

Princess Private Equity Holding Limited

Investment holding company traded on the Frankfurt Stock Exchange and on the London Stock Exchange

Princess Private Equity Holding Limited ("Princess") is an investment holding company domiciled in Guernsey that invests in private market investments. Investments include primary and secondary fund investments, direct investments and listed private equity. Princess aims to provide shareholders with long-term capital growth and an attractive dividend yield in the mid- to long-term. The shares are traded on the Frankfurt Stock Exchange (in the form of co-ownership interests in a global bearer certificate) and on the London Stock Exchange.

Key facts

	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GR	PEY LN
WKN	AOLBRM	AOLBRL
ISIN	DE000AOLBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends	EUR 0.274 (30/04/2007), EUR 0.30 (13/12/2007)	

Monthly commentary

The net asset value per share of Princess advanced by 0.9% during the month of October. While again a number of portfolio partnerships reported favorable developments, among others Partners Private Equity reported a positive event for u-blox Holding AG. The Swiss technology company went public on the Swiss Stock Exchange on 25 October 2007 in an IPO that was almost seven times oversubscribed. The share price rose by more than 100% until the end of the month leading to a substantial valuation adjustment in the Princess portfolio. While Princess' partnership Partners Private Equity sold a part of its holding in u-blox during the IPO, it continues to remain invested in the company. u-blox develops positioning technology, products and services based on Global Navigation Satellite Systems (GNSS), including GPS and GALILEO, for the automotive and mobile terminal communications markets as well as for high precision infrastructure applications.

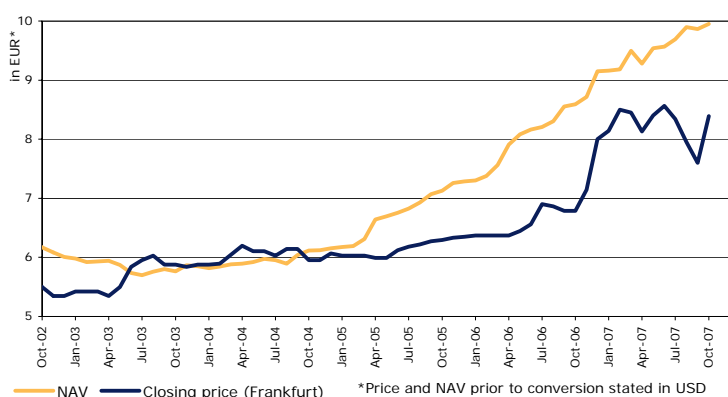
Key figures

	31.10.2007	30.09.2007	YTD
Net asset value (NAV)	EUR 9.95	EUR 9.86	8.8%
Net asset value (NAV) incl. dividend ¹	EUR 10.24	EUR 10.16	12.0%
Investment level	85.05%	85.60%	
Overcommitment	45.20%	42.66%	
Closing price Frankfurt ¹	EUR 8.39	EUR 7.60	8.4%
Premium	-15.68%	-22.95%	
Closing price London ¹	--	--	
Premium	--	--	

¹ YTD = Total Return

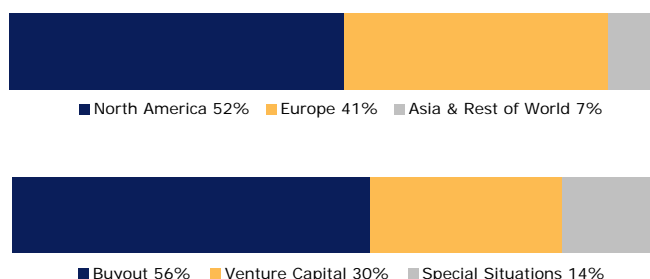
Princess made two new commitments in October, namely to US large-cap buyout fund Bain Capital Fund X and to Warburg Pincus Private Equity X, a fund targeting companies globally at all stages of development.

NAV und price development

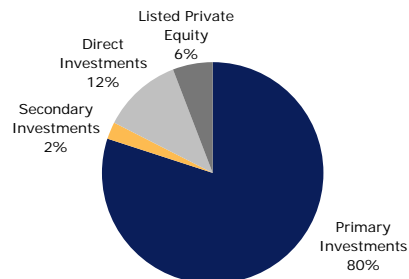


In October, Princess partnership Polish Enterprise Fund IV, which is managed by Enterprise Investors, successfully exited Magellan via an initial public offering (IPO) on the Warsaw Stock Exchange. The listing, which was heavily oversubscribed, generated a return multiple of 10x for the fund. Magellan is a leading player in the rapidly growing Polish market for financial services for medical institutions and suppliers. Polish Enterprise Fund IV originally invested in Magellan in 2003 with the aim of supporting the management team in strengthening the company's market position. During the holding period, Magellan achieved rapid growth coupled with excellent financial performance.

PE investments by regions and financing stages



PE investments by investment types



Recent commitments

Partnership/Company	Financing stage	Region	Vintage	Size in m	Month
Bain Capital Fund X, L.P.	Buyout	North America	2007	USD 16	Oct 07
Warburg Pincus Private Equity X, L.P.	Buyout	North America	2007	USD 20	Oct 07
Partners Group Global Real Estate 2008, L.P.	Special Situations	n.a.	2008	EUR 20	Sep 07
Apollo Overseas Partners VII, L.P.	Buyout	North America	2007	USD 20	Aug 07
Lifeways Community Care Limited	Buyout	Europe	2007	n/a	Aug 07

Definitions

This Newsletter is produced based on information available on the last working day of the month.

On a bondholders' meeting on 5 December 2006, bondholders approved to amend the terms and conditions of the Bonds by entering into a fifth supplemental trust deed with Law Debenture Trustees Limited (the "Fourth Supplemental Trust Deed") giving the Company a mandatory conversion right. Accordingly the Company was granted the right (the "Mandatory Conversion Right") to convert all of the Bonds into Co-ownership Interests. On 8 December 2006 each bond has been converted into 10 Ordinary shares deliverable in the form of Co-ownership Interests in a global bearer certificate issued by Clearstream, Frankfurt such that each Co-ownership Interest in a global bearer certificate carries rights corresponding to one Ordinary Share.

The conversion of 700,000 convertible bonds at a par value of USD 1,000 each at USD 100 per share resulted in the issuance of 7,000,000 Ordinary Shares. 10,000 shares were already issued and outstanding leading to a total amount of 7,010,000 issued and outstanding Ordinary shares. The Extraordinary Shareholder Meeting of the holders of ordinary shares in Princess Private Equity Holding Limited on 12 October 2007 agreed on a 1 to 10 share split according to which each ordinary share was subdivided into 10 ordinary shares. The share split became effective after close of trading on 12 October 2007.

The Net asset value ("NAV") is calculated based on a total of 70,100,000 shares outstanding.

Net asset value (NAV)	The net asset value, as described in the Prospectus dated 12 October 2007, equals the total assets less liabilities due in one year of the company calculated in accordance with the International Financial Reporting Standard ("IFRS").
Closing price	Last price paid on the Frankfurt Stock Exchange or on the London Stock Exchange on the respective date
Premium/Discount	Closing price divided by NAV
Market capitalization	Closing price multiplied by number of issued and outstanding shares
Value of private equity investments	Private equity investments are being held at fair value as required under the Company's adopted accounting standards IFRS.
Investment level	The lesser of 100% or the value of private equity investments divided by NAV
Overcommitment	Undrawn commitments less net current assets divided by NAV
Total Return	Total return is calculated according the standard BVI-method of the Bundesverband Investment and Asset Management.
Frankfurt Stock Exchange ("Frankfurt")	First listing on 13/12/2006. The shares deliverable in the form of co-ownership interests in a global bearer certificate are admitted to trading on the regulated market (Reglementierter Markt) with concurrent admission to trading on the segment of the regulated market with additional post-admission obligations (Prime Standard).
London Stock Exchange ("London")	First listing on 01/11/2007. Shares are admitted to the official market.

Regions

North America	North America
Europe	European Union & European Free Trade Association
Asia & RoW	Asia & Rest of World

Financing stages

Private Equity (PE)	Investments in companies, which typically are not publicly traded and in which the investor may significantly influence the management, and other investments of similar character.
Venture Capital (VC)	Financing for companies typically in their build-up phase. Seed Stage describes the period where product feasibility is confirmed; Early Stage involves the identification of the position in the market, the establishment of production lines and the development of marketing channels; Later Stage portrays the subsequent rapid expansion phase of a young company.
Buyout (BO)	Acquisition of a controlling stake in a company, typically with financial or managerial reorganization needs. Small/mid/large size buyout refers to the enterprise value of the acquired company. Whereas the bandwidths for Europe are set at <EUR 100m/EUR 100m-EUR 400m/>EUR 400m, US bandwidths are at <USD 300m/USD 300m-USD 1bn/>USD 1bn for small/mid/large size buyout respectively.
Special Situations (SS)	Any form of investment that falls within the definition of private equity but cannot be attributed to venture capital or buyout as described above. Special situations includes mezzanine, turnaround, distressed and other investments.

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