REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Annual Report 2023

Audited consolidated financial statements for the period from 1 January 2023 to 31 December 2023

Princess Private Equity Holding Limited

Princess Private Equity Holding Limited ("Princess" or the "Company") is a closed-ended investment company domiciled in Guernsey that mainly provides equity capital to private companies in the middle and upper middle market. The Company is managed by Partners Group AG ("Partners Group"). Princess primarily accesses investments directly, and to a lesser extent via Partners Group's private equity programs; Princess also holds a small portfolio of fund investments that is currently in run-off. Princess aims to provide shareholders with long-term capital growth as well as an attractive dividend yield. The shares are traded on the Main Market of the London Stock Exchange.

Investment Strategy

- Thematic investing: identification of transformative trends across sectors; investing into attractive companies with clear development potential;
- Build leading companies through platform building and business transformation;
- Sustainability factors integrated into investment process to drive value creation and mitigate risk.

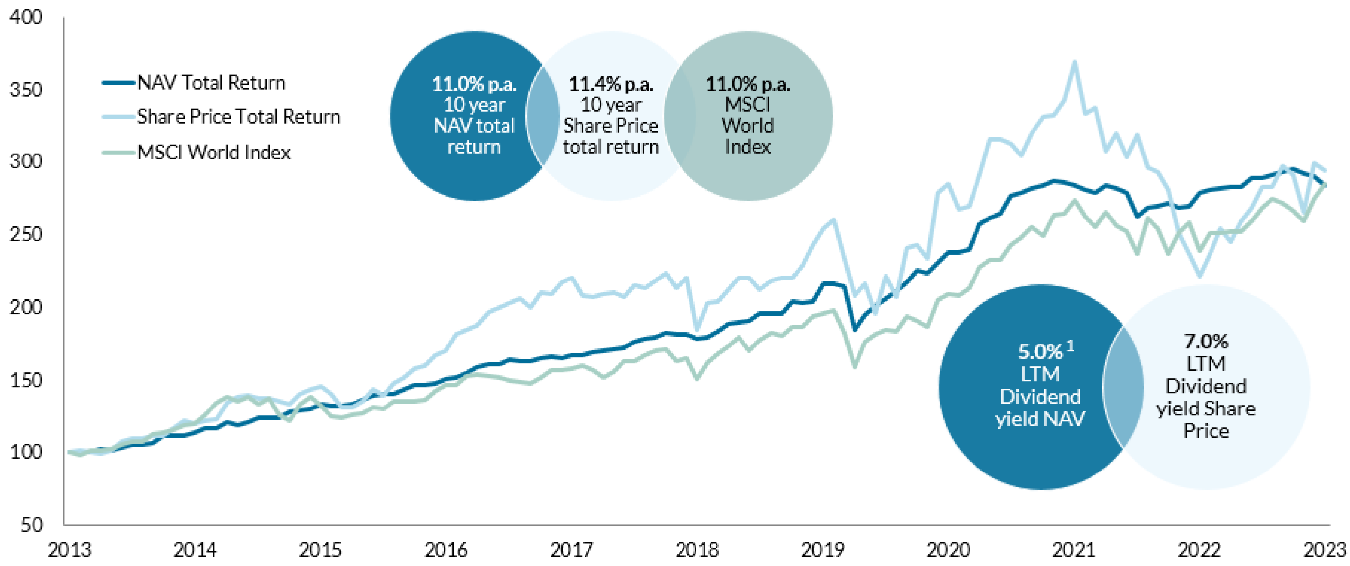
Managed by Partners Group

- A leading global private markets firm, which has invested over USD 106 billion in private equity across market cycles;
- Over 200 direct private equity professionals, supported by a global network of industry experts and operating directors with deep industry expertise to help transform portfolio companies;
- Over USD 147 billion in assets under management of which USD 76 billion in private equity.

Assets under management figure as of 31 December 2023, inclusive of all Partners Group affiliates. As of 31 December 2023, USD 106 billion has been invested in private equity. This includes investments executed for syndication partner investment commitments. The number of professionals as of 31 December 2023 covering private equity directs includes all members from the respective verticals (Services, Technology, Health & Life, Goods & Products), regional coverage, and generalist. Source: Partners Group. The ESG factors are in line with the ESG & Sustainability Directive, available on Partners Group website. Though ESG factors may be considered throughout the investment decision process, it should be noted that ESG is not the predominant strategy of Princess Private Equity Holding Limited.

Key figures

In EUR	31 December 2022	31 December 2023
Net Asset Value ("NAV")	1,011,304,037	**979,245,455**
NAV per share	14.62	**14.16**
Share price	8.44	**10.38**
Total dividend per share	0.38	**0.73**
Value of investments	1,030,070,746	**1,029,059,020**
Cash and cash equivalents	14,850,502	**9,743,643**
Undrawn credit facility	110,000,000	**121,000,000**
Investment level	101.9%	**105.1%**
Market capitalization	583,635,858	**717,789,124**
Shares outstanding	69,151,168	**69,151,168**



Past performance is not indicative of future results. There is no assurance that similar investments will be made nor that similar results will be achieved. Investment level: as per reporting date, calculated as value of investments divided by NAV. MSCI World TR: Bloomberg NDDUWI Index in EUR. The inclusion of this index is used for comparison purposes only and should not be construed to mean that there will necessarily be a correlation between the Company/investment return and the index. The Company is not managed nor designed to track such index. Last twelve months' dividends divided by share price as of 31 December 2023. **1 2023 LTM Dividend** yield based on NAV at 31 December 2022. Diversification does not ensure a profit or protect against loss. Both Princess NAV Total Return and Share Price Total Return start from 31 December 2013 and are scaled to 100. **Total size of credit facility** is EUR 140 million.

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1. Chair's report

Dear shareholder

I was delighted to join and become Chair of the Board with effect from 23 November 2023. At the time of the announcement of my appointment I laid out three key short-term objectives for the Company, being to strengthen the Board, to increase shareholder engagement, and to adopt a clear and robust capital allocation policy. Such objectives came from my discussions with many larger shareholders prior to, and around, the date of my appointment and from my historic experience of the listed private equity sector. I am pleased to report that we have made meaningful progress in delivering on these three objectives.

Strengthening the Board
On 15 February 2024, Axel Holtrup was appointed as a Non-Executive Director. Axel has 20 years of direct private equity experience at well-regarded investment managers, namely Investcorp, Silver Lake Partners and AEA Investors. He is currently a non-executive director of Deutsche Beteiligungs AG ("DBAG"), a German listed private equity investment company.

I am also pleased to announce that on 21 March 2024 Gerhard Roggemann was appointed as a Non-Executive Director. Gerhard has over 40 years' experience in investment banking and in former senior non-executive board roles at leading German and UK corporates, including F&C Asset Management, Friends Life Group, Fresenius SE and Co, and Deutsche Börse. From 2009 to 2020 he was a non-executive director and then chairman of DBAG.

I would like to thank the other three Board members for their significant time commitment to Princess in the second half of 2023. Fionnuala Carvill took on the role of Interim Chair and is now Chair of the Management Engagement Committee. Merise Wheatley is Chair of the Audit & Risk Committee, while Henning von der Forst notified the Board in October 2023 that, having served as a Non-Executive Director since 2012, he intends not to seek re-election at the next Annual General Meeting ("AGM"). I would like to thank Henning for his significant contribution, insight and commitment to the Company over many years. The Nomination Committee will shortly look at the skills set of the refreshed Board and consider whether a further new Director would be beneficial.

Proposed new name and enhanced shareholder engagement
The Company's Investment Manager, Partners Group, is one of the largest private equity and private markets investment managers in the world with approximately USD 147 billion of assets under management. The Investment Manager has an enviable investment track record of delivering superior returns and has received numerous awards for its investment performance and industry research. Against this background the Board believes it is important that the relationship with the Investment Manager is more clearly recognized in the Company's name and that the Company is identifiable as a Partners Group managed vehicle. Equally, the Investment Manager recognizes that the Company is of significant importance to it as a client and that it is a "shop window" for its skills and thought leadership to the investor community. To that end, a resolution will be proposed at the AGM in June 2024 to change the Company's name to Partners Group Private Equity Limited.

The Investment Manager has also undertaken a review of its engagement with the Board and shareholders and the team has been strengthened by the appointment of Dr. Cyrill Wipfli, former CFO of Partners Group AG and a former member of the Global Executive Committee, to lead the management team. Working with the Investment Manager, a review has been undertaken of regular shareholder announcements to improve content and disclosure and changes have already been implemented. This will be an evolving process over the next year, but shareholders should see improvements to monthly NAV announcements and to the forthcoming Annual Report. The Company's website will also be overhauled during the year, as part of a broader programme of website improvements at the Investment Manager; as an example of simple upgrades the Company's and the Investment Manager's websites are now linked. Going forward, the Company's website should become a medium for shareholders to not only view Company information, but also read the broader research, thematic and asset class reviews written by the Investment Manager.

Finally, the Investment Manager is engaging more with existing and potential shareholders, and the Investment Manager and the Board are working with the Company's brokers, Deutsche Numis and JP Morgan, to identify and strengthen new and existing pockets of demand for the Company's shares. I am already directly involved in shareholder and analyst meetings, and I welcome the opportunity to have discussions with existing and potential shareholders, either formally or informally, over the coming months.

Capital allocation policy

It is critical for the Board and the Investment Manager to have a clear and robust capital allocation policy. This is not only with regard to addressing the share price discount to NAV on an absolute and relative basis to peers, but about the fundamental decision as to whether further investment in the existing portfolio may offer better returns for shareholders than undertaking new investment. This is particularly apposite when the share price discount is high and any purchase of shares by the Company, and consequential reduction in the share count, offers an immediate enhancement to NAV, as well as an ongoing return from further investment in the existing portfolio. The listed private equity sector has struggled historically with capital allocation. As we hopefully move into an improving private equity environment, with increasing realizations, greater liquidity, and rising NAVs, it is essential that the right criteria exist for the allocation of capital and that such criteria are transparent, so that existing and potential shareholders can have confidence in the decisions being made.

Following Board approval, the Company's policy going forward is that:

"Once the share price is at a discount of more than or equal to 30% to the last reported NAV, 75% of "Free Cash Flow" will be used to acquire issued shares, either for cancellation or to be placed into treasury for potential re-issue, until such time as the discount is less than 30%. Where the share price is at a discount of more than or equal to 20% to the last reported NAV, but less than 30%, 50% of Free Cash Flow will be used to acquire issued shares until such time as the discount is less than 20%.

Free Cash Flow is defined as gross cash plus distributions and secondary sales contracted to be received by the Company, less (for the next rolling 6 months) a provision for:

1. payment of the current dividend objective of 5% of the previous year end NAV;
2. fees, expenses and interest payable in managing and running the Company;
3. the repayment of any drawn debt facilities; and
4. a reserve of 3% of net assets, to cover anticipated cash drawn in respect of existing fund commitments, follow-on funding for existing direct investments, and new direct investments at an advanced stage where such sums are committed.

The quantum of Free Cash Flow will be calculated at the beginning of each quarter. The above policy is subject to the limits and terms of the shareholder authority approved at each AGM to buy back up to 14.99% of the Company's shares. The policy will be reviewed regularly, and at least annually, by the Board and may be amended in light of Company and/or market conditions. Importantly, the Board reserves the right to undertake share buy backs at discounts of less than 20%."

The policy effectively creates a "cash sweep", where if the Company's shares are trading at more than or equal to a 20% or 30% discount to the last announced NAV, 50% or 75% respectively of Free Cash Flow will be used to undertake share buy backs in the market. The percentage share price discounts chosen should be seen in the context of the Company's average share price discount over the last ten years and since listing of 18% and 24% respectively.

Fundamentally, the policy respects the liquidity position and waterfall of the Company. Meeting the Company's dividend objective of 5% of the previous year-end NAV is at the heart of the Company's new capital allocation policy. As such, the dividend, as well as ongoing fees, expenses, the repayment of outstanding indebtedness, and a reserve to meet existing investment commitments, will be provided for prior to excess Free Cash Flow being used for share buy backs.

Critically, the Board continues to have the right, and flexibility, to undertake share buy backs at narrower share price discounts to NAV than 20% if it so desires.

Dividend

Dividends paid to shareholders in 2023 amounted to EUR 0.73 per share (2022: EUR 0.38 per share). Going forward, the Board is acutely aware of the importance of meeting the dividend objective of 5% of the previous year end NAV. The current share price discount to NAV translates into a prospective dividend yield of circa 6.6%, making Princess one of the highest-yielding shares in the European listed private equity sector. I believe this dividend yield, coupled with capital appreciation from a rising NAV, makes Princess an attractive proposition for existing and new shareholders.

Share price discount

Over the last two years share price to NAV discounts for most European listed private equity investment companies have reached their widest level since the period after the Global Financial Crisis. For Princess, the share price discount progressively narrowed during the year and is currently trading in a discount range of 25-30%. The Association of Investment Companies reported Princess as one of the best-performing investment companies in share price terms in 2023, but I acknowledge the rebound was from a low base arising from the reaction to the cancellation of the second dividend payment in late 2022.

I would hope that as a result of the new capital allocation policy, increased shareholder engagement and an improving private equity environment, Princess' share price discount will narrow further. The Company's share price to NAV discount will be an important key performance indicator for the Board.

Performance

During the financial year NAV total return was 1.8% (2022: -1.6%), corresponding to a year end NAV of EUR 14.16 (2022: EUR 14.62) per share. Princess' main currency exposure is to the US dollar, with 43% of the portfolio exposed to the currency at 31 December 2023. The weakening of the US dollar against the Euro during the year was the main factor in the 0.8% negative impact of currency movements on the NAV total return. Share price total return for the financial year was 32.6%.

Monetary policies aimed at curbing inflation, geopolitical uncertainties and the uncertainty around an economic slowdown have hindered global private equity transaction volumes over the last two years. In addition, across the private equity industry limited capital flows from exits have in turn stifled the number and pace of new investments. Princess has not been immune from this. Distributions in 2023 were 5% of net assets at 31 December 2022, which was the lowest percentage of distributions received by the Company since 2000. The Investment Manager expects exit conditions to improve as we move through 2024.

In the meantime, the Company's NAV growth will continue to be supported by a focus on operational performance across the Company's investments, driven by organic growth, asset transformation and add-on acquisitions. More detail on the portfolio, performance and diversification can be found in the Investment Manager's Report.

Balance sheet strength

Princess continues to have sufficient liquidity to cover its future investment commitments. Unfunded commitments for the next 2-4 years are approximately EUR 60-70 million (6-7% of year end net assets). At 31 December 2023 Princess had net indebtedness of EUR 9 million and EUR 121 million of available liquidity under its EUR 140 million revolving credit facility, that expires in December 2026. To align Princess with the broader listed private equity universe, the Board agreed for the Company to discontinue the hedging of currency exposures from 1 April 2023.

Outlook

The Board will continue to focus on delivering on the three short-term objectives I laid out in November 2023 and, as we move into the second half of 2024, ensuring that, along with the Investment Manager, we have the right resources and terms under our key agreements to deliver optimal returns for shareholders.

From an investment perspective, higher interest rates and macroeconomic uncertainty have weighed on investment volumes and valuations. Despite recent improvement in lending activity, capital providers remain highly selective. The positive news is that any significant improvement in lending markets will likely trigger the release of investment dry powder, which sits at record highs, and encourage exits. Improving macroeconomic and financial market fundamentals could create attractive vintages resembling those that immediately followed the Global Financial Crisis.

Peter McKellar
Chair

2. Introduction to the Investment Manager

Princess is managed in its investment activities by Partners Group, a leading private markets investments manager. Partners Group serves over 800 institutional investors worldwide who seek superior investment performance through private markets for their beneficiaries. Partners Group has over USD 147 billion in assets under management of which USD 76 billion is in private equity, and more than 1,900 professionals across 20 offices worldwide. Partners Group creates value in its investments through active and long-term responsible ownership. Since inception, Partners Group has invested over USD 210 billion in private equity, private real estate, private debt and private infrastructure on behalf of its clients.

Differentiated Thematic Investing:
Deep Subsector Focus Uncovers High Conviction Target Companies

To find growth trends, companies resilient to macro cycles and with the strongest development potential through Entrepreneurship at Scale

+

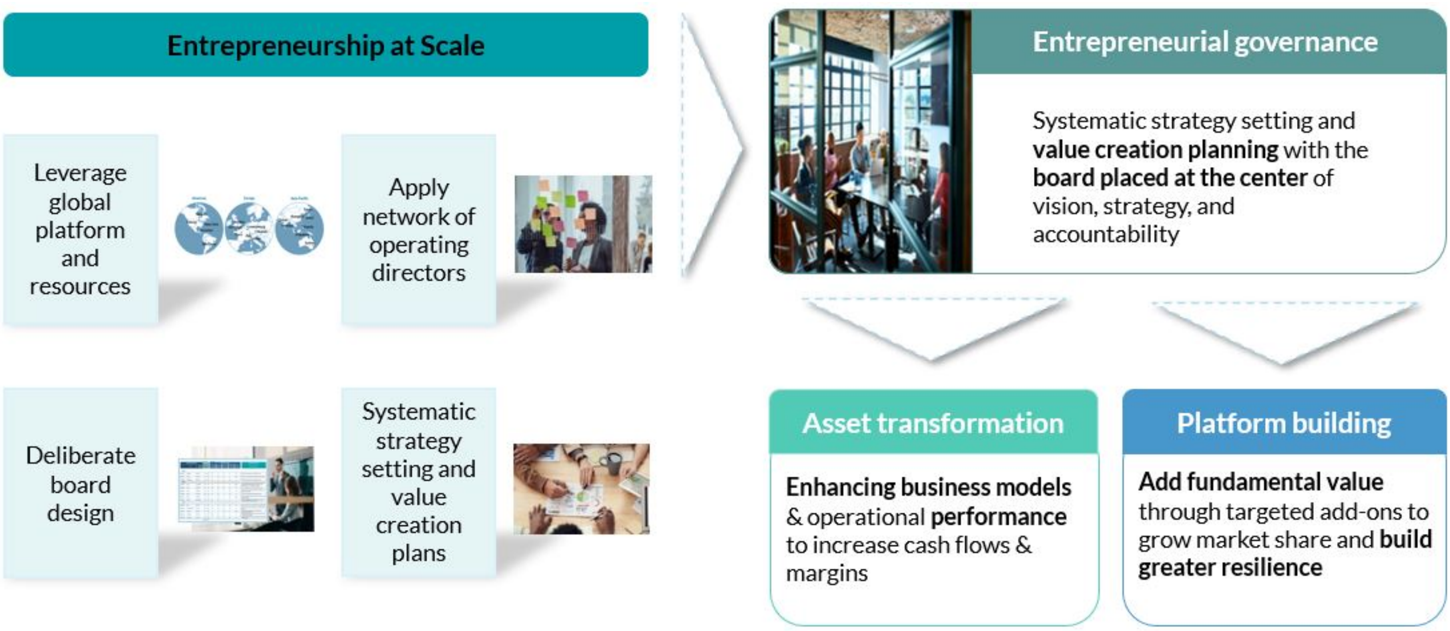
Entrepreneurial Governance at Scale:
We Run Businesses as Entrepreneurs

Value creation planning through platform building and asset transformation

=

Transformational Investing

Transformational investing is Partners Group's approach to active business building, and its answer to the large set of opportunities and challenges in the years ahead. Partners Group has identified three giga themes - Digitization & Automation, New Living, and Decarbonization & Sustainability - that it believes will drive a substantial reordering of sector compositions and create ample investment opportunities over the years to come.



3. Private equity market overview

Global private equity market activity

Private equity investment activity experienced muted growth as concerns about higher interest rates and macroeconomic uncertainty weighed on investment volumes and entry valuations. Uncertainty around monetary tightening, recessionary risks, and geopolitical tensions, coupled with the lingering effects of stress in the banking system in early 2023, made the cost of borrowing more expensive and credit availability more selective, ultimately making investments harder to finance. Nonetheless, the number of transactions rose by 26% year on year globally to 2,067.

As the year progressed, the environment became more supportive for transactions, including private equity exits, which started picking up again in the fourth quarter.

Sources: Preqin "Q4 2023 Private Capital Fundraising, Deals/Exits"

Navigating the "brave new world" with transformational investing

As market dynamics move to a new macro regime, Partners Group continues to be prudent in its underwriting and driving business transformations. Its differentiated thematic sourcing approach, anchored by multi-year in-depth research and a rigorous selection process, allows Partners Group to secure high conviction investments at attractive valuations.

Amid challenging investment conditions, Partners Group has identified digitalization and artificial intelligence ("AI") as secular growth trends that could drive upside in the mid-term. Rapid technological advances have the potential to address structural headwinds, such as a shrinking labor force and declining productivity, while mitigating inflationary pressures. Ultimately, the adoption of these disruptive technologies may lead to a differentiation between winners and losers.

Partners Group embarked on its thematic journey on digital transformation over a decade ago, which then materialized in 2018 with the investment in GlobalLogic. Subsequent thematic work has facilitated the development of domain expertise and early involvement with leading digital transformation service providers such as Version 1 and Cloudflight.

Based in Dublin, Ireland, Version 1 provides application modernization, cloud transformation, and cloud-native software development services. Meanwhile, Cloudflight, which operates mainly in Germany and Austria, provides mission-critical scalable solutions and tailor-made software and has deep expertise within fields such as Internet of Things, cloud architecture, machine learning, and AI. Both investments are equipped with strong growth profiles, benefitting from long-term industry demand tailwinds and a robustly expanding global digital transformation market.

In the current market, Partners Group has adjusted its value creation plans to accelerate organic growth and enhance margins, while deprioritizing inorganic growth pressured by rising interest rates. As the world shifts away from the supportive macroeconomic conditions of the past decade, adopting a proactive and disciplined investment approach becomes increasingly imperative. To this end, Partners Group maintains its unwavering commitment to focusing on value creation, ensuring margin resilience and protection, and delivering consistent, solid performance despite the headwinds.

Private Markets Outlook webinar

In the latest Private Markets Outlook webinar, Partners Group shares its economic and investment outlook as well as trends and opportunities across its four private markets asset classes - private equity, private infrastructure, private real estate and private debt.

Sources: Preqin "Q4 2023 Private Capital Fundraising, Deals/Exits"; Partners Group Research.

4. Investment Manager's report

Throughout 2023, companies worldwide faced a challenging macroeconomic environment marked by persistent inflationary pressures, a reset interest rate landscape, and destabilizing geopolitical conditions. Despite these headwinds, Partners Group remained committed to its proven thematic approach centered on creating value through asset transformation and business enhancement.

NAV performance slightly up in 2023

Princess' NAV closed the financial year at EUR 14.16 per share. Including the total dividend of EUR 0.73 per share paid to shareholders, this represents a NAV total return of 1.8% for 2023. The FY 2023 dividend payout aligns with the objective to distribute 5% of previous year-end NAV in semi-annual payments and translates to an annualized dividend yield of 7.0% based on the closing share price of EUR 10.38.

Value creation at the portfolio level (+5.7%) played a significant role in NAV growth; however adverse currency effects (-0.8%) claimed back some of the gains. The global economy demonstrated resilience in 2023 which was accompanied with corporate margins holding up for much of the year as companies successfully passed on rising costs. While corporate margins came under pressure towards the end of the year as pricing power was challenged, Partners Group's entrepreneurial governance and active value creation approach proved successful in overcoming most obstacles, leading to noteworthy results for its portfolio companies: Princess' direct private equity portfolio maintained stable margins and recorded NAV-weighted double-digit year-on-year growth in both revenue and EBITDA, demonstrating the Investment Manager's ability to deliver value in this "brave new world".

Within the direct private equity portfolio, over 50 companies contributed positively to value creation during the year. The largest three contributors were: PCI Pharma Services, Vishal Mega Mart and DiversiTech.

● PCI PHARMA SERVICES

The value of PCI Pharma Services ("PCI"), a global provider of outsourced pharmaceutical services based in the US, increased during 2023 on the back of continued strong financial performance, with gains in revenue and EBITDA across all business segments, including the LSNE injectable unit. The company maintained strong liquidity and announced plans for a USD 50 million expansion of its Rockford facility. It also announced the full operation of its new advanced machines in its San Diego and Melbourne facilities. For the LTM period ending December 2023, PCI's revenue and EBITDA grew by 19% and 26% respectively.

● VISHAL MEGA MART

Vishal Mega Mart ("Vishal"), a franchisor of hypermarket stores in India, has experienced consistent growth throughout 2023. Notably, the company has been successful in maintaining double-digit like-for-like growth in franchisee stores across categories, with strong growth in higher-margin apparel category, in part due to investments in vendor management and the introduction of new fashion fits. Supply chain challenges have persisted in the general merchandise category and the company has worked with domestic vendors to create alternate sources of supply. Partners Group has worked in close collaboration with Vishal's management team on a

For illustrative purposes only. Numbers may not add up due to rounding. Past performance is not indicative of future results. Value creation includes interest and dividend income received by Princess.

range of value-creation initiatives, including expanding the company's franchisee store footprint and omni-channel offerings. With a growing network of over 590 franchised stores, Vishal is well positioned to continue expanding its presence across India. Alongside this, Vishal has opened a new, larger central warehouse to further support its growth efforts. For the LTM period ending December 2023, Vishal's revenue and EBITDA grew by 18% and 24% respectively.

● DIVERSITECH

Over the course of 2023, DiversiTech, a manufacturer of components and supplies for the US residential heating, ventilation, and air conditioning ("HVAC") market, experienced resilient revenue and earnings growth amidst a challenging macro housing environment. For the LTM period ending December 2023, the company grew total revenue and EBITDA by 12% and 16%, respectively, reflecting both organic growth and the closing of two acquisitions - expanding the company's reach into a new product category in the US (thermostats) and its presence in Italy, the largest HVAC market in Europe. The company, committed to its long-term transformational strategy, also made significant strides across relevant value creation projects, including implementing a new MRP system to drive inventory optimization, as well as digitally integrating with customers to drive an enhanced experience and mitigate business errors. The company remains committed to realizing value across several key strategic pillars over the next few years, which involves enhancing operations and supply chain capabilities, improving the customer experience, and revamping account and product line management. Partners Group continues to work with DiversiTech's board and management to advance its foundational initiatives and long-term transformational strategy.

Liquidity

Princess' cash balance stood at EUR 9.7 million as of year-end with the Company having drawn EUR 19.0 million of its EUR 140 million revolving credit facility to meet short-term liquidity needs. The credit facility is expected to be repaid with distributions from underlying investments during the coming quarters.

As of 31 December 2023, the total amount of unfunded commitments was EUR 115.3 million. We anticipate that approximately EUR 60-70 million will be funded over the next two to four years, while the remaining portion is expected to remain unfunded.

Investment activity

During the reporting period, Princess committed EUR 30 million to Partners Group Direct Equity V fund. The total capital invested by Princess during the period amounted to EUR 12 million and includes drawn investments from Partners Group Direct Equity V fund together with additional follow-on investments in portfolio companies. While transaction activity was slower to recover than anticipated in the second half of the year, the Investment Manager remained focused on operational value creation initiatives at portfolio companies and disciplined underwriting.

Total investments for 2023

Investment Name	Industry	Region	Invested amount (EURm)
Breitling	Consumer Discretionary	Europe	2.5
Rovensa	Materials	Europe	1.9
International Schools Partnership II	Consumer Discretionary	Europe	1.5
Cloudflight	Information Technology	Europe	1.1
Confluent Health	Health Care	North America	1.0
Galderma	Health Care	Europe	0.9
Accell Group	Consumer Discretionary	Europe	0.7
Axia Women's Health	Health Care	North America	0.5
Others			2.0
Total as of 31.12.2023			**12.1**

All figures presented in the table above are calculated looking through Princess' investments in other Partners Group programs.

● ROVENSA

EUR 1.9 million was an add-on to the investment in Rovensa, a leading provider of specialty crop nutrition, biocontrol, and crop protection products, to support the recently completed acquisition of Cosmocel, a developer, manufacturer, and distributor of specialty biostimulant solutions in North America. Cosmocel's geographic footprint and product portfolio are highly complementary to Rovensa. This acquisition is anticipated to generate cross-selling synergies and establish Rovensa as the leading independent biosolutions company globally.

● INTERNATIONAL SCHOOLS PARTNERSHIP II

International Schools Partnership ("ISP") is a leading international Kindergarten to year 12 group providing English or bilingual education for 2- to 18-year-olds. Since the extension of Partners Group's majority ownership in ISP in July 2021, the company has progressed well on its expansion plan and has added several schools to its platform. EUR 1.5 million of capital was injected to support the strong pipeline of acquisitions in the coming months.

CONFLUENT HEALTH

An add-on investment of EUR 1.0 million was made in Confluent Health, a US-based healthcare company focused on physical and occupational therapy, which completed its acquisition of MOTION PT Group ("MOTION"), a physical therapy practice group in the US. With this acquisition, Confluent Health will add density to its existing geographic footprint. MOTION's unique business model, which has diversified revenue streams, is also a strong fit with Confluent Health's growth strategy.

The commitment to Partners Group Direct Equity V provided Princess access to the seed portfolio of the fund, which at the time of writing includes direct private equity investments in SureWerx, Cloudflight, Breitling and Foundation Risk Partners. While the first two assets represent new additions to the Princess portfolio, Princess' existing exposure to Breitling and Foundation Risk Partners has marginally increased as a result of this investment.

- **Breitling** is a leading vertically integrated, independent manufacturer of Swiss luxury watches. It has a unique, iconic brand with over 130 years of heritage and was founded by Leon Breitling in 1884. It has a rich heritage in the industry as the inventor of the modern wrist chronograph, and is positioned as a casual, inclusive, and sustainable modern luxury brand.
- **Cloudflight** is a digital transformation services provider in Europe. It provides scalable solutions and tailor-made software to help companies digitize their business models, processes, and products. The company's core expertise is in software development for long-term projects, which typically requires deep expertise within fields such as the Internet of Things, cloud architecture, machine learning, and artificial intelligence.
- **SureWerx** is a supplier of personal protective equipment, safety gear, and tool solutions across North America. The company manufactures and supplies its products and services across 18 well-established brands and 27 product categories that help improve employee wellbeing, working conditions, and productivity.
- **Foundation Risk Partners** is a specialist insurance broker in the US, which generates revenues from recurring annual renewal of policies, leading to highly predictable cash flows. Insurance brokerage is resilient through economic cycles as it is a non-discretionary expense in most cases and benefits from several transformative trends, such as risks from cyber and social media exposure, the increase in litigation, and an evolving regulatory environment.

Distribution activity

Princess received distributions amounting to EUR 46.7 million during the year, of which EUR 35.4 million stemmed from direct investments. The remaining balance of EUR 11.3 million was predominantly received from the mature legacy fund portfolio (EUR 9.9 million) which continued to benefit from distributions.

Total distributions for 2023

Investment Name	Industry	Region	Distributed amount (EURm)
Hofmanns	Consumer Staples	Europe	9.3
Apex International Corporation	Industrials	Asia-Pacific	7.1
SRS Distribution, Inc.	Industrials	North America	6.8
Esentia	Energy	Rest of World	3.2
KinderCare Education	Consumer Discretionary	North America	2.0
MultiPlan 2016	Health Care	North America	0.9
Abzena	Health Care	Europe	0.8
Others			16.6
Total as of 31.12.2023			**46.7**

All figures presented in the table above are calculated looking through Princess' investments in other Partners Group programs.

The largest distributions from Princess' direct portfolio during the second half of the year include Hofmanns, SRS Distribution, Esentia and KinderCare. Apex International Corporation is one of Asia's leading freight forwarders, especially on the trans-Pacific and intra-Asia trade routes.

HOFMANNS

EUR 9.3 million was received from the divestment in Hofmanns, a provider of premium ready-to-eat frozen meals and tailored catering services based in Germany. The remaining proceeds are expected to be released later this year. Founded in 1960, the company serves business-to-business customers ("B2B") in business canteens, social organizations, such as schools and kindergartens, and hospitals. Since acquiring Hofmanns on behalf of its clients in 2014, Partners Group has supported the company in successfully driving growth initiatives across its customer segments and investing in targeted production automation initiatives, while still preserving the hand-made feel of Hofmanns' meal offerings. Key initiatives included streamlining the sales organization by shifting the focus from regional coverage to customer-centric services and key account management, repositioning the Hofmanns brand towards a modern and sustainable pro position, launching a new business-to-consumer online shop, and digitalizing the customer ordering and internal reporting process. Today, Hofmanns supports over 12,000 customers and serves approximately 200,000 eaters each day.

SRS DISTRIBUTION

Princess received EUR 6.8 million from the realization of a portion of its equity investment in SRS Distribution, one of the largest distributors of roofing, landscaping, and pool supply products in the US. The partial exit arose from a GP-led secondary sale by lead investor Leonard Green & Partners of several holdings, including SRS Distribution, to a continuation fund.

ESENTIA ENERGY SYSTEMS

EUR 3.2 million stemmed from a loan repayment made by Esentia, a leading player in the energy sector in Mexico. As a prominent entity in Mexico's energy sector, the company specializes in developing, constructing, owning, and operating natural gas pipelines and related energy assets.

KINDERCARE EDUCATION

EUR 2.0 million was received from KinderCare Education, one of the largest for-profit providers of early childhood education and care services in the US. The proceeds stemmed from the refinancing of its debt structure with a new 7-year term loan to extend maturities and increase liquidity.

Portfolio composition

The geographic exposure of the Princess portfolio in terms of value at the close of 2023 was spread across North America (46%, down from 47% in 2022), Europe (43%, up from 42% in 2022), and Asia & Rest of World (11%, remaining unchanged from the previous year). Furthermore, the portfolio reflects broad diversity across multiple industries, with the largest allocations in industrials (29%, up from 28% in 2022), healthcare (24%, up from 22% in 2022), and information technology (12%, remaining unchanged from the preceding year), collectively representing 65% of the total portfolio value by the end of 2023.

Outlook

Whilst 2023 was a challenging year for investors, with higher interest rates and macroeconomic uncertainty weighing on investment volumes and valuations, 2024 brings a more positive outlook. Record high levels of dry powder should start being released as a pivot from central banks is likely to put a floor on valuations and spur the exit environment. We maintain high conviction in our transformational investing approach, which is underpinned by thematic sourcing, and believe that our underwriting discipline is key to mitigating the adverse impact of macroeconomic headwinds on underlying assets.

Partners Group
Investment Manager
Zug, 22 March 2024

Case studies

Pharmathen

Princess NAV:	**EUR 24.7m/ 2.5% NAV**
Vintage:	**2021**
Industry:	**Healthcare**
Region	**Europe**

Established developer of advanced drug delivery technologies for complex generics.

Founded in 1969, Pharmathen is a leading developer of advanced drug delivery technologies such as long-acting injectables, sustained-release oral solids and preservative-free ophthalmics. The company also has peptide active pharmaceutical ingredient development and manufacturing. Pharmathen is very well regarded by the broader pharmaceutical industry as an innovative and forward-thinking company with best-in-class research and development capabilities. It is a mission-critical partner to its pharmaceutical company customers who want to add high-value pharmaceutical products to their portfolio that also create real societal impact and optimize treatment outcomes for patients. Pharmathen's differentiated B2B model attracts a blue-chip customer base of more than 200 pharmaceutical companies, which it serves from three US/EU-approved manufacturing facilities in Greece. The company's highly diversified product portfolio of c. 80 commercialized products is accessed by patients in more than 85 countries worldwide.

Sourcing

Partners Group has been tracking advanced contract development and manufacturing organizations ("CDMOs") since 2016 via specific thematic research which identified in the pharmaceutical industry the lack of in-house capabilities and capacity as well as the need for speed-to-market and efficiency gains by outsourcing certain drug development and manufacturing capabilities. Partners Group acquired Pharmathen from investment firm BC Partners in 2022 at an enterprise value of around EUR 1.6 billion.

Value creation

As an entrepreneurial owner, Partners Group's mission has been to support Pharmathen in becoming a globally leading CDMO by drawing on its deep sector expertise in pharmaceutical services, as well as its experience in state-of-the-art manufacturing, to support the development of innovative technology platforms as it expands operations to meet increasing demand for affordable generics.

In particular, Partners Group has supported the accelerated expansion in the US, by building out its presence and overseeing Food and Drug Administration ("FDA") approval and launch of five high value products, with more in the pipeline. Partners Group's entrepreneurial governance has also changed the board mix from "investors only" to one with five independent operating directors. In addition, Partners Group supported the build-out of an M&A team and project management office which have supported Pharmathen's first ever acquisition. The acquisition of CBL Patras adds vertical integration synergies and accretive capabilities in peptide therapeutics. All this is positioning Pharmathen for long-term, sustainable growth, building a drug development powerhouse that is a trusted partner to blue-chip clients worldwide and makes a positive impact on the lives of people.

Pharmathen is Partners Group's largest European investment in the pharmaceutical outsourcing space to date.

FORTERRO

Princess NAV:	**EUR 17.8m / 1.8% NAV**
Vintage:	**2022**
Industry:	**Information Technology**
Region	**Europe**

Leading pan-European enterprise resource planning ("ERP") software provider to manufacturing small and mid-sized businesses ("SMB").

Founded in 2012 and headquartered in London, Forterro operates a portfolio of 14 ERP software brands, serving over 13,000 customers in industrial end markets by providing them with mission-critical software to run their daily operations. The company's software products offer functionality specific to various industrial sub-verticals, which has differentiated its solutions from competitors and fostered a highly loyal customer base. Forterro's deep domain expertise allows it to provide customers with highly configured solutions, which cater for their specific operational requirements. The company has over 1,600 employees across its European offices and global development centers. The SMB ERP software market benefits from structural tailwinds driven by long-term digitization trends and is expected to experience attractive growth in the coming years. Forterro's strong portfolio of brands and geographic reach position it well to capitalize on this growth.

Sourcing

Through its thematic research, Partners Group ascertained the European ERP software market to be a high-conviction space, due to attractive characteristics such as high growth with a long tail of local competitors. Within this space, Forterro was tracked since 2020, having been identified as a leading ERP software provider within its focus segments. Partners Group acquired Forterro from Battery Ventures in 2022 at an enterprise value of EUR 1 billion.

Value creation

Since investing, Partners Group has been working with management to further expand Forterro's platform across Europe. Key initiatives include accelerating organic growth through specific go-to-market initiatives and the development of new Cloud offerings, as well as improving operational efficiency and making strategic acquisitions in adjacent geographies and sub-verticals.

Forterro's transformational growth potential stems from the increasing importance of software to allow companies to digitize every aspect of their business to remain competitive. Forterro's high customer retention rates reflect the deep entrenchment of its products in the customer's daily processes. Forterro is a long-term partner to its clients and can serve them in a way many larger providers cannot replicate due to superior functionality at a lower price point than large generalists, whose products are often too complex and costly for SMB industrial companies. With Partners Group support, Forterro's organic growth has been complemented by the acquisition and integration of additional ERP solutions, tapping into Partners Group's resources and expertise in scaling up technology platforms.

Forterro is Partners Group's recent manufacturing ERP software investment in Europe.

Princess NAV:	EUR 34.5m/ 3.5% NAV
Vintage:	2021
Industry:	Industrials
Region	United States

A leading manufacturer of parts and accessories for HVAC equipment in the US residential market.

Founded in 1971 and headquartered near Atlanta, Georgia, DiversiTech is North America's largest manufacturer of HVAC equipment pads and a leading manufacturer and supplier of HVAC components and related products. It is credited with developing the first transportable HVAC pad. The company has a broad product portfolio of c. 30,000 stock keeping units across seven product families, including HVAC equipment mounting, electrical & replacement parts, condensate management and indoor air quality. DiversiTech has c. 1,250 employees across locations in the US, Canada, and Europe.

Sourcing

Partners Group tracked DiversiTech through its thematic investing approach having built a strong conviction in the future growth prospects of the HVAC industry given the expanding customer base for residential installations of HVAC units and the associated recurring demand for the company's essential parts and supplies. Partners Group acquired DiversiTech from Permira in 2021 at an enterprise value of USD 2.2 billion.

Value creation

Partners Group is drawing on its extensive experience in the HVAC sector to partner with the company's management team for DiversiTech's next phase of growth. Previous experience includes an investment in PremiStar, a leading provider of commercial HVAC services in the US.

DiversiTech has invested in its team, product lines and infrastructure which has laid a robust foundation for value creation initiatives such as accelerating new product development, expanding through M&A to increase the company's geographic footprint in the European market, bolstering internal manufacturing capabilities, and transforming processes to facilitate a best-in-class customer experience.

DiversiTech is Partners Group's latest manufacturing investment in the United States on the private equity directs platform.

BREITLING
1884

Princess NAV:	**EUR 27.4m / 2.8% NAV**
Vintage:	**2021**
Industry:	**Consumer Discretionary**
Region	**Europe**

An independent Swiss watchmaker with a brand that epitomizes the high-quality, neo-luxury, casual style.

Founded in 1884, Breitling is a leading Swiss watchmaker, with a unique heritage in the industry as the inventor of the modern wrist chronograph and distinctive positioning as a casual, inclusive, and sustainable luxury brand. Breitling's unique modern-retro design offering is centered around its three core themes: air, land, and sea. Its collections offer a distinctive modern-retro design style, which appeals to an increasingly broad consumer base globally. Recognized for its manufacturing excellence with 1,750 employees mainly based in Switzerland and distribution across Europe, the US and Asia.

Sourcing

Breitling benefits from attractive macroeconomic and sectoral transformative growth trends, especially in Asia, where rising disposable incomes amongst the middle classes are increasing demand for premium products, including watches. The company is poised for future growth supported by its differentiated brand positioning, wide product offering, and robust supply chain. Since 2017, Breitling has emerged as a leading omni-channel luxury watch brand offering an unparalleled customer experience across both physical and digital channels. In 2021, Partners Group acquired a significant minority stake from CVC Capital Partners Fund VI and Breitling's management. In 2023, Partners Group bought a majority stake and together with CVC and Breitling's management team are working together to grow the business.

Value creation

Partners Group is building on Breitling's successful transformation in recent years. In line with its entrepreneurial governance approach, key value creation initiatives for Breitling include (i) continuing to raise consumer awareness of the recent brand transformation, (ii) growing direct-to-consumer sales channels, in particular by significantly expanding the global boutique network, (iii) establishing the brand as an inclusive and stylish brand for women, supported by the recent launches of the Navitimer 32/36 and Victoria Beckham collaboration, (iv) expanding presence in key growth markets such as the US and China to broaden and diversify the customer base, (v) further developing Breitling's digital leadership by growing e-commerce and integrating new technologies, including NFTs and AI, (vi) sustaining an exciting product launch pipeline by harnessing the value of Breitling's extensive back catalogue, (vii) re-launching Universal Geneve, a dormant but highly regarded luxury watch brand acquired by Breitling in Q1 2024, which will be maintained as a standalone brand from the customer perspective, and (viii) ongoing fiscal discipline and efficiency initiatives to ensure cost optimization.

The business is transforming into one of the world's most dynamic and progressive luxury watch brands and is on track to accomplish the ambition of becoming one of the undisputed leaders in the Swiss Watch Industry.

Breitling is Partners Group's first investment in a luxury watchmaker company.

5. Environmental, Social, and Governance ("ESG")

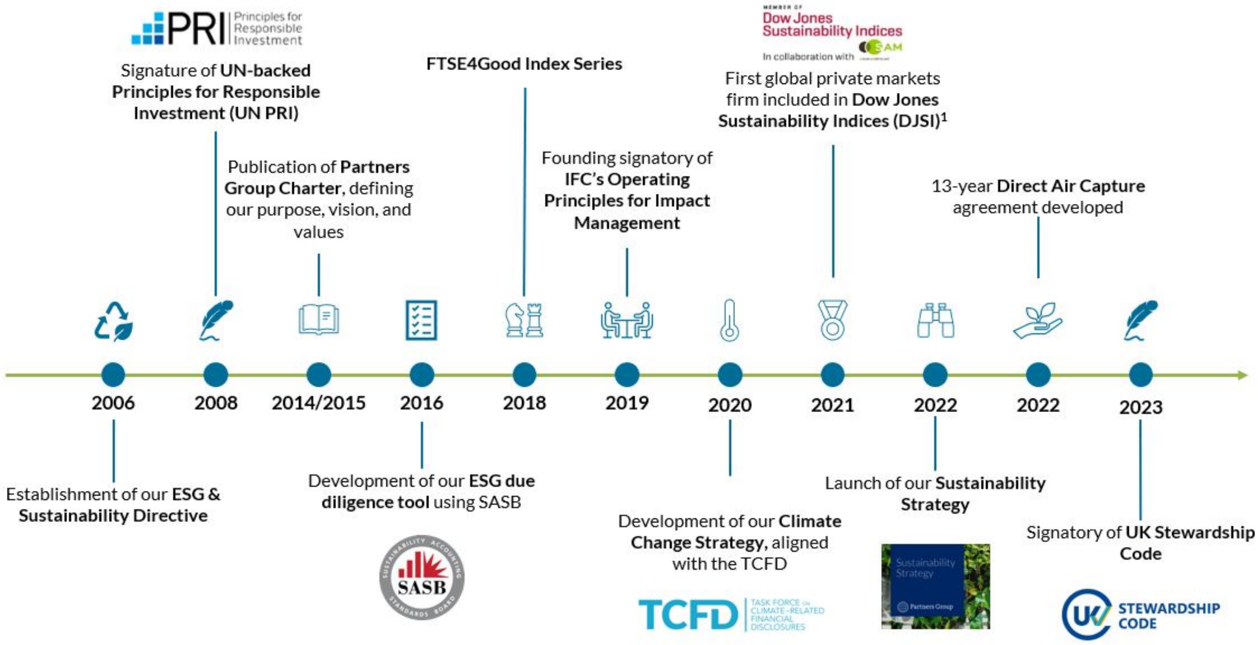
The Company shares and is aligned with the purpose, culture, and values adopted by Partners Group in their charter and as given in their Sustainability Report.

Partners Group has a strong commitment to sustainability. Creating lasting positive results is one of the core principles of its charter and one that applies to all its activities as a firm. It guides its investment activities, its corporate activities and its daily interactions with all stakeholders. Additional information can be found on Partners Group website.

Partners Group's commitment to responsible investment is embedded in the company's charter, a document that defines the essence of the firm and reflects who they are and what they do, every day.

Partners Group's commitment to responsible investment is longstanding. The Sustainability Team reviews on a continuous basis the most recent industry ESG frameworks and standards, while its Corporate Development team assesses corporate level sustainability initiatives. The team then selects and supports initiatives it considers to be industry-leading and contributing to an increase in know-how of sustainability considerations for our transformational investing approach, or on the corporate level which helps Partners Group Holding adhere to the highest sustainability oversight and governance standards.

Partners Group has a long-standing experience in sustainability



Source: Partners Group (2023). For illustrative purposes only. Although ESG factors may be considered throughout the investment decision process, it should be noted that ESG is not the predominant strategy for Partners Group programs. Shown milestones are deemed relevant for Partners Group's sustainability strategy. 1 Source: EQS news "Partners Group included in the Dow Jones Sustainability Indices 2021" https://www.eqs-news.com/news/corporate/partners-group-included-in-the-dow-jones-sustainability-indices-2021/1488342

Partners Group's ESG vision, objectives, and strategy

Partners Group aims to realize potential in private markets and create sustainable returns with a lasting, positive impact for all its stakeholders, in line with its fiduciary duty and return-generating goals. Appropriate consideration of ESG & sustainability factors in investment activities can be a key enabler of value creation for Partners Group on behalf of its clients and other stakeholders.

Partners Group's Sustainability Strategy

The Sustainability Strategy articulates the vision of building better and more sustainable assets and companies, while also creating positive and lasting impact for all its stakeholders. To achieve this dual vision, the firm has defined clear ESG ambitions for both the firm and portfolio. For the Partners Group directly controlled assets in the Princess portfolio, Partners Group determined a set of targets.

The first target is to establish an ESG governance framework within the first 100 days of acquisition. This includes appointing ESG responsibility at board, executive, and leadership levels and establishing a Risk & Audit Committee. During the first two years of ownership, Partners Group's investee companies are tasked with developing a meaningful ESG Journey. The ESG Journey at Partners Group is a framework that helps its portfolio companies to continuously improve their ESG performance. It enhances project implementation, data quality, and industry comparability. The ESG Journey at Partners Group is informed by due diligence and is applied throughout the ownership period of the asset. At exit, the ESG Journey allows the team to assess Partners Group's impact on sustainability for a given investment, aiming to leave it with a robust approach and strategy for sustainability topics.

On the environmental side, Partners Group's focus area is to guide its assets to develop a tailored greenhouse gas ("GHG") reduction strategy. The first target is for the portfolio companies to measure their GHG footprint within one year of ownership, have it externally assured within two years, and ultimately conduct a materiality assessment to analyze their environmental footprint beyond GHG emissions. This serves the purpose of setting up the portfolio of controlled assets to reduce GHG emissions by 2035.

Partners Group's social focus lies on the initiation of a stakeholder benefits program and the development of a tailored Employee Engagement Initiative within two years of ownership. Over the ownership period, Partners Group develops a Diversity & Inclusion Strategy with the portfolio companies to assist teams in reflecting the local talent pools of the societies in which they operate.

Progress against these targets is regularly reviewed and assessed at the investment's board meetings. The asset manager's investment teams feed this information back into the engagement strategy via the semi-annual transformational ownership review. Meeting the Sustainability Strategy targets is increasingly embedded into the investment's board members' compensation packages.

Case studies

Princess NAV:	**EUR 14.2m / 1.5% NAV**
Vintage:	**2021**
Industry:	**Consumer staples**
Region	**United States**

In April 2021, Partners Group closed the acquisition of Wedgewood Pharmacy ("Wedgewood"), the largest veterinary specialty pharmaceutical player in the US from New Harbor Capital, a Chicago-based private equity firm.

Founded in 1980, Wedgewood is the largest specialty provider of customized compounded medications for animals experiencing acute and chronic conditions, and employs more than 700 people in the US. Headquartered in New Jersey, with additional sites in Arizona, California and Colorado, the company's geographical reach is extensive. The sophistication and flexibility of specialty pharma players like Wedgewood provide additional treatment options for veterinarians, pets and their owners. The company maintains 66,000 relationships with veterinarians and serves over 360,000 pet owners annually. During the past year, the company has demonstrated strong enthusiasm and progress in further ESG objectives, with a dedicated executive and steering ESG team (COO/President, CHRO, Safety Manager, Pharmacist, Finance, Marketing).

Largest veterinary specialty pharma player in the US

PG Entry

- ESG onboarding with management
- Assessment of ESG governance
- Confirm material ESG factors
- Development of performance improvement plan

E – **Environmental responsibility**

- **Climate change :** Scope 3 footprint assessment and alignment to GHG reduction objectives
- **Eco-friendly practices:** Identified sustainable materials and packaging alternatives
- **Sustainability improvements:** Waste and cost reduction measures and energy efficiency audits implemented

S – **Health & Safety; Community; DE&I**

- **Health & Safety:** Met goal <1.9 on recordable incidents
- **Community engagement:** Participated in California's 2nd Harvest food bank volunteering
- **DE&I:** Development of employee handbook for more inclusive strategy

G – **ESG responsibility & data management**

- Development of **Corporate Health & Safety Policy**
- Strengthened **cybersecurity measures**
- **ESG team expansion** to advance **ESG Journey**

Our ESG view: Leader in employees & impact and environmental stewardship

Now & Future

- Significantly increase diversity and inclusion at leadership levels
- Become a recognized leader in positive change in communities
- Become an environmental steward

For illustrative purposes only. There is no assurance that similar investments will be made. Rationale: Wedgewood Pharmacy is a Partners Group investment on the private equity directs platform in the specialty pharmacy industry and is the largest provider of custom-compounded animal medications for acute and chronic conditions in the US. Source: Partners Group (2023).

On the environmental side, Wedgewood has completed its Scope 3 footprint assessment for 2022, ensuring that its environmental impact is measured and aligns with its GHG reduction objectives. The company also identified sustainable materials and packaging alternatives, including foam pack inserts, ice bricks, coolers, vials, and autobags or plastic bags, demonstrating its commitment to eco-friendly practices.

Moreover, waste and cost reduction measures are implemented in the Arizona and New Jersey operations and energy efficiency audits are ongoing in California. Wedgewood is cooperating with Partners Group portfolio companies Budderfly and VelocityEHS to bolster their sustainability initiatives and implement an environmental management system. Budderfly's analysis suggests new solar and HVAC/LED units can achieve a total GHG emissions reduction for the New Jersey operations by -57.1% and -30.6% for the business total.

Regarding the social perspective and in particular Health & Safety, Wedgewood Pharmacy has met its goals for recordable incidents through July 2023 and completed over 95% of its Active Shooter training and EHS Leads have been identified at all Blue Rabbit Operations locations. Furthermore, they have participated in community initiative California's 2nd Harvest food bank volunteering. In addition, the company is currently developing its employee handbook to implement a more inclusive employment strategy. Consequentially, they are revising all job descriptions and partnering with VelocityEHS to review their process.

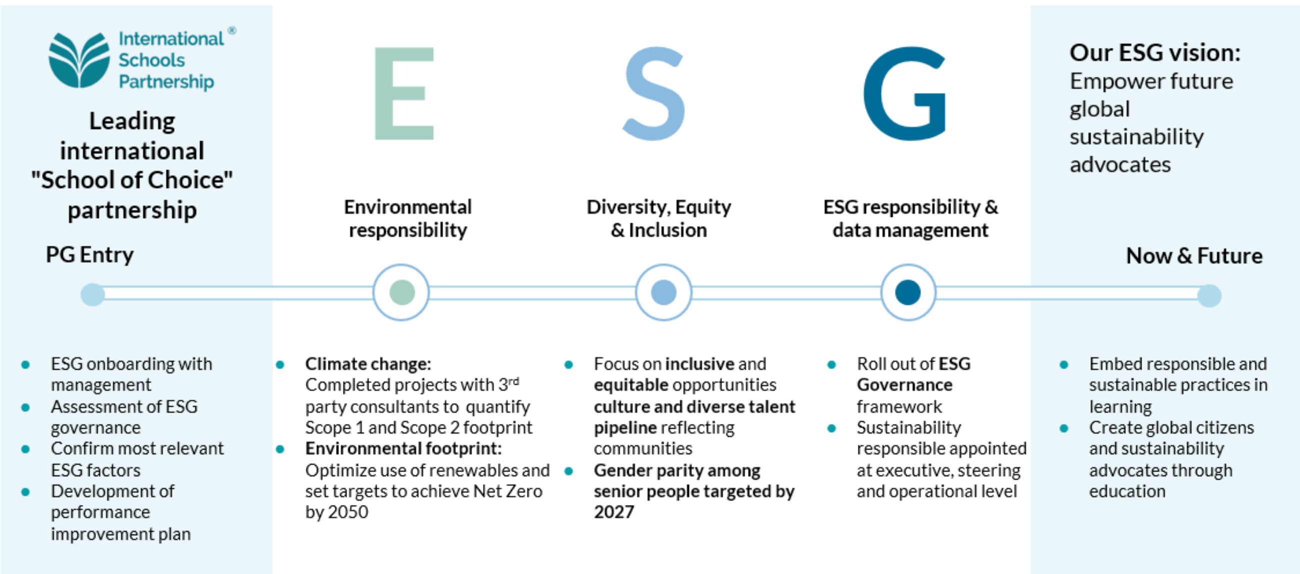
Finally, from a governance perspective, their draft Corporate Health & Safety Policy is currently pending review and approval. They have strengthened cybersecurity measures with the implementation of two-factor authentication for OneDrive access, and all users within the company must now acknowledge and adhere to the Acceptable Use Policy. In their ongoing commitment to sustainability, they are diligently integrating the marketing and research and development departments for a collaborative approach to sustainable packaging initiatives. Additionally, they are expanding their ESG team to advance their ESG Journey by focusing on multiple aspects, such as enhanced cybersecurity measures.

International Schools Partnership

Princess NAV:	**EUR 24.7m / 2.5% NAV**
Vintage:	**2021**
Industry:	**Consumer discretionary**
Region	**Europe**

International Schools Partnership, Ltd. ("ISP") is a leading international partnership of "School of Choice" providing English or bilingual education to children. Since 2013, Partners Group and ISP management have developed the ISP network from a start-up to the fifth largest Kindergarten to Year 12 school group globally with 77 schools located in 22 different countries, offering 24 different curricula. As of December 2023, the ISP network counted over 70,000 students and 10,000 staff across the globe.

Sustainability is a key strategic initiative at ISP, whose vision is to embed responsible and sustainable practices in learning in every year group and school, ensuring students become global citizens and sustainability advocates so as to build a sustainable, equitable, and inclusive future through the power of education. ISP aims to achieve this vision by protecting students' welfare, creating a safe and supportive learning environment, expanding and supporting sustainability-related opportunities for students and increasing the availability of sustainability-related course content. During our ownership we have set our ESG framework and collected data to understand our starting baseline in order to set meaningful KPIs that meet ISP's strategic priorities, global trends, regulatory frameworks and reporting requirements.



For illustrative purposes only. There is no assurance that similar investments will be made. Rationale: International Schools Partnership is a Partners Group education investment in the United States on the private equity directs platform. Source: Partners Group (2023).

In the past year, ISP successfully established its ESG governance by appointing sustainability responsibles at executive, steering, and operational level to drive the topic throughout the company. This is the first target of the Sustainability Strategy.

Moreover, projects with third-party consultants have been completed since ownership, enabling the quantification of the carbon footprint (scope 1 + 2) and a stakeholder materiality assessment has been conducted; this has led to the definition of a set of meaningful KPIs and to drawing ISP's ESG framework.

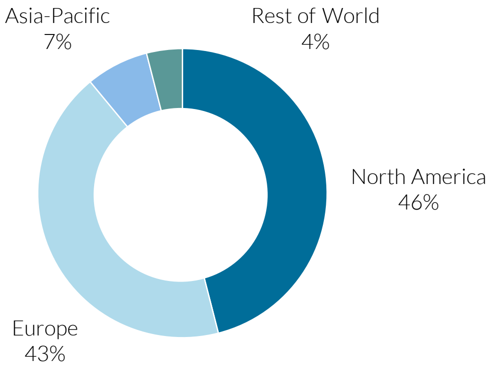
From an environmental point of view, ISP is committed to optimizing the use of renewable energy across its operations and the framework sets targets to achieve Net Zero emissions by 2050, reduce per person emissions of 25% (i.e. kg of CO_2e / occupant vs. 2022 baseline). In order to do so, ISP has developed a strategy based on iterative deep dives projects concentrated on outsized emitters to maximize the impact achieved. Lessons learned and best practices to reduce consumption and increase efficiency are then cascaded to the rest of the portfolio. ISP adopts an incremental improvement approach, ranging from simple behavioral and operational interventions to more complex initiatives.

A first deep dive on selected schools has been carried out highlighting several cost-free behavioral and operational interventions that could be applied across the portfolio, with a focus on upskilling overall schools' sustainability approach, while investments should be allocated to areas with the highest potential for achieving transition targets.

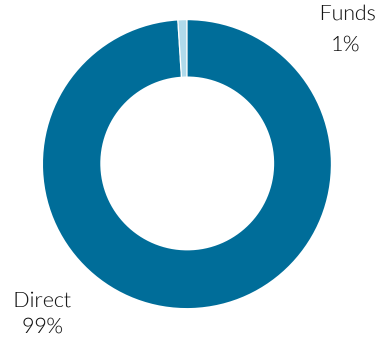
Finally, on the social side, ISP is committed to cultivating an inclusive culture with equitable opportunities to grow and develop talent regardless of background, ensuring the organization has a diverse talent pipeline that reflects the communities in which it operates, and has set the target of achieving gender parity among all senior people by 2027.

6. Portfolio composition

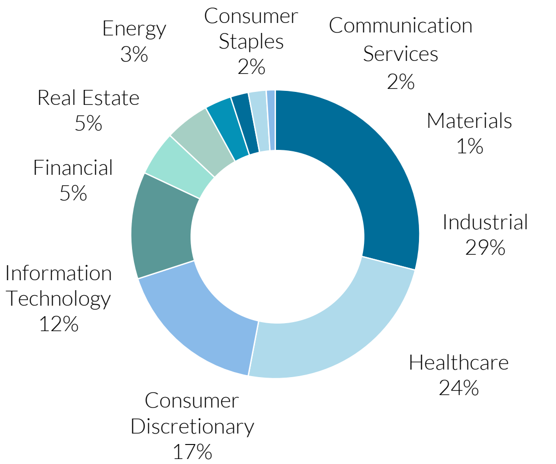
Investments by regional focus



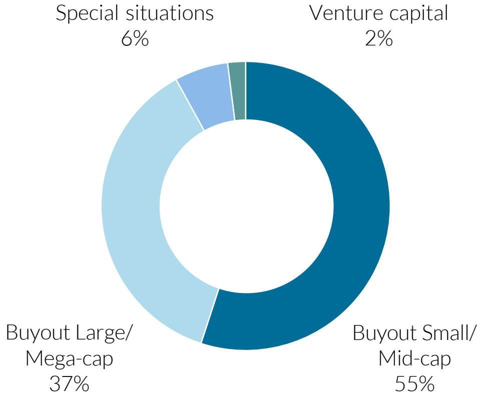
Investments by transaction type



Portfolio assets by industry sector

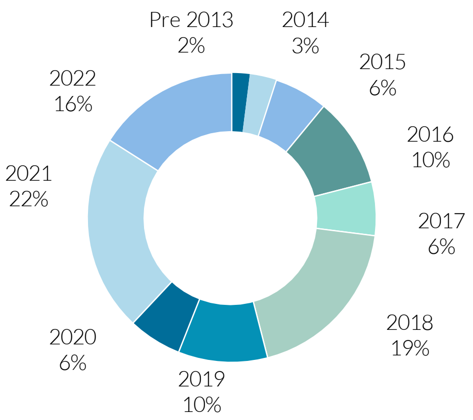


Investments by stage

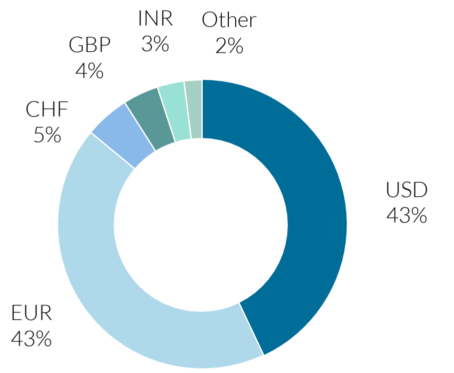


Investments by transaction type Based on the value of investments on a look-through basis as of reporting date. Direct investments refer to those investments where Princess holds an interest in a portfolio company, either directly (74% NAV) or through a Partners Group program (25% NAV).

Investments by investment year



Economic currency exposure



Economic currency exposure: Figures are subject to estimates and rounding. Princess' economic currency exposure comprises the NAV of its investments, as well as other balance sheet items such as cash, receivables, payables, and foreign currency hedges, if applicable. Economic currency is defined as the currency in which the investment's business activity is primarily conducted or value is derived, which may differ from its operating currency. Net currency exposure as per reporting date. The net currency exposure is calculated looking through Partners Group programs.

Diversification does not ensure a profit or protect against a loss; the portfolio composition may change over time.

7. Portfolio overview

Fifty largest direct investments (in EUR)

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
PCI Pharma Services	Healthcare	NAM	Buyout Small/Mid-cap	2016	0	72,943,652	7.4%
SRS Distribution, Inc.	Industrials	NAM	Buyout Small/Mid-cap	2018	1,597,396	50,534,960	5.2%
Emeria	Real Estate	WEU	Buyout Large/Mega-cap	2021	42,904,832	50,465,837	5.2%
Ammega	Industrials	WEU	Buyout Small/Mid-cap	2018	25,912,844	49,976,970	5.1%
KinderCare Education	Consumer discretionary	NAM	Buyout Small/Mid-cap	2015	9,690,660	43,599,160	4.5%
Vishal Mega Mart	Consumer discretionary	APC	Buyout Small/Mid-cap	2018	12,358,914	42,203,046	4.3%
Techem Metering GmbH	Industrials	WEU	Buyout Large/Mega-cap	2018	19,244,061	38,476,088	3.9%
DiversiTech	Industrials	NAM	Buyout Large/Mega-cap	2021	24,668,593	34,503,929	3.5%
Esentia	Energy	ROW	Special situations	2014	12,894,852	29,671,238	3.0%
Breitling	Consumer discretionary	WEU	Buyout Large/Mega-cap	2021	16,096,509	27,375,268	2.8%
Galderma	Healthcare	WEU	Buyout Large/Mega-cap	2020	12,362,870	25,822,241	2.6%
International Schools Partnership II	Consumer discretionary	WEU	Buyout Small/Mid-cap	2021	18,316,638	24,743,008	2.5%
Pharmathen	Healthcare	WEU	Buyout Large/Mega-cap	2021	17,621,664	24,662,718	2.5%
Clario	Healthcare	NAM	Buyout Large/Mega-cap	2016	13,544,407	22,973,369	2.3%
Civica	Information technology	WEU	Buyout Small/Mid-cap	2017	11,614,271	21,894,122	2.2%
Foundation Risk Partners	Financials	NAM	Buyout Large/Mega-cap	2022	17,391,318	21,071,645	2.2%
Idera Inc.	Information technology	NAM	Buyout Small/Mid-cap	2019	4,443,326	20,408,440	2.1%
AlliedUniversal	Industrials	NAM	Buyout Large/Mega-cap	2020	9,852,789	18,419,433	1.9%
United States Infrastructure Corporation II	Industrials	NAM	Buyout Small/Mid-cap	2022	19,013,986	18,149,199	1.9%
Forterro	Information technology	WEU	Buyout Small/Mid-cap	2022	13,308,613	17,781,380	1.8%
EyeCare Partners	Healthcare	NAM	Buyout Small/Mid-cap	2020	19,314,517	17,659,653	1.8%
STADA Arzneimittel AG	Healthcare	WEU	Buyout Large/Mega-cap	2017	6,225,411	17,619,171	1.8%
Apex International Corporation	Industrials	APC	Buyout Large/Mega-cap	2021	276,318	n.a.	n.a.
Version 1	Information technology	WEU	Buyout Small/Mid-cap	2022	12,052,040	16,456,938	1.7%
Convex Group Limited	Financials	NAM	Buyout Small/Mid-cap	2019	9,021,199	15,810,897	1.6%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Telepass	Industrials	WEU	Special situations	2021	12,227,768	15,617,913	1.6%
Blue River PetCare, LLC	Healthcare	NAM	Buyout Small/Mid-cap	2019	5,872,384	15,593,915	1.6%
SHL	Industrials	WEU	Buyout Small/Mid-cap	2018	7,470,510	14,715,108	1.5%
Guardian Childcare & Education	Consumer discretionary	APC	Buyout Small/Mid-cap	2016	7,226,313	14,449,937	1.5%
Axel Springer SE	Communication Services	WEU	Buyout Large/Mega-cap	2019	9,175,000	14,368,922	1.5%
Wedgewood Pharmacy	Consumer staples	NAM	Buyout Small/Mid-cap	2021	8,821,685	14,204,543	1.5%
Forefront Dermatology	Healthcare	NAM	Buyout Large/Mega-cap	2022	12,389,959	13,480,563	1.4%
IDEMIA	Information technology	WEU	Buyout Large/Mega-cap	2016	10,286,063	13,141,342	1.3%
BluSky	Industrials	NAM	Buyout Small/Mid-cap	2021	9,929,728	12,897,535	1.3%
Confluent Health	Healthcare	NAM	Buyout Small/Mid-cap	2019	5,255,383	11,789,182	1.2%
VelocityEHS	Information technology	NAM	Buyout Small/Mid-cap	2022	8,686,942	11,267,343	1.2%
Precisely	Information technology	NAM	Buyout Large/Mega-cap	2017	9,480,579	11,108,010	1.1%
Rovensa	Materials	WEU	Buyout Large/Mega-cap	2020	8,640,288	10,443,352	1.1%
Polyconcept	Consumer discretionary	NAM	Buyout Small/Mid-cap	2016	3,230,426	9,866,740	1.0%
CPA Global	Industrials	WEU	Buyout Large/Mega-cap	2017	10,381,358	9,648,453	1.0%
Envision Healthcare	Healthcare	NAM	Special situations	2020	17,812,173	n.a.	n.a.
PremiStar	Industrials	NAM	Buyout Small/Mid-cap	2021	7,023,798	7,497,703	0.8%
Mimecast	Information technology	WEU	Buyout Large/Mega-cap	2022	5,752,197	7,355,795	0.8%
Climeworks	Industrials	WEU	Venture capital	2022	5,662,756	7,097,056	0.7%
Global Blue	Financials	WEU	Buyout Small/Mid-cap	2012	0	6,867,551	0.7%
WM Morrison Supermarkets PLC	Consumer staples	WEU	Buyout Large/Mega-cap	2021	8,410,453	6,597,826	0.7%
TOUS	Consumer discretionary	WEU	Buyout Small/Mid-cap	2015	3,170,771	6,595,044	0.7%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Inovalon	Healthcare	NAM	Buyout Large/Mega-cap	2018	4,616,382	n.a.	n.a.
HTL Biotechnology	Healthcare	WEU	Buyout Small/Mid-cap	2022	4,428,000	5,795,375	0.6%
OPEN Health Group	Healthcare	WEU	Buyout Small/Mid-cap	2022	5,360,942	5,306,368	0.5%
Top fifty direct investments					541,039,884	968,927,939	98.9%

The portfolio's holdings are ranked by percentage of net asset value. Some 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. The portfolio overview of Princess has been prepared on a look through basis, although the audited consolidated statement of financial position includes the valuation of certain Partners Group investment vehicles. Residual cost is the total investment cost net of distributions from such an investment until the end of the reporting period. Negative residual costs (receipt of distributions > investment cost) will result in an amount of zero.

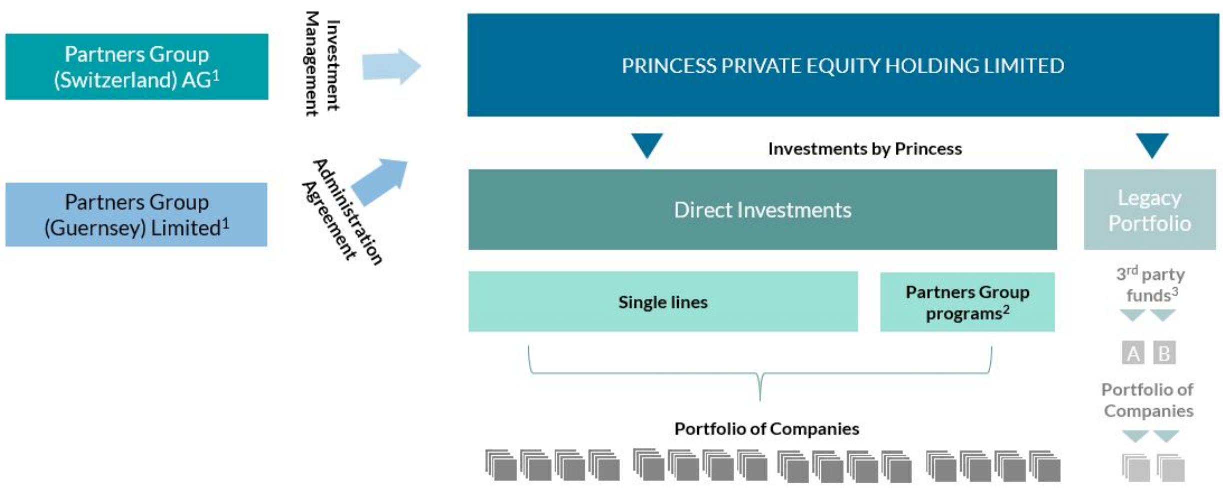
8. Structural overview

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 consolidated all trading activity to the London Stock Exchange on 6 December 2012 and ceased being listed on the Frankfurt Stock Exchange.

On 6 September 2017, the Company announced the intention to introduce an additional market quote in Sterling (trading symbol: PEYS) for its existing ordinary shares on the London Stock Exchange, alongside the Company's existing Euro market quote. The purpose of the introduction of the Sterling quote was to broaden the potential ownership of the Company's ordinary shares. Following the introduction of the Sterling quote, which was admitted for trading on 8 September 2017, shareholders have the option to make a dividend currency election to receive dividends in Sterling. For the avoidance of doubt, all dividends continue to be declared in Euros and the default currency for dividend payments remains Euros.

Princess aims to provide shareholders with long-term capital growth and an attractive dividend yield. The Company's investments are managed on a discretionary basis by Partners Group. The Investment Manager is responsible for, inter alia, selecting, acquiring, and disposing of investments and carrying out financing and cash management services.

Partners Group is a global private markets investment management firm with USD 147 billion in investment programs under management, of which USD 76 billion is in private equity. Through the Investment Management Agreement, Princess benefits from the global presence, size, and experience of the investment team.



1 100% owned by Partners Group Holding AG, Switzerland
2 Partners Group investment programs are on a net no fee basis and only Princess' fees apply, i.e. no double fee layer
3 A portfolio of primary and secondary investments that are in wind-down and no new commitments to 3rd party funds will be made in the future
Fund investments: interests in private investment funds acquired from other investors (secondary investments) or through a commitment to a new fund (primary investments)

9. Company information

Administrator	Partners Group (Guernsey) Limited Tudor House Le Bordage St. Peter Port Guernsey GY1 1BT Channel Islands
Auditor	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey, GY1 4ND Channel Islands
Board of Directors	Peter McKellar (Chair - appointed 23 November 2023) Merise Wheatley (Chair of the Audit and Risk Committee) Fionnuala Carvill (Chair of the Management Engagement Committee) Henning von der Forst Axel Holtrup (appointed post year end: 15 February 2024) Gerhard Roggemann (appointed post year end: 21 March 2024) Past Directors did not seek re-election at June 2023 AGM *Richard Battey* *Steve Le Page* *Felix Haldner*
Company Secretary	Aztec Financial Services (Guernsey) Limited East Wing, Trafalgar Court Les Banques St Peter Port Guernsey, GY1 3PP Channel Islands
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5% p.a. on previous year's closing 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 an 8% p.a. preferred return (with catch-up)
Incorporation	1999
Investment Manager	Partners Group AG Zugerstrasse 57 CH-6341 Baar-Zug Switzerland
Investor Relations	princess@partnersgroup.com

Joint corporate brokers	JPMorgan Cazenove Deutsche Numis
Listing	London Stock Exchange
Management fee	1.5% p.a. of the higher of NAV or value of Princess' assets less any temporary investments plus unfunded commitments. With effect from 1 July 2020 unfunded commitments in respect of Primary and Secondary investments are excluded.
Registered office	Princess Private Equity Holding Limited Tudor House Le Bordage St. Peter Port Guernsey GY1 1BT Channel Islands
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey company, authorized closed-ended fund in Guernsey
Trading information	ISIN (Euro and Sterling Quote): GG00B28C2R28 WKN (Euro and Sterling Quote): A0M5MA Trading symbol (Euro Quote): PEY Bloomberg (Euro Quote): PEY LN Reuters (Euro Quote): PEY.L Trading symbol (Sterling Quote): PEYS Bloomberg (Sterling Quote): PEYS LN Reuters (Sterling Quote): PEYS.L
Voting rights	Each ordinary shareholder is entitled to one vote per ordinary share held
Website	www.princess-privateequity.net

10. Corporate Governance

10.1 Board of Directors

Peter McKellar (appointed 23 November 2023)

Peter McKellar was appointed as a Director and the Non-Executive Chair of the Board with effect from November 23, 2023. He has extensive experience in the asset management, investment company and private equity sectors. He is currently a Non-Executive Director of 3i Group plc, the Deputy Chairman of AssetCo plc, a Non-Executive Director of Investcorp Capital plc, and a Board Member of Scottish Enterprise. He was formerly Global Head of Private Markets at Abrdn plc, where he oversaw £55 billion of assets under management, before which he led Standard Life Investments' private equity and infrastructure business and was their Chief Investment Officer. During his time at Standard Life Investments Peter led the listing in 2001 and was then lead manager of Standard Life Private Equity Trust (now called Abrdn Private Equity Opportunities) until 2015. Prior to that, he held a variety of finance posts in industry and corporate finance positions. Peter holds an LLB (Hons) from Edinburgh University and is a UK resident.

Fionnuala Carvill (appointed 1 September 2018)

Fionnuala Carvill is a Guernsey resident and a Chartered Fellow of The Chartered Institute for Securities & Investment; a Fellow of the London Institute of Banking & Finance (Chartered Institute of Bankers); a Fellow of The Chartered Governance Institute and a Chartered Governance Professional. Ms Carvill is a Non-Executive Director of Investec Bank (Channel Islands) Limited, Fair Oaks Income Limited, and The Chartered Institute for Securities & Investment Future Foundation. Previous executive positions held include Managing Director of Kleinwort Benson (Channel Islands) Investment Management Limited; Director of Kleinwort Benson (Channel Islands) Limited; Commission Secretary and Head of Innovation at the Guernsey Financial Services Commission; and Director of Rothschild Bank (CI) Limited. Ms Carvill is a former board member of The Chartered Institute for Securities & Investment; a past President and committee member of The Chartered Institute for Securities & Investment, Guernsey Branch; a Liveryman of the Worshipful Company of International Bankers; and was granted Freedom of the City of London in 2007. Ms Carvill sits on the board of several charities, holding roles from funding and capacity building to governance and impact assessment. She previously volunteered with Voluntary Service Overseas ("VSO") where she took the role of Organizational Development Advisor during a placement with the Environment Development Center of a university in the People's Republic of China, aiming to support program delivery, aid capacity building and develop knowledge of governance and fundraising. Ms Carvill holds a Master's degree in Corporate Governance (Distinction).

Henning von der Forst (appointed 13 November 2012)

Henning von der Forst is a German resident and has over twenty-five years' experience at Board level in insurance, banking and asset management. In addition to his directorship of Princess Private Equity Holding Limited, he is a Member of the Supervisory Board of various investment trusts and investment companies in Germany. Previously he served as a Member of the Executive Board of Directors as Chief Investment Officer of Nuremberger Insurance Group. There he was responsible for the Asset Management, Banking Services and Treasury, Investor Relations and International Relations from 1992 until his retirement in 2015. Prior to this, he worked as a marketing manager at SBCI Swiss Bank Corporation Investment Banking, London, and as Head of the Group Treasury and Finance Department with VIAG Aktiengesellschaft, Bonn (E.on today). He holds a Master's degree in business administration from the University of Münster.

Merise Wheatley (appointed 1 September 2018)

Merise Wheatley is a Guernsey resident and has over 30 years' experience at Board level in risk financing and insurance management. She is a Fellow of the Association of Chartered Certified Accountants, having completed her training with Abbey Life Assurance and National Mutual Life Association of Australasia in the UK, and qualified in 1982. In addition to her directorship of Princess Private Equity Holding Limited, Merise serves as a director on the Boards of a number of non-listed regulated insurance entities in Guernsey. From 1988 until June 2019 Merise worked for a number of leading insurance management service providers in Cayman, Guernsey, and Malta, including Artex Risk Solutions, Heath Lambert, Marsh and Johnson Higgins, providing strategic and operational insurance management services and serving as executive director to a portfolio of client insurance companies. Merise is a past Chairman of the Guernsey International Insurance Association. In 2007 she achieved the Diploma in Company Direction awarded by the UK Institute of Directors.

Board appointments made after 31 December 2023:

Axel Holtrup (appointed 15 February 2024)

Axel Holtrup is a seasoned private equity investor with more than 25 years of investment experience. He is also an early stage technology investor and serves as a member of the Supervisory Board of Deutsche Beteiligungs AG ("DBAG"), a German listed private equity company. Previously he worked over the course of 20 years as a partner in private equity firms AEA Investors, Silver Lake Partners and Investcorp. His responsibilities included sourcing, executing and managing major private equity transactions across Europe. Axel started his career in investment banking at Morgan Stanley in 1995. Axel holds a Bachelor (Hons) degree in European Business Administration from Middlesex University in London and a Diplom Betriebswirt from from Reutlingen University in Germany. He is a German national who resides in the UK.

Gerhard Roggemann (appointed 21 March 2024)

Gerhard Roggemann is a German resident. He was appointed to the Board in March 2024 and also serves as a board member for the Else-Kroener-Fresenius Foundation, is Deputy Chair of the Supervisory Board for Bremer AG, and he is an independent business consultant, based in Hanover, Germany. Gerhard's professional experience includes serving as a non-executive director and later as Chair of the Supervisory Board of Deutsche Beteiligungs AG ("DBAG"), a Frankfurt-listed private equity firm focused on German mid-market buyouts (2009-2020). He has also been a non-executive director of a number of prominent German and UK companies, including Deutsche Boerse AG, Fresenius SE & Co KGaA, Friends Life Group Plc, F&C Asset Management Plc and Resolution Ltd Guernsey. Gerhard previously worked in senior management positions at JP Morgan & Co, Norddeutsche Landesbank and WestLB. In all these functions his responsibilities centered around investment banking, trading, and investment management.

10.2 Directors' Report

The Directors present their report and audited consolidated financial statements of Princess Private Equity Holding Limited for the period from 1 January to 31 December 2023.

The Board, roles, and committees

At 31 December 2023, the Board consisted of four directors, all of whom are non-executive. Ms. Carvill assumed the responsibilities of Chair from Mr. Battey, serving in the capacity of Interim Chair from 23 June 2023 until 22 November 2023. Commencing on 23 November 2023, Mr. McKellar is appointed as the Non-Executive Chair of the Board. As Chair, he is responsible for leading meetings of the Board to ensure that they are efficient and effective, promoting the long-term sustainable success of Princess Private Equity Holding Limited (the "Company"), generating value for shareholders (as disclosed in the Strategy section), and contributing to wider society.

Mr. von der Forst has notified the Board that he intends not to seek re-election at the next AGM scheduled to be held in June 2024 and the Nomination Committee has undertaken a recruitment process to appoint new directors.

At each quarterly board meeting, the Directors consider several reports and performance indicators to assess the Company's success in achieving its objectives. These include:

- Monitoring of the share price (and associated premium or discount);
- General performance reporting at the underlying investment level;
- Cash flow projections;
- Risk management and adherence to investment guidelines;
- Broking and shareholder analysis reports, including peer group comparisons;
- Reports from committees, together with the monitoring, evaluation, appointment, and removal of service providers;
- Approval of financial statements and dividends; and
- Corporate governance and compliance.

In addition, the consent of the Board is required if the Investment Manager wishes to borrow more than 30% of the value of the Company's assets, lend or pledge any of the Company's assets (other than in the context of a hedging transaction), enter into an investment or other transaction with affiliates of the Investment Manager, or invest more than 10% of the value of the Company's assets into any single investment.

Furthermore, the Board confirms that it considers any conflicts or potential conflicts of interest in accordance with the Company's existing procedures.

Committees of the Board

Audit & Risk Committee

The Audit & Risk Committee ("A&R Committee") meets at least three times a year and has been chaired by Ms. Wheatley since 23 June 2023 after she succeeded Mr. Le Page in the role. The Board is satisfied that at least one member of the A&R Committee has recent and relevant financial experience, and that the committee has the skills and experience required to fulfill its responsibilities. The A&R Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored. It provides a forum through which the Group and Company's Independent Auditor may report to the Board. Furthermore, it ensures that any reports issued by the Board present a fair, balanced, and understandable assessment of the Company's position and prospects. The A&R Committee reviews the annual and semi-annual accounts, results, announcements, internal control systems and procedures, and accounting policies of the Company. It also considers the performance and quality of the external audit and makes appropriate recommendations to the Board concerning the Independent Auditor. The A&R Committee is also responsible for monitoring the risks and their potential impact on the Company.

The Group's and Company's Independent Auditor is PricewaterhouseCoopers CI LLP. The A&R Committee is responsible for reviewing the independence and objectivity of the Independent Auditor and ensuring this is safeguarded notwithstanding any provision of any other services to the Group or Company. The Board of Directors recognizes the importance of safeguarding auditor objectivity and has taken the following steps to ensure that auditor independence is not compromised:

- The A&R Committee carries out an evaluation each year of the Independent Auditor as to their independence from the Group and Company and relevant officers of the Group and Company, and that they are adequately resourced and technically capable of delivering an objective audit to shareholders. Based on this evaluation, the A&R Committee recommends to the Board the continuation, removal, or replacement of the Independent Auditor.
- The A&R Committee gives careful consideration before appointing the auditor to provide other services. These other services are generally limited to work that is closely related to the annual audit (such as regulatory and statutory reporting) or where the work is of such a nature that a detailed understanding of the Group's and Company's business is necessary (such as assistance on tax or regulatory matters). Such services will however be assessed on a case-by-case basis so that the best-placed adviser is retained. Where the auditor is engaged to provide additional services, the auditor, in providing these services, utilizes different teams. The Independent Auditor did not provide any non-audit services during the year.
- The A&R Committee reviews the Independent Auditor's confirmation of their independence in accordance with Crown Dependencies' Audit Rules and with Securities and Exchange Commission ("SEC") Independence Rules. In addition to the steps taken by the Board to safeguard auditor objectivity, PricewaterhouseCoopers CI LLP operates a five-year rotation policy for audit engagement leaders on listed companies such as the Company.
- PricewaterhouseCoopers CI LLP has remained in place as auditor for a considerable number of years and the audit contract has never been put out to tender. As the Company is not a FTSE 350 company, the external audit contract is not required to be put out to tender at least every ten years. The A&R Committee remains convinced of the benefits to the Company and Group of using the same auditor as Partners Group uses for its other funds, These benefits include cost savings, a much higher testing rate of the valuations of assets than would otherwise be achievable at the cost, and a more detailed knowledge by the auditors of Partners Group's systems and processes than would otherwise be the case. During the year, Partners Group completed an external audit tender process and recommended that PwC should be reappointed as auditor to its other products. Following the 2024 AGM, the A&R Committee will consider if PricewaterhouseCoopers CI LLP continues to meet certain key criteria - competence, resources, independence, and cost - and determine whether to recommend to shareholders that they are reappointed as Independent Auditor of the Company for the period ending 31 December 2025.

In addition, the terms of reference for this committee are available on the Company's website www.princess-privateequity.net/en/about-princess/committees/. The significant areas considered by the A&R Committee during the year were:

- Valuation of private investments – the A&R Committee pays particular attention to this area at each meeting date, and members of the Board discuss the approach both during those reviews and during the annual visit to the Investment Manager. Significant valuation movements are challenged, and disposals are compared to the most recent valuation. Whilst this area is easily the most significant for the financial statements, it is also well understood and subject to an established process, including checks and balances at the Investment Manager, as well as to challenge by the A&R Committee and the Independent Auditor. On this basis, the A&R Committee has concluded that the valuation of private investments is fair and reasonable for inclusion in the audited consolidated financial statements.

- Incentive fees are a significant area of the financial statements because of their nature rather than their size. Their calculation is also somewhat complex, being accrued on an investment-by-investment basis in the Company, but often on a "whole fund" basis by underlying vehicles. At each meeting, the Board reviews a schedule of fees accrued and paid, comparing it to the valuation gains recognized on the investments, and the A&R Committee has discussed the accounting for these fees with both the Investment Manager and the Independent Auditor. On this basis, the A&R Committee has concluded that the incentive fees are fair and reasonable for inclusion in the audited consolidated financial statements.
- Presentation and disclosure - the A&R Committee reviewed in detail the form and content of this annual report and also of the published interim report. The objective of the review, in both cases, was to ensure that all applicable regulations and standards were adhered to, that the disclosure given was adequate and not misleading, and that the reports were consistent with the A&R Committee' s knowledge of the Group's activities during the relevant period. As a consequence of this review and their other work, the A&R Committee was able to conclude that those reports were fair, balanced and understandable, and therefore to make appropriate recommendations to the Board for their approval and publication.

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. In addition, the Board recognizes the importance of a sound risk management framework to safeguard the Company's assets, protect the interests of the shareholders, and meet its responsibilities as a listed company.

The A&R Committee approaches its risk review by covering both qualitative and quantitative matters.

The A&R Committee identifies the principal risks as being those with the greatest likelihood and impact of all those risks assessed as being relevant to the Company and Group. Risks are grouped into (i) investment risk, (ii) shares trading at a discount, (iii) financial risk, (iv) governance risk, (v) regulatory risk, (vi) operational risk, (vii) macro-economic and other external risks and (viii) valuation risk. For each of these risks the A&R Committee evaluates how these risks could arise, assigns responsibility to control and mitigate such risks, and determines the post-mitigation likelihood and impact of the risk occurring. The A&R Committee makes decisions and requests additional reporting based on these findings.

On an annual basis, the A&R Committee reviews certain quantitative reports covering foreign currency exchange risk, interest rate risk, liquidity risk, market price risk, and counterparty risk as disclosed in the notes to the audited consolidated financial statements. On an annual basis the Board of Directors meets with the internal audit team of Partners Group Holding AG to discuss the upcoming internal audit plan, covering those controls assigned to Partners Group Holding AG and its affiliated entities, and the material results or findings of any reports for the previous period that affect the Company or the Group. Additionally, the Board of Directors is provided, annually by the end of April, with a copy of the Internal Controls report assured by PricewaterhouseCoopers AG in accordance with the International Standard on Assurance Engagement 3402 "Assurance reports on controls at a service organization". This information allows the Board of Directors to assess and monitor the risks associated with the services delegated to Partners Group and to seek clarification or updates.

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

- identify and appraise all risks related to achieving the Company's objectives and principal risks;
- manage and control risk appropriately rather than eliminate it;
- ensure the appropriate internal controls are embedded within the business processes performed by service providers and support the Company's culture which emphasizes clear management responsibilities 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.

Management Engagement Committee

The Management Engagement Committee ("ME Committee") meets at least annually and was chaired by Ms. Wheatley from 23 June 2023, succeeding Mr. Le Page in the role. Subsequently, Ms. Carvill assumed the role of Chair on 23 November 2023, following Ms. Wheatley. The ME Committee is responsible for reviewing and monitoring service providers and recommending to the Board their continued appointment. Key service providers are reviewed on an annual basis. The Board recognizes the importance of monitoring service providers' objectivity and ensuring their independence is not compromised.

In this regard, with respect to the appointment of the Investment Manager, the ME Committee:

- considers if there are any potential conflicts of interest associated with the appointment of the Investment Manager and how the Investment Manager manages these potential conflicts;
- reviews with the Investment Manager any material issues arising from their work that the Investment Manager wishes to bring to the attention of the ME Committee, whether privately or otherwise;
- reviews the performance of the Investment Manager both in terms of its delivery against the agreement governing its appointment and in terms of its delivery against the objectives of the Company.

Similar considerations are taken into account in the ME Committee's review of all other service providers to the Company. In addition, the terms of reference for this committee are available on the Company's website http://www.princess-privateequity.net/en/about-princess/committees/.

Nomination Committee

The Nomination Committee ("NM Committee") was established on 23 June 2023, under the chairmanship of Ms. Carvill. Subsequently, Mr. McKellar assumed the role of Chair of the Committee on 23 November 2023 following his appointment as Chair of the Company. The Committee is set to meet at least once per annum, in accordance with the Company's reporting and auditing cycles, or as necessary. The NM Committee actively contributes to the Board's efficacy by examining its structure, size, and composition, and providing pertinent recommendations. Also, the Committee focuses on succession planning, identifying qualified candidates for director roles, and assessing the Board's balance of skills and experience.

The NM Committee undertakes several essential duties, including:

- Systematically examining the Board's structure, size, and composition, while considering the requisite skills, knowledge, and experience. The Committee subsequently proposes suggestions for improvements to the Board;
- Thoroughly evaluating succession plans for directors, keeping in view the challenges and opportunities faced by the Company, and subsequently determining the essential skills, knowledge and expertise needed by future Board members;
- Leading the process, facilitated by an independent external search consultancy, of identifying and nominating suitable candidates for filling Board vacancies, with these nominations subject to the Board's endorsement as vacancies emerge.

The following table is an extract of the various Directors' attendance at Board and Committee meetings for 2023 compared against those for which they were eligible:

		Committees			
Name	**Board**	**Ad-hoc**	**A&R**	**ME**	**NM**
P. McKellar (Chair)*	0/0	0/0	N/A	0/0	0/0
F. Carvill	11/11	2/3	3/3	1/1	2/2
H. von der Forst	11/11	1/3	3/3	1/1	N/A
M. Wheatley	11/11	3/3	3/3	1/1	2/2
R. Battey**	6/6	3/3	1/1	0/0	N/A
S. Le Page**	6/6	3/3	1/1	0/0	N/A
F.Haldner**	6/6	0/3	N/A	N/A	N/A

**Peter McKellar was appointed as a director with effect from 23 November 2023 and became a member of the ME Committee and Chair of the NM Committee with effect from the same date.*

***Richard Battey, Steve Le Page and Felix Haldner did not stand for re-election at the Company's 2023 AGM held on 23 June 2023.*

Board composition

	Number of Board Members	**Percentage of the Board**	**Number of senior positions on the Board (CEO, CFO, SID, Chair)**
Male	4	67%	Not applicable - see note*
Female	2	33%	

	Number of Board Members	**Percentage of the Board**	**Number of senior positions on the Board (CEO, CFO, SID, Chair)**
White British or other White (including minority-white groups)	6	100%	Not applicable - see note*

**This column is inapplicable as the Company is externally managed and does not have executive management functions, specifically it does not have a CEO or CFO. The Company considers that the roles of Chair, chair of the Audit & Risk Committee and chair of the Management Engagement Committee are senior positions. Of these three senior roles, two are performed by women and one by a man.*

The Board seeks to address ethnic diversity, through Board succession planning. Applicants will however continue to be assessed without prejudice on their range of skills, expertise, and industry knowledge, and on their business and other experience. The diversity of the Board is further considered on at least an annual basis through the Board evaluation process.

The Board has a breadth of experience relevant to the Company and a diversity of skills, experience, nationality and age. Its members collectively possess the broad range of skills, expertise, industry knowledge, and other experience necessary for the effective oversight of the Company's business. The Board is committed to gender diversity, and at present is constituted with 33% females and 67% males. Once Mr. von der Forst steps down at the June 2024 AGM the Board will revert at that point to 40% females and 60% males. Additionally, the Audit & Risk Committee and the Management Engagement Committee, key permanent sub-committees within the Company's governance structure, are both chaired by females and the Company has followed the AIC guidance on reporting such. This composition demonstrates the Company's commitment to diversity and inclusion, while also satisfying two critical components of the listing requirements.

In view of the nature, scale and complexity of the Company the Board has not developed a formal diversity policy, but the Company shares and is aligned with the purpose, culture, and values adopted by Partners Group in their charter and as given in their Corporate Sustainability Report and acknowledges the diversity and inclusion initiatives of Partners Group whose teams fulfill the executive management and operating functions of the Company.

Partners Group, as a whole, continued to hire talented professionals from across the globe with growth in its employee base to 1,951 employees in 2023 (2022: 1,856). Today, Partners Group's professionals represent around 70 different nationalities and speak around 40 (2022: 30) different languages. The percentage of female and male employees in 2023 remained at similar levels to 2022 (around 41% female and around 59% male). Partners Group has meaningfully increased the number of senior female employees and Board Members in 2023 and aspires to continue our successful progress.

Partners Group's hiring process is designed to ensure that all candidates are measured and benchmarked against the same criteria, and to avoid any form of discrimination, with all hiring managers required to take unconscious bias training and with the goal of successfully attracting and hiring more female talent by ensuring that women are adequately represented within our initial hiring talent pool.

The Directors have resolved to put themselves forward for election on an annual basis and Ms. Carvill, Ms. Wheatley and Mr. von der Forst were all duly re-elected at the 2023 annual general meeting. Mr. von der Forst has notified the Board that he intends not to seek re-election at the next AGM scheduled to be held in June 2024.

Re-election recommendations have always been subject to an assessment of the respective Director in question, their objective and independent thought process, knowledge of the Company, and continued satisfactory performance. In view of the long-term nature of the Company's investments, the Board believes that a stable and diversified board composition is fundamental to running the Company properly. The Board's Tenure Policy limits the tenure of any director to a maximum term of nine years unless the Board, having assessed the continued independence and suitability of an individual, unanimously agrees that they should be nominated to serve more than nine years and discloses the rationale for their reappointment to the Shareholders in the notice for the next Annual General Meeting. The Board continues to be satisfied with the contribution of each of the Directors, and that they have each maintained their independent perspective.

Given the recent changes in the Board, a separate Nomination Committee was formed to lead recruitment of a new Chair and other Board members. Due to the size of the Company, the Board did not deem it necessary to form a separate remuneration committee.

Strategy

Strategic objectives

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 investments, rather than through third-party fund investments. In addition, the Investment Manager has a goal to achieve a long-term sustainable impact on the companies in which it invests, their underlying clients, and the wider environment in which they operate.

The Investment Manager of the Company is Partners Group AG (the "Investment Manager"). The Investment Manager seeks to achieve a long-term sustainable impact by working in partnership with the management and employees of the companies in which the Company invests and through active entrepreneurial ownership initiatives with clear goals and continuous monitoring.

In addition, the Investment Manager works with portfolio companies on a variety of ESG engagements. This commences during the investment due diligence phase and, after acquisition, the Investment Manager implements initiatives by systematically integrating ESG factors, alongside commercial and financial factors.

The Investment Manager continuously monitors the effectiveness of any ESG-relevant policies through maturity assessments to evaluate progress and impact.

As part of its annual review of the Investment Manager, the Board obtains an overview of the value creation initiatives, including ESG initiatives, on the underlying investments, and a detailed progress report on the monitoring of risk and impact on valuations.

Review of performance

The Board undertakes an annual evaluation of its own performance and the performance of its committees and individual Directors, to ensure that they continue to act effectively and efficiently, to fulfill 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, to provide constructive challenge and strategic guidance, to offer specialist advice, and to hold third-party service providers to account. In view of the relatively recent appointment of the new Chair, the Board has determined that the first full evaluation of his performance will be undertaken in Q4 2024.

Viability statement

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Group's viability testing considers multiple severe, yet plausible, stress scenarios. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite, and the Group's principal risks and how these are managed. The Directors consider this is an appropriate period to assess the viability of an investment company for the purposes of giving assurance to shareholders, as economic factors are very difficult to forecast over a longer period.

The strategy and associated principal risks underpin the Group's three-year plan and scenario testing, which is reviewed by the Directors on a quarterly basis. The three-year plan is built on an investment-by-investment basis using a bottom-up approach. The three-year plan makes certain assumptions about the development of underlying investments, in terms of future expected capital calls and distributions, potential future investments, and the ability to refinance debt when required. The plan is built, monitored, and updated quarterly based on any changes to expected cash flows and forward-looking assumptions, which help to drive the model and to determine when to make new investments.

The three-year plan review is underpinned by the regular Board briefings provided by the Investment Manager, including discussions around liquidity reporting and risk management reports undertaken by the Board of Directors in its normal course of business. These reviews consider both the market opportunity and the associated risks, principally the ability to realize investments at their fair value and secure new investments while maintaining sufficient working capital. These risks are considered within the Board of Directors' risk appetite framework.

Based on the Company's processes for monitoring, anticipating, and managing cash flow, operating costs, share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, gearing, counterparty exposure, and liquidity risk, the Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2026.

10.3 Directors' Responsibilities Statement

Directors' duties and responsibilities

The Board meets at least quarterly, and it is the duty of each Director to inform the Board of any potential or actual conflict of interest prior to a Board discussion. Representatives of the Investment Manager attend board meetings. The Company's corporate brokers also attend to assist the Directors in understanding the views of major shareholders regarding the Company.

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 monitoring the overall portfolio of investments of the Company. To assist the Board in the operations of the Company, arrangements have been put in place to delegate authority for performing certain day-to-day operations of the Company to the Investment Manager, and other third-party service providers, such as the Administrator and the Company Secretary. Although the Board meets formally at least four times a year, 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 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 are responsible for preparing financial statements for each financial period that give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of the Group and Company, and of the profit or loss of the Group and Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Group and Company will continue in business.

So far as the Board of Directors are aware,

- there is no relevant audit information of which the Group and Company's auditor is unaware, and
- each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors confirm that they have complied with the above requirements in preparing the audited consolidated financial statements. The Directors of the Company have elected to prepare audited consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2023 as the parent of the Group 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 for the financial period in accordance with Section 243 of The Companies (Guernsey) Law, 2008.

To the best of their knowledge and belief:

- The Annual Report, which 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, includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces, as required by Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTR") 4.1.8 and DTR 4.1.11; and

- The audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company.

As the Company is not incorporated in the UK it is not required to comply with DTR 9.8.6 (8) and it has not set out climate-related financial disclosures consistent with the recommendations provided by the Task Force on Climate-related Financial Disclosures ("TCFD").

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

The maintenance and integrity of the Group and Company website are the responsibility of the Directors. The work carried out by the Independent Auditor does not involve consideration of these matters and, accordingly, the Independent Auditor accepts no responsibility for any changes that may have occurred to the audited consolidated financial statements after 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.

On behalf of the Board

Peter McKellar
Chair
22 March 2024

10.4 Corporate Governance Report

The Directors have determined to report against the Principles and Provisions of the Association of Investment Companies ("AIC") Code as endorsed by the Guernsey Financial Services Commission ("AIC Code"), dated February 2019. The AIC Code is available on the AIC website www.theaic.co.uk/aic-code-of-corporate-governance/. In assessing the Board's corporate governance practice for 2023, the Directors confirm that throughout the period the Company complied with the provisions of the AIC Code. The Company has complied with the relevant provisions of the UK Corporate Governance Code (the "UK Code") as issued by the Financial Reporting Council and dated July 2018, except as set out below:

- The role of the Chief Executive;
- The role of the Senior Independent Director;
- Executive Directors' remuneration;
- The need for an internal audit function and the monitoring and reviewing of the effectiveness of such a function.

For the reasons set out in the AIC Code, 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 A&R Committee and the Board of Directors regularly consider the risk and operational aspects of the Company. The Board has access to the appointed Compliance Officer of the Administrator who reports quarterly. As there is delegation of operational activity to appointed service providers, the A&R and ME Committees and the Board have determined there is no requirement for a direct internal audit function, although they do have access to and meet with the internal audit function of Partners Group Holding AG.

The Guernsey Financial Services Commission has a standing Finance Sector Code of Corporate Governance that was amended in July 2023 (the "Guernsey Code"). In the introduction to the Guernsey Code, it states: "Companies which report against the UK Corporate Governance Code or the Association of Investment Companies Code of Corporate Governance are deemed to meet this Code." As a company listed on the London Stock Exchange the Company is subject to the Disclosure Rules, the Transparency Rules, and the UK Code but uses the AIC Code instead as it is a member of AIC and considers this appropriate for an investment company and that it provides information that is more relevant to shareholders. As an AIC member domiciled in Guernsey which reports against the AIC Code, the Company is not required to report separately against the Guernsey Code.

AIFMD

In July 2014, the European Alternative Investment Fund Management Directive ("AIFMD") came into effect. At present, the Board considers that the Company falls outside the scope of this Directive, in that the number of its shares in issue is static or declining, and accordingly it does not market new shares inside the European Union. In the event that the Company seeks to raise capital, it will reconsider this.

Directors, directors' interests, and directors' remuneration report

The Directors of Princess Private Equity Holding Limited are as shown on page 33. As at 31 December 2023, the Directors had no beneficial interest in the share capital of the Company other than as shown below:

P. McKellar (Chairman): 30,000 shares
G. Roggemann: 771,867 shares
M. Wheatley: 5,000 shares

No service contract or arrangement existed in the period in which any of the Directors has an interest. The Board considers all the Directors as independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement or create potential conflicts of interest.

Directors' remuneration is presented in the notes to these audited consolidated financial statements and is shown below. Mr. Haldner did not receive a fee for the provision of his services as a director of the Board. Directors' remuneration was split as follows in Euro:

(31.12.2023 / 31.12.2022)
P. McKellar (Chairman) (10,685 / n/a)
F. Carvill (76,500 / 55,000)
H. von der Forst (55,000 / 55,000)
M. Wheatley (73,000 / 55,000)
Richard Battey (34,000 / 68,000)
Steve Le Page (30,500 / 61,000)

Additional fees of €15,000 each were agreed by the rest of the Board to be paid to Ms. Carvill and Ms. Wheatley in respect of their work on the Nomination Committee in the recruitment of the new Chair and other Board members.

It should be noted that the amount presented for Mr. Battey and Mr. Le Page for 2023 pertains to their tenure as Directors for the period to June 2023. The sole director of Princess Private Equity Subholding Limited, which held office during the period, was Princess Private Equity Holding Limited.

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 6 February 2025.

Purpose, culture, and values

The Company shares and is aligned with the purpose, culture, and values adopted by Partners Group (which includes the Investment Manager and Administrator) in their charter and as given in their Corporate Sustainability Report, both of which are available at their website www.partnersgroup.com/en/about-us/our-impact/responsible-investment.

The Company's mission is to develop companies and assets which it invests in through entrepreneurial ownership. This stems largely from the belief that the ability to create value, enabled by a governance framework that supports entrepreneurialism, is the key driver of the returns.

In summary, investments are managed with a long-term perspective to the benefit of individuals and societies worldwide and the investment teams leverage the global Partners Group integrated platform to systemically engage with entrepreneurs and corporate leaders to create value in the investments. In addition, the investment teams liaise with management in underlying companies in constructive dialogue and have open debates, while in parallel taking their fiduciary duty to all stakeholders into account.

Partners Group is fully committed to investing clients' capital in a responsible manner by integrating ESG factors, alongside commercial and financial factors, into investment due diligence and ownership.

Major developments in the year

At the annual general meeting ("AGM") held in June 2023, Mr. Battey resigned as Chairman of the Board along with Mr. Le Page and Mr. Haldner. The remaining board members were re-elected. Subsequent to the AGM, Ms. Carvill served as Interim Chair while the recruitment process was undertaken, and Mr. McKellar joined the Board as Non-Executive Chair, effective from 23 November 2023.

On 23 June 2023, a Nomination Committee was formed with the objective of strengthening the Board's composition and managing succession planning to maintain leadership consistency within the Company. An independent external search consultancy was subsequently appointed to facilitate the recruitment process.

Furthermore, the Board consulted with shareholders and mutually agreed to discontinue the foreign exchange hedging strategy effective from 1 April 2023. This decision aligns the Company with its peers and is expected to bolster the cash position of the Company.

Annual general meeting

The Directors propose a separate resolution on each substantial issue tabled at the AGM, including the approval of the consolidated financial statements, and publish on the Company's website www.princess-privateequity.net/en/investor-relations/financial-reports/, shortly after the AGM, details of the valid proxies received, votes for and against and withheld in relation to each resolution. No resolution at the 2023 AGM received more than 32.74% votes against the Board recommendation. The vote of 32.74% against the Board recommendation was in respect of the reappointment of Mr. von der Forst, which the Board understood related to his extended tenure. The Company informed shareholders in the Regulatory News Service dated 30 October 2023 that Mr Henning von der Forst intends not to seek re-election at the next AGM scheduled to be held in June 2024.

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. The net asset value is calculated in accordance with International Financial Reporting Standards, which require the Company's direct investments and fund investments to be valued at fair value. Thereafter, it is announced by the Company on its website and submitted to a regulatory information service approved by the UK Listing Authority as soon as practicable after the end of the relevant period.

Dividends

Two dividends of EUR 0.365 each per share were declared on 19 April 2023 and 27 October 2023 and were paid on 2 June 2023 and 15 December 2023, respectively. This compares to a dividend of EUR 0.380 per share, being declared on 4 May 2022 which was paid on 17 June 2022. Since the December 2017 dividend, shareholders have been able to also elect to get their dividends paid in Sterling or to elect to participate in the Dividend Reinvestment Plan, although this does not result in the issuance of any new shares.

Substantial interests

The European Union Transparency Directive requires substantial shareholders to make relevant holding notifications to the Company and the UK Financial Conduct Authority. The Company must then disseminate this information to the wider market. Those shareholders who have declared accordingly that they held above 5% of ordinary shares, as at the period end, were:

- Asset Value Investors Limited - 10.04%
- Deutsche Asset Management Investmentgesellschaft - 7.66%
- Bayer-Pensionskasse VVaG - 7.56%

- Société Générale Option Europe - 5.31%
- Rathbone Brothers - 5.26%
- CVP / CAP Coop - 5.07%

This information has been prepared based on disclosures made by shareholders to the Company in accordance with stock exchange rules.

Share capital

Although the shareholders granted authorization to the Directors to make market acquisitions of ordinary shares, the Company purchased and redeemed / canceled no shares (31 December 2022: nil) during the year.

There was no change in the issued and paid-up share capital as at 31 December 2023 and 31 December 2022. Accordingly, the paid-up share capital as at 31 December 2023 was 69,151,168 ordinary shares of EUR 0.001 each (31 December 2022: 69,151,168 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.

Results

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

Key information document

Partners Group AG is required to produce and publish the key information document for packaged retail and insurance-based investment products. The key information document is available on the Company's website www.princess-privateequity.net/en/investor-relations/kid/ and is subject to an annual review by the Board.

Registered office

Tudor House
St. Peter Port
Guernsey
GY1 6BD

Incorporation

The entities of the Group are incorporated and domiciled in Guernsey, Channel Islands.

Investment management arrangements

The Company has entered into an Investment Management Agreement with Partners Group AG (the "Investment Manager"). Details of the management fees are shown within the audited consolidated financial statements. The Investment Management Agreement automatically renews every two years but contains a two-year notice period. Termination will be without penalty or other additional payments, save that the Company will pay management and incentive fees due and additional expenses incurred. The Directors have determined that the appointment of the Investment Manager, on the terms of the Investment Management Agreement, is aligned with the interests of shareholders as a whole, given the global reach and expertise of the Investment Manager.

Going concern

The Group closely monitors its future anticipated cash flows and, based on these forecasts and the sensitivities which have been run on different scenarios, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in existence for at least the next twelve months. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Company secretary

The secretary of the Company, as at 31 December 2023, was Aztec Financial Services (Guernsey) Limited.

Independent auditor

At a general meeting held on 23 June 2023, PricewaterhouseCoopers CI LLP was re-appointed Independent Auditor of the Company for the period ended 31 December 2023, and the Directors were authorized to fix their remuneration.

P. McKellar
Director

M. Wheatley
Director

22 March 2024

10.5 Risk Report

Risks

The Board is responsible for managing and overseeing risk and reviews and assesses quarterly the impact of risks that it considers apply to the Company that may compromise the achievement of the Company's strategic objectives. These risks encompass the significant risks to which the Company may be exposed, including the macro environment and uncertainties in respect of the valuation of unquoted investments, and their impact on the cash flow modeling employed by the Company. Notes 4 and 17 of the audited consolidated financial statements provide further comment on certain other risks connected with the investments and financial assets / liabilities held by the Company and how they are managed.

Statement of principal risks

The major risks to which the Company may be exposed are ranked by a risk index, considering both likelihood and impact.

When assessing the likelihood and potential impact of such risks, the Board considers whether the outcome could pose:

- an immediate threat to the existence of the Company;
- a medium-term threat (resulting in the Company being placed into run-off);
- a reputational threat from which the Company could be expected to recover fully in due course; or
- no immediate threat to the Company or its operating activities.

The risks are split into eight main sections: (i) investment risk, (ii) shares trading at a discount, (iii) financial risk, (iv) governance risk, (v) regulatory risk, (vi) operational risk, (vii) macro-economic and other external risks and (viii) valuation risk.

The Company's share price discount has improved compared to its peers during 2023 following improved communication with investors, achieving the dividend target and the appointment of a new Chair. The development and implementation of a capital allocation policy and additional strong Board appointments in 2024 are expected to reduce further the risk of the Company's share price discount trailing behind its peer group.

Liquidity risk has stabilized following the discontinuation of currency hedging in April 2023 and the increase in the credit facility to EUR 140 million, but it remains a principal risk which is closely monitored in view of the potential impact of low levels of exits and distributions on the dividend and capital allocation policies.

Following the discontinuation of hedging of foreign exchange risks, given that a significant proportion of the portfolio is denominated in currencies other than Euros, information on underlying currencies is provided to investors to allow those who prefer a hedged exposure to apply their own hedging.

The departure of three directors in June 2023 led to an increase in governance risk in respect of the Board composition, and the remaining Board members initiated as a first priority the necessary measures to identify and recruit a successor Chair and additional Non-Executive Directors as soon as practicable. Significant progress has been made, as evidenced by the appointments outlined in the Directors' Report.

The Board also continues to assess the impact of ESG factors on the Company's key risks, primarily within the context of the Investment Manager's ESG framework which seeks to embed ESG into the strategy, direction and goals of portfolio companies and to quantify the impact of its initiatives.

In its assessment, the Board considers that none of the risks present an immediate threat to the existence of the Company and has, in each case, worked with the Investment Manager, Administrator, Company Secretary, or broker to ensure that adequate measures are in place to mitigate the occurrence and impact of these risks. The Board also obtains regular reporting so that these risks can be continuously assessed.

Although the Ukraine/Russia and Middle East conflicts increase the level of geo-political risk, the Company has negligible direct exposure to these regions but, with the Company's Investment Manager, the Board continues to closely monitor the situation, taking into account potential supply chain disruptions and second order effects. The Board has not identified any other emerging risks that could have a significant impact on the Company.

Principal Risks for 2023 Annual Report

Key risk	Assessment	Potential impact	Control exercised by the Board
Company's shares trading at a material discount compared to peers	Reducing The risk is assessed as reducing following enhanced Board communication with investors, leading to implementation of a capital allocation policy alongside recommitment to the dividend policy and delivery of the succession plan set out in June 2023.	Decline in shareholders' mark-to-market valuation and impact on demand from shareholders and prospects.	Monitoring of investor sentiment & expectations with significant communication directly between directors and investors in respect of succession planning and strategy. Monitoring of performance vs. peers. Maintenance of good market communication. Implementation and monitoring of effectiveness of capital allocation policy.
Liquidity risk - lack of availability of funding to take up investment opportunities, meet funding and other obligations as they fall due, and pay dividends when declared.	Stable Liquidity risk has stabilized following the discontinuation of currency hedging and increase in credit facility but it remains a principal risk in view of the potential impact of low levels of exits and distributions on the dividend and capital allocation policies.	Insufficient cash to fund existing commitments and dividends.	Factors impacting liquidity, including distributions and potential exits being kept under close review for medium and long term cashflow forecasts to ensure capital allocation policy leaves adequate funding for existing commitments and dividends. Renegotiation and increase of credit facility to ensure adequate short-term funding available.
Poor investment performance on an absolute and relative basis	Stable Modest slowdown in growth rates within portfolio companies due to macro conditions but strong ongoing performance. Private market transaction levels are expected to return to a more normal level in 2024 and the Investment Manager will be able to plan for investment in suitable new opportunities, subject to the Company's capital allocation policy.	Adverse movement in net asset value versus peer group.	Effectiveness of investment strategy reviewed at every board meeting using performance reports and discussions with brokers and Investment Manager. Medium and long term cashflow forecasts being kept under close review to ensure level of new investment commitments is maximized in line with capital allocation policy subject to adequate funding for existing commitments, dividends and share buyback allocation.
Governance risk - Board composition does not provide for effective functioning of Board and confidence of shareholders	Reducing This risk was assessed as increased following the outcome of the AGM and the departure of three Board members in June 2023 but the risk has been reduced with the appointment of a new permanent Chair and additional directors appointed in 2024 in line with a structured succession plan.	Inadequate direction & oversight, poor decision making, loss of shareholder confidence.	Nomination Committee formed June 2023. New Chair appointed November 2023 and other appointments in Q1 2024 will ensure Board has full range of skills and experience.
Valuation risk - under or overstating the valuations of private market investments	Stable This risk was assessed as stable because the valuation approach was stable. In periods such as 2023 with an industry-wide reduced investment/exit activity leading to a reduced number of private comparables. Using mainly public comparables as the default for the mark-to-market valuations enables a consistent approach.	Reputational risk and impact on share price.	Policies and tools used to determine valuations have been challenged and this remains a significant area for review by the Independent Auditor.
ESG risks (including climate change)	Stable The impact of ESG factors on the Company's key risks continues to be assessed, primarily within the context of the Investment Manager's ESG framework, which seeks to embed ESG into the strategy, direction, and goals of portfolio companies and to quantify the impact of its initiatives. The risk is assessed as stable given the maturity of the Investment Manager's ESG integration process.	Unsuitable investments leading to adverse impact on valuations, the environment and society or breach of ESG regulations.	Regular reporting by Investment Manager on their ESG strategy and initiatives and Board training to enable a good understanding of ESG reporting.

Stakeholder disclosures

The Company is an externally managed investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

Investors	Service providers	Community and environment
Issues that matter to them		
Performance and liquidity of the shares Growth and liquidity of the Company	Reputation of the Company Compliance with law and regulation Remuneration	Informed stewardship of the environments in which the Company operates and acting as a good corporate citizen Compliance with law and regulation Impact of the Company and its activities on third parties
Engagement process		
Annual General Meeting (see detail below) Frequent meetings with investors by brokers, the Investment Manager, the Chair and other Directors and subsequent reports to the Board Monthly factsheets and regular news releases Key Information Document Quarterly briefings by the Investment Manager via telephone conference which are attended by at least one Board member who briefs the remainder of the Board Annual and semi-annual financial statements	The two main service providers – Partners Group and Aztec – engage with the Board in face-to-face meetings quarterly, giving them direct input to Board discussions. The Board also considers the views of its corporate brokers and interests of its credit facility lender at each of its meetings. All key service providers are asked to complete a questionnaire annually (others on a rotation basis) which includes feedback on their interaction with the Company, and the Board undertakes an annual review of Partners Group in Switzerland.	The Company itself has only a very small footprint in the local community and only a very small direct impact on the environment. However, the Board acknowledges that it is imperative that everyone contributes to local and global sustainability. The Investment Manager has an ESG framework which is a key element of the investment process which overlays throughout the portfolio.
Rationale and example outcomes		
Clearly investors are the most important stakeholder for the Company. Increased shareholder engagement has been a priority following the suspension of the second dividend in the previous year and the departure of several directors at the AGM, to inform investors of the progress of new Board appointments and to ensure that the Board is aware of larger investors' views on Board composition and the dividend and capital allocation policies. In addition, the Board has focused on valuation of assets, a key priority for shareholders, thus ensuring a robust and reliable methodology is applied.	The Company relies on service providers entirely as it has no systems or employees of its own. The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The nature of the Company's investments is such that they do not provide a direct route to influence investees in ESG matters in many areas, but the Board has made its views in this area clear to Partners Group, which, on behalf of the Company and other investors, works closely with investee companies to promote ESG issues as well as financial performance. Further details are set out elsewhere in this document and on the Partners Group website. Board members do travel, partly to meetings in Guernsey, and partly elsewhere on Company business, including for the annual due diligence visit to Switzerland. The Board considers this essential in overseeing service providers and safeguarding stakeholder interests. Otherwise, the Board seeks to minimize travel by the use of video conferencing whenever good governance permits.

Engagement processes are kept under regular review. Investors and other interested parties are encouraged to contact the Company via the Investor Relations contacts given on page 104.

11. Independent Auditor's report

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Princess Private Equity Holding Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2023, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in accordance with the requirements of the companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the audited consolidated statement of financial position as at 31 December 2023;
- the audited consolidated statement of comprehensive income for the year then ended;
- the audited consolidated statement of changes in equity for the year then ended;
- the audited consolidated statement of cash flows for the year then ended; and
- the notes to the audited consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We have conducted a full scope audit of the consolidated financial statements of the group.
- The company and its subsidiaries are incorporated in Guernsey. The consolidated financial statements are a consolidation of the company and the underlying subsidiaries.
- Our approach is designed to address the risk of material misstatement and is tailored to consider the investment objectives of the group.
- In establishing the overall approach to the group's audit, we determined the type of work that needed to be performed by us or by our supporting team from another PwC network firm.

Key audit matters

- Valuation of unlisted investments
- Calculation of incentive fees

Materiality

- Overall group materiality: €22.0 million (2022: €22.7 million) based on 2.25% of net assets.
- Performance materiality: €16.5 million (2022: €17.0 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted investments Refer to the Basis of preparation (note 2), the Principal accounting policies (note 3) and notes 4, 9, 13, 16, 18 and 19 to the consolidated financial statements. The group has an investment portfolio consisting of listed and unlisted investments. The unlisted investments are split between direct and indirect investments. The valuation of the portfolio of unlisted investments is significant in assessing the financial position and performance of the group and is an area to which significant judgement is often applied and estimates made by the directors. The unlisted investments are valued using such methodologies and modeling techniques considered most appropriate by the directors in order to comply with IFRS 13 Fair Value Measurement. The inputs to these valuations include: **Direct Investments** ● Applying a market-derived multiple to the earnings of the underlying investment; or ● Applying a discount rate to the future cash flows of the underlying investment; or ● Using third party valuations of the underlying investment. **Indirect Investments** ● Using a share of the net asset value received from the general partners of the underlying investment funds. Determining both the valuation methodology and the inputs to the valuation of unlisted investments can be subjective and complex. This, combined with the significance of the unlisted investments to the consolidated statement of financial position, means that the valuation of unlisted investments was considered a key audit matter for audit purposes.	We updated our understanding and evaluation of management's processes and internal controls in so far as they apply to the valuation of unlisted investments, the valuation methodologies and modeling techniques used and the areas where significant judgements and estimates are made. We also performed tests over certain key internal controls used in the valuation of unlisted investments in order to assess their operating effectiveness. The unlisted investments consist primarily of private companies ("direct investments") or investments in funds ("indirect investments") and are initially valued by Partners Group AG (the "Investment Manager"), reviewed by the Valuation Committee at Partners Group AG and subsequently presented to the directors for review, challenge, and approval. Where appropriate, auditor's experts were used in the execution of our testing. For a sample of investments, we performed the following testing: **Methodology** We assessed the appropriateness of the valuation methodology applied by the Investment Manager, including the availability of representative market data to be able to apply an earnings multiple model. Where a discounted cash flow model was used we evaluated that this was the most appropriate methodology given the circumstances of the investment being valued. We understood the Investment Manager's assessment of climate risk and its impact on the valuation methodology and inputs, where and as applicable. **Direct Investments** We obtained the Investment Manager's earnings multiple valuation model containing earnings, trading multiples for listed comparable companies and the evaluated multiple used to value the investment, or the relevant discounted cash flow model, cash flows and discount rate applied. A) Input testing ● We obtained the relevant management information including earnings or cash flow inputs for the underlying investments. We used this to corroborate the information applied in the valuation models; ● We evaluated the earnings or cash flows used in the valuation model based on our understanding of the financial performance of the respective underlying investment, and assessed the appropriateness of any changes made by the Investment Manager in the application of these inputs to the valuation; ● For investments valued on an earnings multiples basis, we considered the appropriateness of, and independently confirmed, the trading multiples for listed comparable companies used. We assessed the appropriateness of any adjustments, weightings or discounts made by the Investment Manager to the comparable trading multiples to arrive at the applied multiple used in the valuation; ● Where we identified other listed comparable companies that we believed represented relevant earnings trading multiples, we evaluated and considered the impact of their inclusion on the fair value; ● For investments valued using a discounted cash flow model, we independently sourced, where appropriate, the cash flows and inputs to the discount rate (or discount rate used if provided by a third party) applied in the valuation model used. For those inputs where we identified differences, an assessment was made of the impact; and ● We performed open-source searches to identify relevant, publicly available information that the Investment Manager had not considered in determining the value of the investments, both during the year and subsequent to the year end. ● In assessing the impact and difference noted above, where such differences were significant, we challenged management as to such valuation differences and, if these could not be justified, we sought adjustment for such differences to the valuations presented and considered the impact on our overall investment valuation sampling methodology. B) Calculation ● We checked the mathematical accuracy of the investment valuation models; and ● We also recalculated the attribution of the value of the unlisted investments across the financial instruments held by the group, checking that the instrument type and ranking of all financial instruments in issue at an underlying investment level are considered in the assessment of the group's unlisted investment valuation.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>
Indirect Investments

A) Input testing

Where underlying net asset valuations were used to value investments in funds, we corroborated these by tracing them to supporting documentation such as capital account statements received by the Investment Manager and checked details such as the group's committed capital, unfunded commitments, and percentage ownership;
Where the Investment Manager adjusted these values for any listed or quoted positions held by the indirect investments (for example where such information was not coterminous with the year end and such details were available for the respective indirect investment), we verified the market prices applied to the adjusted net asset valuation at the year end;
We evaluated the appropriateness of the source documentation by performing independent confirmation procedures with the administrators of the underlying investment funds; and
To evaluate the reliability of the Investment Manager’s process we performed backtesting of the source documentation used in the group's prior year valuations against the audited financial statements issued by the underlying investment funds.

B) Calculation

As the source documentation obtained for indirect investments related primarily to 30 September 2023, we tested the control procedures in place at the Investment Manager over the rollforward of the net asset value from 30 September 2023 to 31 December 2023; and
We checked the mathematical accuracy and completeness of the rollforward reports that contain the valuations for indirect investments.

Based on our work performed, we did not identify any material differences or matters for further consideration.
</td></tr>
<tr><td>
Calculation of incentive fee
See notes 5 and 15 of the consolidated financial statements for further information on the incentive fees payable by the group.

Incentive fees comprise amounts accrued and payable to the Investment Manager to compensate them for services provided in a way which aligns their remuneration with the group's investment performance.

The incentive fee calculations, which are undertaken in accordance with the offering documents and investment management agreement between the group and the Investment Manager are complex, which increases the risk of error.

Incentive fees are calculated based on the fair value and cash flows of each direct and secondary investment (as defined in the investment management agreement). This calculation is performed separately for each direct and secondary investment, and also includes adjustments for such items as underlying fee rebates. This means that some of the calculations can be based on calculations with a number of data inputs, some of which are unobservable, selected or calculated by management and therefore also subject to judgment.

We focused on the incentive fee calculation due to the complexity of the calculation and also due to the nature of the incentive fees as there may be an increased risk that these are overstated.
</td><td>
Our audit approach was based upon the specifics of the incentive fee arrangements as set out in the investment management agreement and the notes to the consolidated financial statements, and which are described in the company's offering documents.

We performed the following procedures over the incentive fees:

We obtained a schedule of incentive fees expensed and examined the offering documents and investment management agreement to check that incentive fees are being calculated and accrued only when the contractual conditions existed for the incentive fee to be recognized;
We also checked that all parameters of the incentive fee were included within the calculation, as set out in the offering documents and investment management agreement;
We performed both controls and substantive testing over the occurrence of the investment disposals, the value of such disposals and the gains realized on such disposals. This included checking that the returns achieved met the conditions in place for the incentive fee to be triggered; and
We recalculated the incentive fee attributable to the Investment Manager using the applicable methodology.

Based on our work performed, we did not identify any material differences or matters for further consideration.
</td></tr>
</table>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, the industry in which the group operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

Scoping was performed at the group level with reference to the overall group materiality and the risks of material misstatement identified, irrespective of whether the underlying transactions took place within the company or within the subsidiaries. Individual subsidiaries were however assessed against an allocated component materiality to address the risk of material misstatement to the group at the component level.

The transactions relating to the company and the subsidiaries are all maintained and made available to us and our supporting firm (a separate PwC network firm) by the Investment Manager and Partners Group (Guernsey) Limited (the "Administrator"). As well as being under our direction and supervision, the audit work performed by our supporting firm is subject to our review.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	€22.0 million (2022: €22.7 million).
How we determined it	2.25% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to the members of the company. It is also a generally accepted measure used for companies in this industry.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was €15.7 million - €22.0 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to €16.5 million (2022: €17.0 million) for the group consolidated financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above €1.1 million (2022: €1.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report 2023 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' duties and responsibilities statement, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the 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 these opinions, 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.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance section of the consolidated financial statements is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group 's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Roland Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
22 March 2024

12. Audited consolidated financial statements

Audited consolidated statement of comprehensive income

for the period from 1 January 2023 to 31 December 2023

In thousands of EUR	Notes	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Net income from financial assets at fair value through profit or loss		**46,245**	**48,246**
Private equity		*43,622*	*46,447*
Interest & dividend income		47	543
Revaluation	9	54,660	25,693
Withholding tax on direct private equity investments	9	(832)	(428)
Net foreign exchange gains / (losses)	9	(10,253)	20,639
Private debt		*(1,157)*	*(2,093)*
Interest income (including payment-in-kind)		(427)	(155)
Revaluation	9	7	(3,363)
Net foreign exchange gains / (losses)	9	(737)	1,425
Private real estate		*(12)*	*(52)*
Revaluation	9	(12)	(52)
Private infrastructure		*3,792*	*3,944*
Interest & dividend income		244	-
Revaluation	9	4,387	2,721
Net foreign exchange gains / (losses)	9	(839)	1,223
Net income from cash & cash equivalents and other income		**(17)**	**754**
Net foreign exchange gains / (losses)		(17)	754
Total net income		**46,228**	**49,000**
Operating expenses		**(28,949)**	**(35,903)**
Management fees	19	(15,535)	(13,874)
Incentive fees	15,19	(11,027)	(18,829)
Administration fees	19	(474)	(471)
Service fees	19	(292)	(208)
Other operating expenses		(1,516)	(1,888)
Other net foreign exchange gains / (losses)		(105)	(633)
Other financial activities		**1,142**	**(30,530)**
Interest expense - credit facilities	14	(631)	(1,548)
Other finance cost		(2,362)	(617)
Net gains / (losses) from hedging activities	11	4,134	(28,378)
Other income		1	13
Surplus / (loss) for period		**18,421**	**(17,433)**

In thousands of EUR	Notes	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Other comprehensive income for period; net of tax		-	-
Total comprehensive income for period		**18,421**	**(17,433)**
Weighted average number of shares outstanding		69,151,168.00	69,151,168.00
Basic surplus / (loss) per share for period (in EUR)		0.27	(0.25)
Diluted surplus / (loss) per share for period (in EUR)		0.27	(0.25)

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

The above audited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Audited consolidated statement of financial position

As at 31 December 2023

In thousands of EUR	Notes	31.12.2023	31.12.2022
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	9,18	969,391	968,814
Private debt	9,18	20,623	22,136
Private real estate	9,18	77	105
Private infrastructure	9,18	38,968	39,016
Financial assets at amortized cost			
Other long-term receivables		1,383	1,433
Non-current assets		**1,030,442**	**1,031,504**
Other short-term receivables	18	4,245	3,867
Derivative assets	11,18	-	24,711
Cash and cash equivalents		9,744	14,851
Withheld taxes available for deemed distributions		405	-
Current assets		**14,394**	**43,429**
TOTAL ASSETS		**1,044,836**	**1,074,933**
EQUITY AND LIABILITIES			
Share capital	12	69	69
Reserves		979,176	1,011,235
Total equity		**979,245**	**1,011,304**
Short-term credit facility	14	19,000	-
Derivative liabilities	11,18	-	1,822
Accruals and other short-term payables	10	46,591	61,807
Liabilities falling due within one year		**65,591**	**63,629**
TOTAL EQUITY AND LIABILITIES		**1,044,836**	**1,074,933**

The above audited consolidated statement of financial position should be read in conjunction with the accompanying notes.

P. McKellar
Director

M. Wheatley
Director

Audited consolidated statement of changes in equity

for the period from 1 January 2023 to 31 December 2023

In thousands of EUR	Share capital	Reserves	Total
Balance at the beginning of period	69	1,011,235	1,011,304
Dividends declared	-	(50,480)	(50,480)
Surplus / (loss) for period	-	18,421	18,421
Equity at end of period	**69**	**979,176**	**979,245**

for the period from 1 January 2022 to 31 December 2022

In thousands of EUR	Share capital	Reserves	Total
Balance at the beginning of period	69	1,054,945	1,055,014
Dividends declared	-	(26,277)	(26,277)
Surplus / (loss) for period	-	(17,433)	(17,433)
Equity at end of period	**69**	**1,011,235**	**1,011,304**

The above audited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Audited consolidated statement of cash flows

for the period from 1 January 2023 to 31 December 2023

In thousands of EUR	Notes	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Operating activities			
Surplus / (loss) for period before interest expense		19,052	(15,885)
Adjustments:			
Net foreign exchange (gains) / losses		11,951	(23,408)
Investment revaluation		(59,042)	(24,999)
Withholding tax on direct investments		832	428
Net result from interest income / (expense)		172	242
Net result from dividend income		(36)	(630)
Revaluation on forward hedges	11	(4,134)	28,378
(Increase) / decrease in receivables		(429)	(8,558)
(Increase) / decrease in withheld taxes available for deemed distributions		(405)	-
Increase / (decrease) in payables		(15,269)	57,293
Realized gains / (losses) from forward hedges	11	27,023	(55,475)
Purchase of private equity investments	9	(4,790)	(154,905)
Purchase of private debt investments	9	(995)	423
Purchase of private real estate investments	9	12	51
Purchase of private infrastructure investments	9	(1)	(454)
Distributions from and proceeds from sales of private equity investments	9	47,799	84,127
Distributions from and proceeds from sales of private debt investments	9	1,117	137,720
Distributions from and proceeds from sales of private real estate investments	9	4	545
Distributions from and proceeds from sales of private infrastructure investments	9	3,597	493
Interest & dividends received		514	1,417
Net cash from / (used in) operating activities		**26,972**	**26,803**
Financing activities			
Increase in credit facilities	14	49,200	108,000
(Decrease) in credit facilities	14	(30,200)	(133,000)
Interest paid - credit facilities	14	(582)	(1,588)
Dividends declared	12	(50,480)	(26,277)
Net cash from / (used in) financing activities		**(32,062)**	**(52,865)**
Net increase / (decrease) in cash and cash equivalents		**(5,090)**	**(26,062)**
Cash and cash equivalents at beginning of period		**14,851**	**40,159**
Effects of foreign currency exchange rate changes on cash and cash equivalents		(17)	754
Cash and cash equivalents at end of period		**9,744**	**14,851**

The above audited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the audited consolidated financial statements

for the period from 1 January 2023 to 31 December 2023

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 6BD. The Company is a Guernsey limited liability company that invests in a diversified portfolio of private market investments through its wholly owned subsidiary, Princess Private Equity Subholding Limited (the "Subsidiary"). The Subsidiary also holds certain investments through its wholly owned subsidiary Princess Direct Investments, L.P. Inc. (the "Sub-Subsidiary"). The Sub-Subsidiary, the Subsidiary, and the Company form a group (the "Group"). Both of these subsidiaries are consolidated as they are deemed to provide investment-related services to the Company. The Group primarily accesses investments directly, and to a lesser extent via Partners Group's private equity programs; Princess also holds a small portfolio of fund investments that is currently in run-off.

The shares of the Company were listed on the Prime Standard of the Frankfurt Stock Exchange from 13 December 2006 until 5 December 2012 (date of delisting). The shares of the Company remain listed on the Main Market of the London Stock Exchange, where they have been listed since 1 November 2007.

2 Basis of preparation

The audited consolidated financial statements comprise the financial statements of the Group. The audited consolidated financial statements have been prepared on a going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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 audited 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 audited consolidated 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, judgements and estimates are significant to the audited consolidated financial statements are disclosed in Note 4, 'Critical accounting estimates and judgements'.

The Directors of the Company have elected to prepare audited consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2023 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 the financial period for Princess Private Equity Holding Limited in accordance with Section 243 of The Companies (Guernsey) Law, 2008.

3 Material accounting policies

The accounting policies below 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 2023, the following 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 2023:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective from 1 January 2023) - Definition of Accounting Estimates;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective from 1 January 2023) - Disclosure of Accounting Policies;
- Amendments to IAS 12 Income Taxes (effective from 1 January 2023) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the audited consolidated financial statements of the Group.

The following standards, or amendments to existing standards, which are mandatory for future accounting periods, but where early adoption is permitted now, have not been adopted:

- Amendments to IAS 1 Presentation of Financial Statements (effective from 1 January 2024) - Non-current Liabilities with Covenants;
- IFRS S1, General requirements for disclosure of sustainability-related financial information (effective from 1 January 2024). This is subject to endorsement of the standards by local jurisdictions;
- IFRS S2, Climate-related disclosures (effective from 1 January 2024). This is subject to endorsement of the standards by local jurisdictions;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (effective from 1 January 2025) - Lack of Exchangeability.

The impact of these new accounting standards and interpretations is currently being assessed and it is expected that it will not significantly affect the Group's results of operations or financial position.

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 internal reporting at Partners Group AG (the "Investment Manager"). The Investment Manager is appointed by the Directors and has been identified as the chief operating decision maker, responsible for allocating resources and assessing the performance of each operating segment. 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 have been reflected in these audited consolidated financial statements.

Consolidation
The Directors of the Company have determined that the Company is an investment entity in accordance with IFRS 10 based on the fact that it meets the relevant definition criteria. The Company:

- obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

As a result, the Group does not consolidate any entities other than the Subsidiary and Sub-Subsidiary (the "Subsidiaries"), as further described in Note 4, "Critical accounting estimates and judgements".

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

A list of the Group's subsidiaries is set out in a subsequent note (Note 20). 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 using the effective interest rate method. Gains and losses from short-term investments and gains and losses from cash and cash equivalents also include the increase or decrease in the value of short-term investments purchased at a discount or a premium. All realized and unrealized surpluses and losses are recognized in the audited consolidated statement of comprehensive income. Dividend income from money market funds ("MMFs") and short-term investments are recognized when the right to receive payment is established.

Expenditure

All items of expenditure are included in the audited 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 primary economic environment in which the Group operates (the "Functional Currency") that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Group's economic environment has been assessed and determined in accordance with the primary and secondary indicators defined in IAS 21 - The Effects of Changes in Foreign Exchange Rates. The audited consolidated financial statements are presented in Euros, which is the Company and Group's Functional 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 based on both the Group's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Group has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Group's debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Group business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Where the Group has hedged the value of non-Functional Currency investments against the Functional Currency the Group does not use hedge accounting as defined in IFRS 9. Derivative financial instruments are classified as financial assets and financial liabilities at fair value through profit or loss in accordance with IFRS 9. 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 realized gains/losses and 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 consist of interests which are acquired by the Group (including all related securities) in (typically unlisted) direct private market investments ("Direct Investments"), some of which are accessed through Partners Group's access vehicles, and all other types of investments, which comprise investments through Partners Group's funds, as well as other investment vehicles ("Indirect 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 their intention to focus on making investments 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 Direct and Indirect Investments are recognized when the Group's right to receive payment has been established.

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.

Occasionally, the target investment structure may change under the normal course of operations, where an intermediary investment vehicle transfers its ownership in the underlying investment to another vehicle within the structure. These transfers are typically done at cost or fair value, depending on the jurisdiction in which the structures reside. On the basis that the underlying investments are monitored on a look-through basis, these transactions are not deemed to be realizing events for the purpose of the incentive fees calculations.

Cash and payment-in-kind ("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 payment is established.

(c) Measurement

As a matter of principle, 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 within net income from financial assets at fair value through profit or loss in the period in which they arise.

Distributions from Indirect 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 payment is established. Distributions received from Indirect Investments are recognized first as a repayment of the original capital contributed to the Indirect Investments which is substantially in keeping with the distribution arrangements prescribed by the constituent documents of the Indirect Investments. On repayment of any of the original capital contributed in full to the Indirect Investments, all subsequent distributions are recognized in the audited consolidated statement of comprehensive income within revaluation.

Any interest and dividend distributions derived from Direct Investments are recognized when the Group's right to receive payment 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 whose principal markets are actively traded exchange 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 price within the bid-ask spread which is most representative of fair value at the end of the reporting period.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of market and income 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 and expected market participant assumptions existing at the end of each period. Quoted market prices or dealer quotes for specific similar instruments are also used for long-term debt where appropriate. Other information used in determining the fair value of non-traded financial instruments includes latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and initial public offerings ("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.

Short-term investments
Short-term investments consist of investments in treasury bills and money-market funds with a stated maturity between three and twelve months at the date of acquisition. Short-term investments are classified and subsequently measured at fair value through profit or loss.

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 currently a legally and contractually 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. A current legally and contractually enforceable right to offset must not be contingent on a future event. Furthermore, it must be legally and contractually enforceable in (i) the normal course of business; (ii) the event of default; and (iii) the event of insolvency or bankruptcy of the Group and any of the counterparties.

Cash and cash equivalents
Cash and cash equivalents consist of cash at bank, term deposits, and MMFs with original maturity of three months or less from the date of acquisition. MMFs are classified as cash and cash equivalents due to its liquidity and insignificant risk of changes in value. The MMFs held at a constant net asset value have a weighted average maturity of less than 90 days and are able to be redeemed on a same day basis. 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 audited consolidated statement of financial position. Cash and cash equivalents may include unrestricted variation margin balances received from counterparties as collateral on derivative asset positions, which are due back to those counterparties on settlement of the derivatives.

Other short-term receivables and long-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 twelve months after the end of the reporting period, where they are classified as non-current assets. Other short-term receivables are stated at the contractual amount less impairment, if any, as this is a reasonable approximation of fair value. Other short-term receivables may include variation margin balances paid to counterparties on derivative liability positions, which are due back from those counterparties on settlement of the derivatives.

Other long-term receivables also include amounts receivable by the Group at the reporting date which represent distributions from underlying investments that are held through special purpose vehicles that could be subject to corporate tax in jurisdictions different to that of the Group. In certain cases, all distributions received from underlying investments must be retained in such vehicles until the investment is fully realized in order to benefit from such structuring. It has been determined that future payments may need to be made by the special purpose vehicles to tax authorities in the jurisdictions in which these are based, and as such not all of the amounts paid by the underlying investment may be recoverable in full by the Group should the distributions be taxed. As a result, these long-term receivable balances are assessed for taxes owing and the resulting revaluation of these long-term receivables is recorded under "revaluation of long-term receivables" in the audited consolidated statement of comprehensive income. These underlying investments and related calls and distributions have been accounted for on a look-through basis.

Deferred receivables

Deferred receivables meet the definition of a financial asset as they represent a contractual right to receive cash for a specified amount at a specified date. Deferred receivables which represent a financial asset are initially measured at fair value. Subsequently these are measured at amortized cost using the effective interest rate method. At the end of the reporting period, the Group shall measure the loss allowance on outstanding balance at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If however, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. They are classified as assets 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 assets falling due after one year. A deferred receivable is derecognized when the obligation to receive the specifically identified cash flows has been fulfilled, expired, or there are no reasonable expectations of recovering those cash flows in its entirety or a portion thereof.

Accruals and other short-term payables

Accruals and 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 twelve months after the end of the reporting period where they are classified as liabilities falling due after one year. Accruals and short-term payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accruals and other short-term payables may include variation margin balances received as cash from counterparties on derivative asset positions, which are payable back to those counterparties on the settlement of the derivatives.

Borrowings

Borrowings consist of credit facilities and loans received either from financial institutions or from related parties. Such borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Borrowings are derecognized when the obligation specified in the contract is discharged, canceled 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 twelve 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. Deferred payments are initially recognized at fair value and subsequently 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 twelve 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 canceled 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 judgements

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 their future development. The estimates and judgements 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.

Unlisted 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 market and income valuation methods to such information such as time of last financing, earnings and multiple analysis, discounted cash flow method and third-party valuation as well as market prices of similar investments to estimate a fair value as at the end of the reporting period.

Critical judgements

In order to determine the underlying assumptions of such methods significant judgement is required. The areas of such judgement include, but are not limited to:

- Selection of valuation technique;
- Selection of a set of comparable listed companies;
- Selection of performance measures of such listed companies in order to determine comparable trading multiples;
- Selection of recent transactions for the sales comparison method; and
- Identification of uncertain tax positions.

As part of the fair valuation of such investments, the Investment Manager uses observable market data (whenever possible), unobservable data 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 valuations attributed appear to be fair based on the current market environment. The Investment Manager makes practical efforts to obtain the latest available information pertaining to the underlying unquoted investments.

The Investment Manager adheres to fair value assessment procedures that are determined independently of its investment committee as part of the continuous evaluation of the fair value of the underlying unquoted investments.

Critical estimates

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

- Determination of adjustments to comparable trading multiples based on qualitative factors;
- Determination of future cash flows;
- Determination of applicable discount rates considering own and counterparties' credit risk;
- Determination of applicable capitalization rates for the income method;
- Determination of price within the bid-ask spread for investments with available broker quotes;
- 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 information 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 Investment's 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;
- Review of current market environment and the impact of it on the Direct and Indirect Investments; and
- Determination of the impact of uncertain tax positions on the valuation.

The variety of valuation bases adopted, quality of management information provided by the underlying Indirect Investments 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 audited consolidated financial statements and these differences may be significant as a result of the judgements and estimates applied. The output of the above estimation of the fair value of investments is a significant factor in the calculation of estimated incentive fee accruals and any rebates.

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-testing with consideration of 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.

Critical estimates

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 Manager's investment professionals: quantitative and qualitative inputs from the general market environment and specific portfolio in the model;
- 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; and
- Use of borrowings and anticipated usage of such borrowings for anticipated drawdowns in relation to unfunded commitments to Direct and Indirect Investments.

There are judgements made, based on assumptions concerning the future, and uncertainty in the estimates in the cash flow modeling method and as such the Investment Manager, on instruction from the Board of Directors, continuously compares these assumptions against actual market and business developments and revises the cash flow model accordingly.

Investment entity status of Subsidiaries

The assessment whether to consolidate the Subsidiaries which relate to the Group's investment activities requires judgement as to whether those Subsidiaries meet the definition of an Investment Entity in IFRS 10 and provide services that relate to the Company's investment activities. Management has assessed the amendment to IFRS 10 (effective 1 January 2016) and concluded that each of the Subsidiaries does not meet the definition of an Investment Entity in accordance with IFRS, primarily because each of the Subsidiaries has a single investor, which is a related party. Each of the Subsidiaries' primary services is to provide investment-related services to the parent company, including but not limited to providing investment management services to the Company and acting as guarantor to the Company of its short-term credit facility.

5 Expenses

Management fees
Under the Investment Management Agreement ("IMA") between the Company and Investment Manager, the Company pays quarterly management fees to the Investment Manager in arrears. The quarterly management fees are calculated as 0.375% of the private equity asset value which is the higher of (i) the net asset value of the Company and (ii) the value of the assets less any temporary investments of the Company, plus the amount of the Company's unfunded commitments to make investments.

The below highlights the changes in management fees calculation basis effective 1 July 2020:

(i) The private equity asset value excludes the unfunded commitments of primary and secondary investments; and
(ii) The management fees are reduced or offset by the amount that would have been charged had the rate in relation to the loan master fund investment been 0.6% per annum.

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"). With effect from 1 July 2022, the quarterly administration fees are calculated as 0.0125% of the first EUR 900 million of net asset value of the Company (previously 0.0125% of the first USD 1 billion of net assets) and 0.005% of the amount by which such net asset value of the Company exceeds EUR 900 million (previously 0.005% of the amount by which such net assets exceed USD 1 billion).

Service fees
For the services provided under the investor relations agreement, the Company pays the Investment Manager a quarterly compensation of EUR 62,500 excluding value added tax, if any, including any overhead, travel, out-of-pocket, information technology, and other infrastructure expenses in connection with the provision of services under the agreement.

Incentive fees
In accordance with the IMA, the Investment Manager is entitled to receive a share of the realized profits of the Company, otherwise referred to as incentive fees. Incentive fees, at each reporting date, are calculated taking into account the required performance conditions and distribution arrangements of the Company in accordance with the IMA.

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 receives 100% of all distributions derived from the relevant secondary investment ("relevant distributions") until it has received relevant distributions equal to its acquisition cost in respect of the relevant secondary investment plus an amount (the "preferred return") calculated at the rate of 8% per annum compounded annually on the amount outstanding in respect to the relevant secondary investment from time to time, taking into account the timing of the relevant cash flows; (ii) thereafter, incentive fees equal to 100% of further relevant distributions received by the Company are due and payable to the Investment Manager until such time as the Investment Manager has received 10% of the sum of the preferred return distributed to the Company and the incentive fees due and payable to the Investment Manager; and (iii) thereafter, additional incentive fees equal to 10% of further relevant distributions received by the Company are due and payable to the Investment Manager.

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 receives 100% of all distributions derived from the relevant Direct Investment ("relevant distributions") until it has received relevant distributions equal to its acquisition cost in respect of the relevant Direct Investment plus an amount (the "preferred return") calculated at the rate of 8% per annum compounded annually on the amount outstanding in respect to the relevant Direct Investment from time to time, taking into account the timing of the relevant cash flows; (ii) thereafter, incentive fees equal to 100% of further relevant distributions received by the Company are due and payable to the Investment Manager until such time as the Investment Manager has received 15% of the sum of the preferred return distributed to the Company and the incentive fees due and payable to the Investment Manager; and (iii) thereafter, additional incentive fees equal to 15% of further relevant distributions received by the Company are due and payable to the Investment Manager.

Incentive fees are calculated based on the value of each direct and secondary investments during the reporting period, whether 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.

Audit fees

During the reporting period, the Company paid audit fees in the amount of EUR 146,443 (2022: EUR 133,732).

6 Taxation

The Company and the Subsidiaries 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 1,200 per annum for the granting of the exemption.

The Group may incur withholding taxes imposed by certain countries on income from underlying investments. Such income is recognized gross of withholding taxes in the audited consolidated statement of comprehensive income.

7 Dividends

During the reporting period, the Board of Directors of Princess Private Equity Holding Limited declared two interim dividends, each of EUR 0.365 per ordinary share, which were paid on 2 June 2023 and 15 December 2023 to shareholders on the register of members as at 28 April 2023 and 10 November 2023, respectively, in total amounting to EUR 50.5 million (2022: one interim dividend of EUR 0.38 per ordinary share, which was paid on 17 June 2022 to shareholders on the register of members as at 13 May 2022, in total amounting to EUR 26.3 million).

8 Segment calculation

The Investment Manager 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 Manager to the Board of Directors on a regular basis.

The Investment Manager considers that the investment portfolio of the Group may consist of up to five sub-portfolios, which are managed by specialist teams within the Investment Manager. 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.

The Investment Manager 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 Manager and Administrator and the Group's management and incentive fees paid are not considered to be segment expenses.

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

In thousands of EUR	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Private equity		
Interest & dividend income	47	543
Revaluation	54,660	25,693
Withholding tax on direct private equity investments	(832)	(428)
Net foreign exchange gains / (losses)	(10,253)	20,639
Total net income private equity	**43,622**	**46,447**
Segment result private equity	**43,622**	**46,447**
Private debt		
Interest income (including payment-in-kind)	(427)	(155)
Revaluation	7	(3,363)
Net foreign exchange gains / (losses)	(737)	1,425
Total net income private debt	**(1,157)**	**(2,093)**
Segment result private debt	**(1,157)**	**(2,093)**
Private real estate		
Revaluation	(12)	(52)
Total net income private real estate	**(12)**	**(52)**
Segment result private real estate	**(12)**	**(52)**
Private infrastructure		
Interest & dividend income	244	-
Revaluation	4,387	2,721
Net foreign exchange gains / (losses)	(839)	1,223
Total net income private infrastructure	**3,792**	**3,944**
Segment result private infrastructure	**3,792**	**3,944**
Non-attributable		
Net foreign exchange gains / (losses)	(17)	754
Total net income non-attributable	**(17)**	**754**
Segment result non-attributable	**(28,966)**	**(35,149)**
Other financial activities not allocated	1,142	(30,530)
Surplus / (loss) for period	**18,421**	**(17,433)**

9 Financial assets at fair value through profit or loss

9.1 PRIVATE EQUITY

In thousands of EUR	31.12.2023	31.12.2022
Balance at beginning of period	968,814	852,606
Purchase of Direct and Indirect Investments	4,790	154,905
Distributions from and proceeds from sales of Direct and Indirect Investments	(47,799)	(84,127)
Accrued cash and payment-in-kind interest	11	(474)
Revaluation	54,660	25,693
Withholding tax on direct private equity investments	(832)	(428)
Net foreign exchange gains / (losses)	(10,253)	20,639
Balance at end of period	**969,391**	**968,814**
Movement in unrealized gains / (losses) still held at end of period	**20,460**	**(23,482)**

9.2 PRIVATE DEBT

In thousands of EUR	31.12.2023	31.12.2022
Balance at beginning of period	22,136	162,771
Purchase of Direct and Indirect Investments	995	(423)
Distributions from and proceeds from sales of Direct and Indirect Investments	(1,117)	(137,720)
Accrued cash and payment-in-kind interest	(661)	(554)
Revaluation	7	(3,363)
Net foreign exchange gains / (losses)	(737)	1,425
Balance at end of period	**20,623**	**22,136**
Movement in unrealized gains / (losses) still held at end of period	**2,417**	**(510)**

Purchase of Direct and Indirect Investments represents capital calls from underlying investments made by the Group. The amounts invested may be negative for certain investments and this may occur where either the Group has invested into underlying investments and received rebates on fees charged within such underlying investments, or where an underlying third-party investment has returned monies to the Group which have been previously called but unutilized.

The balance above includes investment(s) in the amount of EUR 7,860,870 (2022: EUR 9,236,858), which meet the characteristics of both Private Equity and Private Debt asset class categorization. These investments continue to be classified within the Private Debt investment categorization.

9.3 PRIVATE REAL ESTATE

In thousands of EUR	31.12.2023	31.12.2022
Balance at beginning of period	105	753
Purchase of Direct and Indirect Investments	(12)	(51)
Distributions from and proceeds from sales of Direct and Indirect Investments	(4)	(545)
Revaluation	(12)	(52)
Balance at end of period	**77**	**105**
Movement in unrealized gains / (losses) still held at end of period	**(28)**	**(649)**

Purchase of Direct and Indirect Investments represents capital calls from underlying investments made by the Group. The amounts invested may be negative for certain investments and this may occur where either the Group has invested into underlying investments and received rebates on fees charged within such underlying investments, or where an underlying third-party investment has returned monies to the Group which have been previously called but unutilized.

9.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	31.12.2023	31.12.2022
Balance at beginning of period	39,016	35,111
Purchase of Direct and Indirect Investments	1	454
Distributions from and proceeds from sales of Direct and Indirect Investments	(3,597)	(493)
Revaluation	4,387	2,721
Net foreign exchange gains / (losses)	(839)	1,223
Balance at end of period	**38,968**	**39,016**
Movement in unrealized gains / (losses) still held at end of period	**3,006**	**3,922**

The balance above includes investment(s) in the amount of EUR 13,234,532 (2022: EUR 12,105,528), which meet the characteristics of both Private Equity and Private Infrastructure asset class categorization. These investments continue to be classified within the Private Infrastructure investment categorization.

10 Accruals and other short-term payables

As at the end of the reporting period, accruals and other short-term payables mainly include accrued incentive fees of EUR 37,732,990 (2022: collateral for hedging instruments of EUR 21,950,000, accrued incentive fees of EUR 28,831,537 and quarterly management fees accrued in arrears of EUR 5,687,383).

11 Foreign exchange forward / option contracts

In thousands of EUR	31.12.2023	31.12.2022
Foreign exchange forward contracts		
Unrealized gains / (losses)	(22,889)	27,097
Realized gains / (losses)	27,023	(55,475)
Total gains / (losses) from forward contracts	**4,134**	**(28,378)**

As at 31.12.2023

There were no open foreign currency hedging contracts / options.

As at 31.12.2022

All contracts captured in the table below were able to be settled on a gross basis.

Open foreign exchange forward/option contracts	Volume of currency sold (in thousands)	Volume of currency bought (in thousands)	Value date	Fair value (in thousands of EUR)
Foreign exchange forward contract	EUR 54,141	USD 57,200	04.01.2023	(523)
Foreign exchange forward contract	USD 57,200	EUR 56,587	04.01.2023	2,968
Foreign exchange forward contract	EUR 54,183	USD 57,300	18.01.2023	(521)
Foreign exchange forward contract	USD 57,300	EUR 56,632	18.01.2023	2,968
Foreign exchange forward contract	EUR 40,605	GBP 34,890	25.01.2023	(1,301)
Foreign exchange forward contract	GBP 34,890	EUR 39,988	25.01.2023	686
Foreign exchange forward contract	USD 67,700	EUR 69,129	01.02.2023	5,782
Foreign exchange forward contract	USD 67,700	EUR 69,197	01.02.2023	5,850
Foreign exchange forward contract	INR 1,000,000	EUR 11,432	15.02.2023	189
Foreign exchange forward contract	INR 1,000,000	EUR 11,432	15.02.2023	189
Foreign exchange forward contract	USD 71,000	EUR 68,271	08.03.2023	1,996
Foreign exchange forward contract	USD 71,000	EUR 68,230	15.03.2023	1,979
Foreign exchange forward contract	CHF 12,400	EUR 12,614	22.03.2023	17
Foreign exchange forward contract	CHF 26,750	EUR 27,571	22.03.2023	395
Foreign exchange forward contract	USD 57,200	EUR 53,786	05.04.2023	473
Foreign exchange forward contract	USD 57,300	EUR 53,830	19.04.2023	471
Foreign exchange forward contract	GBP 34,890	EUR 40,425	26.04.2023	1,271

12 Share capital, treasury shares, and reserves

12.1 CAPITAL

In thousands of EUR	31.12.2023	31.12.2022
Issued and fully paid		
69,151,168 ordinary shares of EUR 0.001 each out of the bond conversion	69	69
Total issued and fully paid shares	**69**	**69**

At the annual general meeting held in June 2023, the shareholders renewed the authority granted to Directors to purchase up to 14.99% (2022: 14.99%) of the issued share capital of the Company.

During the reporting period, the Company did not buy back shares (2022: nil). No shares were canceled during the reporting period and no shares were held as treasury shares at the end of the reporting period (2022: nil).

The total authorized shares consist of 200,100,000 ordinary shares of EUR 0.001 each (total value EUR 200,100) (2022: 200,100,000 ordinary shares of EUR 0.001 each).

12.2 RESERVES

The Directors have decided to present Reserves and Retained earnings as one reserve, both of which are distributable reserves and similar in nature. This presentation remains consistent for the reporting period.

13 Commitments to Direct and Indirect Investments

In thousands of EUR	31.12.2023	31.12.2022
Unfunded commitments translated at the rate prevailing at end of period	115,294	103,325

14 Short-term credit facility

The Company may borrow under a multi-currency revolving credit facility with Lloyds Bank Corporate Markets plc. The purpose of the facility is to provide funding for the acquisition of underlying investments and other working capital requirements.

The facility is secured by way of a market standard security package including a pledge over the shares in Princess Private Equity Subholding Limited, a wholly owned subsidiary of the Company, and a pledge over ZKB Swiss and Credit Suisse bank accounts.

The Company must maintain a total net asset value of at least EUR 500,000,000 (2022: EUR 350,000,000) and a total asset ratio (total debt plus current liabilities as a percentage of restricted net asset value) not greater than 25%. The restricted net asset value of the Program means total net asset value less:

(a) the aggregate net asset value in the base currency, calculated using the exchange rate on the specified date, to the extent that it does not exceed the limits set out in the Diversity Tests as calculated based on (i) in respect of the period from the original date of this Agreement to and including the Reporting Switch Date, by reference to the most recent Quarterly Report or (ii) following the reporting switch date by reference to the most recent set of Annual Financial Statement, Semi-Annual Report or Quarterly Report; and

(b) to the extent that the value of any shares of the Borrower that are acquired as per definition of Permitted Acquisition which is included in total net asset value, the value of such shares. Permitted Acquisition is (i) the acquisition of a Private Equity Investment directly or indirectly by Subco given that certain conditions are met, including compliance with financial covenants and the Investment Policy; and (ii) the acquisition by the Borrower of its own shares in the market or by tender offer, as permitted by the Constitutional Documents and the Companies (Guernsey) Law, 2008, in order to mitigate any discount to the net asset value at which such shares are trading.

As at the end of the reporting period and the previous reporting period, no event of default has occurred.

Date of entering the agreement	27 July 2011
Amendment date	28 February 2023
Date of termination of the agreement	13 December 2026
Total lending commitment	EUR 140,000,000 (2022: EUR 110,000,000)
Basis of the interest on principal drawn is: Margin +	Interest is payable using EURIBOR in relation to any loan in EUR plus margin. The margin is subject to the loan-to-value and is stepped between 2.95% and 3.25%.

In thousands of EUR	31.12.2023	31.12.2022
Short-term credit facility		
Balance at beginning of period	-	25,000
Increase in credit facility	49,200	108,000
(Decrease) in credit facility	(30,200)	(133,000)
Balance at end of period	**19,000**	**-**

15 Incentive fees

In thousands of EUR	31.12.2023	31.12.2022
Balance at beginning of period	28,831	17,530
Change in incentive fees attributable to Investment Manager	11,027	18,829

In thousands of EUR	31.12.2023	31.12.2022
Incentive fees paid/payable	(2,125)	(7,528)
Balance at end of period	**37,733**	**28,831**
Incentive fees accrued	69,352	61,896
Incentive fee rebates accrued	(31,619)	(33,065)
Total net incentive fees	**37,733**	**28,831**

The incentive fee balance as at the end of each period presented above represents a net amount which consists of incentive fees accrued and incentive fee rebates accrued. Both net incentive fee balance as well as gross incentive fees accrued and incentive fee rebates accrued as at the end of each period are presented separately.

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 2023 and 2022.

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

In thousands of EUR	31.12.2023	31.12.2022
Net assets of the Group	979,245	1,011,304
Outstanding shares at the end of the reporting period	69,151,168.00	69,151,168.00
Net assets per share at period end	**14.16**	**14.62**

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. There is also counterparty risk from bank balances and derivatives (and money market instruments if held by the Group). That would be the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Group. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. During the reporting period, the Group discontinued the hedging of currency exposures. The Group now reports the underlying investment currencies on a monthly basis, to allow investors who prefer a hedged exposure to apply their own hedging overlay.

Following the transition of non-USD interbank offered rates ("IBORs") to alternative reference rates in previous reporting years, the Group successfully made the transition to appropriate reference rates when USD LIBOR ceased on 30 June 2023.

17.1 FOREIGN CURRENCY EXCHANGE RISK

The Group holds assets and liabilities denominated in currencies other than its Functional Currency. The value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The main currency risk for the Group results from assets and liabilities held in other currencies where a change of exchange rates can have a material impact on the value of assets and liabilities.

The annual volatility analysis uses cross-currency rates over the last ten years to the relevant period end in order to incorporate long-term rate volatility trends. The analysis is based on the assumption that the non-Functional Currency fluctuates by the annual volatility percentage, with all other variables held constant, and the amount by which the value of applicable net assets would correspondingly fluctuate higher or lower is presented below. The foreign currency exposures below are presented net of any foreign currency hedging instruments outstanding as at the end of the respective period.

In thousands of EUR	**31.12.2023**	**31.12.2022**
Net assets denominated in AUD	1	4
Net assets denominated in CHF	52,556	8,214
Net assets denominated in GBP	38,634	(1,444)
Net assets denominated in USD	430,879	77,847
Net assets denominated in INR	25,179	(2,691)
Net assets denominated in ILS	1	-
Applicable annual volatility AUD	7.85%	8.46%
Applicable annual volatility CHF	6.31%	6.30%
Applicable annual volatility GBP	6.55%	6.89%
Applicable annual volatility USD	7.51%	7.45%
Applicable annual volatility INR	7.85%	8.58%
Applicable annual volatility ILS	7.97%	7.57%
Fluctuation of net assets and corresponding results depending on above-mentioned volatility	**40,183**	**5,987**

17.2 INTEREST RATE RISK

The Group may invest in interest-bearing mezzanine and senior debt investments that are exposed to cash flow interest rate risk due to changes in market interest rates. The interest on mezzanine and senior debt investments is based on alternative reference rates. A decrease in the market interest rates can lead to a decrease in the interest income of the Group.

Cash and cash equivalents are only short-term and therefore interest rate exposure is limited. Excess cash balances may be placed into instruments with fixed interest rates when necessary. As at 31 December 2023, there were no term deposits (2022: nil).

The interest rates quoted against the general market are analyzed as part of the Group's liquidity monitoring process to ensure that these are competitive and action is taken when appropriate.

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

A change of 100 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 each relevant reporting period.

The risk exposures of the Group to variable rate instruments are presented in 'Variable Rate Instruments'. The sensitivity of the Group's variable rate instruments to movements in interest rates is presented as at the end of each relevant reporting period.

17.3 VARIABLE RATE INSTRUMENTS

In thousands of EUR	**31.12.2023**	**31.12.2022**
Mezzanine and senior debt investments	295	9,055
Cash and cash equivalents	9,744	14,851
Credit facility	(19,000)	-
Total variable rate instruments	**(8,961)**	**23,906**

17.4 SENSITIVITY ANALYSIS REPORTING PERIOD

In thousands of EUR	**100bp increase**	**100bp decrease**
Impact on variable rate instruments	(90)	90

17.5 SENSITIVITY ANALYSIS PREVIOUS REPORTING PERIOD

In thousands of EUR	**100bp increase**	**100bp decrease**
Impact on variable rate instruments	239	(239)

17.6 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. In addition, the Investment Manager regularly conducts a concentration risk analysis on the underlying investments and has concluded that no action needs to be taken.

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 typically limited to high credit quality financial institutions, which are governed by an internal rating system calculated based on publicly available data and takes into account the ratings assigned by credit rating agencies such as Moody's and Standard & Poor's. However, in certain rare circumstances, the Investment Manager's best execution committee has the authority to approve such transactions with specific counterparties who do not have ratings as a one-off authorization, with considerations related to best execution price, liquidity and availability of other counterparties. The Investment Manager ensures that 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 and senior debt facilities of private market 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 or senior debt facility will be closely and regularly monitored by the Investment Manager, with regular communications being held with the manager of the underlying investment so that the actual value can be assessed and, if necessary, written down. The amount of any unrealized loss is disclosed herein and the change of credit quality, if any, is reflected in the fair value of the instrument.

The Group provides mezzanine and senior debt 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.

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

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

The table 'Rating of Mezzanine and Senior Debt Investments' presents the classification of the Group's mezzanine and senior debt investments in the categories described above at the end of each reporting period presented. The tables 'Duration of Credit Risk Reporting Period' and 'Duration of Credit Risk Previous Reporting Period' present the duration of credit risk of the Group as at the end of each period, respectively.

17.7 RATING OF MEZZANINE AND SENIOR DEBT INVESTMENTS

In thousands of EUR	**31.12.2023**	**31.12.2022**
Too early	-	-
With issues	295	9,055
On plan	-	-
Above plan	-	-
Outperformer	-	-
Total	**295**	**9,055**

17.8 DURATION OF CREDIT RISK REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Derivative assets	-	-	-
Cash and cash equivalents	9,744	-	-
Other short-term receivables	4,245	-	-
Other long-term receivables	1,383	-	-
Mezzanine and senior debt investments	295	-	-

As at the end of the Reporting Period, the Group held cash of EUR 6,866,109 and EUR 2,877,533 with two International Swiss-based banking groups which at the date had a Standard & Poor's rating of Aaa and Moody's rating of A3, respectively.

17.9 DURATION OF CREDIT RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Derivative assets	24,711	-	-
Cash and cash equivalents	14,851	-	-
Other short-term receivables	3,867	-	-
Other long-term receivables	1,433	-	-
Mezzanine and senior debt investments	9,055	-	-

As at the end of the previous reporting period, the Group held cash of EUR 8,833,976 and EUR 6,016,526 with two international Swiss-based banking groups which at that date had ratings of Baa1 (Moody's) and Aaa (Moody's).

17.10 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, there may be periods when the Group appears to have inadequate liquidity to fund its investments or settle other amounts payable by the Group due to either changes in foreign currency exchange rates that may have an impact on the fair value of hedges and unfunded commitments to underlying investments or the receipt of recallable distributions from underlying investments that increase the unfunded commitments to such investments without a corresponding increase in unfunded commitments due from investors. The liquidity risk is managed through the use of quantitative models by the Investment Manager'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. The Group may address short-term illiquidity by means of third-party financing or by delaying or suspending the dividend. In the event of the risk of insufficient liquidity extending over a time horizon of at least twelve months into the future, the Group can seek additional liquidity by means of third-party financing or, alternatively, disposal of investments in the secondary market.

The tables 'Liquidity Risk Reporting Period' and 'Liquidity Risk Previous Reporting Period' present the maturity bands of the Group's assets and liabilities at the end of each period, respectively.

17.11 LIQUIDITY RISK REPORTING PERIOD

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Unfunded commitments to Direct and Indirect Investments	(115,294)	-	-
Liabilities falling due within one year	(27,858)	(37,733)	-
Derivative assets	-	-	-
Current assets	14,394	-	-
Other long-term receivables	-	-	1,383
Undrawn credit facility	121,000	-	-
Total	**(7,758)**	**(37,733)**	**1,383**

17.12 LIQUIDITY RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Unfunded commitments to Direct and Indirect Investments	(103,325)	-	-
Liabilities falling due within one year	(32,976)	(28,831)	-
Derivative liabilities	(1,822)	-	-
Derivative assets	22,496	2,215	-
Current assets	18,718	-	-
Other long-term receivables	-	-	1,433
Undrawn credit facility	110,000	-	-
Total	**13,091**	**(26,616)**	**1,433**

Liabilities falling due within a year predominantly comprise accrued incentive fees for an amount of EUR 37'732'991 (2022: EUR 28,831,537). While this amount is categorized as a one-year liability, this sum is subject to the realization of the respective investments.

17.13 OVERCOMMITMENT TO INVESTMENTS

As a result of maintaining a substantially full investment level over time, the Group may be subject to the risk of a shortfall of liquidity available to meet its obligations in extreme events when distribution from investments is delayed or drawdowns from commitments to funds are accelerated significantly beyond the expected values. To mitigate this risk, the development of liquidity available and the outlook for the net cash flows of the Group based on a quarterly assessment utilizing quantitative cash flow forecast models and prevailing market inputs are continuously monitored, and the Group may employ appropriate measures such as re-investing distributions received from an investment to fund capital calls from other investments. The investment strategy is based on the Investment Manager’s quantitative models, which use both top-down and bottom-up inputs to run scenarios that ultimately inform or limit the investment activity.

17.14 CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain a strong capital base so as to retain investor, creditor and market confidence with regards to its investment objectives. The Group's capital is represented by its total equity. The Board of Directors also monitors the level of discount between the market price of its equity and the Group's net asset value per share in open-market transactions. The Board has sought to manage the level of discount by regular communication with investors and the general market and is planning to implement a capital allocation policy in the next financial year as an additional tool to manage the discount level where appropriate.

As party to a credit facility contract, the Group is required to meet certain covenants and monitors its compliance with these externally imposed restrictions. The covenants and the Group's compliance with them are described in the 'Short-term credit facility' note (Note 14).

17.15 MARKET PRICE RISK

Financial assets at fair value through profit or loss held directly or indirectly bear risks of capital losses. This risk is moderated through a careful selection of investments within specified limits. The Group's investments are monitored on a regular basis and their performance is reviewed on a quarterly basis. The Group's performance is measured against MSCI Daily Total Return Net World Local Index which is used as its primary reference index. The Group checks on a regular basis the weightings of the index, its composition, price development and volatility in order to incorporate long-term price volatility trends.

The annual volatility of the reference index is shown based on the last ten years to the end of the relevant reporting period. Under the assumption that the financial assets at fair value through profit or loss fluctuate by the annual volatility percentage, with all other variables held constant, the fair value of such assets, if any, would fluctuate in direct proportion as presented below.

In thousands of EUR	**31.12.2023**	**31.12.2022**
Financial assets at fair value through profit or loss	1,029,059	1,030,071
Total assets subject to market risk	**1,029,059**	**1,030,071**
Annual expected volatility	14.08%	13.91%
Potential impact on audited consolidated financial statements	**144,892**	**143,283**

17.16 OFFSETTING FINANCIAL INSTRUMENTS

The Group is typically subject to master netting arrangements which are entered into with one or more derivative counterparties for all derivative assets and liabilities held with these counterparties. The Group may be required to maintain variation margin balances for the purpose of providing or receiving collateral on derivative positions.

The Group and its counterparties have elected, where possible, to settle payment obligations between them on a net basis; however, in the event of an early termination in accordance with the terms of the master netting arrangement, the non-defaulting party can choose an early termination date for close-out netting of all outstanding transactions between the parties. Under the terms of the master netting arrangements, an early termination event includes the following:

- Failure by a party to make payment when due;
- Failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within 20 business days after such failure;
- Bankruptcy of a party.

The Group's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are presented by type of financial instrument.

Amounts in "D" below relate to amounts subject to set-off that do not qualify for offsetting under "B" below. This includes amounts which are subject to set-off against the financial asset or financial liability disclosed in "A" which have not been offset in the audited consolidated statement of financial position.

17.17 OFFSETTING REPORTING PERIOD

There are no financial assets or liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as at the end of the reporting period.

17.18 OFFSETTING PREVIOUS REPORTING PERIOD

Financial assets subjected to offsetting, enforceable master netting arrangements, and similar agreements:

	A	B	C=A-B	D			E=C-D
in thousands of EUR							
31.12.2022	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set-off in the audited consolidated statement of financial position	Net amounts of financial assets presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position			Net amount
Derivative assets				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty A	8,768	523	8,245	-	-	8,070	175
Counterparty B	4,132	-	4,132	-	-	2,130	2,002
Counterparty I	6,467	-	6,467	-	-	6,020	447
Counterparty Q	17	-	17	-	-	-	17
Counterparty AH	5,850	-	5,850	-	-	5,730	120

Financial liabilities subjected to offsetting, enforceable master netting arrangements, and similar agreements:

	A	B	C=A-B	D			E=C-D
in thousands of EUR							
31.12.2022	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set-off in the audited consolidated statement of financial position	Net amounts of financial liabilities presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position			Net amount
Derivative liabilities				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty B	1,822	-	1,822	-	-	-	1,822

17.19 STRUCTURED ENTITIES

IFRS 12 'Disclosure of interests in other entities' requires the Group to disclose details regarding structured entities invested into by the Group. A structured entity in accordance with IFRS 12 is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- Restricted activities.
- A narrow and well-defined objective, such as to provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors.
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support.
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group considers all Indirect Investments held to be structured entities. Indirect Investments are included within the line item 'Financial assets at fair value through profit or loss' in the audited consolidated statement of financial position. Unrealized gains/losses arising from such Indirect Investments are accounted for within the line item 'Revaluation' in the audited consolidated statement of comprehensive income. The risk concentration of the Indirect Investments is disclosed with respect to geographic region and investment strategy. The net asset value of each line represents the fair value of the respective Indirect Investments as well as the maximum exposure to loss resulting from such investments.

17.20 STRUCTURED ENTITIES REPORTING PERIOD

NAV in thousands of EUR	31.12.2023
Region & Strategy	
North America	
Buyout	216,947
Special situations	13,210
Venture capital	55
Western Europe	
Buyout	158,037
Real estate	77
Venture capital	7,600
Infrastructure	15,231
Rest of World	
Buyout	2,042
Venture capital	4,848

17.21 STRUCTURED ENTITIES PREVIOUS REPORTING PERIOD

NAV in thousands of EUR	31.12.2022
Region & Strategy	
North America	
Buyout	276,267
Special situations	14,035
Venture capital	1,131
Western Europe	
Buyout	213,651
Real estate	105
Venture capital	7,805
Infrastructure	14,478
Rest of World	
Buyout	7,051
Venture capital	8,561

18 Fair value measurement

IFRS 13 'Fair value measurement' 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 observable prices or firm broker quotes) or indirectly (that is, derived from observable prices including discount adjustments to quoted prices in the case of regulatory restrictions to sell such securities) (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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Group. The Group 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.

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

Any derivatives used for hedging and short-term investments valued using market dealer quotes can be redeemed at the fair value measured and are therefore classified in level 2.

Level 3 comprises unquoted investments where the latest information, which may not coincide with the reporting date of the Group or the valuation date of the investments, provided by underlying investments and other business partners is reviewed, and widely recognized methods applied to value such investments are detailed in the 'Critical accounting estimates and judgements' note.

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

Transfers between level 1, 2 and 3, if any, are deemed to have happened at the end of the relevant reporting period.

The Group's classification of financial assets and liabilities measured at fair value in the fair value hierarchy described above is presented as at the end of the relevant reporting period.

18.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	4,245	4,245
Derivatives used for hedging	-	-	-	-
Financial assets at fair value through profit or loss - equity securities	-	-	1,008,436	1,008,436
Financial assets at fair value through profit or loss - debt investments	-	-	20,623	20,623
Total assets	**-**	**-**	**1,033,304**	**1,033,304**
Liabilities				
Derivatives used for hedging	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**

During the reporting period, there were no transfers between level 3 and levels 1 and 2 of the fair value hierarchy.

18.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	3,867	3,867
Derivatives used for hedging	-	24,711	-	24,711
Financial assets at fair value through profit or loss - equity securities	-	-	1,007,935	1,007,935
Financial assets at fair value through profit or loss - debt investments	-	-	22,136	22,136
Total assets	**-**	**24,711**	**1,033,938**	**1,058,649**
Liabilities				
Derivatives used for hedging	-	(1,822)	-	(1,822)
Total liabilities	**-**	**(1,822)**	**-**	**(1,822)**

During the previous reporting period, there were no transfers between level 3 and levels 1 and 2 of the fair value hierarchy.

18.3 FINANCIAL STATEMENT LINE ITEMS NOT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

All assets and liabilities presented in the audited consolidated statement of financial position, except for those measured at fair value in accordance with IFRS 13, are measured at either amortized cost or their face value, both of which are deemed to be a reasonable approximation of their fair values.

In conjunction with the fair value hierarchy disclosed in the 'Fair value measurement' note (Note 18):

- Cash and cash equivalents as well as bank overdrafts are measured at values that would be reflective of level 1 prices. These include cash in hand, deposits held with banks, money market funds, other short-term investments in active markets and bank overdrafts.
- Other receivables are measured at values that would be reflective of level 3 prices. These include contractual amounts for settlement of trades and other obligations due to the Group.
- Accruals and other short-term payables represent the contractual amounts and obligations due by the Group for settlement of trades and expenses and are measured at values that would be reflective of level 2 prices, except for incentive fee accruals due by the Group which are reflective of level 3 prices.
- Deferred payments are measured at values that would be reflective of level 2 prices. These consist of payments for financial assets purchased and receivables for financial assets sold, for which it was agreed with the contractual counterparty to defer one or more payment installments.
- Borrowings include credit facilities and loan granted to the Group and are measured at values that would be reflective of level 2 prices.
- Equity is a residual amount calculated by subtracting the total liabilities of the Group from the total assets of the Group. As the lowest level of input that is significant to the fair value measurement of the inputs into this equation is level 3, the values at which equity is measured would be reflective of level 3 prices.

18.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

The Group primarily presents Level 3 investments using valuation techniques and inputs which consider the available underlying investment valuation information. Level 3 investments may consist of Equity instruments, Debt instruments, and Partnership investments. Partnership investments, if presented, include the Group's investments into external investment vehicles. Level 3 Partnership investments are generally valued at the Partnership investments' net asset values last reported by its governing bodies. When the reporting date of such net asset values does not coincide with the Group's reporting date, the net asset values are adjusted as a result of cash flows to/from a Partnership investment between the most recently available net asset value reported, and the end of the relevant reporting period. The valuation may also be adjusted for further information gathered through an ongoing investment monitoring process. This monitoring process includes, but is not limited to, binding bid offers, non-public information on developments of portfolio companies held by Partnership investments, syndicated transactions which involve such companies and the application of reporting standards by Partnership investments which do not apply the principle of fair valuation.

The main inputs into the Group's valuation models for Equity and Debt instruments include: EBITDA multiples (based on budgeted/forward looking EBITDA or historical EBITDA of the issuer and EBITDA multiples of comparable listed companies for the equivalent period), discount rates, capitalization rates, price to book as well as price to earnings ratios and enterprise value to sales multiples. The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments and adjusts the model as deemed necessary. Further inputs consist of external valuation appraisals and broker quotes.

In order to assess level 3 valuations in accordance with the Constituent Documents, the performance of the investments held is reviewed on a regular basis. The appropriateness of the valuation model inputs, as well as the valuation result, is considered using various valuation methods and techniques generally recognized within the industry. From time to time, the Group may consider it appropriate to change the valuation model or technique used in the fair valuation depending on the individual investment circumstances, such as its maturity, stage of operations or recent transaction.

The Group typically utilizes comparable trading multiples in arriving at the valuation for the Equity instruments. Comparable companies multiple techniques assume that the valuation of unquoted Equity instruments can be assessed by comparing performance measure multiples of similar quoted assets for which observable market prices are readily available. Factors considered in the determination of appropriate comparable public companies include industry, size, development stage, and strategy. Consequently, the most appropriate performance measure for determining the valuation of the relevant Equity instrument is selected (these include but are not limited to EBITDA multiples, price to earnings ratio for earnings or price to book ratio for book values). Trading multiples for each comparable company identified are calculated by dividing the enterprise value or market capitalization of the comparable company by the defined performance measure. The relevant trading multiples might be subject to adjustment for general qualitative differences such as liquidity, growth rate or quality of customer base between the valued Equity instrument and the comparable company set. The indicated fair value of the Equity instrument is determined by applying the relevant adjusted trading multiple to the identified performance measure of the valued company.

The valuation of an Equity instrument may alternatively be derived using the discounted cash flow method by discounting its expected future cash flows to a present value at a rate of expected return that represents the time value of money and reflects its relative risks. Equity instruments can be valued by using the 'cash flow to investor' method (a debt instrument valuation), or indirectly, by deriving the enterprise value using the 'free cash flow to company' method and subsequently subtracting the investment's net debt in order to determine the equity value of the relevant investment. The expected future cash flows are determined based on agreed investment terms or expected growth rates. In addition, based on the current market environment an expected return of the respective Equity instrument is projected. The future cash flows are discounted to the date of the relevant reporting period end in order to determine the fair value.

Debt instrument valuations are derived by applying widely acceptable valuation methods suitable for Debt instruments which include, but are not limited to, using reliable broker quotes and the comparable debt approach.

Reliable broker quotes for Debt instruments are provided by a reputable financial information provider. These quotes are applied on the nominal value of such investments plus accrued interest (where applicable) to derive the fair value. The comparable debt approach arrives at the valuation of a Debt instrument by discounting its expected future cash flows to a present value with a benchmark rate derived from observable pricing levels of comparable debt instruments. Factors considered in the determination of such comparable instruments include, but are not limited to, industry, coupon, duration and maturity date.

The Group utilizes the sales comparison method in arriving at the valuation for real estate investments, which are categorized under Equity instruments. The sales comparison method compares a real estate investment's characteristics with those of comparable properties which have recently been traded in the market. Factors considered in the determination of such comparable assets include, but are not limited to, size, location, development stage and property type. Consequently, the most appropriate measure for determining the valuation of the relevant real estate investment is selected (amongst others price per square foot, price per square meter). The comparable price per unit might be subject to adjustment for general qualitative differences which include, but are not limited to, quality of property and access to public transportation. The indicated fair value of the real estate investment is determined by applying the relevant price per unit to the respective real estate investment. The sales comparison method is most appropriate for real estate investments where the investment's size (e.g. square feet, square meters) is known and similar properties have recently traded in the market.

The income method compares a real estate investment's net operating income to capitalization rates recently observed in the market to determine the present value. The capitalization rates from recent sales of comparable properties utilized in this method might be subject to adjustment for general qualitative differences which include, but are not limited to, quality of property, tenant mix and access to public transportation. Factors considered in the determination of such comparable properties include, but are not limited to, size, location, development stage and property type. The indicated fair value of the real estate investment is determined by applying the relevant capitalization rate to the real estate investment's net operating income. This method is most appropriate for income-generating real estate investments where the net operating income is known and similar properties have recently traded in the market.

The valuation of level 3 Equity instruments derived using an unobservable input factor is directly affected by a change in that factor. The change in valuation of level 3 Equity instruments may vary between different investments of the same category as a result of individual levels of debt financing within such an investment.

No interrelationship between unobservable inputs used in the Group's valuation of its level 3 investments has been identified.

The Group presents investments whose fair values are measured in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions.

Equity and Debt instruments may include certain investments using the valuation technique "Reported fair value". The Group receives external reporting where fair valuation of such investment is provided, hence their fair value is based on reported fair value rather than a direct investment valuation.

The sensitivity analysis presents the potential change in fair value for each category of investments in absolute values. For a 5% movement in the significant unobservable input employed in the relevant valuation model, the corresponding incremental change in valuation of the investment is calculated.

With respect to real estate equity investments, the sensitivity analysis as performed for Equity instruments, with changes in the relevant unobservable valuation inputs, would not translate into meaningful valuation movements. The reasons for this conclusion include, but are not limited to, the fact that variations in property location, quality and business plan result in comparisons across properties that are not meaningful. Unobservable inputs for a specific region will vary greatly based on the property's micro location, building finishes and amenities and leasing strategy. One-to-one comparisons are not possible even for buildings that are physically close to each other due to the differences in property features and occupancy.

A sensitivity analysis is generally not performed for Equity and Debt instruments that have been invested into within the last three months of the relevant reporting period and where the acquisition cost was deemed to be fair value in accordance with IFRS 13 as insufficient time has passed to determine a reliable sensitivity range based on valuation inputs that would be considered appropriate by market participants.

18.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.12.2023	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
Fair value in thousands of EUR						
Equity Instruments	948,459	Market comparable companies	Enterprise value to EBITDA multiple	7.50x- 35.20x (16.88x)	78,095	(78,095)
	41,685	Discounted cash flow	Discount factor	14.00% - 16.75% (14.55%)	1,312	(1,312)
	25,046	Exit price	Recent transaction price	n.a.	n.a.	n.a.
	15,811	Market comparable companies	Price to book ratio	1.90x - 1.90x (1.90x)	791	(791)
	12,212	Market comparable companies	Enterprise value to sales multiple	2.10x- 20.40x (6.81x)	761	(761)
	419	Reported fair value	Reported fair value	n.a	21	(21)

Debt Instruments	4,836	Discounted cash flow	Discount factor	12.00% - 20.00% (16.03%)	55	(55)
	1,292	Market comparable companies	Enterprise value to EBITDA multiple	11.00x - 11.00x (11.00x)	n.a.	n.a.
	320	Market comparable companies	Enterprise value to sales multiple	2.80x - 2.80x (2.80x)	n.a.	n.a.
	81	Exit price	Recent transaction price	n.a.	n.a.	n.a.
Partnership Investments	10,333	Adjusted reported net asset value	Reported net asset value	n.a.	517	(517)
	454	Adjusted reported net asset value	Fair value adjustments	n.a.	23	(23)
	1,060,948	Total				
	(31,889)	Amounts from Partners Group investment vehicles				
	1,029,059	Total level 3 investments				

n.a. - not meaningful as outlined in the note above

The amounts from Partners Group investment vehicles pertain to non-investment related assets/(liabilities) and/or any difference in fair value classification of its underlying investments. In certain cases, this may also include underlying investments that are measured under level 1 or level 2 but presented under level 3 in fair value measurement note since the investments are held under external partnership investments.

18.6 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

Type of security	**Fair value at 31.12.2022**	**Valuation technique**	**Unobservable input**	**Range (weighted average)**	**Sensitivity**	
Fair value in thousands of EUR						
Equity Instruments	930,259	Market comparable companies	Enterprise value to EBITDA multiple	5.00x- 34.00x (15.94x)	77,861	(77,861)
	35,721	Discounted cash flow	Discount factor	13.45% - 14.30% (14.17%)	255	(255)
	13,854	Market comparable companies	Price to book ratio	1.68x - 1.68x (1.68x)	693	(693)
	10,201	Recent financing/transaction	Recent transaction price	n.a.	n.a.	n.a.
	8,819	Market comparable companies	Enterprise value to sales multiple	2.60x- 22.30x (8.23x)	424	(424)
	671	Exit price	Recent transaction price	n.a.	n.a.	n.a.
	455	Reported fair value	Reported fair value	n.a	22	(22)
Debt Instruments	8,994	Broker quotes	Indicative quotes for an inactive market	n.a.	n.a.	n.a.
	7,626	Discounted cash flow	Discount factor	13.00% - 23.00% (15.78%)	165	(165)
	81	Exit price	Recent transaction price	n.a.	n.a.	n.a.

Partnership Investments	24,272	Adjusted reported net asset value	Reported net asset value	n.a.	1,214	(1,214)
	9	Adjusted reported net asset value	Fair value adjustments	n.a.	0	0
	1,040,962	Total				
	(10,891)	Amounts from Partners Group investment vehicles				
	1,030,071	Total level 3 investments				

n.a. - not meaningful as outlined in the note above

The amounts from Partners Group investment vehicles pertain to non-investment related assets/(liabilities) and/or any difference in fair value classification of its underlying investments. In certain cases, this may also include underlying investments that are measured under level 1 or level 2 but presented under level 3 in fair value measurement note since the investments are held under external partnership investments.

19 Related party transactions and balances

A related party to the Group is an entity or person 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 operating decisions or is a member of the key management team, including their immediate families, of the Group or its Board of Directors. Entities are also related where they are members of the same group.

In this regard, the following are considered related parties in the context of these audited consolidated financial statements: Partners Group Holding AG, all entities owned and controlled by Partners Group Holding AG, all entities advised by Partners Group AG, and each of their key management.

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

19.1 TRANSACTIONS

In thousands of EUR	**31.12.2023**	**31.12.2022**
Management fee expenses	**15,535**	**13,874**
Partners Group AG	15,535	13,874
Administration fee expenses	**474**	**471**
Partners Group (Guernsey) Limited	474	471
Service fee expenses	**292**	**208**
Partners Group AG	292	208
Incentive fee expenses	**11,027**	**18,829**
Partners Group AG	11,027	18,829
Incentive fee paid	**(2,125)**	**(7,528)**
Partners Group AG	(2,125)	(7,528)
Directors' fee expenses:	**280**	**294**
Invested amounts and distributions from / (to) Partners Group advised products (investment side), net	**37,007**	**87,781**

Investments in Partners Group advised products at the end of the Reporting Period amounted to EUR 941,631,978 (2022: EUR 1,161,415,890).

19.2 PERIOD-END BALANCES

In thousands of EUR	31.12.2023	31.12.2022
Other short-term receivables	**873**	**666**
Partners Group affiliated entities	872	666
Receivable from Investments	1	-
Accruals and other short-term payables	**(6,364)**	**(10,006)**
Partners Group affiliated entities	(6,270)	(10,006)
Payable to Investments	(94)	-
Accrued incentive fee	**(37,733)**	**(28,831)**
Partners Group AG	(37,733)	(28,831)
Investments in Partners Group advised products	**941,632**	**1,161,416**
Fair value of investments advised by Partners Group or related parties	**696,669**	**682,005**

20 Group entities - significant subsidiaries

Princess Private Equity Subholding Limited
Incorporated in Guernsey
Ownership interest as at 31 December 2023 and 31 December 2022: 100%
Activity: Investment services company

Princess Direct Investments, L.P. Inc.
Incorporated in Guernsey
Ownership interest as at 31 December 2023 and 31 December 2022: 100%
Activity: Investment services partnership

21 Events after the reporting date

Two additional directors were appointed to the Board after the reporting date: Axel Holtrup was appointed on 15 February 2024 and Gerhard Roggemann was appointed on 21 March 2024.

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

22 Approval of these financial statements

The Board of Directors approved these audited consolidated financial statements on 22 March 2024.

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Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Registered Office
Princess Private Equity Holding Limited
Tudor House
Le Bordage
St. Peter Port
Guernsey, GY1 6BD
Channel Islands

Info: www.princess-privateequity.net

Registered number: 35241

Administrator
Partners Group (Guernsey) Limited
Tudor House
Le Bordage
St. Peter Port
Guernsey, GY1 6BD
Channel Islands

Independent Auditor
PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey, GY1 4ND
Channel Islands

Investor Relations
Partners Group AG
Andreea Mateescu
Zugerstrasse 57
6341 Baar-Zug
Switzerland
+41417846673
princess@partnersgroup.com

Investment Manager
Partners Group AG
Zugerstrasse 57
CH-6341 Baar-Zug
Switzerland

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