PRINCESS PRIVATE EQUITY HOLDING LIMITED

INTERIM REPORT 2010

Interim report for the period from
1 January 2010 to 30 September 2010

Princess

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 investments. The portfolio includes direct investments, primary and secondary fund investments as well as listed private equity 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 London Stock Exchange.

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1 KEY FIGURES

IN EUR	30 SEPTEMBER 2010	31 DECEMBER 2009
Net asset value (NAV)	585'253'275	514'297'225
NAV per share	8.35	7.34
Closing price (Frankfurt)	5.04	3.39
Premium over NAV (Frankfurt)	-39.63%	-53.79%
Closing price (London)	5.03	3.31
Premium over NAV (London)	-39.81%	-54.88%
Cash and cash equivalents	7'511'068	15'251'321
Use of credit facility	35'500'000	20'000'000
Value of private equity investments	595'894'333	516'927'880
Undrawn commitments	239'891'682	283'519'959
Investment level	101.82%	100.51%
Overcommitment	42.81%	55.64%
Overcommitment incl. credit line	31.70%	47.86%

2 INVESTMENT MANAGER'S REPORT

Strong first three quarters of 2010

The net asset value (NAV) of Princess has shown a positive performance in the year to date, increasing significantly by 13.8% to EUR 8.35 per share.

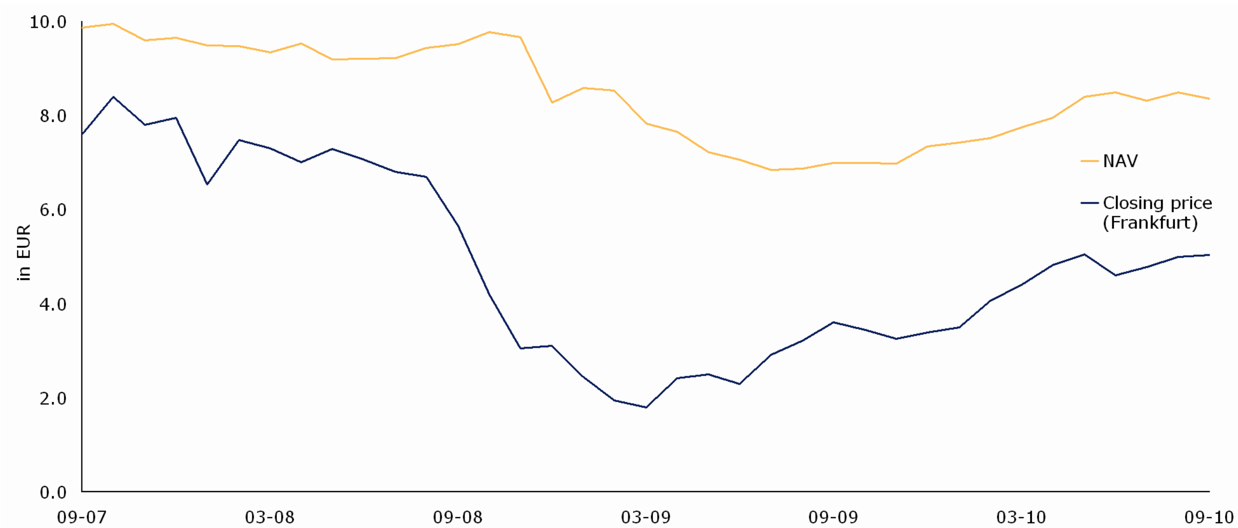
The prime driver of the rise in the NAV has been the strong operating performance of the companies in the Princess portfolio which led to positive revaluations of 12.0% in the first nine months of the year. Portfolio companies in the buyout and special situations segments contributed particularly to this positive development.

Foreign exchange movements had a positive effect on the NAV of 4.5% during the first nine months of 2010. Large foreign exchange gains in the first half of the year were partially offset by currency losses in the third quarter as the euro rebounded against the US dollar. Although the euro's appreciation against the US dollar during the third quarter had an adverse impact on the NAV, the effect was partially mitigated by gains from Princess' foreign exchange hedging contracts.

Attractive valuation and performance metrics

The strong performance of the companies in the Princess portfolio largely reflects their positive operational development. The 30 largest companies in the Princess portfolio, representing just under 25% of the NAV, posted weighted average year-on-year revenue and earnings (EBITDA) growth of 1.7% and 8.3% respectively. In terms of valuations, the 30 largest portfolio companies are currently valued at a weighted average multiple of 9.0 times EBITDA (based on historical EBTIDA over the past twelve months). With the Princess shares currently trading at a discount of 39.6% to the NAV on the Frankfurt Stock Exchange, the weighted average EV/EBITDA multiple of these top 30 portfolio companies translates to 5.4 times LTM EBITDA. Further details about the

PRICE AND NAV DEVELOPMENT (LAST THREE YEARS)



valuation metrics can be found in Chapter 4 of this report.

Share price rises sharply

The Princess share price continued to perform strongly in the third quarter, taking year-to-date gains to 48.7%, after closing the reporting period at EUR 5.04 per share on the Frankfurt Stock Exchange. It thus increased its year-to-date outperformance of the LPX 50 Total Return Index (in euros) for listed private equity to 27.5% from 23.6% at the end of the second quarter of 2010. Despite the strong share price performance, the discount to the NAV stood at 39.6% as of the end of September 2010. It is the Investment Manager's conviction that this large discount does not reflect the high quality of the Princess portfolio. It has therefore decided, together with the Board, to take steps to reposition the portfolio. These steps are described in greater detail at the end of this Investment Manager's Report.

Solid rebound in investment activity

In the overall private equity market, and particularly in the Princess portfolio, there has been a significant rebound in investment and exit activity over the past three quarters compared to the corresponding period in the previous year. During the first 9 months of 2010, Princess invested EUR 59.5 million in new investment opportunities, up 27.9% on the figure for the whole of 2009. In the third quarter alone, some EUR 27.1 million was deployed in new deals, making it the highest drawdown level in any quarter since the fourth quarter of 2008.

Amongst others, a number of new investments were completed in Asia and the rest of the world, diversifying further the regional allocation of the Princess portfolio. For example, Warburg Pincus X announced in September that it was investing in the Brazilian renewable energy company Omega Energia and Providence Equity Partners VI had announced in July that it was acquiring Study Group, an Australia-based global leader in private higher education, language and career education.

The level of exit activity in the Princess portfolio similarly picked up markedly during the first three quarters of 2010 compared to the previous year: in the year to date, distributions received amount to EUR 61.3 million, up 47.6% on the figure for total distributions for the whole of 2009. In the third quarter, EUR 21.9 million in proceeds was received from portfolio companies that had been realized. The month of September saw a particularly high level of exit activity, with distributions reaching EUR 14.0 million. The Investment Manager expects the current positive trend in exit activity to continue over the coming months and this should result in positive net cash flows.

As an example, Princess received a second distribution of EUR 5.0 million from the highly successful exit of Chinese lender Shenzhen Development Bank in September. The exit produced a return of about 13 times the original investment. Princess has received EUR 9.5 million in total proceeds from this exit this year. During the same month, Princess also received a distribution of EUR 2.5 million from the sale of PEPcom, Germany’s sixth-largest cable TV operator.

Full investment level

After three successive quarters of proceeds from realizations exceeding capital calls for new investments, the third quarter of 2010 saw a strong increase in capital calls as Princess benefited from many new, attractive investment opportunities. So far in 2010, capital calls and distributions have roughly balanced each out. At the end of September, Princess held EUR 7.5 million in cash and cash equivalents and had drawn down EUR 35.5 million under the credit facility, which currently amounts to EUR 65.0 million, but which could potentially increase to EUR 90.0 million. This translated into an investment level of 101.8% as at the end of September 2010, though it actually peaked at 104.4% in August.

Attractive level of unfunded commitments

The level of unfunded commitments in the Princess portfolio decreased further during the third quarter to stand at EUR 239.9 million by the end of September 2010, down from EUR 283.5 million at the end of 2009. Some 18% of the Company's unfunded commitments come from funds with vintage year 2000 or older and are unlikely to call down any more capital.

Strategic repositioning of portfolio initiated

After the end of the reporting period in October, Princess announced a strategic portfolio repositioning with the aim of closing the current discount to the NAV and creating shareholder value. The measures aimed at achieving this goal include steps to resume dividend payments with an annual target of 5% to 8% of the NAV over the short term and possible share buy-backs. Further, the investment focus of the Company will be gradually shifted towards direct investments. This should increase dividend visibility due to the strong yield characteristics of direct private debt investments and to the absence of significant unfunded commitments thanks to a focus on direct private equity investments. These measures are being facilitated by a planned secondary sale of selected fund commitments which is already the subject of advanced negotiations.

Outlook

The NAV of Princess has developed very favorably so far this year. The Investment Manager is confident that the underlying portfolio companies will further improve on their operating results and boost earnings, provided that the global economy continues to strengthen. This, in turn, should result in further positive valuation developments for Princess over the months to come.

So far this year the Princess portfolio has generated a positive cash flow, with distributions exceeding capital calls, and a significant number of mature portfolio companies have in recent years been prepared for exiting. The Investment Manager believes that Princess is well positioned to profit from further successful exits at attractive returns in the short term.

Furthermore, the Investment Manager is confident that the strategic repositioning measures that have been initiated will help close the discount to the NAV and thus create value for Princess' shareholders.

3 PRIVATE EQUITY MARKET ENVIRONMENT

Third quarter of 2010 – a tale of two halves

Gains during the month of September helped to push many stock markets into positive territory for the quarter. The US markets, for example, posted their best September performance in 71 years. Overall, equity markets finished the third quarter of 2010 strongly, as concerns eased over the likelihood of a double-dip recession.

Double-dip recession is not expected

Headline GDP numbers for the second quarter of 2010 point to a moderation of growth expectations, while the possibility of a double-dip recession appears more remote. GDP growth in the United States disappointed at +1.6%, as weak unemployment and labor market data offset surprisingly healthy manufacturing data. In Europe, however, the strong performance of Germany's economy helped to offset peripheral weakness, resulting in an overall +1.0% growth for the second quarter - the highest growth in four years. Emerging markets continue to grow strongly, with any moderation more as a result of policy than external factors. In all, consensus expectations for global GDP growth stand at +4.6% for 2010 and +4.0% for 2011.

Strong deal flow for M&A and debt markets in the third quarter

For the third quarter of 2010, global merger and acquisition (M&A) activity totaled USD 676.9 billion, up 21% over the previous quarter and the strongest three-month total since mid-2008. Deal flow was centered around the energy and power, financials and resources sectors, while emerging market deals accounted for more than one quarter of the total and exhibited strong sequential growth. Deal flow is benefiting from a perceived increase in visibility on corporate earnings, low interest rates and increasing availability of financing.

Global debt issuance totaled USD 1.3 trillion in the third quarter, an increase of 22% over the second quarter. The growth in issuance was spread across all regions, with Asia-Pacific issuers leading the way. Among debt products, high-yield issuance recorded its highest volume in at least 30 years. Noteworthy is the fact that European leveraged buyout loan issuance amounted to USD 8 billion for the third quarter, the highest level since late 2008. Issuance has been driven by the strong buyout activity in Europe and an improved credit environment with default rates dropping to around 5% (from 12% one year ago). The average loan size was USD 438 million, up 26.2% from the previous year, while bankers reportedly see capacity for deal tickets of up to EUR 5 billion in the near term.

Private equity-backed deal flow on the rise

As transaction debt becomes more available - whether by way of high-yield debt, leveraged loans or traditional bank lending – private equity-backed buyout activity has been rising strongly during 2010. During the third quarter, there were a total of 515 private equity-backed deals, worth USD 66.7 billion, an increase of 29% over the previous quarter. Strong gains were seen in deals originating from Europe, while the United States and Asia saw a slight weakening in deal flow compared to the second quarter (but still higher on a year-on-year basis). On a year-to-date basis, private equity-backed deal flow is approximately double that seen in the comparable period of 2009.

As with the wider M&A market, leverage has returned to private equity-backed deals. According to research group Preqin, almost half of private equity-backed deal flow during the third quarter of 2010 were classified as leveraged buyouts, which accounted for nearly two-thirds of the deal flow by volume. Indeed, Mergermarket reported that debt accounted for around 45% of transactions to date in 2010 and in some cases was already above this level. This compares with 30% on average for 2009.

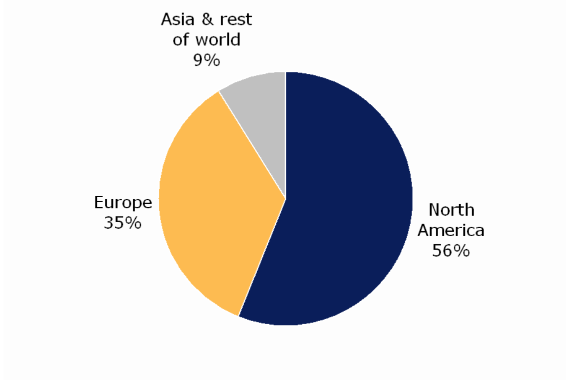
The exit environment has similarly shown an improvement, with private equity firms seeking to capitalize on improved financial markets and greater corporate appetite for trade and strategic sales. A total of 190 private equity-backed exits were completed during the third quarter of 2010, totaling USD 56.7 billion in value and an increase of 22% over the second quarter. The third quarter was the most active three-month period since the collapse of Lehman Brothers and brings activity back to pre-crisis levels.

Outlook

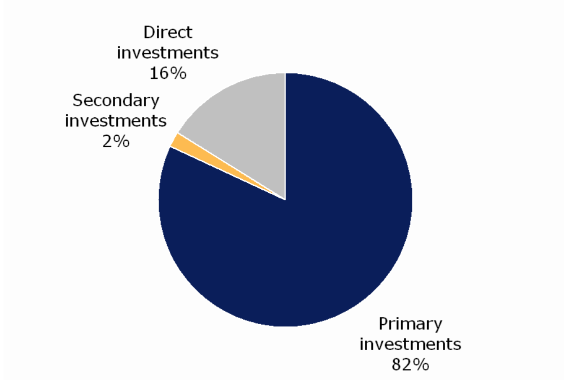
With economies having stabilized, the likelihood of a double-dip global recession seems to be more remote. Nevertheless, macro uncertainties do remain: evidence of which is visible in the swings in performance of public markets over the past few months. The uncertainties have not meaningfully impacted M&A activity year-to-date, however, which has benefited from increased availability of debt financing, low interest rates, high levels of cash on corporate balance sheets and secondary buyout activity among private equity firms. The uncertainties concerning the macro outlook will have an impact on deal flow at the margin, however, the broad expectations for the investment environment remain relatively positive. This should prove beneficial for the private equity industry, both on the investment and realization fronts.

4 PORTFOLIO ALLOCATION

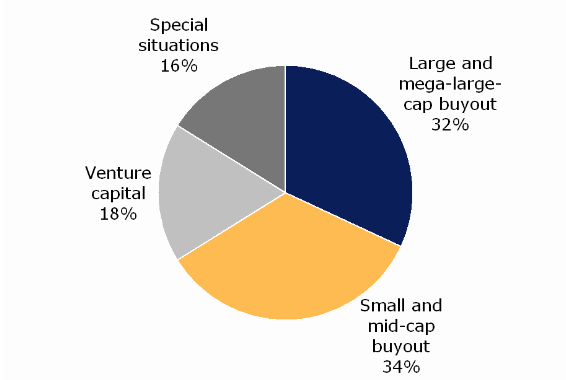
INVESTMENTS* BY GEOGRAPHIC REGION



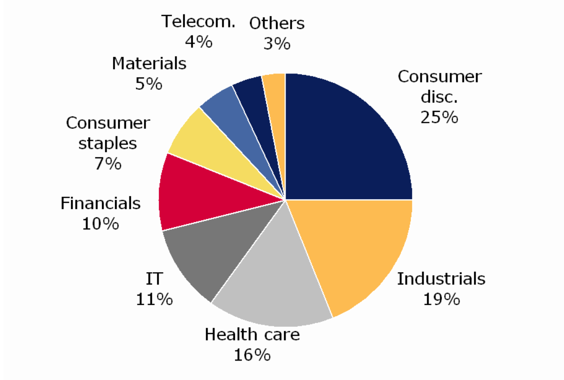
INVESTMENTS* BY INVESTMENT TYPE



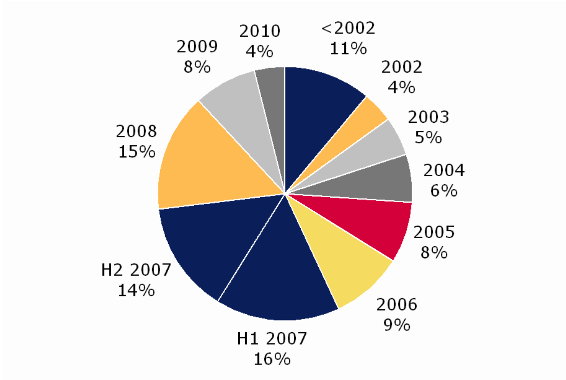
INVESTMENTS* BY FINANCING STAGE



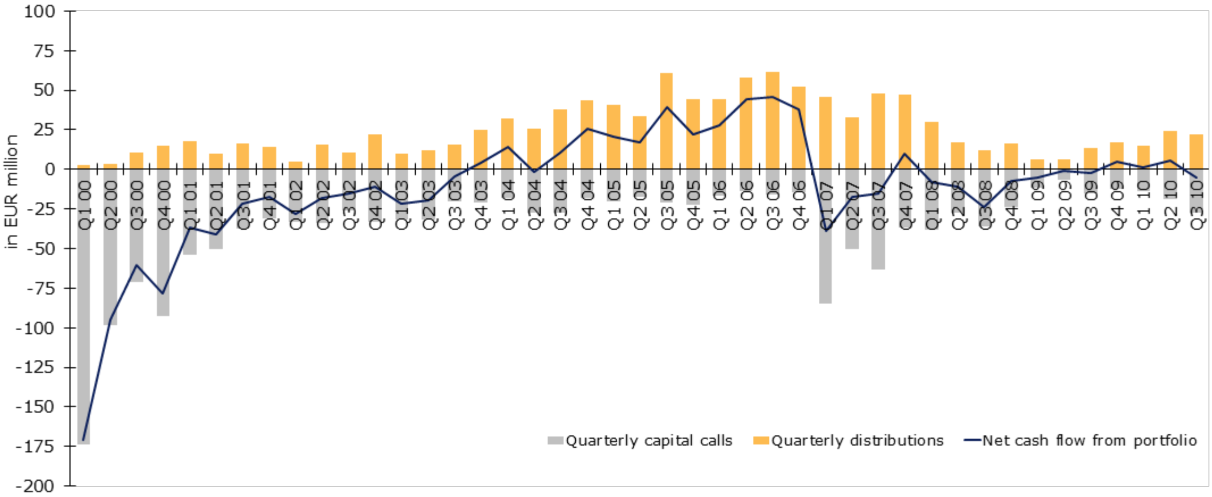
INVESTMENTS* BY INDUSTRY SECTOR



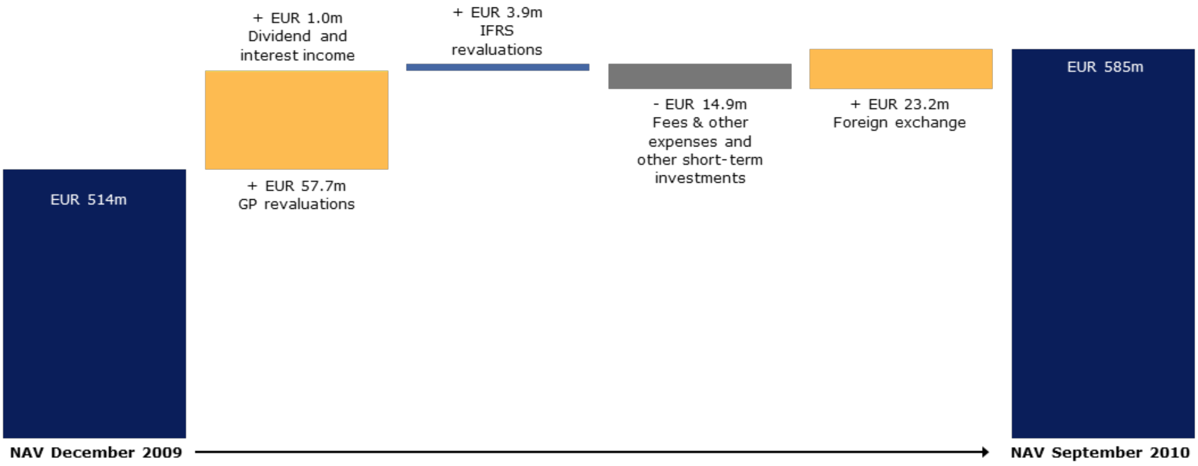
INVESTMENTS* BY INVESTMENT YEAR



DEVELOPMENT OF NET CASH FLOWS



NAV PERFORMANCE ATTRIBUTION IN 2010



VALUATION METRICS OF 30 LARGEST UNDERLYING PORTFOLIO COMPANIES**

	Princess portfolio			Current transactions	
	Top 10	Top 20	Top 30	Europe	US
EV / EBITDA	8.9x	8.7x	9.0x	9.2x	8.6x
Debt / EBITDA	4.9x	4.4x	4.7x	4.2x	4.0x
Leverage	52.4%	48.9%	51.1%	50.2%	55.0%

* Based on investment value
** As of 30 September 2010. Valuation metrics are weighted averages based on the value of the 30 largest underlying private portfolio companies as in the latest general partner report; the analysis excludes listed investments, fully realized investments and distressed debt investments. Source for current transactions: S&P LCD Leveraged Loan Review Q3 2010, current transactions represent the period from 1 January 2010 – 30 September 2010, leverage for current transactions based on average equity contribution (including rollover equity). Debt / EBITDA ratio based on net debt for Princess and gross debt for current transactions

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5 PORTFOLIO TRANSACTIONS

So far in 2010, Princess funded EUR 59.5 million in capital calls from partnerships and received EUR 61.3 million in distributions. Unfunded commitments at the end of September 2010 totaled EUR 239.9 million.

Selected investments

■ Study Group

In July, Providence Equity Partners VI announced the acquisition of Study Group, an Australia-based global leader in private higher education, language and career education, for AUD 660 million (USD 570 million). Study Group operates 38 campuses in the United States, the United Kingdom, Australia and New Zealand and currently has a total of more than 55’000 students. The company also has an extensive network of alliances with internationally focused universities in these countries, amounting to 70 university and college partnerships in the United States, twelve in the United Kingdom and seven in Australia and New Zealand. Study Group currently generates approximately AUD 500 million in annual sales. It plans to continue its growth strategy over the coming years.

■ Interactive Data Corporation

In August, Warburg Pincus and Silver Lake Partners completed the acquisition of Interactive Data Corporation, a leading provider of financial market data, analytics and related solutions, for a transaction value of USD 3.4 billion. The Massachusetts-based company is a trusted leader in financial information. It employs over 2’400 people worldwide. Its clients, which range from financial institutions and active traders to hundreds of software and service providers, draw on the wide range of services that Interactive Data Corporation provides, including portfolio valuation, regulatory compliance, risk management, electronic trading and wealth management. Interactive Data Corporation will use the funds to finance its global expansion strategy and extend its leadership position in the market.

■ Omega Energia

In September, 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.

Selected exits

■ ITA Software

In July, Battery Ventures VI announced the sale of portfolio company ITA Software, a flight information software company, to Google for USD 700 million in cash. ITA Software develops solutions for the travel industry and offers software tools for organizing flight information that is used by leading airlines and travel distributors worldwide. The company was founded in 1996 by a group of MIT computer scientists and raised USD 100 million in growth capital in 2006 from venture capital investors including Battery Ventures. The exit is expected to generate a return of about 2.25x the original investment.

- PEPcom

In August, GMT Communications Partners (GMT) and Veronis Suhler Stevenson (VSS) announced the sale of their combined 81% of PEPcom to STAR Capital Partners for an undisclosed amount. PEPcom is Germany’s sixth-largest cable TV operator, with more than 630’000 subscribers of video, broadband and voice services. Set up as a platform investment designed to consolidate the fragmented German cable TV market, GMT and VSS built the company through organic growth and the completion of twelve bolt-on acquisitions, targeting fully integrated regional networks in small towns where a strong market position existed. Among these was the 2005 purchase of Kabelfernsehen München ServiCenter, a Bavarian cable TV and broadband operator which more than doubled PEPcom’s business.

- Impress Coöperatieve

In September, Doughty Hanson & Co. announced the sale of Impress Coöperatieve, 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.

6 LARGEST PORTFOLIO HOLDINGS

as of 30 September 2010 (in EUR)

Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Contributions
AHT Cooling Systems GmbH	Direct	Special situations	Europe	2007	5'129'636	n.a.
Arcos Dorados Limited	Direct	Buyout	Rest of World	2007	309'789	n.a.
AWAS Aviation Holding	Direct	Buyout	Europe	2006	5'970'444	5'970'444
Bartec GmbH	Direct	Buyout	Europe	2008	1'773'019	1'769'352
Bausch & Lomb, Inc	Direct	Buyout	North America	2007	1'086'188	n.a.
Direct marketing and sales company	Direct	Buyout	Rest of World	2007	n.a.	n.a.
Education publisher	Direct	Buyout	North America	2007	n.a.	n.a.
Essmann	Direct	Special situations	Europe	2007	2'705'065	n.a.
EXCO Resources, Inc.	Direct	Buyout	North America	2007	1'482'153	1'482'153
Food company 1	Direct	Buyout	North America	2007	2'369'456	2'369'456
Health product retailer	Direct	Buyout	North America	2007	n.a.	n.a.
Healthcare operator 1	Direct	Buyout	Europe	2006	588'178	588'178
Healthcare operator 4	Direct	Buyout	Europe	2007	n.a.	n.a.
Information service company	Direct	Buyout	North America	2007	4'545'447	4'546'054
Medical device distributor	Direct	Buyout	North America	2007	n.a.	n.a.
Medical diagnostic company	Direct	Buyout	North America	2008	n.a.	n.a.
Plantasjen ASA	Direct	Special situations	Europe	2007	3'363'816	3'363'816
u-blox AG	Direct	Venture capital	Europe	2000	772'726	772'726
Universal Hospital Services, Inc.	Direct	Buyout	North America	2007	3'642'548	3'642'548
US entertainment company	Direct	Buyout	North America	2008	n.a.	n.a.
3i Eurofund Vb	Primary	Buyout	Europe	2006	10'000'000	6'937'329
Advent Latin American Private Equity Fund II, L.P.	Primary	Buyout	Rest of World	2001	4'238'336	4'238'336
Aksia Capital III, L.P.	Secondary	Buyout	Europe	2005	5'500'000	4'494'122
Anonymized European Buyout Fund 9	Primary	Buyout	Europe	2009	9'307'662	7'810'680
Anonymized US Buyout Fund 9	Primary	Buyout	North America	2005	n.a.	n.a.
Apax US VII, L.P.	Primary	Buyout	North America	2006	7'271'931	6'056'917
Apollo Overseas Partners VI, L.P.	Primary	Buyout	North America	2005	17'962'025	21'171'534
Apollo Overseas Partners VII, L.P.	Primary	Buyout	North America	2008	14'595'304	8'591'235
Ares Corporate Opportunities Fund II, L.P.	Primary	Special situations	North America	2006	14'152'034	14'528'607
Ares Corporate Opportunities Fund III, L.P.	Primary	Special situations	North America	2008	7'691'060	3'533'802
August Equity Partners II A, L.P.	Primary	Buyout	Europe	2007	8'417'579	n.a.
Avista Capital Partners (Offshore), L.P.	Primary	Buyout	North America	2005	14'014'405	15'719'014
BC European Capital VIII, L.P.	Primary	Buyout	Europe	2005	10'000'000	8'120'000
Bridgepoint Europe III, L.P.	Primary	Buyout	Europe	2005	7'500'000	6'822'538

Investment	Type of investment	Financing stage	Regional focus	Vintage year	Total commitments	Contributions
Bruckmann, Rosser, Sherrill & Co. II, L.P.	Primary	Buyout	North America	1999	13'701'216	14'318'226
Candover 2005 Fund, L.P.	Primary	Buyout	Europe	2005	10'000'000	9'310'465
Carmel Software Fund (Cayman), L.P.	Primary	Venture capital	Rest of World	2000	9'254'930	9'503'599
Catterton Partners IV Offshore, L.P.	Primary	Venture capital	North America	1999	15'575'249	17'071'346
Clayton, Dubilier & Rice Fund VII L.P.	Primary	Buyout	North America	2005	7'450'913	7'659'202
Columbia Capital Equity Partners III (Cayman), LP	Primary	Venture capital	North America	2000	9'503'393	9'983'833
Doughty Hanson & Co V	Primary	Buyout	Europe	2006	20'000'000	10'739'838
Fenway Partners Capital Fund II, L.P.	Primary	Buyout	North America	1998	29'612'489	31'651'010
Fourth Cinven Fund, L.P.	Primary	Buyout	Europe	2006	7'500'000	4'682'540
GMT Communications Partners II, L.P.	Primary	Venture capital	Europe	2000	14'000'000	15'313'252
Green Equity Investors Side V, L.P.	Primary	Buyout	North America	2007	9'214'741	4'646'956
ICG European Fund 2006, L.P.	Primary	Special situations	Europe	2006	15'000'000	11'699'175
Industri Kapital 2007 Fund, L.P.	Primary	Buyout	Europe	2007	15'000'000	6'698'907
INVESCO U.S. Buyout Partnership Fund II, L.P.	Primary	Buyout	North America	2000	28'425'480	26'608'454
INVESCO Venture Partnership Fund II, L.P.	Primary	Venture capital	North America	1999	58'692'288	54'930'788
INVESCO Venture Partnership Fund II-A, L.P.	Primary	Venture capital	North America	2000	33'459'226	32'115'665
Kohlberg TE Investors VI, L.P.	Primary	Buyout	North America	2007	8'949'435	4'715'932
Levine Leichtman Capital Partners II, L.P.	Primary	Special situations	North America	1998	30'591'546	35'633'016
Mercapital Spanish Private Equity Fund II, L.P.	Primary	Buyout	Europe	2000	7'000'000	7'122'224
Nordic Capital VI, L.P.	Primary	Buyout	Europe	2005	7'500'000	7'544'135
OCM Mezzanine Fund II, L.P.	Primary	Special situations	North America	2005	11'408'265	12'706'849
Palamon European Equity 'C', L.P.	Primary	Buyout	Europe	1999	10'000'000	12'202'027
Peninsula Fund IV, L.P.	Primary	Special situations	North America	2005	7'490'114	6'487'949
Permira Europe II, L.P.	Primary	Buyout	Europe	2000	20'000'000	20'002'356
Pitango Venture Capital Fund III	Primary	Venture capital	Rest of World	2000	11'559'197	11'559'197
Providence Equity Partners IV, L.P.	Primary	Buyout	North America	2000	9'339'247	11'773'457
Providence Equity Partners VI-A, L.P.	Primary	Buyout	North America	2007	18'483'998	14'517'345
Quadriga Capital Private Equity Fund II, L.P.	Primary	Buyout	Europe	1999	8'173'976	9'513'135
Quadriga Capital Private Equity Fund III, L.P.	Primary	Buyout	Europe	2006	10'000'000	7'078'400
Sierra Ventures VIII-A, L.P.	Primary	Venture capital	North America	2000	8'881'970	8'881'970
Silver Lake Partners III, L.P.	Primary	Buyout	North America	2007	10'868'178	6'342'178
Sterling Investment Partners II, L.P.	Primary	Buyout	North America	2005	7'428'220	4'661'333
Terra Firma Capital Partners III, L.P.	Primary	Buyout	Europe	2006	20'000'000	13'088'319
Thomas H. Lee Parallel Fund VI, L.P.	Primary	Buyout	North America	2006	18'254'648	11'895'762
Warburg Pincus International Partners, L.P.	Primary	Buyout	Europe	2000	4'679'194	4'679'673
Warburg Pincus Private Equity X, L.P.	Primary	Buyout	North America	2007	14'508'865	8'378'406

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. The overview shows the 20 largest direct investments and the 50 largest partnerships based on NAV.

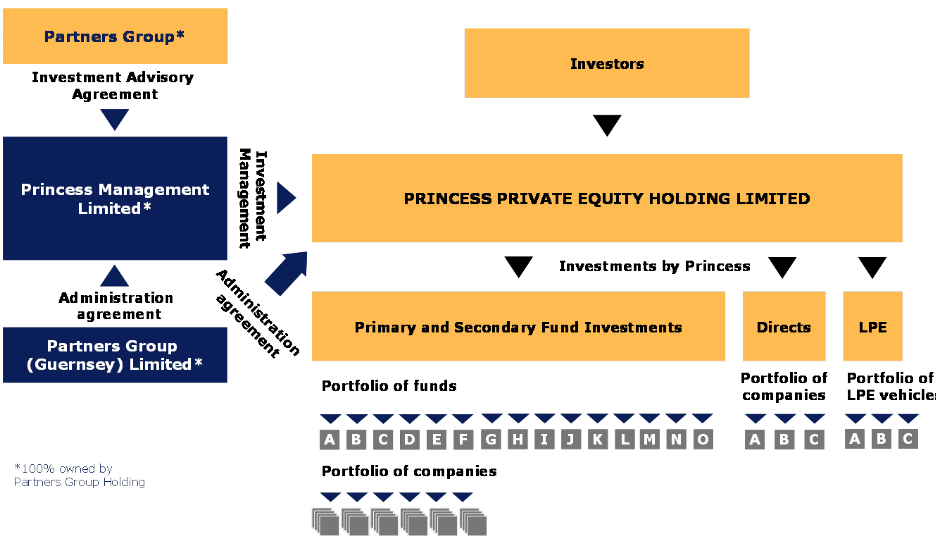
7 STRUCTURAL OVERVIEW

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 in the mid to long term.

The investments of Princess are managed on a discretionary basis by Princess Management Limited, the Investment Manager of Princess, 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 over EUR 20 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.



8 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
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

9 FINANCIAL STATEMENTS

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Consolidated statement of comprehensive income

for the period from 01 January 2010 to 30 September 2010

In thousands of EUR	Notes	01.07.2010 30.09.2010	01.01.2010 30.09.2010	01.07.2009 30.09.2009	01.01.2009 30.09.2009
Net income from financial assets at fair value through profit or loss		**(15'440)**	**81'141**	**(1'284)**	**(69'118)**
Private equity		*(14'673)*	*73'955*	*(3'013)*	*(60'969)*
Interest and dividend income		-	-	-	(138)
Revaluation	6	23'847	56'429	9'875	(48'277)
Net foreign exchange gains / (losses)	6	(38'520)	17'526	(12'888)	(12'554)
Private debt		*(557)*	*6'332*	*3'138*	*(8'678)*
Interest income (including PIK)		332	964	302	905
Revaluation	6	1'839	4'363	2'974	(9'777)
Net foreign exchange gains / (losses)	6	(2'728)	1'005	(138)	194
Private real estate		*(31)*	*652*	*(1'409)*	*(17)*
Revaluation	6	7	628	(1'393)	(14)
Net foreign exchange gains / (losses)	6	(38)	24	(16)	(3)
Private infrastructure		*(179)*	*202*	-	*546*
Revaluation	6	(179)	202	-	546
Net income from financial assets at fair value through profit or loss held for trading		**-**	**-**	**341**	**479**
Net income from opportunistic investments		-	-	*341*	*479*
Revaluation		-	-	341	479
Net income from cash and cash equivalents and other income		**(125)**	**(50)**	**111**	**342**
Interest income		4	9	6	28
Net foreign exchange gains / (losses)		(129)	(59)	105	314
Total net income		**(15'565)**	**81'091**	**(832)**	**(68'297)**
Operating expenses		**(3'927)**	**(12'498)**	**(3'470)**	**(10'160)**
Management fees		(3'353)	(10'130)	(2'997)	(9'561)
Incentive fees		320	(1'100)	(533)	(333)
Administration fees		(75)	(208)	(62)	(171)
Other operating expenses		(709)	(936)	(120)	(396)
Other net foreign exchange gains / (losses)		(110)	(124)	242	301
Other financial activities		**9'521**	**2'363**	**(871)**	**(11'342)**
Setup expenses - credit facility		(435)	(446)	(415)	(415)
Interest expense - credit facility		(1'016)	(2'056)	(79)	(176)
Other interest expense		-	-	(5)	(6)
Other finance cost		(1)	(8)	(3)	(4)
Net gains / (losses) from hedging activities		10'973	4'873	(369)	(10'741)
Surplus / (loss) for the financial period		**(9'971)**	**70'956**	**(5'173)**	**(89'799)**
Other comprehensive income for the period; net of tax		-	-	-	-
Total comprehensive income for the period		**(9'971)**	**70'956**	**(5'173)**	**(89'799)**
Earnings per share					
Weighted average number of shares outstanding		70'100'000	70'100'000	70'100'000	70'100'000

Basic surplus / (loss) per share for the financial period	(0.14)	1.01	(0.07)	(1.28)
Diluted surplus / (loss) per share for the financial period		1.01		(1.28)

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

Consolidated statement of financial position

As at 30 September 2010

In thousands of EUR	**Notes**		**30.09.2010**		**31.12.2009**
ASSETS					
Financial assets at fair value through profit or loss					
Private equity	6	535'070		467'992	
Private debt	6	48'186		40'912	
Private real estate	6	10'293		6'095	
Private infrastructure	6	2'345		1'929	
Non-current assets			**595'894**		**516'928**
Other short-term receivables		493		1'615	
Hedging assets		23'585		5'776	
Cash and cash equivalents	8	7'511		15'251	
Current assets			**31'589**		**22'642**
TOTAL ASSETS			**627'483**		**539'570**
LIABILITIES					
Share capital	9	70		70	
Reserves	9	668'882		668'882	
Retained Earnings		(83'699)		(154'655)	
Total Equity			**585'253**		**514'297**
Short-term credit facilities	10	35'500		20'000	
Other short-term payables		6'730		5'273	
Liabilities falling due within one year			**42'230**		**25'273**
TOTAL LIABILITIES			**627'483**		**539'570**

Consolidated statement of changes in equity

for the period from 01 January 2010 to 30 September 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	-	-	70'956	70'956
Equity at end of reporting period	**70**	**668'882**	**(83'699)**	**585'253**

for the period from 01 January 2009 to 30 September 2009

In thousands of EUR	Share capital	Reserves	Retained earnings	Total
Equity at beginning of previous period	70	668'882	(89'293)	579'659
Other comprehensive income for the period; net of tax	-	-	-	-
Surplus / (loss) for the financial period	-	-	(89'799)	(89'799)
Equity at end of previous period	**70**	**668'882**	**(179'092)**	**489'860**

Consolidated cash flow statement

for the period from 01 January 2010 to 30 September 2010

In thousands of EUR	**Notes**	**01.01.2010 30.09.2010**	**01.01.2009 30.09.2009**
Operating activities			
Surplus / (loss) for the financial period		70'956	(89'799)
Adjustments:			
Net foreign exchange (gains) / losses		(18'372)	11'748
Investment revaluation		(61'622)	57'043
Net (gain) / loss on interest and dividends		1'083	(613)
(Increase) / decrease in receivables		(16'759)	4'587
Increase / (decrease) in payables		1'405	111
Purchase of private equity investments	6	(50'001)	(32'422)
Purchase of private debt investments	6	(5'023)	(1'139)
Purchase of private real estate investments	6	(4'207)	1'201
Purchase of private infrastructure investments	6	(300)	(1'511)
Distributions from and proceeds from sales of private equity investments	6	56'878	23'489
Distributions from and proceeds from sales of private debt investments	6	3'716	1'523
Distributions from and proceeds from sales of private real estate investments	6	661	-
Distributions from and proceeds from sales of private infrastructure investments	6	86	-
Sale of opportunistic investments		-	6'599
Interest and dividends received		374	391
Net cash from / (used in) operating activities		**(21'125)**	**(18'792)**
Financing activities			
Increase / (decrease) in credit facilities		15'500	12'032
Interest expense - credit facility		(2'056)	(176)
Interest expense on prepayments		-	(6)
Net cash from / (used in) financing activities		**13'444**	**11'850**
Net increase / (decrease) in cash and cash equivalents		**(7'681)**	**(6'942)**
Cash and cash equivalents at beginning of reporting period	**8**	**15'251**	**13'707**
Movement in exchange rates		(59)	314
Cash and cash equivalents at end of reporting period	**8**	**7'511**	**7'079**

Notes to the consolidated financial statements
for the period from 01 January 2010 to 30 September 2010

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 operates in the private equity and private debt market and invests directly or through its wholly-owned subsidiary, Princess Private Equity Subholding Limited ("the Subsidiary"), in private market investments.

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 London Stock Exchange.

2 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed financial statements do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the period ended 31 December 2009.

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group's consolidated annual financial statements for the period ended 31 December 2009, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2010.

IFRS 2 - Group cash-settled share-based payment transactions
IFRS 3 - Business combination
IFRS 5 - Non-current assets held for sale and discontinued operations
IFRS 8 - Operating segments

IAS 1 - Presentation of financial statements
IAS 7 - Statement of cash flows
IAS 17 - Leases
IAS 18 - Revenue
IAS 32 - Financial instruments: presentation
IAS 36 - Impairment of assets

IFRIC 17 - Distribution of non-cash assets to owners
IFRIC 18 - Transfer of assets from customers

The board of Directors has assessed the impact of these amendments and concluded that these standards and new interpretations will 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 9 (effective January 1, 2013) – Financial instruments
IAS 24 (amended, effective January 1, 2011) – Related party transactions
IAS 32 (amended, effective February 1, 2010) – Financial instruments: Presentation
IFRIC 14 (amended, effective January 1, 2011) – Prepayments of a minimum funding requirement

IFRIC 19 (effective July 1, 2010) – Extinguishing financial liabilities with equity instruments

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

3 Shareholders above 3% of Ordinary shares issued

Shares held

3'551'206 (5.07%; CVP/CAP)
6'095'900 (8.70%; Deutsche Asset Management Investmentgesellschaft GmbH)
6'000'000 (8.56%; VEGA Invest Fund PLC)
2'300'419 (3.28%; Societe Generale Option Europe)

4 Earnings per share

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

5 Segment calculation

In thousands of EUR	Private Equity		Private Debt		Private Real Estate		Private Infrastructure		Non attributable		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Interest and dividend income	-	(138)	964	905	-	-	-	-	9	28	973	795
Revaluation	56'429	(48'277)	4'363	(9'777)	628	(14)	202	546	-	479	61'622	(57'043)
Net foreign exchange gains / (losses)	17'526	(12'554)	1'005	194	24	(3)	-	-	(59)	314	18'496	(12'049)
Total Net Income	**73'955**	**(60'969)**	**6'332**	**(8'678)**	**652**	**(17)**	**202**	**546**	**(50)**	**821**	**81'091**	**(68'297)**
Segment Result	**73'955**	**(60'969)**	**6'332**	**(8'678)**	**652**	**(17)**	**202**	**546**	**(12'548)**	**(9'339)**	**68'593**	**(78'457)**
Other financial activities not allocated											2'363	(11'342)
Surplus / (loss) for the financial period											**70'956**	**(89'799)**

6 Designated assets at fair value through profit or loss

6.1 Private equity

In thousands of EUR	**30.09.2010**	**31.12.2009**
Balance at beginning of period	467'992	496'102
Purchase of limited partnerships and direct investments	50'001	43'204
Distributions from and proceeds from sale of limited partnerships and direct investments; net	(56'878)	(39'815)
Revaluation	56'429	(25'858)
Foreign exchange gains / (losses)	17'526	(5'641)
Balance at end of period	**535'070**	**467'992**

6.2 Private debt

In thousands of EUR	**30.09.2010**	**31.12.2009**
Balance at beginning of period	40'912	49'167
Purchase of limited partnerships and direct investments	5'023	1'340
Distributions from and proceeds from sale of limited partnerships and direct investments; net	(3'716)	(1'742)
Accrued cash and PIK interest	599	668
Revaluation	4'363	(8'849)
Foreign exchange gains / (losses)	1'005	328
Balance at end of period	**48'186**	**40'912**

6.3 Private real estate

In thousands of EUR	**30.09.2010**	**31.12.2009**
Balance at beginning of period	6'095	5'113
Purchase of limited partnerships and direct investments	4'207	500
Distributions from and proceeds from sale of limited partnerships and direct investments; net	(661)	-
Revaluation	628	476
Foreign exchange gains / (losses)	24	6
Balance at end of period	**10'293**	**6'095**

6.4 Private infrastructure

In thousands of EUR	**30.09.2010**	**31.12.2009**
Balance at beginning of period	1'929	-
Purchase of limited partnerships and direct investments	300	1'511
Distributions from and proceeds from sale of limited partnerships and direct investments; net	(86)	-
Revaluation	202	418
Balance at end of period	**2'345**	**1'929**

7 Financial assets at fair value through profit or loss held for trading

In thousands of EUR	**30.09.2010**	**31.12.2009**
Balance at beginning of period	-	6'830
Sale of listed private equity investments	-	(7'323)
Revaluation	-	493
Balance at end of period	**-**	**-**

8 Cash and cash equivalents

In thousands of EUR	**30.09.2010**	**31.12.2009**
Cash at banks	4'511	3'251
Cash equivalents	3'000	12'000
Total cash and cash equivalents	**7'511**	**15'251**

9 Capital

9.1 Capital

In thousands of EUR	**30.09.2010**	**31.12.2009**
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	70
	70	70

9.2 Reserves

In thousands of EUR	**30.09.2010**	**31.12.2009**
Distributable reserves		
Distributable reserves at beginning of reporting period	688'882	688'882
Total distributable reserves at end of reporting period	**688'882**	**688'882**

10 Short-term credit facilities

As of 25 September 2009, the Company entered into a 3–year credit facility, with a large international bank and other lenders, of initially EUR 40m and the potential to increase to EUR 90m. The credit facility is structured as a combination of committed senior term and revolving facilities and a subordinated term facility. The Company may re-designate its senior revolving facility, fully or partially, to a senior term loan. No such re-designation has taken place as at the end of the reporting period. The purpose of the facility is, inter alia, to meet potential upcoming liquidity constraints. The credit facilities are due to terminate on 25 September 2012.

The credit facilities of the Company form part of 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"). Each Borrower is independently responsible for its borrowings and the default of one Borrower does not trigger the default of any other Borrower under the Syndicated Facilities.

The Syndicated Facilities may 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.

As at the end of the reporting period, the facility amounts as adjusted, by the Allocation Agent, are: EUR 32.5m under the senior revolving facility and EUR 32.5m under the junior facility. The Company has drawn down EUR 32.5m under the junior facility and EUR 3m under the senior facility.

In relation to the senior revolving facility, interest on drawn amounts is 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 is 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 is 8.75% per annum above EURIBOR. No facility fee is due under the junior facility.

The Company may not, fully or partially, repay any amount of the junior facility before its senior facility has been repaid in full.

In thousands of EUR	**30.09.2010**	**31.12.2009**
Balance at end of period	**35'500**	**20'000**

11 Restructuring charges

On 12 May 2010, the Board of Directors of Princess Private Equity Holding Limited passed a resolution to hold the Company's Annual General Meeting ("AGM") on 16 June 2010. This AGM dealt with, inter alia, a proposed restructuring of Princess. The option that was being considered was a change in the capital structure of the Company and providing shareholders with limited but regular liquidity within an open-ended investment company format. At the AGM on 16 June 2010, the respective resolutions with regards to the proposed restructuring received the support from 73.7% of votes cast which was, however, just below the qualified majority of 75% needed for the approval of the restructuring. As a result, the restructuring was narrowly rejected and the Company continues to operate in the existing corporate structure. As of the reporting period, costs associated with the restructuring amounted to EUR 226'000. This was shown as part of the other operating expenses in the consolidated statement of comprehensive income.

12 Commitments

In thousands of EUR	**30.09.2010**	**31.12.2009**
Unfunded commitments translated at the rate prevailing at the balance sheet date	239'892	283'520

13 Net assets and diluted assets per share

In thousands of EUR	**30.09.2010**	**31.12.2009**
Net assets of the Company	585'253	514'297
Outstanding shares at the balance sheet date	70'100'000	70'100'000
Net assets per share at period-end	8.35	7.34

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Investment manager
Princess Management Limited
Guernsey, Channel Islands

Auditor
PricewaterhouseCoopers CI LLP

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	Conrad Hinrich Donner Bank	JPMorgan Cazenove

Princess