

# MONTHLY REPORT

as per 30 September 2010

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

## Key facts

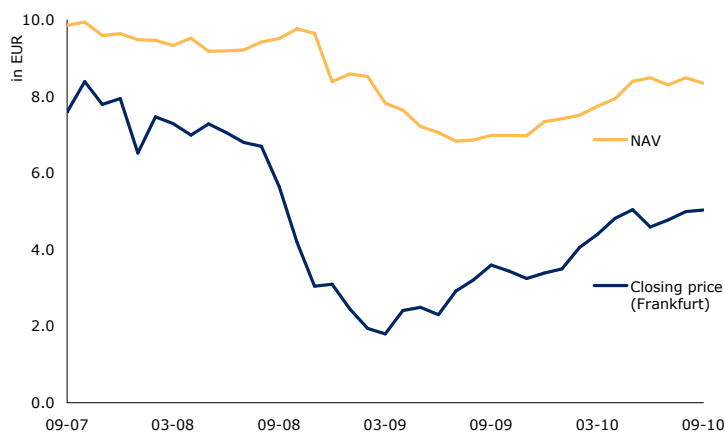
	Frankfurt	London
Trading symbol	PEY1	PEY
Reuters	PEYGz.DE/PEYGz.F	PEY.L
Bloomberg	PEY1 GY	PEY LN
WKN	A0LBRM	A0LBRL
ISIN	DE000A0LBRM2	GG00B28C2R28
Valor	2 830 461	2 830 461
Formation of the Company	12.05.1999	
Base currency	EUR	
Dividends 2008	EUR 0.30 (20/06/2008)	

## Key figures

	30.09.2010	31.08.2010	YTD
Net asset value (NAV)	EUR 8.35	EUR 8.49	
Net asset value (NAV) incl. dividend	EUR 9.17	EUR 9.33	13.80%
Investment level	101.82%	104.42%	
Gross Investment level	96.00%	97.16%	
Overcommitment	42.81%	47.28%	
Overcommitment incl. credit line	31.70%	36.37%	
Closing price Frankfurt	EUR 5.04	EUR 5.00	48.67%
Premium	-39.63%	-41.13%	
Closing price London	EUR 5.03	EUR 5.00	51.81%
Premium	-39.81%	-41.13%	

Where applicable, returns are calculated according to the standard BVI-method of the Bundesverband Investment and Asset Management and may be subject to decimal rounding.

## NAV and price development



## Monthly commentary

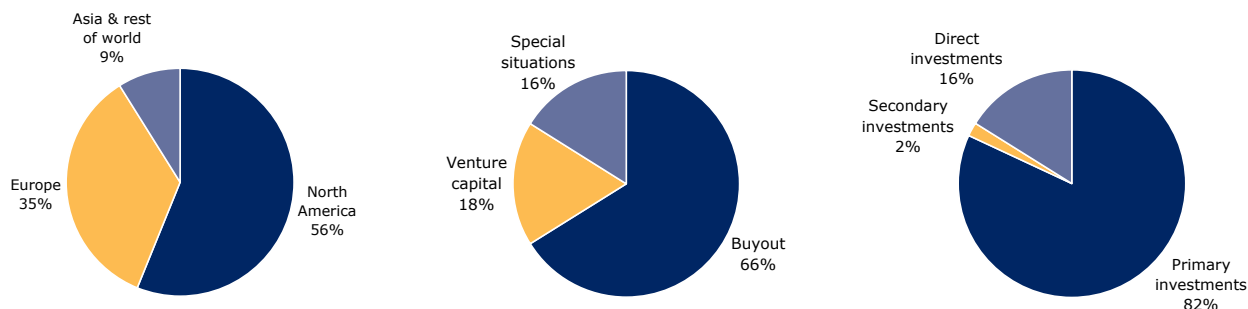
Following the positive development of the net asset value (NAV) of Princess in August, the NAV decreased by 1.70% in September, closing the month at EUR 8.35 per share. The portfolio companies in the Princess portfolio continued to develop well as many of them were able to improve their operating results and increase their earnings. Overall, valuation developments of portfolio companies contributed +1.66% to the NAV with companies in the buyout segment having a particularly important impact. However, the substantial appreciation of the euro against the US dollar during the course of the month had an adverse effect on the NAV. Although this effect was partially mitigated by hedging gains through the new US dollar put option which was purchased in June 2010 at around this year's euro low with a strike price of 1.23, overall foreign exchange movements more than offset the positive NAV impact from Princess' portfolio companies.

In September, Princess received EUR 14.0 million in distributions from exited portfolio companies compared to EUR 6.3 million in drawdowns for new investments. Amongst others, Princess received a EUR 5.0 million distribution from the previously announced exit of Shenzhen Development Bank and a EUR 2.5 million distribution from the sale of the German cable TV operator PEPcom.

Furthermore, Doughty Hanson & Co. announced the sale of Impress Coöperatieve U.A., a global market leader in consumer metal packaging such as metal cans and beverage containers, to Ardagh Glass Group for EUR 1.7 billion. The enlarged, Dublin-headquartered business will operate 81 facilities across 24 countries and generate annual revenues in excess of EUR 3 billion. Ardagh plans to offer secured and unsecured notes to finance the acquisition. Doughty Hanson's Private Equity Fund II was invested in Impress and will be distributing the proceeds to their investors, representing an investment multiple of 2.6x for the fund.

Moreover, Warburg Pincus and Tarpon Investimentos announced an investment for just over USD 200 million with Omega Energia, a renewable energy company in Brazil. The investment will fund Omega's fast-paced growth and its transformation into one of the leading renewable energy platforms in the country. Since its inception in 2008, Omega has developed an extensive small hydro power plant (SHP) portfolio and is currently conducting feasibility studies on a number of large hydro power plants in the 50 to 200 megawatt range. The projects are at different stages of development, ranging from engineering studies and licensing through to construction and operations.

## PE investments by region, financing stage and type of investment



The accompanying notes form an integral part of this monthly report.

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.

## GLOSSARY

Buyout (BO)	Acquisition of a controlling stake in a company, typically with financial or managerial reorganization needs. Small/mid/large/mega large size buyout refers to the enterprise value of the acquired company. Whereas the bandwidths are set at (EUR or USD) <250m/250m-EUR 1bn/1bn-5bn/>5bn for small/mid/large/mega large size buyout respectively.
Closing price	Last price paid on the Frankfurt Stock Exchange or on the London Stock Exchange on the respective date
Frankfurt Stock Exchange (Frankfurt)	First listing on 13/12/2006. The shares deliverable in the form of co-ownership interests in a global bearer certificate are admitted to trading on the regulated market (Reglementierter Markt) with concurrent admission to trading on the segment of the regulated market with additional post-admission obligations (Prime Standard).
Gross Investment level	The value of private equity investments divided by the sum of NAV and drawn credit line
Investment level	The value of private equity investments divided by NAV
London Stock Exchange (London)	First listing on 01/11/2007. Shares are admitted to the Official List.
Net asset value (NAV)	The net asset value, as described in the Prospectus dated 12 October 2007, equals the total assets less liabilities due in one year of the company calculated in accordance with the International Financial Reporting Standard (IFRS).
Overcommitment	Unfunded commitments less net current assets divided by NAV
Overcommitment incl. credit line	Unfunded commitments less the sum of net current assets and total credit line divided by NAV
Premium	Price divided by NAV
Private equity (PE)	Investments in companies, which typically are not publicly traded and in which the investor may significantly influence the management, and other investments of similar character.
Special situations (SS)	Any form of investment that falls within the definition of private equity but cannot be attributed to venture capital or buyout as described above. Special situations includes mezzanine, turnaround, distressed and other investments.
Total Return	Total return is calculated according the standard BVI-method of the Bundesverband Investment and Asset Management.
Value of private equity investments	Private equity investments are being held at fair value as required under the Company's adopted accounting standards IFRS.
Venture capital (VC)	Financing for companies typically in their build-up phase. Seed Stage describes the period where product feasibility is confirmed; Early Stage involves the identification of the position in the market, the establishment of production lines and the development of marketing channels; Later Stage portrays the subsequent rapid expansion phase of a young company.

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

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