary	Venture capital	Rest of World	2000	2'764'600	2'613'125
Ziggo B.V.	Direct	Buyout	Europe	2006	n.a.	n.a.

Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. Please note that contributions may exceed total commitments due to foreign currency movements.

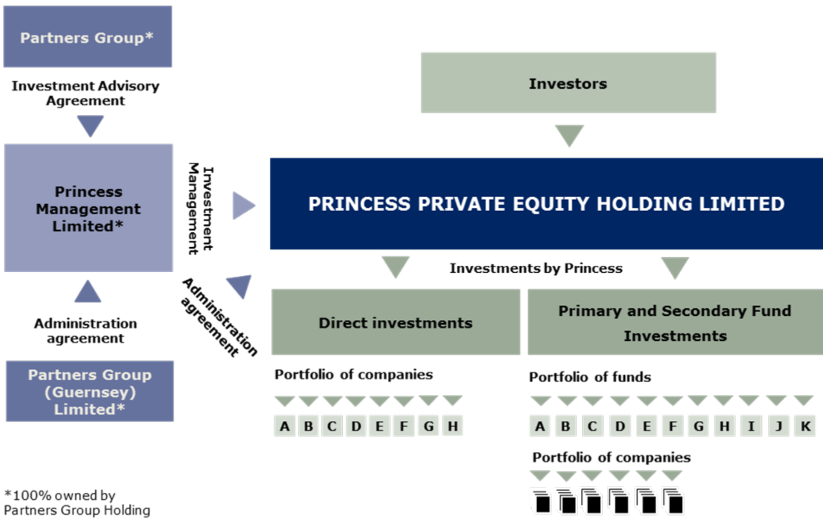
8 STRUCTURAL OVERVIEW

Princess Private Equity Holding Limited is a Guernsey-registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity partnerships. The convertible bond was converted into shares in December 2006. Concurrently, the investment guidelines were amended and the reporting currency changed from the US dollar to euro. The Princess shares were introduced for trading on the Frankfurt Stock Exchange (trading symbol: PEY1) on 13 December 2006 and on the London Stock Exchange (trading symbol: PEY) on 1 November 2007.

Princess aims to provide shareholders with long-term capital growth and an attractive dividend yield.

Princess' investments are managed on a discretionary basis by Princess Management Limited, a wholly-owned subsidiary of Partners Group Holding, registered in Guernsey. The Investment Manager is responsible for, inter alia, selecting, acquiring and disposing of investments and carrying out financing and cash management services.

The Investment Manager is permitted to delegate some or all of its obligations and has entered into an advisory agreement with Partners Group AG. Partners Group is a global private markets investment management firm with EUR 25 billion in investment programs under management in private equity, private debt, private real estate and private infrastructure. Through the advisory agreement, Princess benefits from the global presence, the size and experience of the investment team and relationships with many of the world's leading private equity firms.



9 FACTS AND FIGURES

Company	Princess Private Equity Holding Limited
Currency denomination	Euro
Designated sponsors	Frankfurt Stock Exchange: Conrad Hinrich Donner Bank AG London Stock Exchange: JPMorgan Cazenove
Dividends	Princess intends to pay a dividend of 5-8% p.a. on NAV
Incentive fee	No incentive fee on primary investments; 10% incentive fee per secondary investment; 15% incentive fee per direct investment; subject in each case to a 8% p.a. preferred return (with catch-up)
Incorporation	1999
Listing	Frankfurt Stock Exchange London Stock Exchange
Management fee	0.375% per quarter of the higher of (i) NAV or (ii) value of Princess' assets less any temporary investments plus unfunded commitments, plus 0.0625% per quarter in respect of secondary investments and 0.125% per quarter in respect of direct investments
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey Company, Authorized closed-ended fund in Guernsey
Trading information (Frankfurt Stock Exchange)	WKN: A0LBRM ISIN: DE000A0LBRM2 Trading symbol: PEY1 Bloomberg: PEY1 GY Reuters: PEYGz.DE / PEYGz.F
Trading information (London Stock Exchange)	WKN: A0LBRL ISIN: GG00B28C2R28 Trading symbol: PEY Bloomberg: PEY LN Reuters: PEY.L

Voting rights	Each ordinary registered share represents one voting right

10 BOARD OF DIRECTORS

Brian Human

Brian Human (Chairman) (British, age 63) has been a Director of the Company since November 2003 and an independent Director since December 2007. He gained a Bachelor of Arts (Econ) degree from Rhodes University, South Africa and the IAC qualification from the UK's Securities and Investment Institute. Brian has been in the finance industry since graduating in 1971. He emigrated to England in 1973, joining first Midland Bank and then Grindlays Bank, which was acquired by the ANZ Bank in 1992 and then by Standard Chartered Bank in 2000. He has worked in Thailand, Hong Kong and Australia as well as England, Jersey and Guernsey. Prior to joining Princess in November 2003 he was head of risk management for Standard Chartered Bank (Jersey) Limited, and his previous posts include Managing Director of ANZ Grindlays Bank (Jersey) Limited, Managing Director of ANZ Bank Guernsey Limited, Senior Manager of Credit ANZ Bank London, Senior Manager of Business Banking ANZ Melbourne and General Manager of Thailand-based General Finance and Securities Limited.

Richard Battey

Richard Battey (Chairman of the audit committee) (British, age 59) is a Non-Executive Director and Chairman of the Audit Committee of AcenciA Debt Strategies Limited, Better Capital PCC Limited, Juridica Investments Limited, NB Global Floating Rate Income Fund Limited, and Prospect Japan Fund Limited. He is a Non-Executive Director of Northwood Capital European Enhanced Fund Limited and a number of unlisted investment companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Baker Sutton & Co. in London in 1977. Richard was formerly Chief Financial Officer of CanArgo Energy Corporation. Prior to that role he spent 27 years with the Schroder Group. Richard was a director of Schroders (C.I.) Limited in Guernsey from April 1994 to December 2004 where he served as Finance Director and Chief Operating Officer. He was a director of a number of the Schroder Group's Guernsey companies covering banking, investment management, trusts, insurance and private equity administration, retiring from his last Schroder directorship in December 2008.

Andreas Billmaier

Andreas Billmaier (German, age 47) is Head of Corporate Investment Management and Alternative Investments and a member of several steering committees of Nuernberger Insurance Group since 2000. In addition Mr. Billmaier has become Member of the Executive Board of NÜRNBERGER Versicherung Immobilien AG in 2011. Prior to this, he has worked as an internal auditor and established a Corporate Investment Controlling at Nuernberger Insurance Group since his graduation in December 1993. Before his studies, he worked as a client adviser with Deutsche Bank. Andreas is an advisory board member in several private equity and real estate fund and fund-of-funds. Andreas holds a master's degree in business administration (University of Erlangen-Nuernberg).

Fergus Dunlop

Fergus Dunlop (British, age 53) is a Non-Executive Director of Resolution Limited, Schroder Oriental Income Limited, and Aqua Resources Fund Limited, all LSE listed. Between 2002 and 2007 Mr Dunlop joint-owned and managed an advisory business in Munich for institutional investors. From 1997 to 2001 he worked in institutional sales with Mercury Asset Management (later Merrill Lynch, now BlackRock) in Frankfurt. From 1987 to 1997 he was with SGWarburg/Mercury in London, where he managed a joint venture with Munich Re. Fergus holds a master's degree in management from Oxford University.

Urs Wietlisbach

Urs Wietlisbach (Swiss, age 50) is a founding Partner of Partners Group, a member of both the board of directors' business development committee and private equity investment committee, serves as an Executive Vice Chairman and is responsible for the firm's marketing strategy. He was initially responsible for the firm's partnership investment activities and instrumental in building Partners Group's private equity funds portfolio and a global industry network. Later, he also focused on business development responsibilities, first in Europe, and subsequently in the USA and the Asia-Pacific region. Prior to founding Partners Group, he was an Executive Director at Goldman Sachs & Co. where, after assignments in London and New York, he was appointed head of the firm's institutional clients business in Switzerland. Previously, he was a relationship manager for multinational corporate clients at Credit Suisse in New York and Zurich. He holds a master's degree in business administration from the University of St. Gallen (HSG).

11 DIRECTORS' REPORT

Directors

B. Human (Chairman)
R. Battey
A. Billmaier
F. Dunlop
U. Wietlisbach

Secretary

Dexion Capital (Guernsey) Limited

Registered Office

Tudor House
St. Peter Port
Guernsey
GY1 1BT

The Directors present their report and audited consolidated financial statements for the period from 1 January 2011 to 31 December 2011.

Incorporation

Princess Private Equity Holding Limited (the "Company") and Princess Private Equity Subholding Limited (the "Subholding" and together with the Company, the "Group") are limited liability companies, incorporated and domiciled in Guernsey, Channel Islands.

Principal Activity

The principal activity of the Group is the holding of investments for the purpose of capital appreciation.

The Investment Manager of the Company is Princess Management Limited (the "Investment Manager" or "Designated Manager") and the Investment Adviser is Partners Group AG (the "Investment Adviser"), a Swiss limited liability company. The majority of the Board is independent of the Investment Manager and the Investment Adviser.

Investment Objectives and Investment Policy

The Company's investment objective is to provide shareholders with long-term capital growth and an attractive dividend yield through investment in a diversified portfolio of private equity and private debt investments which may be classified as private market investment.

Under the Company's investment policy as approved at the Annual General Meeting dated 12 May 2011, investments may include, inter alia:

- Fund investments: interests in private investment funds acquired from other investors (secondary investments) or through a commitment to a new fund (primary investments). Private investment funds may include vehicles focusing on buyouts, mezzanine funding, venture capital and special situations such as distressed or turnaround situations, private real estate, private infrastructure investments, PIPE (private investments in public equity) transactions and leveraged debt.
- Direct investments: interests in (typically unlisted) assets and operating companies (whether held directly or indirectly) and may include equity, debt or other kinds of securities.
- Listed private equity: interests in vehicles listed on a public stock exchange that invest in private investment transactions or funds.

To achieve the investment objective, the Company intends to continue to pursue a relative value investment strategy designed to systematically identify and invest in private equity, private debt and listed private equity that the Investment Manager and the Investment Adviser believe offer superior value at a given point in time.

The Investment Manager has complete discretion as to asset allocation within the private investment market and may at any time determine that up to 100% of the Company’s assets may be invested in any particular private market segment.

Review of Performance

An outline of the performance, investment activity and developments in the portfolio can be found in the audited consolidated statement of comprehensive income and statement of financial position.

Monitoring Performance

At each board meeting the Directors consider a number of performance indicators to assess the Company’s success in achieving its investment objectives. These include:

- Price and NAV developments
- Net cash flow
- Capital calls and distributions
- IRR reports at the underlying fund level
- Unfunded commitments
- Risk management and adherence to investment guidelines
- Corporate governance issues

Principal Risks and Uncertainties

The main focus of the Company is to invest in private equity funds as well as directly in unquoted companies, which by their nature are mainly illiquid. These private equity funds themselves invest directly in unquoted companies together with leading private equity fund managers. The recent macro environment that the Company has operated in as well as views on the more immediate outlook are disclosed in some detail in the Private Equity Market Environment and the Investment Manager's Report. In addition to those discussions on the principal risks and uncertainties faced by the Company, there are also relevant matters to note dealing with the uncertainties in respect of the valuation of unquoted investments as well as the cash flow modeling employed by the Company. The Directors refer you to notes 4 and 17 of the audited consolidated financial statements for further comment on certain other risks connected with the investments and financial assets / liabilities held by the Company and how they are managed.

Share Capital

The Company’s issued and paid up share capital as at 31 December 2011 was 69’579’214 ordinary shares of EUR 0.001 each (31 December 2010: 70’100’000 ordinary shares of EUR 0.001 each).

There are no restrictions regarding the transfer of the Company’s securities, no special rights with regard to control attached to the Company’s securities, no agreements between holders of the Company’s securities regarding their transfer known to the Company, and no agreements to which the Company is party that might be affected by a change of control following a takeover bid.

Shareholder Information

The net asset value and the net asset value per share are calculated (in Euro) every month at the last Business Day of each month by Partners Group (Guernsey) Limited acting as Administrator.

Calculations are made in accordance with International Financial Reporting Standards ("IFRS") which require the Company's direct investments and fund investments to be valued at fair value and are announced by the Company on its website and are submitted to a regulatory information service approved by the UK Listing Authority as soon as practicable after the end of the relevant period.

Dividends

A dividend of EUR 0.22 per share was paid on 15 July 2011 and a dividend of EUR 0.23 per share was paid on 23 December 2011. No dividend was declared by the Directors in 2010.

Results

The results for the period are shown in the audited consolidated statement of comprehensive income.

Directors, Directors' Interests and Directors' Remuneration Report

The Directors of Princess Private Equity Holding Limited are as shown above. The Directors had no beneficial interest in the Share Capital of the Company other than as shown below.

Mr. Wietlisbach 194'000 shares deliverable in the form of co-ownership interest.

Messrs. Billmaier, Wietlisbach and Dunlop were re-elected at the 2011 annual general meeting.

The sole Director of Princess Private Equity Subholding Limited, which held office during the period, was Princess Private Equity Holding Limited.

No contract or arrangement existed in the period in which any of the Directors had a material interest other than Mr. Wietlisbach who is a Director of and shareholder in Partners Group Holding AG, the beneficial owner of the Investment Manager and the Administrator.

No Director had a service contract with the Company other than Mr. Human who had a part time employment contract with the Company which ended in March 2008. Directors' remuneration is presented in the notes to these consolidated financial statements and is shown below. Mr Wietlisbach does not receive a fee for the provision of his services as a director of the Board.

Directors' remuneration split as follows in EUR
(31.12.2011 / 31.12.2010)

R. Battey (43'500 / 43'500)
A. Billmaier (40'000 / 40'000)
F. Dunlop (40'000 / 40'000)
B. Human (50'000 / 50'000)

Length of Service

Each of the Directors was first appointed to the Board on the dates shown below:

R. Battey: 28 May 2009
A. Billmaier: 5 December 2006
F. Dunlop: 28 May 2009
B. Human: 19 November 2003
U. Wietlisbach: 24 June 1999

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Suitable insurance is in place and due for renewal on 8 December 2012.

Investment Management Arrangements

Princess Management Limited, a wholly owned subsidiary of Partners Group Holding AG, is the Investment Manager to the Company. The Investment Manager is permitted to delegate some or all of its obligations and has entered into an Investment Advisory Agreement with Partners Group AG. Mr. Wietlisbach is a founding partner of Partners Group AG and currently serves as that firm's executive vice chairman. Details of the management fees are shown within the audited consolidated financial statements. The Agreement may be terminated after ten years with three years notice. Termination will be without penalty or other additional payments save that the Company will pay management and performance fees due and additional expenses incurred.

The Directors (other than Messrs. Wietlisbach and Billmaier who are not independent of the Investment Manager) have determined that the continuing appointment of the Investment Manager on the terms of the Investment Management Agreement is in the interests of Shareholders as a whole, given the global reach, access to leading private equity houses and expertise of the Investment Manager and through the Investment Manager to the Investment Advisor.

Significant Events

At the Annual General Meeting held on 12 May 2011 the consolidated financial statements of the Company for the period ended 31 December 2010 together with the report of the directors and Independent Auditors were received and adopted.

Also on that date, the Shareholders approved the (a) issuing of a revised investment policy, (b) issuing of amended and restated articles of association and (c) the granting to Directors the ability to allot equity securities for cash or sell treasury shares for cash in connection with up to 6'995'779 shares.

Also at that meeting, the Shareholders authorised the Company to make market acquisitions of ordinary shares up to a maximum number of 14.99% of the ordinary shares in issuance at the date of the meeting, and this authority was still valid as at 31 December 2011.

Substantial Interest

The European Union Transparency Directive came into force on 20 January 2007. The directive requires substantial shareholders to make relevant holding notifications to the Company and the UK Financial Services Authority. The Company must then disseminate this information to the wider market. Those shareholders who held above 3% of ordinary shares, as at the period end were:

- CVP / CAP Coop Personalversicherung - 5.07%
- Deutsche Asset Management Investmentgesellschaft - 8.70%
- Societe Generale Option Europe - 5.31%
- Vega Invest Fund Plc - 6.88%

Shareholder Communication

The Directors place great importance on shareholder communication while the Investment Manager and the Investment Adviser also carry out a programme of regular meetings with shareholders and potential investors. The Company publishes a monthly report with key financial data and issues affecting the portfolio, and publishes quarterly financial statements as well as unaudited semi-annual and audited annual accounts. Conference calls are arranged on a quarterly basis at which the Investment Adviser provides an in-depth review of developments in the portfolio and gives a market overview. In order to ensure that the Directors are aware of shareholders views and concerns, at least one independent Director attends these quarterly conference calls. In addition the brokers also present a summary of shareholders' sentiment at the quarterly board meetings. These initiatives in combination assist the board to develop a balanced understanding of the issues and concerns of major shareholders. In addition the Directors propose a separate resolution on each substantial issue tabled at the annual general meeting, including the approval of the financial statements, and publish on the Company's website, shortly after the Annual General Meeting, details of the valid proxies received, votes for and against and withheld in relation to each resolution. Regular news releases are also published.

Directors' Responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

So far as the Board of Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

To the best of our knowledge and belief:

- The Annual Report includes information detailed in the Chairman's Report, the Investment Manager's Report, the Directors' Report and the notes to the Audited Consolidated Financial Statements, which includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces as required by DTR 4.1.8 and DTR 4.1.11; and

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and losses of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The work carried out by the Independent Auditors does not involve consideration of these matters and accordingly, the Independent Auditors accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance

The Company's statement on corporate governance can be found in the Corporate Governance Statement on pages 42 to 46 of these financial statements. The Corporate Governance Statement forms part of the Directors' Report and is incorporated into it by cross-reference.

Company Secretary

The secretary of the Company as at 31 December 2011 was Dexion Capital (Guernsey) Limited.

Independent Auditors

At a general meeting held on 12 May 2011, PricewaterhouseCoopers CI LLP were appointed Independent Auditors of the Company for the period ending 31 December 2011, and the Directors were authorised to fix their remuneration.

R. Battey
Director

F. Dunlop
Director

6 March 2012

12 CORPORATE GOVERNANCE STATEMENT

Corporate governance report

The Directors have determined to report against the Association of Investment Companies (the "AIC") Code of Corporate Governance ("AIC Code") and to follow AIC's Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code and AIC Guide are available on the AIC website www.theaic.co.uk. In assessing the Board's corporate governance practice for 2011, the Directors confirm that throughout the period the Company complied with the provisions of the AIC Guide.

In addition the Company has complied with the relevant provisions of the new edition of the 2010 UK Corporate Governance Code (the "UK Code") as issued by the Financial Reporting Council in June 2010, except as set out below. The UK Code includes provisions relating to:

- The role of the Chief Executive
- Executive Directors' remuneration
- The need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an overseas investment company with an appointed Investment Manager. There are no Executives with contractual obligations directly with the Company and thus the Executive Directors' remuneration rules do not apply. The Audit Committee and the Board of Directors regularly consider the risk and operational aspects of the Company. The Investment Manager has an appointed Compliance Officer. As there is delegation of operational activity to appointed service providers the Audit Committee and the Board have determined there is no requirement for a direct internal audit function.

There are no specific corporate governance principles the Company is obliged to comply with in Germany. The Guernsey Financial Services Commission has a standing Code of Corporate Governance for the Finance Sector. However as a company listed on the London Stock Exchange it is subject to the Disclosure Rules and Transparency Rules and the UK Code but uses the AIC Code instead as it is a member of AIC and considers this appropriate for a member company.

Rules concerning the appointment and replacement of directors are contained in the Company's Articles of Incorporation and are discussed below.

FWB Listing (Frankfurt Stock Exchange)

Listed stock corporations having their registered seat in Germany are subject to the German Corporate Governance Code adopted by the German Corporate Governance Code Commission on 26 February 2002. In the 26 May 2010 version thereof currently in force (hereinafter the "Code"), it states that the Code's aim, is to make the German system of Corporate Governance more transparent, to clarify shareholder rights and to improve Management Board-Supervisory Board collaboration, internal reporting and auditor independence. The Code is not applicable to the Company as its registered seat is in Guernsey. The Company does comply, however, with the AIC Code as set out above.

The Board

The Board consists of five directors all of whom are non-executive. The independent Chairman of the Board is Mr. Human, who was appointed on 28 May 2009 and is responsible for leading meetings of the Board to ensure that they are efficient and effective. Mr. Human has no other significant business commitments which need to be disclosed and the Board is satisfied that he has sufficient time available to discharge fully his responsibilities as Chairman of the Company. For the purposes of assessing compliance with the AIC Code, the Board considers all of the Directors (other than Mr. Wietlisbach and Mr. Billmaier) as independent of the Investment Manager and the Investment Adviser and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

Mr. Human was appointed Managing Director pursuant to a service contract dated 20 March 2007 until March 2008, during which time he was a part time employee. Mr. Human was formerly employed on a part time basis by Partners Group Global Opportunities Limited, a company which also retains the services of the Investment Adviser, but this employment was terminated in December 2007 and the Board now regards Mr. Human as independent. Further, the Board consider Mr. Human independent at the time of his appointment as Chairman.

Neither Mr. Billmaier nor Mr. Wietlisbach are considered as independent as Mr. Billmaier has served on the Board of another company advised by Partners Group AG since December 2007 and Mr. Wietlisbach is a Director of and shareholder in Partners Group Holding AG, the beneficial owner of the Investment Manager and the Administrator.

The Board has a breadth of experience relevant to the Company and a balance of skills, experience and age and the Directors have not identified any gaps that require improvement at this time.

Directors are appointed for a fixed term of no more than three years. The appointment shall be renewed for a further period if both the respective Director and the Board believe that a renewal is in the interest of the Company.

The renewal shall always be subject to an assessment of the independence of the Director in question and their continued satisfactory performance. In view of the long-term nature of the Company's investments, the Board believes that a stable board composition is fundamental to run the Company properly. The Board has not stipulated a maximum term of any directorship. Directors retire by rotation except for Messrs Wietlisbach and Billmaier who are subject to annual re-election. Messrs Wietlisbach and Billmaier, together with Mr Battey, are to stand for re-election at the 2012 Annual General Meeting. The Board continues to be satisfied with their performance, with Mr Wietlisbach being able to provide additional insight into the private markets industry and in particular both investor relations and investment activity and Mr Billmaier being able to provide the other board members with his general knowledge of the private markets industry.

Details relating to each Director’s remuneration is disclosed in the Directors’ report.

Directors' Duties and Responsibilities

The Board of Directors has overall responsibility for the Company's affairs and is responsible for the determination of the investment policy of the Company, resolving conflicts and for monitoring the overall portfolio of investments of the Company. To assist the Board in the day-to-day operations of the Company, arrangements have been put in place to delegate authority for performing certain of the day-to-day operations of the Company to the Investment Manager, the Investment Adviser and other third-party service providers, such as the Administrator and the Company Secretary. The Board receives full details of the Company's assets, liabilities and other relevant information in advance of Board meetings. The Board meets formally at least four times a year; however, the Investment Manager and Company Secretary stay in more regular contact with the Directors on a less formal basis. These formal and informal discussions allow the non-executive Directors to constructively challenge and assist in the development of strategy. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

The Directors have adopted a schedule of matters reserved for the Board as part of the London Stock Exchange listing process. This includes approval of accounts, approval of dividends and the monitoring, evaluation, appointment and removal of service providers. The consent of the Board is required if the Investment Manager wishes to borrow more than 20% of the value of the Company assets or take a control position, in an underlying investment (excluding investments in pooling vehicles).

The Board confirms that it has considered and authorised any conflicts or potential conflicts of interest in accordance with the Company's existing procedures.

Board Meetings

The Board considers agenda items laid out in the Notice and Agenda which are formally circulated to the Board in advance of any meeting as part of the board papers. The Directors may request any Agenda items to be added that they consider appropriate for Board discussion. In addition each Director is required to inform the Board of any potential or actual conflict of interest prior to Board discussion. Board meetings are attended by representatives of the Investment Manager and the Investment Adviser. The Company's corporate brokers also attend to assist the Directors in understanding the views of major shareholders about the Company. Below is a summary of the Director attendance at Board meetings held in 2011, compared against those for which they were eligible:

- R. Battey (4/4)
- A. Billmaier (4/4)
- F. Dunlop (4/4)
- B. Human (4/4)
- U. Wietlisbach (3/4)

During the period various ad hoc meetings were held to deal with matters substantially of an administrative nature and these were attended by those Directors available at the time. Below is a summary of the Director attendance, compared against the total held:

- R. Battey (6/6)
- A. Billmaier (2/6)
- F. Dunlop (5/6)
- B. Human (2/6)
- U. Wietlisbach (1/6)

Committee of the Board

The Board has established an Audit & Management Engagement Committee. The Audit & Management Engagement Committee meets at least four times a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and provides a forum through which the Company's external auditors may report to the Board. Furthermore it ensures that any reports issued by the Board are balanced and provide an understandable assessment of the Company's position and prospects. The Audit & Management Engagement Committee reviews the annual, half yearly and quarterly accounts, results, announcements, internal control systems and procedures and accounting policies of the Company, together with the recommendation to appoint Independent Auditors.

The Board recognises the importance of a sound risk management solution to safeguard Company's assets, protect the interests of the shareholders and meet its responsibilities as a listed company.

Therefore it considers on a quarterly basis the review undertaken by the Audit & Management Engagement Committee and in particular the risks and controls with regard to investment and strategic risk, regulatory risk, reputational risk, operational risk, financial risk and market abuse.

The Audit & Management Engagement Committee is responsible for ensuring appropriate internal controls are in place and monitors the risks and their potential impact on the Company.

The risk management framework includes a sound system of internal control that is designed to:

- identify and appraise all risks related to achieving the Company's objectives including all investment, regulatory, reputational, operational and financial risk; manage and control risk appropriately rather than eliminate it;
- ensure the appropriate internal controls are embedded within the business processes and form part of the Company's culture which emphasises clear management responsibility and accountabilities;
- respond quickly to evolving risks within the Company and the external business environment; and
- include procedures for reporting any control failings or weaknesses to the appropriate level of management together with the details of corrective action.

Although the Directors believe that the Company and the Group have a robust framework of internal control in place, this can only provide reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Below is a summary of the Director attendance at Audit & Management Engagement Committee meetings held in 2011, compared against those for which they were eligible:

- R. Battey (6/6)
- A. Billmaier (4/6)
- F. Dunlop (6/6)
- B. Human (5/6)

With the exception of Mr. Wietlisbach, the Audit & Management Engagement Committee is composed of all the members of the Board, and has been chaired by Mr. Battey following his appointment on 28 May 2009. Although Mr. Human is Independent Chairman of the Company, he is also a member of the Audit & Management Engagement Committee. The Board considers that all three independent Directors should sit on this Committee, to bring the widest range of experience to its deliberations.

The Audit & Management Engagement Committee has determined that the continuing appointment of the Investment Manager on the terms of the Investment Management Agreement is in the interests of Shareholders as a whole, given the global reach, access to leading private equity houses and expertise of the Investment Manager and through the Investment Manager to the Investment Advisor.

The Board undertakes an annual evaluation of its own performance and the performance of its committee and individual Directors, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements. During this evaluation the Directors also reconfirmed that they continue to be able to allocate sufficient time to the Company in order to discharge their responsibilities. A full corporate governance review has been undertaken since the publication of the previous financial statements, which was facilitated by the Company Secretary. There were no matters of significance raised within the findings of the review and, as mentioned within this report, the non-independent directors are considered to be Mr. Wietlisbach and Mr. Billmaier.

The Board has undertaken an annual review of the effectiveness of the Company's and the Group's system of internal controls and the safeguarding of shareholders' investments and the Company's assets. There were no significant matters raised within the findings of the review.

The Directors acknowledge that the Administrator has appropriate systems, controls and processes that are used in the production of the consolidated financial statements and that these are re-evaluated at the end of the financial reporting period through the approval of the relevant financial statements.

Given the size and nature of the Company, it is not deemed necessary to form a separate remuneration or nomination committee. The Board, as a whole, will also consider new Board appointments.

Going Concern

After making enquiries and given the nature of the Company and Group and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements, and, after due consideration, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence.

R. Battey
Director

F. Dunlop
Director

6 March 2012

13 INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRINCESS PRIVATE EQUITY HOLDING LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Princess Private Equity Holding Limited ("the Group") which comprise the consolidated statement of financial position as of 31 December 2011 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2011, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Key Figures, the Chairman's Report, the Private Equity Market Environment, the Investment Manager's Report, the Portfolio Composition, the Portfolio Transactions, the Portfolio Overview, the Structural Overview, the Facts and Figures, the Board of Directors, the Directors' Report and the Corporate Governance Statement.

In our opinion:

- the information given in the Directors' Report is consistent with the financial statements and;
- the information given in the Corporate Governance Statement set out on pages 42 to 46 of the financial statements with respect to internal control and risk management systems, is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the directors' statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

John Patrick Roche
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
2012

14 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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Audited consolidated statement of comprehensive income

for the period from 01 January 2011 to 31 December 2011

In thousands of EUR	Notes	**01.01.2011 31.12.2011**	**01.01.2010 31.12.2010**
Net income from financial assets at fair value through profit or loss		**74'420**	**112'670**
Private equity		*63'791*	*101'966*
Revaluation	10 & 20	51'868	77'407
Net foreign exchange gains / (losses)	10 & 19	11'923	24'559
Private debt		*9'039*	*8'881*
Interest income (including PIK)	18	2'346	1'309
Revaluation	10 & 20	5'129	6'017
Net foreign exchange gains / (losses)	10 & 19	1'564	1'555
Private real estate		*1'455*	*1'621*
Revaluation	10 & 20	1'458	1'589
Net foreign exchange gains / (losses)	10 & 19	(3)	32
Private infrastructure		*135*	*202*
Revaluation	10 & 20	135	202
Net income from cash and cash equivalents and other income		**500**	**(125)**
Interest income	18	330	15
Net foreign exchange gains / (losses)	19	170	(140)
Total net income		**74'920**	**112'545**
Operating expenses		**(18'468)**	**(16'930)**
Management fees	21	(12'067)	(13'354)
Incentive fees	21	(4'471)	(1'786)
Administration fees	21	(306)	(212)
Other operating expenses		(1'449)	(1'461)
Other net foreign exchange gains / (losses)	19	(175)	(117)
Other financial activities		**(18'069)**	**(879)**
Setup expenses - credit facility		(811)	(446)
Interest expense - credit facility	18	(2'886)	(3'063)
Other finance cost		(24)	(16)
Net gains / (losses) from hedging activities	20	(14'414)	2'646
Other income		66	-
Surplus / (loss) for the financial period		**38'383**	**94'736**
Other comprehensive income for the period; net of tax		-	-
Total comprehensive income for the period		**38'383**	**94'736**
Earnings per share			
Weighted average number of shares outstanding		69'825'277	70'100'000
Basic surplus / (loss) per share for the financial period		0.55	1.35
Diluted surplus / (loss) per share for the financial period		0.55	1.35

The Euro earnings per share is calculated by dividing the surplus / (loss) for the financial period by the weighted average number of shares outstanding.

Audited consolidated statement of financial position

As at 31 December 2011

In thousands of EUR	Notes		31.12.2011		31.12.2010
ASSETS					
Financial assets at fair value through profit or loss					
Private equity	10	523'201		524'887	
Private debt	10	65'728		49'347	
Private real estate	10	15'714		12'306	
Private infrastructure	10	3'782		2'345	
Non-current assets			**608'425**		**588'885**
Other short-term receivables		231		1'696	
Hedging assets	11	-		9'571	
Cash and cash equivalents	12	19'339		49'149	
Current assets			**19'570**		**60'416**
TOTAL ASSETS			**627'995**		**649'301**
EQUITY AND LIABILITIES					
Share capital	13	70		70	
Reserves	13	634'293		668'882	
Retained earnings		(21'536)		(59'919)	
Total Equity			**612'827**		**609'033**
Short-term credit facilities	14	-		32'500	
Hedging liabilities	11	3'852		-	
Other short-term payables		11'316		7'768	
Liabilities falling due within one year			**15'168**		**40'268**
TOTAL EQUITY AND LIABILITIES			**627'995**		**649'301**

Audited consolidated statement of changes in equity

for the period from 01 January 2011 to 31 December 2011

In thousands of EUR	Share capital	Reserves	Retained earnings	Total
Equity at beginning of reporting period	70	668'882	(59'919)	609'033
Dividend paid during the period	-	(31'401)	-	(31'401)
Share buyback and cancellation	-	(3'188)	-	(3'188)
Other comprehensive income for the period; net of tax	-	-	-	-
Surplus / (loss) for the financial period	-	-	38'383	38'383
Equity at end of reporting period	**70**	**634'293**	**(21'536)**	**612'827**

for the period from 01 January 2010 to 31 December 2010

In thousands of EUR	Share capital	Reserves	Retained earnings	Total
Equity at beginning of reporting period	70	668'882	(154'655)	514'297
Other comprehensive income for the period; net of tax	-	-	-	-
Surplus / (loss) for the financial period	-	-	94'736	94'736
Equity at end of reporting period	**70**	**668'882**	**(59'919)**	**609'033**

Audited consolidated cash flow statement
for the period from 01 January 2011 to 31 December 2011

In thousands of EUR	Notes	**01.01.2011 31.12.2011**	**01.01.2010 31.12.2010**
Operating activities			
Surplus / (loss) for the financial period		38'383	94'736
Adjustments:			
Net foreign exchange (gains) / losses	19	(13'479)	(25'889)
Investment revaluation	20	(58'590)	(85'215)
Net (gain) / loss on interest	18	210	1'739
Revaluation on forward hedges	11	6'739	-
Revaluation on option hedges	11	7'674	(2'646)
(Increase) / decrease in receivables		1'354	(3'911)
Increase / (decrease) in payables		3'486	6'210
Realized revaluation on forward hedges	11	(1'062)	-
Option premiums received / (paid)	11	72	(1'149)
Purchase of private equity investments	10	(60'487)	(73'163)
Purchase of private debt investments	10	(16'605)	(5'048)
Purchase of private real estate investments	10	(2'899)	(5'251)
Purchase of private infrastructure investments	10	(1'704)	(300)
Distributions from and proceeds from sales of private equity investments	10	125'964	118'234
Distributions from and proceeds from sales of private debt investments	10	8'319	5'102
Distributions from and proceeds from sales of private real estate investments	10	946	661
Distributions from and proceeds from sales of private infrastructure investments	10	402	86
Interest and dividends received		1'272	405
Net cash from / (used in) operating activities		**39'995**	**24'601**
Financing activities			
Increase / (decrease) in credit facilities		(32'500)	12'500
Interest expense - credit facility		(2'886)	(3'063)
Share buyback and cancellation		(3'188)	-
Dividend paid		(31'401)	-
Net cash from / (used in) financing activities		**(69'975)**	**9'437**
Net increase / (decrease) in cash and cash equivalents		**(29'980)**	**34'038**
Cash and cash equivalents at beginning of reporting period	**12**	**49'149**	**15'251**
Effects of foreign currency exchange rate changes on cash and cash equivalents	19	170	(140)
Cash and cash equivalents at end of reporting period	**12**	**19'339**	**49'149**

Notes to the audited consolidated financial statements
for the period from 01 January 2011 to 31 December 2011

1 Organization and business activity

Princess Private Equity Holding Limited (the "Company") is an investment holding company established on 12 May 1999. The Company's registered office is Tudor House, St. Peter Port, Guernsey, GY1 1BT. The Company is a Guernsey limited liability company that invests in a broadly diversified portfolio of private market investments through its wholly-owned subsidiary, Princess Private Equity Subholding Limited (the "Subsidiary"). The Subsidiary together with the Company form a group (the "Group").

Since 13 December 2006 the shares of the Company have been listed on the Prime Standard of the Frankfurt Stock Exchange. As of 1 November 2007 the shares have also been listed on the main market of the London Stock Exchange.

2 Basis of preparation

The consolidated financial statements comprise the financial statements of the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention as modified by the revaluation of "financial assets and financial liabilities at fair value through profit or loss".

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas where assumptions, judgments and estimates are significant to the consolidated financial statements are disclosed in a subsequent note; "critical estimates and judgments".

The Directors of the Company have elected to prepare consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2011 as the parent of the Group and therefore in accordance with Section 244(5) of The Companies (Guernsey) Law, 2008 they are not required to prepare individual accounts for Princess Private Equity Holding Limited in accordance with Section 243 of The Companies (Guernsey) Law 2008 for the financial period.

3 Principal accounting policies

The following accounting policies have been applied consistently except where otherwise noted in dealing with items which are considered material in relation to the Group's audited consolidated financial statements.

From 1 January 2011 the following new and existing revised IFRS and interpretations to existing standards were required to be adopted. The Group has consequently adopted all relevant and below mentioned standards since 1 January 2011.

IFRS 1 - First-time adoption of International Financial Reporting Standards
IFRS 3 - Business combinations
IFRS 7 - Financial instruments: disclosures

IAS 1 - Presentation of financial statements
IAS 24 - Related party transactions
IAS 27 - Consolidated financial statements
IAS 32 - Financial instruments: presentation

IFRIC 13 - Customer loyalty programmes
IFRIC 14 - Prepayments of a minimum funding requirement
IFRIC 19 - Extinguishing financial liabilities with equity instruments

The Directors of the Company have assessed the impact of these amendments and concluded that these new accounting standards and interpretations do not affect the Group's results of operations or financial position.

The following standards, interpretations and amendments to published standards that are mandatory for future accounting periods, but where early adoption is permitted now have not been duly adopted.

IFRS 1 (effective 1 July 2011) - First-time adoption of International Financial Reporting Standards
IFRS 7 (effective 1 July 2011) - Financial instruments: disclosures
IFRS 9 (effective 1 January 2015) - Financial instruments
IFRS 10 (effective 1 January 2013) - Consolidated financial statements
IFRS 11 (effective 1 January 2013) - Joint arrangements
IFRS 12 (effective 1 January 2013) - Disclosure of interests in other entities
IFRS 13 (effective 1 January 2013) - Fair value measurement

IAS 1 (effecitve 1 July 2012) - Presentation of items of other comprehensive income
IAS 12 (effective 1 January 2012) - Deferred tax
IAS 19 (effective 1 January 2013) - Employee benefits
IAS 27 (effective 1 January 2013) - Separate financial statements
IAS 28 (effective 1 January 2013) - Investments in associates and joint ventures

The Directors of the Company are in the process of assessing the impact of these amendments and believe that these new accounting standards and interpretations will not significantly affect the Group's results of operations or financial position but where relevant will require additional disclosures.

Segmental reporting

IFRS 8 - Operating Segments requires segments to be identified and presented following a 'management approach' under which segment information is presented on the same basis as that used for internal reporting and monitoring purposes. Operating segments are reported in a manner consistent with the internal reporting of the Investment Advisor, Partners Group AG, who have also been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, and is appointed by the Directors. Operating segments have been identified as: private equity, private debt, private real estate, private infrastructure and private resources. Only those segments applicable within the reporting periods presented have been reflected in these audited consolidated financial statements.

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, and are consolidated. Subsidiaries are incorporated for the purpose of holding underlying investments on behalf of the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases. The inclusion of the subsidiaries into the consolidated financial statement is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated.

A list of the Group's subsidiaries is set out in a subsequent note. The consolidation is performed using the purchase method. All Group companies have 31 December as the end of their reporting periods.

Net income from short-term investments and cash and cash equivalents

Income from bank deposits and interest income from short-term investments are included on an accruals basis. Gains and losses from short-term investments and gains and losses from cash and cash equivalents also include the increase in the value of bonds purchased at a discount. All realized and unrealized surpluses and losses are recognized in the audited consolidated statement of comprehensive income. Dividend income is recognized when the right to receive payment is established.

Expenditure

All items of expenditure are included in the consolidated financial statements on an accruals basis.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the economic environment in which the entity operates (the "Functional Currency") that most faithfully represents the economic effect of the underlying transactions, events and conditions. The audited consolidated financial statements are presented in Euros, which is each company's Functional and the Group's presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end of the reporting period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the audited consolidated statement of comprehensive income.

Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Group classifies its investments in private equity, private debt, private real estate, private infrastructure and private resources, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Directors of the Company at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the short-term.

Where the Group has hedged the value of non-Functional Currency investments against the Functional Currency this does not qualify as hedge accounting as defined in IAS 39. Derivative financial instruments are classified as financial assets and liabilities held for trading. They are initially recognized in the audited consolidated statement of financial position at fair value and are subsequently remeasured to fair value. As a result, the unrealized changes in fair value are recognized in the audited consolidated statement of comprehensive income under the heading "Other financial activities". The fair values of various derivative instruments used for hedging purposes, if any, are disclosed in the notes.

Financial assets and financial liabilities at fair value through profit or loss at inception consist of indirect and direct investments. These are managed and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is used by the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

In setting the Group's investment policy the Directors have determined that investments will only be made in entities that adopt an internationally recognized standard of accounting.

(b) Recognition and derecognition

All transactions relating to financial assets and financial liabilities at fair value through profit or loss are recognized on the settlement date or when all risks and rewards of ownership have been transferred.

Any distributions, including return of principal of investment, received from the underlying indirect and direct investments are recognized on the distribution date.

Financial assets and financial liabilities at fair value through profit or loss are derecognized when the right to receive cash flows has expired or where substantially all risks and rewards of ownership have been transferred.

Cash and PIK interest relating to debt investments held at fair value through profit or loss are recognized on an accruals basis within interest income (including PIK) in the audited consolidated statement of comprehensive income when the Group’s right to receive payments is established.

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the audited consolidated statement of comprehensive income in the period in which they arise.

Distributions from fund investments held at fair value through profit or loss are recognized in the audited consolidated statement of financial position when the Group's right to receive payments is established and gains are recognized when the fund states the updated net asset value.

Any interest and dividend distributions derived from direct investments are recognized when the Group’s right to receive payments is established and included within interest and dividend income in the audited consolidated statement of comprehensive income.

(d) Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for specific similar instruments are used for long-term debt where appropriate. Other information, including latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques, such as, option pricing models and estimated discounted value of future cash flows, is used to determine fair value for the remaining financial instruments.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the audited consolidated statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and term deposits with a maturity of three months or less. Cash and cash equivalents are stated at the carrying amount as this is a reasonable approximation of fair value. Bank overdrafts are included within liabilities falling due within one year in the statement of financial position.

Other short-term receivables

Other short-term receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, unless the maturities are more than 12 months after the end of the reporting period where they are classified as non-current assets. Other receivables are stated at the carrying amount as this is a reasonable approximation of fair value.

Other short-term payables

Other short-term payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are classified as liabilities falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as liabilities falling due after one year. Other payables are stated at the carrying amount as this is a reasonable approximation of fair value.

Borrowings

Short-term credit facilities consist of borrowings received either from financial institutions or from related parties. Such borrowings are initially recognized at fair value and subsequently measured at amortized cost. Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. In the audited consolidated statement of financial position borrowings are classified as liabilities falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as liabilities falling due after one year.

Deferred payments

Deferred payments meet the definition of a financial liability as they are a contractual obligation for a specified amount at a specified date. Initially deferred payments which represent a financial liability are recognized at fair value. Subsequently these are measured at amortized cost using the effective interest method. They are classified as liabilities falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as liabilities falling due after one year. A deferred payment is derecognized when the obligation under the liability is paid or discharged.

Equity

Shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

4 Critical accounting estimates and judgments

There is significant subjectivity in the valuation of direct and indirect investments with very little transparent market activity to provide support for fair value levels at which willing buyers and sellers would transact. In addition there is subjectivity in the cash flow modeling due to the fact that the underlying investments, in many cases, require funding based on the future development of their investments. The estimates and judgments employed therein are therefore continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Unquoted investments in direct and indirect investments

For the valuation of such investments the Investment Manager reviews the latest information provided by underlying investments and other business counterparties, which frequently does not coincide with the valuation date, and applies widely recognized valuation methods to such data such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation as well as market prices to estimate a fair value as at the end of the reporting period. As part of the fair valuation of such investments, the Investment Manager uses observable market and cash flow data to consider and determine the fair values of the underlying investments. Furthermore the Investment Manager considers the overall portfolio against observable data and general market developments to determine if the values attributed appear to be fair based on the current market environment. The Investment Manager makes reasonable efforts to obtain the latest available information from the underlying unquoted investments.

As part of the continuous evaluation of the fair value of the underlying unquoted investments, the fair value assessment procedures are determined by the Investment Manager independent of the Investment Advisor's investment committee. In addition, the Investment Manager is also responsible for ensuring that these procedures are adhered to during the assessment of the fair values.

Based on an assessment of relevant applicable indicators of fair value, the Group estimates the fair values as at the valuation date. Such indicators may include, but are not limited to:

- An underlying investment's most recent reporting information including a detailed analysis of underlying company performance and investment transactions with the indirect investments between the latest available reporting of the underlying investment and the end of the reporting period of the Group;
- Review of a direct investment's most recent accounting and cash flow reports and models, including data supplied by both the sponsor and the company and any additional available information between the date of these reports and the end of the reporting period of the Group;
- Review of recent transaction prices and merger and acquisition activity for similar direct investments;
- Review of the indirect investments application of generally accepted accounting principles and the valuation method applied for its underlying investments such as discounted cash flow and multiple analysis, which are based on available information; and

- Review of current market environment and the impact of it on the direct and indirect investments.

The variety of valuation bases adopted, quality of management information provided by the underlying indirect investment and the lack of liquid markets for the investments held mean that there are inherent difficulties in determining the fair values of these investments that cannot be eliminated. There are significant estimates and assumptions that are used in establishing the fair value of financial assets and liabilities. As a result, the actual amounts realized on the sale of these instruments may differ from the fair values reflected in these financial statements and these differences may be significant as a result of the judgments applied.

Cash flow modeling

In addition to the review of historical data within the cash flow modeling, the Investment Manager also takes into account current portfolio data together with the expected development of the market environment based on observable market information and subjects this to simulations and stress-tests to consider certain scenarios which could occur and their potential impact on the Group and its investment commitment and funding strategy.

The results of such observations are included within the investment models to provide an insight into future expected cash flows and the liquidity requirements of the Group.

As at the end of the reporting period, the Group estimates the cash flow requirements based on an assessment of all applicable indicators, which may include but are not limited to the following:

- Historical statistical data: external and internal data serve as the statistical basis of the quantitative model;
- Current portfolio company information: the model is updated to take into account current data from the Group's direct and indirect investments;
- Input from the Investment Advisor's investment professionals: qualitative and quantitative inputs from the general market environment and the specific portfolio in the model; and
- Monte-Carlo simulations and stress-tests: stochastic behavior of private market cash flows combined with valuations and tailor-made scenario analyses provide the basis for commitment decisions and quantitative risk management.

There is uncertainty in the estimates and judgment in the cash flow modeling assumptions concerning the future and as such the Investment Manager, on instruction from the Board of Directors, continuously compares these assumptions against actual developments and adjusts and reports the cash flow model accordingly.

On 27 July 2011, the Company entered into a 3-year multi-currency revolving credit facility with Lloyds TSB Bank plc for EUR 80m, under which the Company must maintain a total net asset value of at least, EUR 350m, a cash reserve of at least EUR 3m and a total asset ratio (total debt plus current liabilities as a percentage of restricted net asset value) not greater than 25%.

5 Expenses

Management fees

Under the Investment Management Agreement between the Company and the Investment Manager the Company pays, in arrears, to the Investment Manager quarterly management fees. The quarterly management fees are calculated as 0.375% of the higher of the sum of Private Equity Net Assets and the undrawn commitments or the Net Assets of the Group at the end of the quarter.

In respect of secondary investments, the Company pays additional quarterly fees equal to 0.0625% of the secondary investment value. In respect of direct investments, the Company pays additional quarterly fees equal to 0.125% of the direct investment value.

Administration fees

The administration fees are paid quarterly in advance pursuant to the Administration Agreement between the Company and Partners Group (Guernsey) Limited (the "Administrator"). The quarterly administration fees are calculated as 0.0125% of the first USD 1 billion of Net Assets and 0.005% of the amount by which such Net Assets exceed USD 1 billion.

Incentive fees

In accordance with the Investment Management Agreement (“IMA”), Princess Management Limited (“ the Investment Manager”) is entitled to receive a share of the realized profits of Princess Private Equity Holding Limited (“the Company”), otherwise referred to as incentive fees (“Incentive Fees”). In accordance with the IMA, Incentive Fees are calculated on each reporting date, taking into account the required performance conditions and distribution arrangements of the Company.

Distributions of cash proceeds derived from each secondary investment are distributed to the Company or due to the Investment Manager as Incentive Fees in the following order of priority: (i) The Company shall receive distributions equal to its aggregate secondary investment contributions in respect of the relevant secondary investment plus an amount (the "Preferred Return") calculated at the rate of 8% per annum compounded annually on their contributions and distributions derived from the relevant secondary investment. (ii) Thereafter the Investment Manager shall receive Incentive Fees until such time as the Investment Manager has received 10% of the sum of the distributed Preferred Returns and the Incentive Fees made under this clause. (iii) Thereafter, 90% shall be distributed to the Company and 10% shall be allocated to the Investment Manager as additional Incentive Fees.

Distributions of cash proceeds derived from each direct investment are distributed to the Company or due to the Investment Manager as Incentive Fees in the following order of priority: (i) The Company shall receive distributions equal to its aggregate direct investment contributions in respect of the relevant direct investment plus an amount (the "Preferred Return") calculated at the rate of 8% per annum compounded annually on their contributions and distributions derived from the relevant direct investment. (ii) Thereafter the Investment Manager shall receive Incentive Fees until such time as the Investment Manager has received 15% of the sum of the distributed Preferred Returns and the Incentive Fees made under this clause. (iii) Thereafter, 85% shall be distributed to the Company and 15% shall be allocated to the Investment Manager as additional Incentive Fees.

Incentive Fees are calculated on an annual basis based on the value of each direct and secondary investment as measured at the reporting date, wheter or not such Investments are made through a Pooling Vehicle. This calculation is performed separately for each direct and secondary investment.

The foreign currency exchange fluctuations are included in this calculation.

The change in Incentive Fees is accounted for on an accruals basis and is presented separately in the audited consolidated statement of comprehensive income.

During the reporting period EUR 326’359 in Incentive Fees were paid (2010: EUR 82'430).

6 Taxation status

The Company and the Subsidiary are exempt from taxation in Guernsey under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and are each liable for the payment of an annual fixed rate of GBP 600 per annum for the granting of the exemption.

7 Dividends

The Board of Directors of Princess Private Equity Holding Limited declared a dividend of EUR 0.22 paid on 15 July 2011 and a dividend of EUR 0.23 paid on 23 December 2011 on each Ordinary Share. The dividend paid on 15 July 2011 amounts to EUR 15.4m, the dividend paid on 23 December 2011 amounts to EUR 16.0m (2010: nil).

8 Shareholders above 3% of Ordinary shares issued

CVP/CAP Coop Personalversicherung holds 3'551'206 shares which is 5.1% of all ordinary shares issued. Deutsche Asset Management Investmentgesellschaft mbH holds 6'095'900 shares which is 8.75% of all ordinary shares issued. Vega Invest Fund plc holds 4'785'000 shares which is 6.88% of all ordinary shares issued. Societe Generale Option Europe holds 3'724'557 shares which is 5.35% of all ordinary shares issued. Witan Investment Trust plc holds 2'210'000 shares which is 3.17% of all ordinary shares issued.

9 Segment calculation

The Investment Advisor makes strategic allocations of assets between segments on behalf of the Group. The Group has determined the operating segments based on the internal reporting provided by the Investment Advisor to the Board of Directors on a regular basis.

The Investment Advisor considers that the investment portfolio of the Group may consist of five sub-portfolios, which are managed by specialist teams within the Investment Advisor. Only those segments applicable within the reporting period have been reflected in these audited consolidated financial statements and the notes below. There were no changes in the reportable segments during the period or transactions between reportable segments.

The Investment Advisor assesses the performance of the reportable segments based on the net income from and capital appreciation of the financial assets at fair value through profit or loss by segment, based on the fair value methodologies adopted by the Group. This measurement basis excludes any additional general income and expenses which are not allocated to segments but are managed by the Administrator on a central basis.

Total assets allocated to reportable segments are those financial instruments presented in the audited consolidated statement of financial position by segment, and the Group's other assets, receivables, liabilities and cash are not considered to be segment assets or liabilities and are managed centrally by the Administrator. Hedging gains and losses are attributable to hedging activities of the Group and managed on a central basis by the Investment Advisor and Administrator and the Group's management and performance fees paid are not considered to be segment expenses.

The segment information provided by the Investment Advisor with respect to reportable segments for the period is as follows:

In thousands of EUR	**Private Equity**		**Private Debt**		**Private Real Estate**		**Private Infrastructure**		**Non attributable**		**Total**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Interest and dividend income	-	-	2'346	1'309	-	-	-	-	330	15	2'676	1'324
Revaluation	51'868	77'407	5'129	6'017	1'458	1'589	135	202	-	-	58'590	85'215
Net foreign exchange gains / (losses)	11'923	24'559	1'564	1'555	(3)	32	-	-	170	(140)	13'654	26'006
Total Net Income	**63'791**	**101'966**	**9'039**	**8'881**	**1'455**	**1'621**	**135**	**202**	**500**	**(125)**	**74'920**	**112'545**
Segment Result	**63'791**	**101'966**	**9'039**	**8'881**	**1'455**	**1'621**	**135**	**202**	**(17'968)**	**(17'055)**	**56'452**	**95'615**
Other financial activities not allocated											(18'069)	(879)
Surplus / (loss) for the financial period											**38'383**	**94'736**

10 Financial assets at fair value through profit or loss

10.1 Private equity

In thousands of EUR	**31.12.2011**	**31.12.2010**
Balance at beginning of period	524'887	467'992
Purchase of direct and indirect investments	60'487	73'163
Distributions from and proceeds from sale of direct and indirect investments	(125'964)	(118'234)
Revaluation	51'868	77'407
Foreign exchange gains / (losses)	11'923	24'559
Balance at end of period	**523'201**	**524'887**

10.2 Private debt

In thousands of EUR	**31.12.2011**	**31.12.2010**
Balance at beginning of period	49'347	40'912
Purchase of direct and indirect investments	16'605	5'048
Distributions from and proceeds from sale of direct and indirect investments	(8'319)	(5'102)
Accrued cash and PIK interest	1'402	917
Revaluation	5'129	6'017
Foreign exchange gains / (losses)	1'564	1'555
Balance at end of period	**65'728**	**49'347**

10.3 Private real estate

In thousands of EUR	**31.12.2011**	**31.12.2010**
Balance at beginning of period	12'306	6'095
Purchase of direct and indirect investments	2'899	5'251
Distributions from and proceeds from sale of direct and indirect investments	(946)	(661)
Revaluation	1'458	1'589
Foreign exchange gains / (losses)	(3)	32
Balance at end of period	**15'714**	**12'306**

10.4 Private infrastructure

In thousands of EUR	**31.12.2011**	**31.12.2010**
Balance at beginning of period	2'345	1'929
Purchase of direct and indirect investments	1'704	300
Distributions from and proceeds from sale of direct and indirect investments	(402)	(86)
Revaluation	135	202
Balance at end of period	**3'782**	**2'345**

11 Foreign exchange / option contracts

In thousands of EUR	31.12.2011	31.12.2010
Foreign exchange forwards		
Unrealized revaluation	(5'677)	-
Realized revaluation	(1'062)	-
Total revaluation forward contracts	**(6'739)**	**-**
Foreign exchange options		
Unrealized revaluation	(12'659)	10'335
Realized revaluation	4'985	(7'689)
Total revalution option contracts	**(7'674)**	**2'646**

The net fair value of forward exchange and option contracts at the balance sheet date amounted to EUR -3'852'468 with an outstanding volume of EUR 229'878'437 (2010: EUR 9'571'201 ; volume EUR 207'961'460). These contracts may be settled on a gross basis.

12 Cash and cash equivalents

In thousands of EUR	31.12.2011	31.12.2010
Cash at banks	3'339	25'149
Cash equivalents	16'000	24'000
Total cash and cash equivalents	**19'339**	**49'149**

13 Share capital and Reserves

13.1 Share capital

In thousands of EUR	31.12.2011	31.12.2010
Authorized		
200'100'000 Ordinary shares of EUR 0.001 each	200	200
	200	**200**
Issued and fully paid		
70'100'000 Ordinary shares of EUR 0.001 each out of the bond conversion	-	70
69'579'214 Ordinary shares of EUR 0.001 each out of the bond conversion	70	-
	70	**70**

13.2 Reserves

In thousands of EUR	31.12.2011	31.12.2010
Distributable reserves		
Distributable reserves at beginning of reporting period	668'882	668'882
Dividend payment	(31'401)	-
Share buyback and cancellation	(3'188)	-
Total distributable reserves at end of reporting period	**634'293**	**668'882**

At the annual general meeting held in May 2011, the shareholders renewed the authority granted to the Directors to purchase up to 14.99 per cent of the issued share capital of the Company. During the reporting period, the Company started to buyback shares, which are subsequently cancelled, and the amount paid for those shares purchased during the reporting period is disclosed as "Share buyback and cancellation" in the note above.

14 Short-term credit facilities

On 27 July 2011, the Company entered into a 3-year multi-currency revolving credit facility with Lloyds TSB Bank plc for EUR 80m.

In relation to the interest charged, on drawn amounts, this is calculated at a margin of 3.25% per annum above the applicable LIBOR rate or, in relation to any loan in EUR, EURIBOR. In addition there is a commitment fee of 1.05% per annum calculated on the daily undrawn amounts plus a once off arrangement fee of EUR 800’000 and a monitoring fee in the amount of EUR 25’000 per annum.

In the event that the facility will be provided by more than one lender then there will be an agency fee of EUR 40’000 per annum.

The facility, in relation to the Company, is secured, inter alia, by way of a pledge over the shares in Princess Private Equity Subholding Limited, a wholly owned subsidiary of the Company and a pledge over the bank accounts and the inter-company loans within the Group.

The Company must maintain a total net asset value of at least, EUR 350m, a cash reserve of at least EUR 3m and a total asset ratio (total debt plus current liabilities as a percentage of restricted net asset value) not greater than 25%.

Previously, on 25 September 2009, the Company entered into a 3–year credit facility, with a large international bank and other lenders. The credit facility was structured as a combination of committed senior term and revolving facilities and a subordinated term facility.

The Company repaid and terminated its junior facility of EUR 32.5m on 18 August 2011 and terminated the senior facility with effect from the same date.

The credit facility formed part of a EUR 170m syndicated term loan and revolving facilities (the "Syndicated Facilities") available to the Company, Pearl Holding Limited and Partners Group Global Opportunities Limited (each a "Borrower") that could be allocated among the Borrowers as per individual demand and as determined by Partners Group AG (the "Allocation Agent"), subject to certain minimum and maximum limits.

The Syndicated Facilities were comprised of senior and junior facilities of EUR 85m each. The junior term facilities were provided by Green Stone IC Limited and Partners Group Finance CHF IC Limited, each a Guernsey limited liability company, which since 21 December 2009 had split the subordinated term facility in the proportion of EUR 15.67/EUR 69.33m respectively.

Green Stone IC Limited is majority owned by partners and employees of Partners Group Holding AG while Partners Group Finance CHF IC Limited is a wholly owned subsidiary of Partners Group Holding AG.

The senior term facilities were provided by Partners Group Finance CHF IC Limited, the large international bank and effective from 17 February 2010, an additional Swiss based bank with whom Partners Group Finance CHF IC Limited transferred part of its commitment.

In relation to the senior revolving facility, interest on drawn amounts was calculated at a rate of 5% per annum (calculated as a margin of 2.75% on drawn amounts plus a facility fee of 2.25% on the applicable senior facility amount) above the applicable EURIBOR rate. In addition there was a facility fee of 2.25% per annum on the remaining undrawn applicable senior facility amount.

The margin on drawn amounts under the junior facility was 8.75% per annum above EURIBOR. No facility fee was due under the junior facility.

In the period ended 31 December 2010, the Company paid a participation fee of 2% of their commitment to Partners Group Finance CHF IC Limited of EUR 244’706 and EUR 152’941 to the Swiss based bank in connection with the Company’s need to utilise the senior facility. In addition an annual agency fee of EUR 20’000 was paid to the senior facility agent.

No such fees have been paid during the period ended 31 December 2011.

The Company had to maintain a minimum adjusted net asset value and a minimum cash balance, which in the case of the Company is EUR 350m and EUR 3m respectively. In addition the Company had to have a net asset cover (total indebtedness to adjusted net asset value) of less than 25%.

The facilities, in relation to the Company, were secured, inter alia, by way of a pledge over the shares in Princess Private Equity Subholding Limited and a pledge over the bank accounts and the inter-company loans within the Group.

In thousands of EUR	**31.12.2011**	**31.12.2010**
Balance at end of period	**-**	**32'500**

15 Commitments

In thousands of EUR	**31.12.2011**	**31.12.2010**
Unfunded commitments translated at the rate prevailing at the balance sheet date	143'865	210'394

16 Earnings per share and net assets per share

Basic earnings per share are calculated by dividing the surplus or loss for the financial period attributable to the shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares, if any. There were no dilutive effects on the Company's shares during 2011 and 2010.

The net assets per share is calculated by dividing the net assets in the consolidated statement of financial position by the number of actual shares outstanding at the end of the reporting period.

In thousands of EUR	**31.12.2011**	**31.12.2010**
Net assets of the Group	612'827	609'033
Outstanding shares at the balance sheet date	69'579'214	70'100'000
Net assets per share at period-end	8.81	8.69

17 Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign currency exchange contracts or options to hedge certain exposures.

17.1 Foreign currency exchange risk

The Group holds net assets denominated in currencies other than its Functional Currency. The value of net assets denominated in other currencies will fluctuate due to changes in exchange rates. The main currency risk for the Group results from net assets held in other currencies where a change of exchange rates can have a material impact on the value of net assets. The Investment Manager's hedging committee meets on a quarterly basis to review the foreign currency exchange rate risk and decides on the use of derivative financial instruments such as foreign currency exchange contracts and foreign currency exchange options to hedge certain exposures. Further, the Investment Manager's risk management committee reviews the foreign currency exchange risk on a monthly basis and proposes changes to the actual hedging positions if necessary.

The annual volatility uses cross-currency rates from 1 January 2001 to the respective period end and based on the assumption that the non Functional Currency fluctuates by the annual volatility, shows below the amount by which the value of those applicable net assets and the corresponding results would fluctuate either higher or lower.

The Group has used the volatility analysis since 1 January 2001 as this provides an analysis of long term trends.

In thousands of EUR	**31.12.2011**	**31.12.2010**
Net assets denominated in AUD	6'386	-
Net assets denominated in CHF	(32)	(29)
Net assets denominated in GBP	18'630	13'081
Net assets denominated in SEK	545	849
Net assets denominated in USD	136'052	176'238
Net assets denominated in NOK	5'368	4'753
Applicable annual volatility AUD	9.40%	9.40%
Applicable annual volatility CHF	6.50%	5.80%
Applicable annual volatility GBP	8.40%	8.50%
Applicable annual volatility SEK	6.00%	6.10%
Applicable annual volatility USD	10.90%	10.80%
Applicable annual volatility NOK	7.10%	7.30%
Fluctuation of net assets and corresponding results depending on above mentioned volatility	**17'407**	**20'543**

17.2 Interest rate risk

The Group may invest in interest-bearing mezzanine investments that are exposed to the risk of changes in market interest rates. The interest on mezzanine loans is partially based on LIBOR and EURIBOR rates. A decrease in the market interest rates can lead to a decrease in interest income of the Group. The overall interest rate risk is considered to be limited as only a small part of the portfolio depends on variable interest rates.

Cash and cash equivalents are only short-term and therefore interest rate exposure is very limited. At the period end, all term deposits invested have fixed interest rates.

As part of the Investment Manager's continuous monitoring of liquidity it analyses the interest rates quoted against the general market to ensure that these are competitive and takes action as appropriate.

Other than as stated herein, the income and operating cash flows are substantially independent from changes in market interest rates.

A change of 50 basis points in interest rates at the reporting date would have resulted in either an increase or a (decrease) in surplus or loss by the amounts stated below. This analysis assumes that all other variables in particular foreign currency rates remain constant and is performed on the same basis for the previous period.

Variable rate instruments

In thousands of EUR	**31.12.2011**	**31.12.2010**
Mezzanine investments	25'053	12'954
Cash and cash equivalents	19'339	49'149
Credit facility	-	(32'500)
Total variable rate instruments	**44'392**	**29'603**

Sensitivity analysis

In thousands of EUR	50bp increase	50bp decrease
2011		
Impact on variable rate instruments	222	(222)
2010		
Impact on variable rate instruments	148	(148)

17.3 Credit risk

Whilst the Group intends to diversify its portfolio of investments, the Group's investment activities may result in credit risk relating to investments in which the Group has direct or indirect (through underlying investments and investments in subsidiaries) exposure. A negative credit development or a default of an investment in which the Group has direct or indirect exposure will lead to a lower net asset value and to lower dividend and interest income from assets within the private debt operating segment or where the Group holds a direct interest.

It is expected that investments will include those made in private debt funds. Many of the private debt funds may be wholly unregulated investment vehicles. In addition, certain of the private debt funds may have limited or no operational history and have no proven track record in achieving their stated investment objective. The investment risk is managed by an investment strategy that diversifies the investments in terms of geography, financing stage, industry or time.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions with a minimal rating of P-1 (Moody's). The Investment Manager ensures that any surplus cash is invested in temporary investments. In addition, where the Group holds significant amounts of cash the Investment Manager may seek to diversify this exposure across multiple financial institutions.

The Group may also invest in mezzanine facilities of alternative investment backed underlying investments. These underlying investments' financial performance is monitored on a monthly basis and classified by an internal rating system, which consists of five categories; too early, with issues, on plan, above plan and outperformer. When assessing the investment the Investment Manager takes into account a number of factors including the financial position and actual versus expected performance. The term "too early" is used during the period just after the initial investment when there is insufficient information to assess the actual performance of the underlying investment. If an underlying investment's performance is classified as "with issues", the mezzanine facility will be closely and regularly monitored by Partners Group AG with regular communications being held with the manager of the underlying investment so that the actual value can be assessed and, if necessary, impaired. The amount of any impairment is disclosed herein.

The Group provides mezzanine facilities to private companies which are represented as debt instruments. No collateral is received from the underlying companies. The credit quality of these investments is based on the financial performance of the individual portfolio company. For those assets that are not past due, it is believed that the risk of default is small and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions. No terms or conditions were renegotiated during the period.

As part of the quarterly fair value assessment Partners Group AG takes into consideration any breaches in covenants and any changes in general market conditions.

The change of credit quality is reflected in the fair value of the instrument. As at 31 December 2010 and 2011 there is no impairment on mezzanine investments.

The Group has no significant concentration of credit risk other than as detailed herein.

Rating of mezzanine investments

In thousands of EUR	**31.12.2011**	**31.12.2010**
On plan	17'064	9'779
With issues	3'316	3'175
Too early	4'673	-
Total	**25'053**	**12'954**

Duration of credit risk

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
2011			
Hedging assets / (liabilities)	(3'852)	-	-
Cash and cash equivalents	19'339	-	-
Other short-term receivables	231	-	-
Mezzanine instruments	25'053	-	-
2010			
Hedging assets / (liabilities)	9'571	-	-
Cash and cash equivalents	49'149	-	-
Other short-term receivables	1'696	-	-
Mezzanine instruments	12'954	-	-

17.4 Liquidity risk

Liquidity risk arises where the Group may not be able to meet the obligations as and when these fall due for settlement.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

As the unfunded commitments can be drawn at any time, the Group's over-commitment strategy could result in periods in which the Group has inadequate liquidity to fund its investments or to pay other amounts payable by the Group. The liquidity risk arising from the over-commitment strategy is managed through the use of quantitative models by the Investment Advisor's internal risk committee on a quarterly basis. If the risk committee concludes that there is a risk of insufficient liquidity to fund investments, actions are taken into consideration such as entering into a credit facility, reducing the amount of listed private equity, if any, or the selling of investments on the secondary market.

The Group's financial instruments include investments in unlisted securities, which are not traded in an organized public market and may generally be illiquid. As a result, the Group may not be able to quickly liquidate its investments in these instruments at an amount close to fair value in order to respond to its liquidity requirements or to specific events such as deterioration in their creditworthiness.

17.5 Overcommitment strategy

In thousands of EUR	**31.12.2011**	**31.12.2010**
Unfunded commitments	(143'865)	(210'394)
Liabilities falling due within one year	(11'316)	(40'268)
Hedging assets / (liabilities)	(3'852)	9'571
Current assets	19'570	50'845
Total	**(139'463)**	**(190'246)**

Liquidity risk current year

In thousands of EUR	Less than 3 months	3 to 12 months
2011		
Unfunded commitments	(143'865)	-
Liabilities falling due within one year	(4'305)	(7'011)
Hedging assets / (liabilities)	(3'852)	-
Current assets	19'570	-
Undrawn credit facility available	80'000	-
Total	**(52'452)**	**(7'011)**

Liquidity risk previous year

In thousands of EUR	Less than 3 months	3 to 12 months
2010		
Unfunded commitments	(210'394)	-
Liabilities falling due within one year	(36'687)	(3'581)
Hedging assets / (liabilities)	9'571	-
Current assets	50'845	-
Undrawn credit facility available	32'500	-
Total	**(154'165)**	**(3'581)**

17.6 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As a result of the outstanding credit facility agreement, the Group is required to meet certain covenants as described in the Short-term credit facilities note. The Group monitors compliance with these externally imposed restrictions and during the year there are no breaches with respect to these covenants.

17.7 Market price risk

Financial assets at fair value through profit or loss and investments in listed private equity bear a risk of loss of capital. The Investment Manager moderates this through a careful selection of investments within specified limits. The Group's investments are monitored on a regular basis by the Investment Manager and are reviewed on a quarterly basis by the Board of Directors. With effect from the beginning of the current reporting period the Group has changed the benchmark against which it checks its performance to the Thomson Reuters' Private Equity Performance Index (that is calculated based on quarterly cash flows from the Europe, Middle East and Africa all private equity data in Euros and the United States all private equity data in US dollars that have both been given equal weighting) from the Listed Private Equity Index (LPX50), due to the index's increased diversification across geography, financing stages and investment managers. The Investment Manager has disclosed the annual expected volatility for both the current and prior reporting periods using the new index.

The Group checks on a regular basis the weightings of the index, its composition, price development and volatility.

The annual volatility of the benchmark is shown for the period from 1 January 2001 to the relevant period end by using the quarterly data. Under the assumption that financial assets at fair value through profit or loss and investments in listed private equity, if any, fluctuate with the annual volatility the value and the result of such assets, if any, would be impacted by the values shown which could be either higher or lower.

In thousands of EUR	**31.12.2011**	**31.12.2010**
Financial assets at fair value through profit or loss	608'425	588'885
Total assets subject to market risk	**608'425**	**588'885**
Annual expected volatility	8.20%	8.40%
Potential impact on statement of financial position and statement of comprehensive income	**49'891**	**49'466**

17.8 Fair value estimation

IFRS 7 - Financial instruments requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination to what constitutes "observable" requires significant judgment by the responsible entity. The responsible entity considers the observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below analyses within the fair value hierarchy the Group's financial assets measured at fair value at the end of the reporting period.

In the event that the Group holds any quoted investments including any shares received as a result of an IPO or listed private markets these are valued based on quoted market prices in active markets, and therefore classified in Level 1.

The Directors have assessed that any derivatives used for hedging valued based on dealer quotes at the end of the reporting period are classified in Level 2 as it believes that the Group could redeem the derivatives at the value stated.

Level 3 comprises unquoted investments where the Investment Manager reviews the latest information provided by underlying investments and other business partners, which may not coincide with the reporting date of the Group, and applies widely recognized valuation methods to value such investments as detailed in the note on critical accounting estimates and judgments.

The reconciliation of each class of financial instrument designated as level 3 is presented in the note on financial assets at fair value through profit or loss.

During the period, certain investments were reclassified to level 1 from level 3 as a result of a corporate action which has taken place during the year. There were no other transfers between level 3 and levels 1 and 2 during the period (2010: none).

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
2011				
Assets				
Financial assets at fair value through profit or loss - equity securities	14'288	-	528'409	542'697
Financial assets at fair value through profit or loss - debt investments	-	-	65'728	65'728
Total assets	**14'288**	**-**	**594'137**	**608'425**
Liabilities				
Hedging liabilities	-	3'852	-	3'852
Total liabilities	**-**	**3'852**	**-**	**3'852**
2010				
Assets				
Hedging assets	-	9'571	-	9'571
Financial assets at fair value through profit or loss - equity securities	-	-	539'538	539'538
Financial assets at fair value through profit or loss - debt investments	-	-	49'347	49'347
Total assets	**-**	**9'571**	**588'885**	**598'456**
Liabilities				
Hedging liabilities	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**

18 Dividend and interest income and expense

In thousands of EUR	**31.12.2011**	**31.12.2010**
Interest income		
From financial assets at fair value through profit or loss	2'346	1'309
From cash and cash equivalents	330	15
Dividend income		
From financial assets at fair value through profit or loss	-	-
Total dividend and interest income	**2'676**	**1'324**
Interest expense		
Credit financing interest	(2'886)	(3'063)
Total interest expense	**(2'886)**	**(3'063)**
Net result from dividends and interest	**(210)**	**(1'739)**

19 Foreign exchange gains and (losses)

In thousands of EUR	**31.12.2011**	**31.12.2010**
On financial assets at fair value through profit or loss	13'484	26'146
On short-term payables and receivables	(175)	(117)
On cash and cash equivalents	170	(140)
Total foreign exchange gains and (losses)	**13'479**	**25'889**

20 Revaluation and realized gains and (losses)

In thousands of EUR	**31.12.2011**	**31.12.2010**
On financial assets at fair value through profit or loss	58'590	85'215
On option and forward hedges	(14'414)	2'646
Total revaluation and realized gains and (losses)	**44'176**	**87'861**

21 Related party transactions

A related party to the Group, is an entity which has the ability to, directly or indirectly, control the Group, or vice versa, or to exercise significant influence over the Group in making financial and operational decisions or is a member of the key management team of each entity of the Group or their Boards of Directors. Entities will also be related where they are members of the same group. In this regard, the following are considered related parties in the context of these consolidated financial statements; all entities owned and controlled by Partners Group Holding AG, all entities advised by Partners Group AG, Green Stone IC Limited and the Board of Directors of each entity within the Group.

The following represent the transactions and balances of the Group with related parties:

In thousands of EUR	**31.12.2011**	**31.12.2010**
i) Transactions		
Management fee expenses:		
Princess Management Limited	12'067	13'354
Incentive fee expenses:		
Princess Management Limited	4'471	1'786
Administration fee expenses:		
Partners Group (Guernsey) Limited	306	212
Capital calls and distributions to/from PG advised products (investment side); net. Calls and distributions have been settled in the normal course of operations.	898	(13'536)
Setup expenses and interests on short-term loans and credit facilities:		
Green Stone IC Limited	380	449
Partners Group CHF IC Limited	1'681	1'986
Directors fee expenses:	177	174
Service fee expenses:		
Princess Management Limited	143	-
Partners Group AG	-	185
ii) Year-end balances		
Other short-term payables:		
Princess Management Limited	(7'011)	(3'601)
Green Stone IC Limited	-	(72)
Partners Group CHF IC Limited	-	(317)
Short-term loans & credit facilities:		
Green Stone IC Limited	-	(5'991)
Partners Group CHF IC Limited	-	(26'509)
Commitments to PG advised products (investment side)	196'685	196'315
Fair value of investments advised by Partners Group AG or related party	106'427	94'980

22 Number of employees

As at 31 December 2010 and 2011 no persons were employed by the Group.

23 Pension scheme

The Group does not operate a pension scheme.

24 Group enterprises - significant subsidiaries

Princess Private Equity Subholding Limited
Incorporated in Guernsey
Ownership interest as at 31 December 2011 and 2010: 100%
Activity: Investment holding company

25 Events after the reporting date

The Board of Directors is of the opinion that no events took place between the end of the reporting period and the approval of these financial statements that would require disclosure in or adjustments to the amounts recognized in these financial statements.

26 Approval of these financial statements

The Director of the Company approved these financial statements on 6 March 2012.

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Trading Information

Listing	Frankfurt Stock Exchange	London Stock Exchange
ISIN	DE000A0LBRM2	GG00B28C2R28
WKN	A0LBRM	A0LBRL
Valor	2 830 461	2 830 461
Trading symbol	PEY1	PEY
Bloomberg	PEY1 GY	PEY LN
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Designated sponsor	Donner & Reuschel Privatbank Seit 1798	JPMorgan Cazenove

Partners Group
Passion for Private Markets