Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Annual Report 2019

Audited consolidated financial statements for the period from 1 January 2019 to 31 December 2019

Princess Private Equity Holding Limited

Princess Private Equity Holding Limited ("Princess" or the "Company") is an investment holding company domiciled in Guernsey that mainly invests in private companies in the middle and upper middle market. Princess is a direct investor with a small legacy fund portfolio that is in run off. The Company is advised by Partners Group AG. 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.

Key figures

In EUR	31 December 2018	31 December 2019
Total fund size	753'654'265	**868'679'647**
NAV per share	10.90	**12.56**
Total dividend per share	0.56	**0.58**
Share price	8.40	**10.90**
Discount	-22.9%	**-13.2%**
Cash and cash equivalents	26'496'950	**22'571'655**
Credit line used	35'000'000	**47'500'000**
Value of investments	758'633'349	**921'350'988**
Unfunded commitments	93'775'304	**79'631'152**
Investment level	100.7%	**106.1%**
Net current assets	-4'979'085	**-52'671'341**

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 total fund size.

Net current assets: as per reporting date, calculated based on net asset value less total investments at fair value through profit or loss.

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1. Chairman's report

Dear Valued Investor,

As Chairman of the Board of Princess Private Equity Holding Limited ("Princess" or "the Company"), I am pleased to present the 2019 Annual Report and audited consolidated financial statements.

In 2019, Princess' NAV performed positively and closed the reporting period at EUR 12.56 per share. This represents an increase of 15.2% and, including the increased dividends of EUR 0.58 per share, results in a NAV total return of 21.1% over the last twelve months. The performance of underlying portfolio companies was the main driver behind the favorable NAV development. Princess' share price total return was 37.4% over 2019, reflecting both the positive NAV return and a reduction in the discount of the Company's share price to NAV. The discount closed the reporting period at 13.2% compared to 22.9% at the end of December 2018.

Dividends paid to shareholders in 2019 amounted to EUR 0.58 per share, an increase of 3.6% on the prior year. The total dividend of EUR 40.1 million was more than two and a half times covered by portfolio distributions. This is the ninth consecutive year of dividend payments and the Board confirms its intention to continue to pay dividends in the range of 5-8% p.a. on opening NAV per share.

Princess received distributions of EUR 104.1 million during the year, representing 13.8% of opening value of investments. Princess' direct portfolio was the key driver of proceeds, generating EUR 60.3 million. This included the full exits of Vermaat and Agiliti as well as the ongoing sale of shares in Ceridian HCM. The largest individual contributor was Vermaat, from which EUR 18.0 million was received in the fourth quarter. Reflecting its maturity, Princess' legacy fund portfolio continued to generate a high volume of exits, totaling EUR 38.9 million. During 2019, Partners Group, in its capacity as Investment Advisor to Princess, remained highly selective in its investment process, deploying a total of EUR 69.3 million on behalf of the Company.

Princess closed the year with an investment level of 106.1%, funded by drawings on the Company's credit facility. Post period-end, the Company agreed to extend the maturity of the facility for four years, and to increase the size from EUR 50 million to EUR 80 million. This increase reflects the growth in the Company's net assets and provides additional resources to meet short-term liquidity requirements. The facility will not be used for structural leverage; rather it provides flexibility to manage Princess' balance sheet efficiently.

The Board welcomes the increasing focus from stakeholders on responsible investment. An Environmental, Social, and Governance (ESG) section has been introduced to the Annual Report for the first time. This describes how the Investment Advisor embeds ESG factors in the investment and value creation process and includes case-studies for two of Princess' portfolio companies.

Since the year end we have seen the development of the coronavirus covid-19 outbreak initially in China and now reaching most continents. At present it is not possible to assess the detailed impact, of this emerging risk, on the companies in our portfolio but there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets in the last few weeks. The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in our portfolio.

My fellow Directors and I thank you for the continued trust you have shown in Princess. We believe that Princess continues to represent an attractive investment opportunity, providing shareholders with exposure to a global portfolio of leading private companies. The Board's focus remains on creating value for shareholders and we will continue to work with the Company's Investment Advisor to achieve this goal.

Richard Battey
Chairman

2. Private equity market overview

Macroeconomic activity

Global growth slowed materially throughout the year. According to the International Monetary Fund (IMF), global real GDP growth eased to an estimated 2.9% from 3.6% in 2018, after deceleration across the developed world as well as the emerging markets. Geopolitical risk remains elevated, tied to various developments in US foreign policy and domestic politics. In Europe, Germany's economy in particular was adversely affected by the manufacturing slowdown, easing foreign demand and uncertainty surrounding Brexit and trade conflicts. China posted the weakest growth rate in 29 years, at 6.1%. Financial conditions in the second half of the year turned more expansionary and the last quarter of 2019 showed tentative signs of a bottoming in the manufacturing sector (in China and parts of Europe). On a positive note, private demand across the globe stayed resilient. Low rates of unemployment and modest rates of inflation continued to support real wage growth and rising disposable incomes. In response to the deceleration, many central banks around the world eased monetary policy by cutting rates while the US Federal Reserve and the European Central Bank restarted asset purchases.

Private equity buyout activity

Aggregate global private equity buyout activity for 2019 declined by 18.8% year on year to USD 400.7 billion, as the number of deals decreased by 20.3% to 5'175, according to Preqin. Notwithstanding, large-cap and upper mid-cap investments with a transaction value of more than USD 1 billion continued to dominate buyout activity, accounting for 70.7% of aggregate deal value.

North America dominated global buyout deal activity, marking 53.5% of total deal value in 2019. On a year-on-year basis, overall buyout activity in North America decreased by 23.7% to USD 214.3 billion in aggregate across 2'769 transactions. The year started with the largest transaction for the region in January, underscored by the USD 22 billion acquisition of payment processor First Data. The deal with US financial technology provider Fiserv was also one of the largest acquisitions in the financial technology sector.

Private equity buyout activity in Europe concluded at USD 112.1 billion, reducing 24.2% compared to the previous year. From among the 1'774 transactions during the year, Galderma, rebranded from Nestlé Skin Health, emerged as the world's largest independent global dermatology company. Swedish private equity firm EQT led an investment consortium in the USD 10.2 billion (CHF 10.2 billion) carve-out acquisition, which completed in October 2019.

Buyout aggregate deal value in Asia increased 33.2% to USD 55.8 billion year on year, as the decrease in deal count from 432 to 373 was offset by the significant increase in average transaction value that rose by 47.1% to approximately USD 330 million per deal. China's push to reduce state ownership in highly competitive industries culminated in Hillhouse Capital's successful bid to acquire a 15% stake in Gree Electric Appliances, China's largest air-conditioner maker, for CNY 40 billion (USD 5.7 billion), which was the largest deal in the region.

Private equity exit activity

Global private equity exit activity in 2019 decreased in number by around 26% year on year, to 1'715 transactions totaling USD 279.4 billion, according to Preqin. Trade sale remains the most utilized exit strategy, accounting for 48% of total exit value.

North America took the lion's share of global private equity exit activity, constituting close to half of total deal count, which was slightly higher than in the previous year. Aggregate exit value for the region reached USD 142.7 billion across 877 transactions. The largest exit announced in the region was the take-private acquisition of payment processor First Data by Fiserv, a US financial technology provider, in a USD 22 billion all-stock deal.

In Europe, 694 exits were completed in 2019, a decrease of 27.4% year on year by deal count, generating an aggregate value of USD 94.5 billion. The largest sale in the region was London Stock Exchange's purchase of financial information firm Refinitiv for USD 27 billion, turning London Stock Exchange into a global markets and information provider.

Exit activity in Asia-Pacific fell by 26.8% year on year to 144 exits valued at an aggregate of USD 42.2 billion. However, in the largest private real estate transaction on record, Blackstone bought USD 18.7 billion worth of logistics assets from GLP, a Singapore-based logistics developer and operator of logistics facilities.

IPO activity

2019 was relatively quiet in terms of IPO activity despite more mega IPOs (those with proceeds above USD 500 million) issued, as geopolitical and trade tensions around the world took their toll. Ernst & Young reported that both global IPO volume and IPO proceeds were lower year on year in 2019, decreasing by 19% to 1'115 in count and by 4% to USD 198 billion, respectively. Two of the largest and long-awaited IPOs, however, came to the market in the fourth quarter of 2019. Topping the list is Saudi Arabian Oil Company's (Saudi Aramco) listing, which is the largest IPO of 2019 and the largest IPO on record by proceeds at USD 25.6 billion. The Hong Kong IPO of China's largest e-commerce company Alibaba Group came in second at USD 12.9 billion, helping the technology sector stay in top position in 2019 by deal numbers and proceeds.

For the full year 2019, US IPO activity was down year on year. A total of 165 IPOs generated USD 50 billion in proceeds, representing year-on-year decreases of 20% and 5%, respectively. Healthcare and technology companies dominated US IPO activity, accounting for 44% and 32% by deal count, respectively. US-based ride-hailing company Uber Technologies' USD 8.1 billion listing on the New York Stock Exchange was the most significant IPO for the year.

IPO activity in the EMEIA (Europe, Middle East, India and Africa) region for 2019 picked up strongly in the fourth quarter with the launch of four mega IPOs in the energy, media and entertainment, materials and technology sectors. The abovementioned transaction for Saudi Aramco was the largest IPO by proceeds for the region when its listing raised USD 25.6 billion. Overall, IPO proceeds increased 14% year on year to USD 54.2 billion across 234 transactions. However, the region's high exposure to geopolitical tensions and uncertainties (more so than the Americas and Asia-Pacific) is reflected in a drop in the number of IPOs, which fell by 47% in 2019.

In the Asia-Pacific market, technology, industrials and materials posted the highest deal numbers in 2019. IPO deal count softened by 1% year on year to 668, while proceeds declined 8% to USD 89.9 billion. The largest IPO in the region was the abovementioned listing of Alibaba Group on the Hong Kong Stock Exchange.

Fundraising activity

Private equity fundraising activity declined in 2019, falling 4.8% year on year to USD 598.5 billion across 1'342 funds, according to Preqin. The ten largest funds raised a total of USD 159.3 billion, led by China Integrated Circuit Industry Investment Fund II, with a fund size of USD 29.7 billion. Meanwhile, private equity dry powder reached a record-high of USD 1.6 trillion as of December 2019.

North America-focused funds continued to lead global fundraising efforts, with USD 378.8 billion raised across 742 funds. The average fund size is larger than ever, reaching USD 574 million versus USD 551 million on average in 2018. Blackstone Capital Partners VIII held its final closing in August 2019 at USD 26 billion, representing 6.9% of aggregate capital raised in the region.

Europe-focused funds closed the year with a total of USD 104.2 billion in investor commitments. Although aggregate capital raised fell by 4.6%, the average fund size grew by 10.0%. The largest of the 220 funds that held its final closing during the year was Permira VII, with a fund size of USD 12.1 billion.

Asia-focused funds raised USD 102 billion in 2019, declining by 18.7% year on year in total capital raised. However, despite almost half the number of funds (285 funds) closed compared to 2018, the average fund size grew 57.5%. The largest fund that held its final close was the abovementioned China Integrated Circuit Industry Investment Fund II, closing at USD 29.7 billion.

Outlook

Going forward, Partners Group continues to believe the global expansion has further to run on the back of robust private demand and the sharp reversal in monetary policy. Valuations for many asset classes are stretched in the historical context, supported by low discount rates and optimistic growth expectations rather than sound fundamentals. We prudently assume multiple contraction in our underwriting to account for the high valuation environment and elevated uncertainty. In addition, we consistently test assets for periods of economic headwinds, including how assets would perform in periods of negative economic growth and rising rates.

Sources: World Economic Outlook Update January 2020; Preqin "Q4 2019 Buyout Deals and Exits"; EY "Global IPO trends: Q4 2019"; 2019 Secondary Market Report - Evercore; 2019 Secondary Market Trends - Greenhill; Preqin Investor Update Alternative Assets H2 2019; Secondaries Investor Data; Partners Group Research.

3. Investment Advisor's report

Positive NAV development in 2019

The net asset value ("NAV") of Princess Private Equity Holding Limited ("Princess" or "the Company") closed the financial year at EUR 12.56 per share. Including the annual dividend of EUR 0.58 (2018: EUR 0.56), this represents a total return of +21.1% for 2019 (2018: +6.8%). Share price total return over the same period was +37.4%, reflecting a narrowing of the Company's discount to NAV.

Portfolio developments (+25.5%) were the main driver of NAV growth, while currency movements over the year were slightly negative (-0.3%). The largest contributors to Princess' NAV growth over 2019 were the investments in Permotio International Learning ("Permotio"), Action, GlobalLogic and KinderCare Education ("KinderCare").

● PERMOTIO INTERNATIONAL LEARNING

Permotio, an investment vehicle formed to create a leading international schools group through a "buy and build" strategy, was positively revalued on the back of strong financial performance during 2019. For the twelve months ended 30 September 2019, revenue increased by 57.3% year on year to EUR 267.0 million and adjusted EBITDA grew 92.3% over the same period to EUR 81.3 million. This was primarily attributable to add-on investments, which included several schools in South America, the USA and Malaysia, as well as the strong organic growth of the existing schools within the platform.

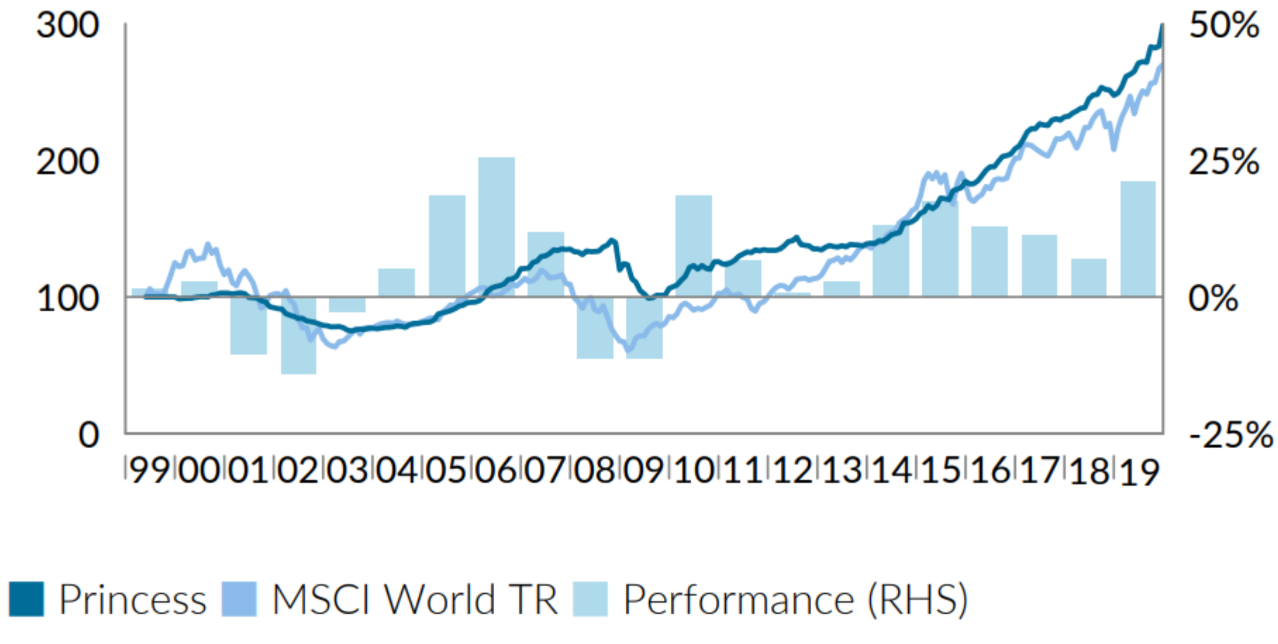
● ACTION

Action, the leading European non-food discount retailer, continued to expand its European footprint. From 250 stores in 2011, Action now operates over 1'440 stores across Benelux, Germany, France, Poland and Austria. In November 2019, Partners Group agreed to sell its equity stake in Action to Hellman & Friedman, a US-headquartered private equity firm. Alongside other funds managed and/or advised by Partners Group, Princess will fully realize its investment in Action. As of year-end 2019, Action's carrying value reflects the agreed exit valuation and represents a return of 35.7x invested capital and an annual IRR of 76%.

● GLOBALLOGIC

GlobalLogic, a global provider of software product engineering services, increased its EBITDA primarily due to continued top-line double-digit growth, and supported by the recent add-on acquisition of Skookum, a US-based digital strategy, design and development company. Skookum's core offerings complement GlobalLogic's existing portfolio of services and strengthen the company's market position in technology hubs in Charlotte and Denver, as well as adding on-site delivery capabilities to GlobalLogic's service offerings.

NAV PERFORMANCE (SINCE INCEPTION)*



*As per reporting date. The Princess performance is calculated on a total return basis.

KINDERCARE EDUCATION

KinderCare, the largest private early education provider in the US, reported an increase in revenue and EBITDA. In 2020, the company will accelerate new center openings and will continue with its digitalization strategy, both to drive enrollment numbers. As an example, it is planned to roll out the new KinderCare mobile app for families also in the Rainbow Child Care Center, which was acquired in August 2018. In addition, KinderCare will focus on margin improvements.

Investment activity

Princess invested a total of EUR 69.3 million in 2019 (2018: EUR 157.0 million) in seven major transactions and one add-on investment in Permotio.

Total investments for 2019

Investment	Strategy	Amount (EUR million)
Nestlé Skin Health	Equity	9.7
Axel Springer SE	Equity	9.2
Convex Group	Equity	8.9
Permotio International Learning (Follow-on)	Equity	8.0
Idera	Equity	7.9
Blue River PetCare, LLC	Equity	4.8
Confluent Health	Equity	3.3
BCR Group	Equity	2.2
Schleich GmbH	Equity	2.0
Other		13.3
Total investments for 2019		**69.3**

The largest new investments in the fourth quarter were:

NESTLÉ SKIN HEALTH

In October, Princess invested EUR 9.7 million in Nestlé Skin Health, a carve-out from food and beverage company Nestlé, together with a consortium of investors led by private equity firm EQT Partners. Galderma, rebranded from Nestlé Skin Health, is the world's largest independent global dermatology company operating three business divisions: aesthetics, prescription and consumer. Partners Group considers Galderma as well positioned for long-term growth in the highly attractive dermatology sector, which is driven by an aging population and a rising middle class in emerging markets.

AXEL SPRINGER SE

Princess invested EUR 9.2 million in Axel Springer SE during December. Partners Group, alongside KKR & Co. and other investors, completed the voluntary public tender offer for Axel Springer SE. Founded in 1946, Axel Springer is a publishing house based in Berlin, Germany. The company operates a portfolio of online classified portals as well as print and digital content properties across more than 40 countries.

EYECARE PARTNERS

Post-period end, Partners Group announced an agreement to acquire EyeCare Partners, the largest vertically integrated medical vision services provider in the US, from FFL Partners, an American private equity firm. Partners Group will become the majority shareholder, while EyeCare's management team and physician partners will continue to hold a substantial equity stake following the transaction. Princess is expected to invest EUR 10.1 million.

Distribution activity

Princess continued to benefit from a supportive environment for realizations, receiving portfolio distributions of EUR 104.1 million during 2019 (2018: EUR 131.8 million), equivalent to 13.8% of opening portfolio value. The direct portfolio was the key driver, accounting for EUR 60.3 million of distributions, including the full exits of Vermaat (return of 2.75x invested capital) and Agiliti (2.6x) as well as the ongoing sale of shares in Ceridian. The balance of EUR 43.8 million was received from the Company's mature legacy fund portfolio, which continued to generate a high volume of exits.

Total distributions for 2019

Investment	Exit (full or partial)	Strategy	Amount (EUR million)
Vermaat	Full	Equity	18.0
Agiliti	Full	Equity	10.8
Ceridian HCM	Partial	Equity	8.0
Legacy fund portfolio			43.8
Other			23.5
Total distributions for 2019			**104.1**

The largest contributor from Princess' direct portfolio over the fourth quarter was Vermaat:

VERMAAT

Princess received distributions of EUR 18.0 million from the sale of Vermaat, the Dutch market leader in premium catering and hospitality services. The investment generated a gross return of 2.75x invested capital and a gross IRR of 30%. Partners Group acquired a majority stake in Vermaat in 2015 from the Vermaat family. Over the four-year investment period, Partners Group worked closely with Vermaat's management team to grow the number of locations. In addition to organic growth, Vermaat completed ten synergistic add-on acquisitions across its key customer segments.

● ACTION

In November, Partners Group agreed to sell its equity stake in Action, Europe's leading non-food discount retailer. The stake will be acquired by Hellman & Friedman, a US-headquartered private equity firm. Alongside other funds managed and/or advised by Partners Group, Princess will fully realize its investment in Action. The exit valuation has been reflected in Princess' net asset value as of 31 December 2019.

● GLOBAL BLUE

Post-period end, portfolio company Global Blue announced it will merge with Far Point Acquisition Corporation (Far Point). The combined entity will be listed on the New York Stock Exchange. Princess, alongside other funds managed and/or advised by Partners Group, will participate in the transaction. The transaction values the company at an enterprise value of USD 2.6 billion (EUR 2.3 billion), which represents a modest uplift to the carrying value as of 31 December 2019. Assuming no redemptions by Far Point stockholders, Princess will receive estimated proceeds of USD 8.9 million (EUR 8.0 million) and will retain a stake in the combined entity. The transaction is expected to close during the second quarter of 2020, subject to approval by Far Point stockholders and other customary closing conditions, including regulatory approvals.

Share price development and dividend

Princess' share price increased by +15.3% on a total return basis during the fourth quarter, resulting in a total return of +37.4% for 2019. The Company paid an increased total dividend of EUR 0.58 (2018: EUR 0.56) per share during the year. In line with the Company's target to distribute 5-8% of NAV p.a. via semi-annual dividends, total dividends for the year represented 5.3% of opening NAV for 2019.

Liquidity and unfunded commitments

Princess' net liquidity position decreased to EUR -52.7 million, funded by drawings of EUR 47.5 million from the Company's EUR 50 million revolving credit facility. In addition to the remaining undrawn credit facility, Princess maintains a liquidity buffer of first lien senior loans, which can be sold if required to generate liquidity. As of year-end, Princess held EUR 28.1 million of its investment portfolio in first lien loans.

Post-period end, Princess agreed to renew its credit facility for four years and to increase the size of the facility from EUR 50 million to EUR 80 million, providing the Company with greater flexibility to manage short-term liquidity requirements.

Total unfunded commitments at 31 December 2019 amounted to EUR 79.6 million (2018: EUR 93.8 million). EUR 52.3 million of commitments related to Partners Group's direct investment programs, while commitments to third party funds amounted to EUR 27.3 million (predominantly pre-crisis vintages which, in the Investment Advisor's view, are unlikely to be called in full). In line with the strategy to focus on direct investments, no new third-party fund commitments were made.

Outlook

The private equity investment environment remains highly competitive, with valuations near the upper end of historical ranges. However, there is a pronounced bifurcation in the market. Stable, non-cyclical assets are trading at record multiples, while for lower quality businesses there is an observable gap between sellers' high valuation expectations and buyers' willingness to meet these expectations.

The companies fetching the highest prices tend to be technology-focused businesses with a high share of recurring revenues. In Partners Group's view, although these factors mitigate downside risk, they only partially justify exceptionally high valuations given these companies' inherent sensitivity to changing fundamentals such as growth assumptions.

In response to the current investment environment, and against a backdrop of low growth and geopolitical uncertainty, Partners Group believes that "offense is the new defense". We seek opportunities to build resilience in our investments by focusing on assets with value creation potential in sub-sectors with above-average growth rates driven by transformative trends. We remain prudent in our underwriting, factoring in multiple contraction for all potential investment opportunities. This approach builds in downside protection and serves to insulate investments from economic swings, and ultimately to generate attractive returns for shareholders.

Partners Group
Investment Advisor
Zug, 10 March 2020

4. Environmental, Social, and Governance (ESG)

The Company and Partners Group are fully committed to investing its Princess' shareholders' capital in a responsible manner, systematically integrating ESG considerations throughout the investment process. Partners Group is one of the first private markets investment managers to sign the United Nations Principles for Responsible Investment ("UN PRI") and today applies its proprietary Responsible Investment Policy and Methodology to each investment opportunity. We believe this approach not only protects, but also creates, value for shareholders.

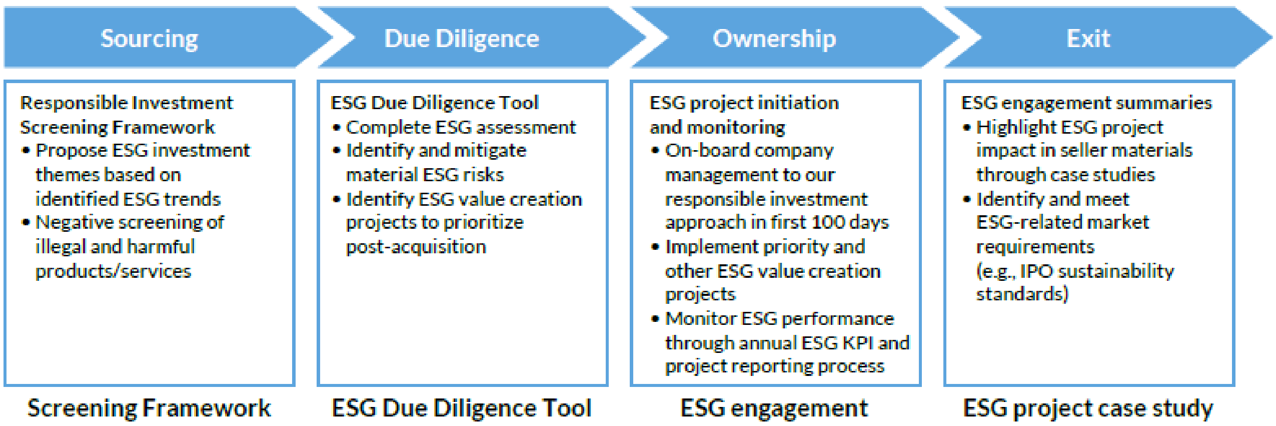
Responsible Investment Policy and Methodology

Partners Group's Responsible Investment Policy highlights two objectives of integrating ESG factors into the investment process:

- **INVESTMENT-RELATED: MITIGATE INVESTMENT RISK, AND, WHERE POSSIBLE, ENHANCE INVESTMENT RETURNS.**

- **ETHICS-RELATED: ENSURE THAT THE ASSETS IN WHICH WE INVEST ON BEHALF OF OUR CLIENTS RESPECT AND, WHERE POSSIBLE, BENEFIT SOCIETY AND THE ENVIRONMENT.**

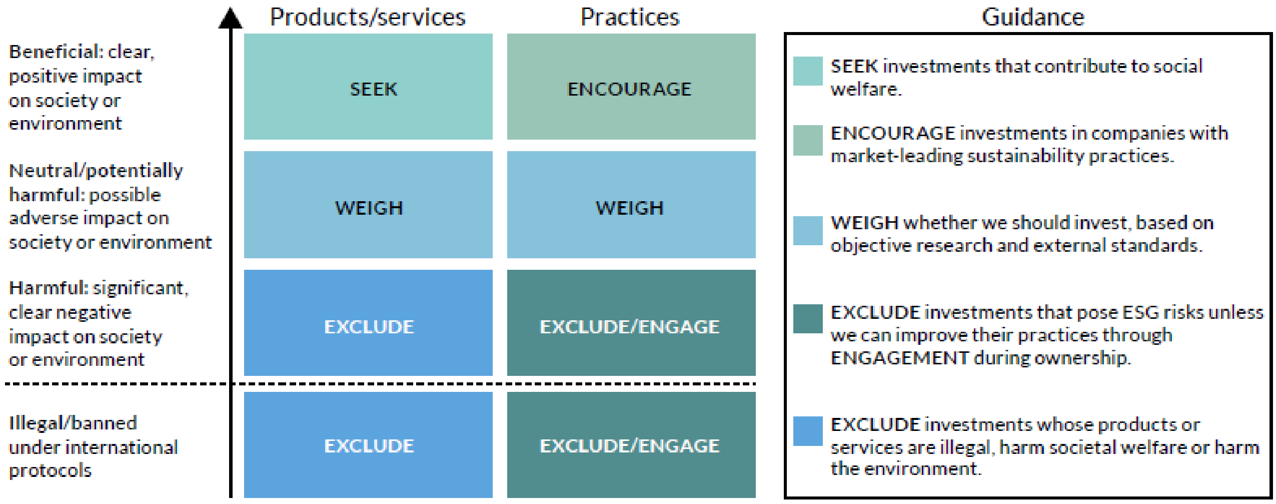
Partners Group's ESG integration throughout the lifecycle of a direct lead investment



Our Responsible Investment Screening Framework

Partners Group's Responsible Investment Screening Framework provides investment professionals with a clear basis for assessing the potential ethical or reputational risk of a given investment. It applies to all investment decisions and addresses both the products or services a company provides and the overall integrity of its business practices.

Partners Group's Responsible Investment Screening Framework



For illustrative purposes only.

ESG integration

Partners Group's active ownership approach gives us the opportunity to create, as well as protect, value from ESG factors. Partners Group has integrated ESG management into the investment process by firstly identifying the material ESG factors during due diligence, on-boarding management teams in the first 100 days to their ESG approach, and then overseeing ESG engagement at the board level year on year during the ownership period.

ESG topics, which are likely to be material across industry verticals, are energy management, employee engagement and retention, ethical supply chains, employee health and safety, cybersecurity, and business continuity.

Examples of ESG integration in Princess' portfolio include the following:

- **AMMEGA (MEGADYNE - AMMERAAL BELTECH)**

Over the course of the year, significant effort was placed on selected ESG topics in the merger of the two companies. The health and safety of Ammega's over 5'500 employees is a high priority for the company's management. Over the course of the reporting year, Ammega completed Partners Group's health and safety assessment, conducted by an expert consulting firm, and is now using specialized software to track its health and safety performance. The company is currently on track to meet its Lost-Time Injury Rate ("LTIR") target of 2.58. LTIR is a commonly used indicator that measures a company's lost time from injuries, adjusted for the number of hours a facility works. A lower number denotes a better score.

One of Ammega's main supplies is rubber. As the rubber industry can have significant social issues, it is crucial for the company to promote best practice among its suppliers. Ammega has been a UN Global Compact ("UNGC") signatory since 2006. During the course of the year, six Megadyne sites have established their own approach to supply chain management, in line with Ammega's, in order to qualify the entire company in next year's UNGC report. The UNGC is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

During the reporting year, Ammega worked on integrating the HR systems of its underlying entities. This process is on track to be completed by the end of the year, and will enable Ammega to have a better understanding of its employee base, improved capability to calculate turnover per region and role, and enable the company to take appropriate action.

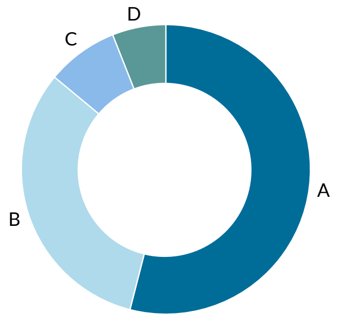
VISHAL MEGA MART

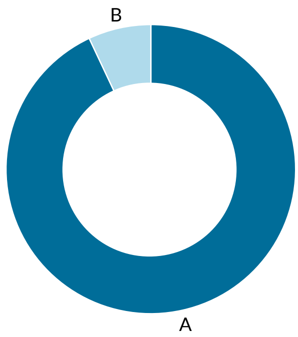
Energy efficiency is a material topic for Vishal, given its vast network of stores all over India. During the reporting period, Vishal has initiated the installation of rooftop solar energy modules to shift most storefront energy usage to renewable sources. The first phase of the project covers Vishal stores in eight states in India. The company is also evaluating leveraging energy exchanges to service short-term peak demand as an alternative to higher carbon footprint sources such as diesel generators.

Vishal has strived to be a leader when it comes to labor rights and equal opportunities. The company has ensured the implementation of state-specific increases in minimum wages irrespective of ongoing litigation in the industry. In addition, Vishal has significantly increased training and employment of differently abled individuals across the organization.

The Indian government recently announced its plan to eliminate single-use plastics within three years in response to a serious plastic pollution challenge in the country. With a vision to be an industry leader in the retail sector in India, Partners Group is working with Vishal on developing and implementing a sustainability strategy to reduce, replace, or recycle the plastic packaging materials in its private label fast-moving consumer goods ("FMCG") products.

5. Portfolio composition



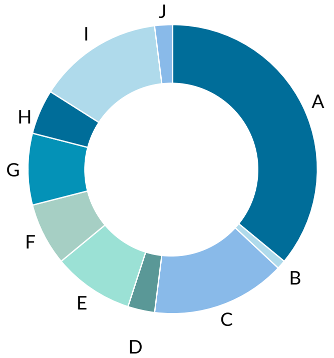


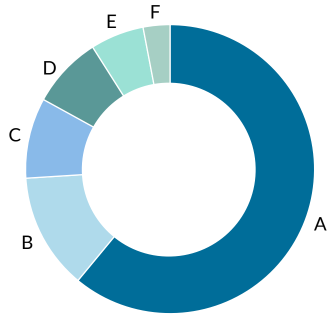
Investments by regional focus

A	Europe	54%	**C**	Asia-Pacific	8%
B	North America	32%	**D**	Rest of World	6%

Investments by transaction type

A	Direct	93%	**B**	Funds	7%



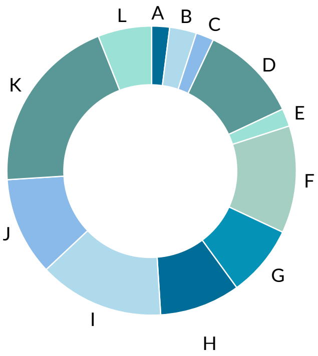


Portfolio assets by industry sector

A	Consumer discr.	36%	**F**	Industrial	7%
B	Telecom	1%	**G**	Consumer staples	8%
C	IT	15%	**H**	Materials	5%
D	Energy	3%	**I**	Healthcare	14%
E	Financial	9%	**J**	Utilities	2%

Investments by financing category

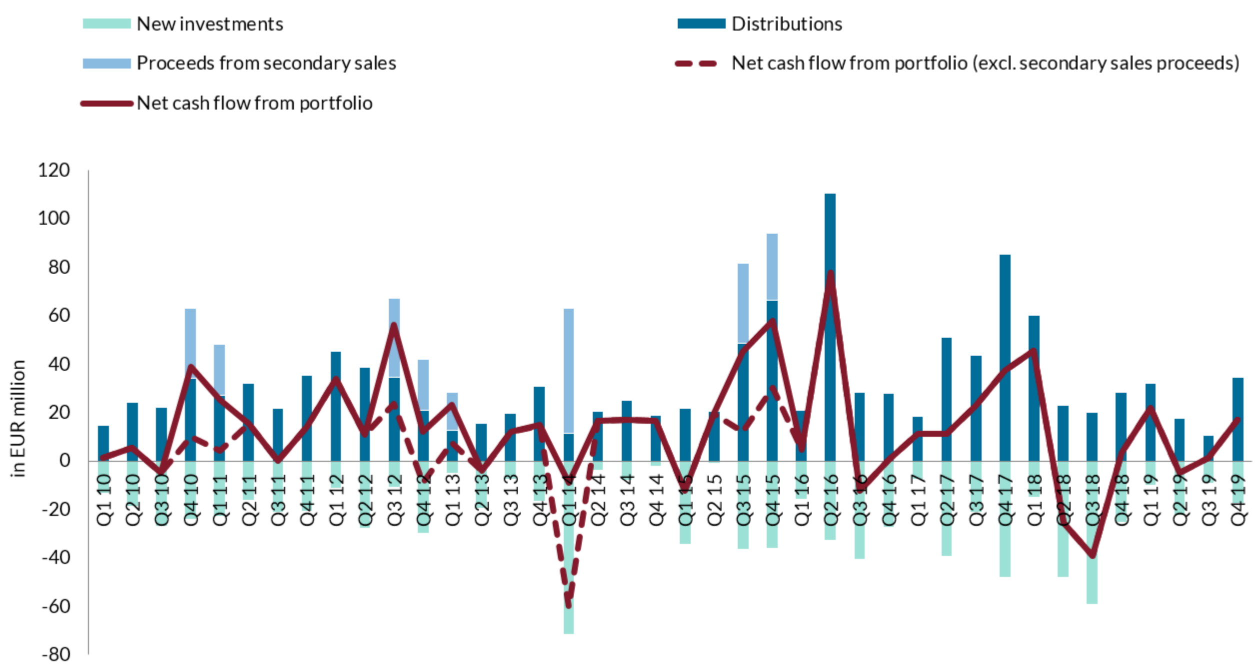
A	Small/Mid-cap	61%	**D**	Special situations	8%
B	Large/mega-large-cap	13%	**E**	Venture capital	6%
C	Growth	9%	**F**	Mezzanine	3%



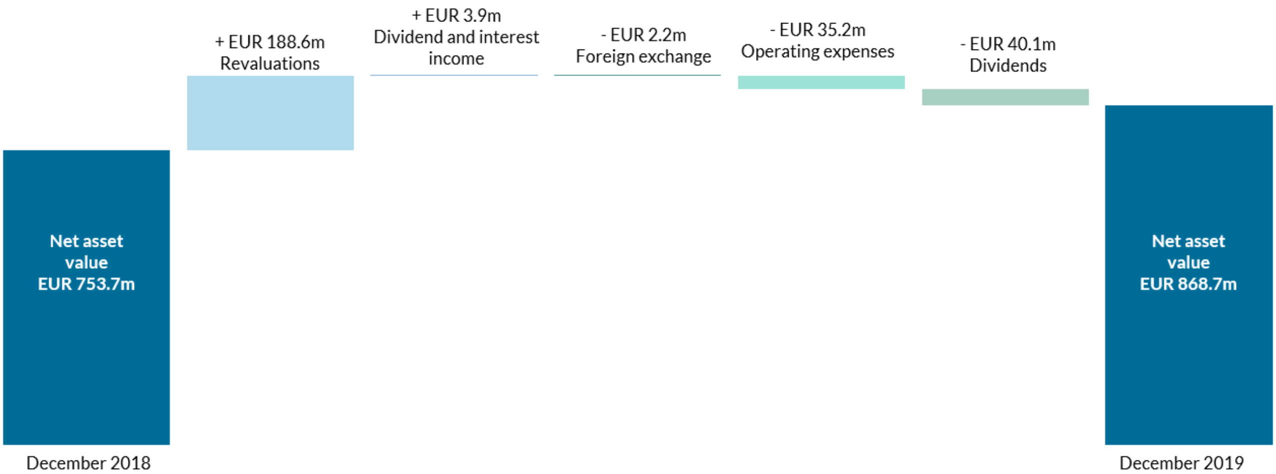
Investments by investment year

A	Pre 2007	2%	**G**	2014	8%
B	2007	3%	**H**	2015	9%
C	2008	2%	**I**	2016	14%
D	2011	11%	**J**	2017	11%
E	2012	2%	**K**	2018	20%
F	2013	12%	**L**	2019	6%

Development of net cash flows



NAV development



Key metrics of the top 50 direct investments

	Top 10	Top 20	Top 50
EV/EBITDA	15.1x	14.6x	14.0x
Net debt/EBITDA	4.9x	5.1x	5.1x
Leverage	36.0%	37.8%	38.6%
Weighted average EV	EUR 2.5bn	EUR 2.5bn	EUR 2.5bn

Asset allocation as per the reporting date; the portfolio composition may change over time.

The information provided is as per the reporting date and based on available information. Key metrics are weighted averages based on the value of the portfolio companies as of year-end. Weighted average figures are for direct equity investments, excluding listed and certain investments where M&A activity represents the main driver of the year-on-year growth.

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

Within section five, "Investments" refers to the value of the investments. The total of the investment portfolio excludes cash and cash equivalents.

Through the whole report "funds", "fund investments", and "indirect investments" are used interchangeably.

6. 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
Permotio International Learning S.à r.l.	Consumer discretionary	WEU	Growth	2013	43'039'807	107'444'228	12.4%
Action	Consumer discretionary	WEU	Small/Mid-cap	2011	0	96'268'979	11.1%
GlobalLogic	Information technology	NAM	Small/Mid-cap	2018	22'916'872	45'458'820	5.2%
Foncia	Financials	WEU	Small/Mid-cap	2016	19'469'878	42'743'284	4.9%
KinderCare Education	Consumer discretionary	NAM	Small/Mid-cap	2015	9'535'777	42'074'387	4.8%
Fermaca	Energy	ROW	Special situations	2014	13'001'376	28'512'872	3.3%
Techem Metering GmbH	Industrials	WEU	Large/mega-large-cap	2018	19'244'061	26'697'785	3.1%
PCI Pharma Services	Healthcare	NAM	Small/Mid-cap	2016	10'608'575	25'468'661	2.9%
Form Technologies	Materials	NAM	Small/Mid-cap	2015	23'831'992	25'443'723	2.9%
Vishal Mega Mart	Consumer discretionary	APC	Small/Mid-cap	2018	13'840'901	23'870'435	2.7%
Ammega (Megadyne - Ammeraal Beltech)	Industrials	WEU	Small/Mid-cap	2018	19'119'061	21'840'545	2.5%
Hofmann Menue Manufaktur	Consumer staples	WEU	Small/Mid-cap	2014	5'146'706	20'917'090	2.4%
Hearthside Food Solutions	Consumer staples	NAM	Large/mega-large-cap	2018	20'560'059	19'691'445	2.3%
Cerba HealthCare	Healthcare	WEU	Small/Mid-cap	2017	11'825'265	19'503'862	2.2%
SRS Distribution, Inc.	Materials	NAM	Small/Mid-cap	2018	14'844'336	19'189'851	2.2%
Civica	Information technology	WEU	Small/Mid-cap	2013	11'890'993	19'018'999	2.2%
CPA Global	Information technology	WEU	Large/mega-large-cap	2017	10'617'987	14'325'164	1.6%
United States Infrastructure Corporation	Utilities	NAM	Small/Mid-cap	2017	11'714'589	14'049'448	1.6%
Global Blue	Financials	WEU	Small/Mid-cap	2012	834'111	13'489'703	1.6%
Envision Healthcare Holdings, Inc.	Healthcare	NAM	Mezzanine	2018	17'464'132	13'382'328	1.5%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Caffe Nero	Consumer staples	WEU	Mezzanine	2014	6'839'041	n.a.	n.a.
MultiPlan 2016	Healthcare	NAM	Large/mega-large-cap	2016	4'657'297	11'930'991	1.4%
Guardian Childcare & Education	Consumer discretionary	APC	Small/Mid-cap	2016	9'732'334	11'875'502	1.4%
STADA Arzneimittel AG	Healthcare	WEU	Large/mega-large-cap	2017	6'225'411	10'944'303	1.3%
Voyage Care	Healthcare	WEU	Small/Mid-cap	2014	8'205'503	10'507'723	1.2%
Idera Inc.	Information technology	NAM	Small/Mid-cap	2019	8'016'261	10'446'350	1.2%
Nestlé Skin Health	Healthcare	WEU	Large/mega-large-cap	2019	9'720'291	9'720'291	1.1%
IDEMIA	Information technology	WEU	Large/mega-large-cap	2016	10'530'976	9'363'876	1.1%
Partners Group Pacific Restaurant Holdings	Consumer staples	NAM	Small/Mid-cap	2015	6'249'803	9'227'645	1.1%
Axel Springer SE	Consumer discretionary	WEU	Large/mega-large-cap	2019	9'175'000	9'175'000	1.1%
Convex Group Limited	Financials	NAM	Small/Mid-cap	2019	8'862'151	8'862'151	1.0%
Amann Girrbach	Healthcare	WEU	Small/Mid-cap	2018	8'323'509	8'034'118	0.9%
Grupo SBF	Consumer discretionary	ROW	Growth	2013	1'890'521	7'923'456	0.9%
Trimco Joint-investment 2018	Industrials	APC	Small/Mid-cap	2018	6'190'335	7'325'497	0.8%
SHL	Information technology	WEU	Small/Mid-cap	2018	7'242'037	7'287'117	0.8%
SPi Global	Information technology	APC	Small/Mid-cap	2017	4'937'018	6'410'222	0.7%
TOUS	Consumer discretionary	WEU	Small/Mid-cap	2015	3'865'897	6'388'086	0.7%
Polyconcept	Consumer discretionary	NAM	Small/Mid-cap	2016	3'467'032	6'238'610	0.7%
AAVAS Financiers Limited	Financials	APC	Small/Mid-cap	2016	247'715	5'923'829	0.7%
CSS Corp Technologies (Mauritius) Limited	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.
Key Group	Financials	WEU	Small/Mid-cap	2017	3'593'627	5'413'576	0.6%
Pharmaceutical developer	Healthcare	WEU	Small/Mid-cap	2013	10'552'684	5'327'110	0.6%
Hortifruti	Consumer staples	ROW	Small/Mid-cap	2016	6'367'826	5'248'306	0.6%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Ceridian HCM	Industrials	NAM	Large/mega-large-cap	2007	0	5'190'683	0.6%
Logoplaste	Materials	WEU	Special situations	2016	4'483'469	n.a.	n.a.
Prosol	Consumer staples	WEU	Special situations	2017	4'462'155	5'055'444	0.6%
Blue River PetCare, LLC	Healthcare	NAM	Small/Mid-cap	2019	4'768'051	4'768'051	0.5%
European Sports Rights Company	Consumer discretionary	WEU	Special situations	2006	4'359'891	4'698'713	0.5%
ADT Corporation	Information technology	NAM	Large/mega-large-cap	2016	2'463'965	4'297'513	0.5%
BarBri	Consumer discretionary	NAM	Small/Mid-cap	2011	1'687'663	4'138'953	0.5%
Total fifty direct investments					440'529'232	864'052'155	99.5%

The portfolio's holdings are ranked by percentage of net asset value. Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. 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 initial investment cost after receipt of distributions from such an investment until the end of the reporting period. Negative residual costs (receipt of distributions > initial investment cost) will result in an amount of zero.

Twenty largest fund investments (in EUR)

				Since inception		
Investment	**Regional focus**	**Financing category**	**Vintage**	**Unfunded commitments**	**Net asset value**	**% of NAV**
3i Eurofund Vb	WEU	Small/Mid-cap	2006	207'195	9'048'348	1.0%
Anonymized Emerging Markets Venture Fund 2	ROW	Venture capital	2008	53'442	8'607'127	1.0%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	3'194'254	0.4%
INVESCO Venture Partnership Fund II-A, L.P.	NAM	Venture capital	2000	1'629'973	2'828'278	0.3%
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1'759'056	2'732'623	0.3%
SV Life Sciences Fund IV, L.P.	NAM	Venture capital	2006	129'325	2'456'204	0.3%
Patria - Brazilian Private Equity Fund III, L.P	ROW	Small/Mid-cap	2007	n.a.	n.a.	n.a.
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	712'626	2'372'908	0.3%
MatlinPatterson Global Opportunities Partners III	NAM	Special situations	2007	205'069	2'288'311	0.3%
Index Ventures Growth I (Jersey), L.P.	WEU	Growth	2008	0	2'146'041	0.2%
Anonymized European Buyout Fund 7	WEU	Small/Mid-cap	2007	1'026'787	2'031'938	0.2%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	29'463	1'689'889	0.2%
Sterling Investment Partners II, L.P.	NAM	Small/Mid-cap	2005	668'293	1'636'576	0.2%
Terra Firma Capital Partners III, L.P.	WEU	Large/mega-large-cap	2006	79'547	1'627'960	0.2%
Exxel Capital Partners VI, L.P.	ROW	Small/Mid-cap	2000	0	1'410'401	0.2%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Growth	2008	193'682	1'042'506	0.1%
Capital Today China Growth Fund II, L.P.	APC	Venture capital	2009	0	873'334	0.1%

Investment	Regional focus	Financing category	Vintage	Since inception Unfunded commitments	Since inception Net asset value	% of NAV
Russia Partners III, L.P.	ROW	Small/Mid-cap	2007	106'448	871'072	0.1%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	241'032	785'521	0.1%
Advent Latin American Private Equity Fund IV, L.P.	ROW	Small/Mid-cap	2007	0	776'327	0.1%
Total twenty fund investments				7'167'770	50'868'552	5.9%

The portfolio's holdings are ranked by percentage of net asset value. Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. 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. Remaining net asset value is the net asset value of primary and secondary investments after receipt of distributions from such investments until the end of the reporting period.

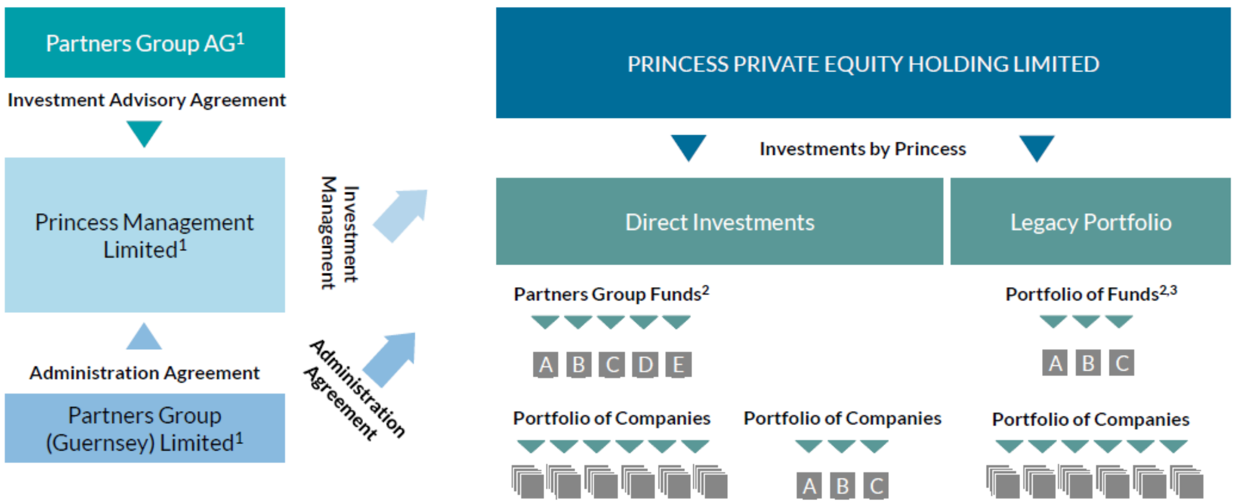
7. Structural overview

Princess Private Equity Holding Limited is a Guernsey registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity partnerships. The convertible bond was converted into shares in December 2006. Concurrently, the investment guidelines were amended and the reporting currency changed from the US dollar to Euro. The Princess shares were introduced for trading on the Frankfurt Stock Exchange (trading symbol: PEY1) on 13 December 2006 and on the London Stock Exchange (trading symbol: PEY) on 1 November 2007. Princess 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 Princess Management Limited, a wholly owned subsidiary of Partners Group Holding AG, registered in Guernsey. The Investment Manager is responsible for, inter alia, selecting, acquiring and disposing of investments and carrying out financing and cash management services.

The Investment Manager is permitted to delegate some or all of its obligations and has entered into an advisory agreement with Partners Group AG (the "Investment Advisor"), which is a global private markets investment management firm with USD 94 billion in investment programs under management in private equity, private debt, private real estate and private infrastructure. Through the advisory agreement, Princess benefits from the global presence, size and experience of the investment team and relationships with many of the world's leading private equity firms.



1 100% owned by Partners Group Holding
2 Partners Group Funds are on a no fee basis and only Princess' fees apply
3 A portfolio of primary and secondary investments that are in wind-down and no new commitments will be made in the future

8. Company information

Company	Princess Private Equity Holding Limited
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5-8% p.a. on opening NAV
Incentive fee	No incentive fee on primary investments; 10% incentive fee per secondary investment; 15% incentive fee per direct investment; subject in each case to a 8% p.a. preferred return (with catch-up)
Incorporation	1999
Joint corporate brokers	JPMorgan Cazenove Numis Securities Ltd.
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
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 registered share represents one voting right

9. Board of Directors

Richard Battey (appointed 28 May 2009)

Richard Battey (Chairman) (British, born 1952) is a resident of Guernsey. He is a Non-Executive Director of a number of investment companies and funds, including Better Capital PCC Limited, NB Global Floating Rate Income Fund Limited and Pershing Square Holdings Limited. He is a Chartered Accountant, having qualified with Baker Sutton & Co. in London in 1977. Richard was formerly Chief Financial Officer of CanArgo Energy Corporation. Prior to that role he spent 27 years with the Schroder Group and worked first in London with J. Henry Schroder Wagg & Co. Limited and Schroder Investment Management and then in Guernsey, as a director of Schroders (C.I.) Limited from April 1994 to December 2004, where he served as Finance Director and Chief Operating Officer. He was a director of Schroder Group Guernsey companies covering banking, investment management, trusts, insurance and private equity administration, retiring from his last Schroder directorship in December 2008.

Steve Le Page (appointed 1 October 2017)

Steve Le Page (Chairman of the Audit & Risk Committee, Management Engagement Committee and Non-Executive Director) (British, born 1956) is a Chartered Accountant and a Chartered Tax Adviser. Mr. Le Page was a partner with PwC in the Channel Islands from 1994 until his retirement in September 2013. During his career his main role was as an audit partner working with a wide variety of financial services businesses and structures, including many listed investment funds. Mr. Le Page also led that firm's Audit and Advisory businesses for approximately ten years, and for five of those years was the Senior Partner (equivalent to Executive Chairman) for the Channel Islands firm. Since his retirement, Mr. Le Page has built a small portfolio of Non-Executive Director roles, including the listed funds Highbridge Tactical Credit Fund Limited, Volta Finance Limited, Channel Islands Property Fund Limited and Tufton Oceanic Assets Limited, all of which he serves as Chairman of the Audit Committee. He is a past Chairman of the Guernsey International Business Association and a past President of the Guernsey Society of Chartered and Certified Accountants.

Fionnuala Carvill (appointed 1 September 2018)

Fionnuala Carvill (British, born 1964) is 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 ICSA: The Governance Institute and a Chartered Governance Professional. Ms Carvill is a Non-Executive Director of Investec Bank (Channel Islands) Limited and The Chartered Institute for Securities & Investment. 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 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. She holds a Master's degree in Corporate Governance (Distinction).

Felix Haldner (appointed 23 August 2017)

Felix Haldner (Swiss, born 1963), Non-Executive Director, is a Partner at Partners Group and responsible for strategic client development in Europe, based in Zug. Previously, he served as Head of the Investment Structures business department and was a member of the Global Executive Board. He has been with Partners Group since 2001 and has 30 years of industry experience. Prior to joining Partners Group, he worked at PricewaterhouseCoopers. He holds a Master's degree in business law from the University of St. Gallen (HSG), Switzerland.

Henning von der Forst (appointed 13 November 2012)

Henning von der Forst (German, born 1955), Non-Executive Director, is a Member of the Supervisory Board of the Nuerenberger life and non-life insurance company and of various investment trusts and investment companies. Previously he served as a Member of the Executive Board of Directors as Chief Investment Officer of Nuerenberger Insurance Group. There he was responsible for 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 (British, born 1958) has over thirty 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 and Malta. Until June 2019 Merise was Client Service Director at Artex Risk Solutions (Guernsey) Limited where her responsibilities included the strategic development of client companies to meet shareholder objectives, and the provision of services to a portfolio of clients in a diverse range of industries. Her career also includes five years as Managing Director of Heath Lambert Insurance Management in Guernsey and Malta and fourteen years with Marsh and Johnson & Higgins in Guernsey and Grand Cayman from 1988 to 2002. Merise is a past Chairman of the Guernsey International Insurance Association and was a member of the 2007 Insurance Business Law Review Steering Group, chairing the Corporate Governance Working Party. In 2007 she achieved the Diploma in Company Direction awarded by the UK Institute of Directors.

10. Directors' report

10.1 Directors

R. Battey (Chairman)
S. Le Page
F. Carvill
F. Haldner
H. von der Forst
M. Wheatley

The Board, roles and committees

The Board consists of six directors, all of whom are non-executive. The independent Chairman of the Board is Mr. Battey, who was appointed Chairman on 1 September 2018. As Chairman, he is responsible for leading meetings of the Board to ensure that they are efficient and effective, promoting the long-term sustainable success of the Company, generating value for shareholders (as disclosed in the Strategy section) and contributing to wider society. Mr. Battey is considered independent, although he has served on the Board for more than nine years. Additionally, he has no other significant business commitments, other than those disclosed above, and the Board is satisfied that he has sufficient time available to discharge fully his responsibilities as Chairman of the Company.

At each quarterly board meeting, the Directors consider a number of 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
- Reports from committees, together with the monitoring, evaluation, appointment and removal of service providers
- Approval of financial statements and dividends
- Corporate governance and compliance

In addition, the consent of the Board is required if the Investment Manager wishes to borrow more than 20% of the value of the Company's assets or takes a controlling position in an underlying investment (excluding investments in pooling vehicles). Furthermore, the Board confirms that it considers any conflicts or potential conflicts of interest in accordance with the Company's existing procedures.

Audit & Risk Committee

The Audit & Risk Committee ("A&R Committee") meets on a quarterly basis, and has been chaired by Mr. Le Page since 16 August 2018. The Board is satisfied that at least one member of the A&R Committee has recent and relevant financial experience, and that the committee as a whole has the skills and experience required to fulfill its responsibilities.

The A&R Committee is responsible for:

- Reviewing and recommending approval of the quarterly, semi-annual and annual financial statements of the Group
- Reviewing the effectiveness of the accounting and internal control system
- Overseeing the relationship with the external auditor, including but not limited to meeting them regularly, and monitoring their remuneration, terms of engagement and independence

- Monitoring the risks and their potential impact on the Company

Management Engagement Committee

The Management Engagement Committee ("ME Committee") meets at least twice a year, and is chaired by Mr. Le Page following his appointment on 16 August 2019.

The ME Committee is responsible for:

- Considering the performance of the Investment Manager and Investment Advisor in respect of the service level requirements set out in the Investment Management Agreement, including compliance with the Board's instructions, reporting to the Board and investors, and responsiveness to Board queries;
- Considering whether the continuing appointment of the Investment Manager, on the terms of the management contract, is aligned with the interests of shareholders as a whole, and make recommendations to the Board thereon together with a statement of the reasons for their view;
- Reviewing and considering the performance and engagement terms of other service providers to the Company.

The ME Committee recommended to the Board that the continued appointment of the Investment Manager, on the terms of the Investment Management Agreement currently under review, is aligned with the interests of shareholders as a whole, given the global reach, access to leading private market houses and expertise of the Investment Manager and, through the Investment Manager, of the Investment Advisor.

The following table is an extract of the various Directors' attendance in Board and Committee meetings for 2019 compared against those for which they were eligible:

		Committees	
Name	**Board**	**A&R**	**ME**
R. Battey (Chairman)	4/4	4/4	4/4
S. Le Page	4/4	4/4	4/4
F. Carvill	4/4	4/4	4/4
F. Haldner	4/4	-	-
H. von der Forst	4/4	4/4	4/4
M. Wheatley	4/4	4/4	4/4

Board composition

The Board has a breadth of experience relevant to the Company and a balance of skills, experience and age. Furthermore, its members possess the broad range of skills, expertise and industry knowledge, and other experience necessary for the effective oversight of the Company's business. In addition, the Board recognizes the importance of diversity and that it is a much wider issue than gender. It continues to evaluate applicants to fill vacant positions without prejudice. Applicants are assessed on their range of skills, expertise and industry knowledge, and their business and other experience.

All directors are subject to annual re-election. The Directors have resolved to put themselves forward for election on an annual basis and were all duly re-elected at the 2019 annual general meeting.

Re-election recommendations have always been subject to an assessment of the independence of the Director in question and their continued satisfactory performance. In view of the long-term nature of the Company's investments, the Board believes that a stable board composition is fundamental to running the Company properly. The Board has not stipulated a maximum term of any directorship. The Board continues to be satisfied with the performance of all the Directors, with Mr. Haldner being able to provide additional insight into the private markets industry and, in particular, both investor relations and investment activity.

Given the size and nature of the Company, the Board deemed it not necessary to form a separate remuneration or nomination committee and that the whole Board would consider all new Board appointments.

Directors' duties and responsibilities

The Board meets on a quarterly basis 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 and the Investment Advisor 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, the Investment Advisor 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 Non-Executive Directors to constructively challenge and assist in the development of strategy. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

The Directors 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 Group and Company's 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 2019 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 in accordance with Section 243 of The Companies (Guernsey) Law, 2008 for the financial period.

To the best of their knowledge and belief:

- The Annual Report, which includes information detailed in the Chairman's report, the Investment Advisor'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 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 and loss of the Company.

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 to 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 accept 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.

Directors, directors' interests and directors' remuneration report

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

R. Battey (Chairman): 55'000 shares
S. Le Page: 7'500 shares
F. Haldner: 225'554 shares

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

Mr. Haldner is not considered independent during the reporting period, as he is a shareholder in Partners Group Holding AG, the beneficial owner of the Investment Manager and the Administrator, and an employee of the Investment Advisor.

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:

(31.12.2019 / 31.12.2018)
R. Battey (Chairman) (62'000 / 56'247)
S. Le Page (56'000 / 53'764)
F. Carvill (50'000 / 16'712)
F. Dunlop (- / 18'630)
B. Human (- / 53'743)
H. von der Forst (50'000 / 50'000)
M. Wheatley (50'000 / 16'712)

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 7 December 2020.

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 and private debt investments, rather than through fund investments. In addition, the Company 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 Princess Management Limited (the "Investment Manager" or "Designated Manager") and the Investment Advisor is Partners Group AG (the "Investment Advisor"), a Swiss limited liability company.

The Investment Advisor 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 Advisor works with portfolio companies on a variety of Environmental, Social and Governance ("ESG") engagements. This commences during the investment due diligence phase and, after acquisition, they implement initiatives by systematically integrating ESG factors, alongside commercial and financial factors. They continuously monitor the effectiveness of any ESG-relevant policies through maturity assessments to evaluate progress and impact.

As part of its annual visit to the Investment Advisor, 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.

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, Administrator and Investment Advisor) in their charter and as given in their Corporate Sustainability Report, both of which are available at their website www.partnersgroup.com.

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 acknowledges that many ESG initiatives are interconnected and therefore require integrated thinking and composite solutions. As such, Partners Group considers sustainable development goals as part of its long-term perspective on investing.

Major developments in the year

During the year, the Board carried out the following projects:

- review of the Company Secretary Agreement and the Investment Management Agreement; and
- re-engineering of risk matrix, mitigation initiatives and reporting to the Board

Review of performance

Board

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 and 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, including but not limited to constructive challenge, strategic guidance, offering specialist advice and holding third party service providers to account. A full corporate governance review has been undertaken since the publication of the previous financial statements, which was facilitated by the Company Secretary. There were no matters of significance raised within the findings of the review. As part of the aforementioned review, the Board, supported by the Company Secretary, ensured that the Company has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Company

The Board reviewed the Risk Management and Internal Control Systems on 9 March 2020. Good stewardship must not inhibit sensible risk taking, which is critical to growth, and while no cost-effective management system which allows such risk taking can be perfect, and monitoring systems will continue to evolve, the review confirmed the Board's opinion that the systems of risk management and internal controls are robust and effective.

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 expected cash flows and any changes to 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 of Directors 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 2022.

10.2 Governance and regulatory matters

Corporate governance report

The Directors have determined to report against the Principles and Provisions of the Association of Investment Companies (the "AIC") 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. In assessing the Board's corporate governance practice for 2019, 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 Audit & Risk Committee and the Board of Directors regularly consider the risk and operational aspects of the Company. The Investment Manager has an appointed Compliance Officer. As there is delegation of operational activity to appointed service providers, the Audit & Risk and Management Engagement 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 February 2016 (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.

On 17 May 2019, the shareholders resolved to approve the new Articles of Incorporation to allow the electronic distribution of information. Rules concerning the appointment and replacement of directors are contained in the Company's Articles of Incorporation and are discussed below.

AIFM Directive

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. The Company will reconsider this in the event that it seeks to raise capital.

Risks

Principal risks and uncertainties

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 19 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 generally ranked by a risk index, taking into account 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.

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

The following table provides details of the five risks that were ranked as having the highest risk likelihood and/or impact at the year-end.

Key risk	Assessment	Potential impact	Control exercised by the Board
Investment risk	Stable This risk was assessed as remaining stable as NAV and dividends are being maintained in line with peer group and market expectations.	Adverse movement in NAV versus peer group. Inability to meet target dividend.	Effectiveness of investment strategy reviewed at every board meeting using performance reports and discussions with brokers and Investment Manager/ Advisor.
Company's shares trading at a material discount	Stable The risk was assessed as being stable, as it remained in line with the sector.	Lack of demand from shareholders and prospects.	Monitoring of investor sentiment and expectations and performance vs. peers. Maintenance of good market communication. Maintenance and achievement of dividend target. The Board also considers the discount is due to general market sentiment, including relegation from the FTSE All-Share Index in June rather than Princess fundamentals.
Loss from exposure to foreign exchange denominated hedged or unhedged positions	Increasing This risk was assessed as increasing, as volatility remains in the key foreign currency markets.	Decrease of net asset value outside of the control of the Investment Manager.	Quarterly review of foreign exchange exposure report and assessment of hedging strategy, as applicable.
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 This risk was assessed as stable, as although the Company's liquid funds have decreased the level of unfunded commitments have also decreased.	Insufficient cash to fund existing commitments and dividends.	Long term cash flow forecasts kept under review to ensure acceptable level of liquidity. Negotiation of credit facilities to ensure adequate short term funding available.
Outsourcing risk – failure of service providers to fulfill contractual obligations to acceptable standards	Stable This risk was assessed as stable and low as key service providers have maintained adequate resources and met all service requirements.	Financial loss or regulatory breach.	Quarterly reports on performance of contractual requirements and compliance with regulatory requirements. Review of independent reports on internal controls and systems. On-going assessment by Management Engagement Committee.

Interaction with shareholders

Communication

The Directors place great importance on shareholder communication, and welcome contact from shareholders. On behalf of the Board, the Investment Manager and the Investment Advisor carry out a program of regular meetings with shareholders and potential investors. In 2019, the Chairman has attended two of those meetings, including a shareholder and analyst lunch hosted by Numis, the Company's corporate broker. In addition, the brokers also present a summary of shareholders' sentiment at each quarterly board meeting. These initiatives, in combination, assist the Board to develop a balanced understanding of the issues and concerns of major shareholders.

The Company publishes a monthly report with key financial data and issues affecting the portfolio, and also publishes unaudited semi-annual and audited annual financial statements. Conference calls are arranged on a quarterly basis at which the Investment Advisor provides an in-depth review of developments in the portfolio and gives a market overview. In order to ensure that the Directors are aware of shareholders' views and concerns, at least one independent Director attends these quarterly conference calls, and provides a verbal update to the Board on any concerns raised. In addition, the Directors propose a separate resolution on each substantial issue tabled at the annual general meeting, including the approval of the consolidated financial statements, and publish on the Company's website www.princess-privateequity.net, shortly after the Annual General Meeting, details of the valid proxies received, votes for and against and withheld in relation to each resolution. Regular news releases are also published. No resolution received more than 1.72% votes against the board recommendation.

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 ("IFRS"), 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

Dividends of EUR 0.29, per share, were paid on 28 June 2019 and 20 December 2019 compared to dividends of EUR 0.28, per share, being paid on 13 July 2018 and 14 December 2018. 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, but 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:

Bayer-Pensionskasse VVaG - 7.56%
Brewin Dolphin Limited - 5.03%
Canaccord Genuity Group Inc - 5.02%
CCLA Investment Management Limited - 5.05%
CVP / CAP Coop - 5.07%
Deutsche Asset Management Investmentgesellschaft - 7.66%
Rathbone Brothers - 5.26%
Société Générale Option Europe - 5.31%

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 2018: nil) during the year.

There was no change in the issued and paid up share capital as at 31 December 2019 and 31 December 2018. Accordingly, the paid up share capital as at 31 December 2019 was 69'151'168 ordinary shares of EUR 0.001 each (31 December 2018: 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 ("KID")

The Company is required to produce and publish this document by Regulation (EU) 1286/2014 of the European Parliament and the Council on key information documents for packaged retail and insurance-based investment products (the "Regulation"). The key information document is available on the Company's website www.princess-privateequity.net and was subject to an annual review by the Board.

Shareholders' engagement

The Company has reviewed the manner in which it interacts with its shareholders and has identified the following engagement channels for investor relations and the aim of such communications:

Channel	Aim
Monthly newsletter	Overview of key figures (including performance development), top 10 direct investments and main drivers for net asset development over the past month
Quarterly shareholder call	General calls with shareholders, focusing on product and portfolio development
Semi-annual and annual financial statements	Market overview, portfolio composition and overview together with financial figures. In addition in the annual report: audit report together with director and corporate governance reports
On-going shareholder meetings	Shareholder meetings, focusing on portfolio composition and development
Website	News releases, obligatory disclosures, Key Information Document, corporate calendar, trading information and dividend information

10.3 Committees

Committees of the Board

Audit & Risk Committee

The Audit & Risk Committee ("A&R Committee") meets at least four times a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored. It provides a forum through which the Company's external 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 Group's and Company's external auditor is PricewaterhouseCoopers CI LLP. The A&R Committee is responsible for reviewing the independence and objectivity of the external 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 each year an evaluation of the external 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 to 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 external auditor.
- The external auditor may provide audit related services such as regulatory and statutory reporting and may provide assistance on tax and regulatory matters given their knowledge of the Group's and Company's business. 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, utilize different teams.
- 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 or where the work is of such a nature that a detailed understanding of the Group's and Company's business is necessary. The external auditor did not provide any non-audit services during the year;
- The A&R Committee reviews the external 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. However, the A&R Committee notes that the audit engagement leader was rotated in 2017 and that the Company and Group benefit from the auditor's detailed knowledge of the systems and processes operated by Partners Group. Accordingly, the A&R Committee has not recommended that the external audit appointment be tendered, but the position will be closely monitored.

In addition, the terms of reference for this Committee are available on the Company's website www.princess-privateequity.net.

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 significant areas considered by the A&R Committee during the year were:

- Valuation of private investments - the Committee pays particular attention to this area at each quarterly date whilst reviewing the quarterly financial statements, and members of the Board discuss the approach both during those reviews and during the annual visit to the Investment Advisor. 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 Advisor, as well as to challenge by the Committee and the external auditor. On this basis, the Committee has concluded that the valuation of private investments is fair and reasonable for inclusion in the audited financial statements.
- Performance 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 Committee has discussed the accounting for these fees with both the Investment Manager and the external auditor. On this basis, the Committee has concluded that the performance fees are fair and reasonable for inclusion in the audited financial statements.

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 solution 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 covering qualitative and quantitative matters.

On a quarterly basis, the A&R Committee reviews the principal risks faced by the Company and the Group, covering (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 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") shall meet no less than twice a year and is responsible for reviewing and monitoring service providers and recommending to the Board their continued appointment. Service providers are reviewed on an annual basis. The Board of Directors recognizes the importance of monitoring service providers' objectivity and ensuring their independence is not compromised.

In this regard, the ME Committee:

- considers if there are any potential conflicts of interest associated with the appointment of the Investment Manager and its Investment Advisor and how the Investment Manager and Investment Advisor manage these potential conflicts;
- reviews with the Investment Manager and/or Investment Advisor any material issues arising from their work that the Investment Manager and/or Investment Advisor wishes to bring to the attention of the Committee, whether privately or otherwise.

In addition, the terms of reference for this Committee are available on the Company's website www.princess-privateequity.net.

As previously mentioned, the ME Committee, during the year, reviewed the amended Company Secretary Agreement and is in the process of amending the Investment Management Agreement.

10.4 Corporate matters

Registered office

Tudor House
St. Peter Port
Guernsey
GY1 6BD

The Directors present their report and audited consolidated financial statements for the period from 1 January to 31 December 2019.

Incorporation

Princess Private Equity Holding Limited ("the Company"), Princess Private Equity Subholding Limited ("the Subsidiary") and Princess Direct Investments, L.P. Inc. ("the Sub-Subsidiary" and together with the Company and Subsidiary, "the Group") are entities incorporated and domiciled in Guernsey, Channel Islands.

Investment management arrangements

Princess Management Limited, a wholly owned subsidiary of Partners Group Holding AG, is the Investment Manager to the Company. The Investment Manager is permitted to delegate some or all of its obligations and has entered into an Investment Advisory Agreement (the "Advisory Agreement") with Partners Group AG. Details of the management fees are shown within the audited consolidated financial statements. The Investment Management Agreement automatically renews every ten years, but contains a three-year notice period. Termination will be without penalty or other additional payments, save that the Company will pay management and performance fees due and additional expenses incurred. The Directors (other than Mr. Haldner, who is not independent of the Investment Manager) have determined that the continuing appointment of the Investment Manager, on the terms of the Investment Management Agreement, is aligned with the interests of shareholders as a whole, given the global reach and expertise of the Investment Manager and Investment Advisor.

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 the foreseeable future. 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 2019, was Aztec Financial Services (Guernsey) Limited.

Independent auditor

At a general meeting held on 16 May 2019, PricewaterhouseCoopers CI LLP was re-appointed Independent Auditor of the Company for the period ended 31 December 2019, and the Directors were authorized to fix their remuneration.

R. Battey
Director

S. Le Page
Director

10 March 2020

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 2019, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the Consolidated statement of financial position as at 31 December 2019;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the Notes to the consolidated financial statements, which include a description of the significant accounting policies.

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. We are also independent in accordance with SEC Independence Rules.

Our audit approach

Context

Our 2019 audit was planned and executed having regard to the fact that the operations of the group were largely unchanged from the prior year. In light of this, our overall audit approach in terms of scoping and key audit matters was largely unchanged with continued scrutiny over the valuation of unlisted investments and the calculation of incentive fees.

Overview

The group's return is driven primarily by the performance of the underlying investment portfolio and so the underlying performance and prevailing trading conditions of these direct and indirect investments in unlisted companies, funds and listed companies are of particular relevance to our audit.

Audit scope

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.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality

€19.5 million (2018: €17.0 million)

How we determined it

2.25% of net assets (2018: 2.25% of net assets)

Rationale for the materiality benchmark

We believe that net assets is the most appropriate benchmark because this is the key metric of interest to shareholders. It is also a generally accepted measure used for companies in this industry.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above €0.98 million (2018: €0.85 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters 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.

Key audit matter - Valuation of unlisted investments

Refer to the Directors' report, the Basis of preparation, the Principal accounting policies and notes 4, 9, 15, 19 and 20 to the consolidated financial statements.

The group has a diverse investment portfolio consisting of unlisted investments and listed companies. 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 on a basis considered most appropriate by the directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines, dependent on the nature of the underlying business which has been invested in. This includes:

- Applying a multiple to earnings;
- Applying a discount rate to future cash flows;
- Using recent transaction prices;
- Using net asset values received from the relevant general partners; and
- Using underlying asset valuations.

Where a multiple is applied to earnings, the multiple is normally calculated by taking a discount to the multiple of similar, listed companies. This discount typically reflects differences between these companies and the company being valued, for example, size and marketability differences between listed and unlisted companies.

Both determining the valuation methodology and determining the inputs to the valuation are subjective and complex. This, combined with the significance of the unlisted investments balance in the consolidated statement of financial position, meant that this was a key audit matter for our current year audit.

How our audit addressed the key audit matter - Valuation of unlisted investments

We updated and reconfirmed our understanding and evaluation of management's processes and internal controls in so far as they apply to investment valuations, the valuation models used and the areas where significant judgements and estimates are made. We also performed tests over key controls in order to validate their operating effectiveness.

The unlisted investments are generally investments in private companies (direct investments) and are initially valued by Princess Management Limited (the "Investment Manager") and then subject to review by the Valuation Committee before being recommended to the directors for review, challenge and approval. We discussed with and challenged the Investment Manager as to the appropriateness of the valuation methodology applied, using our knowledge of the investments and the International Private Equity and Venture Capital Valuation Guidelines.

For a sample of investments, we tested the valuation techniques that the Investment Manager used to value these unlisted investments as follows:

- We obtained the Investment Manager's valuation model containing earnings, trading multiples for listed comparable companies and the multiple used to value the investment, or the relevant cash flows models and discount rates applied.

- We checked the mathematical accuracy of the model.

• We obtained the management information including budgets, forecasts and cash flows for the underlying companies being valued. We used this to corroborate the earnings and cash flows being used in the model in relation to the unlisted company being valued. We assessed the appropriateness of the earnings or cash flows being used based on our understanding of the financial performance of the portfolio companies, independently confirming a sample of the management information received, and challenged changes made, by the Investment Manager in the application of this input to the valuation.

• In testing the Investment Manager's fair valuation process, we assessed trading multiples for the comparable companies identified by the Investment Manager and compared them to the multiples used in the valuation. We also considered whether any other traded companies may be comparable and considered the impact of their inclusion in the sourced trading multiples on the valuation, where and if considered appropriate.

• We independently sourced, where appropriate, the inputs to the discount rates used in any discounted cash flow calculations.

• We challenged the Investment Manager on any adjustment to the comparable multiples to arrive at the multiple or discounted rate used in their valuation. This included considering how these changes compared relative to the performance of the portfolio company against the relevant industry sector.

• Where a recent transaction price had been used to fair value investments, we challenged whether there had been any changes in facts and circumstances since the transaction was completed which may indicate that a change in valuation would be appropriate. Where the group was a counterparty to such transactions, the transactions were subjected to inspection by the audit team. Where the group was not a counterparty, and on a sample basis, we inspected evidence of such transactions. This included the use of financial information to assess the performance of the underlying company or fund.

• Where underlying net asset valuations were used to value investments in funds (indirect investments), we corroborated these by tracing them to supporting documentation such as third party valuation reports. Such source documentation was also used to confirm details such as the group's committed capital, unfunded commitments, percentage ownership and other specific details of the respective fund investments. We also evaluated the appropriateness of such source documentation by independently confirming a sample thereof with the administrators of the underlying funds. In addition, we evaluated the reliability of this information by comparing such source documentation used in the group's prior year valuations against the audited financial statements issued by the underlying funds in which the group was invested.

• For the portfolio companies, we also recalculate the value of the financial instruments held that is attributable to the group. This includes, amongst other procedures, inspecting the contracts supporting the financial instruments in issue by the portfolio company and deducting any attributable issued financial instrument value that has a higher ranking than that of the group in the waterfall.

Based on this work, we were satisfied that the assumptions used by the Investment Manager were within an acceptable range and that the calculations were mathematically accurate.

Key audit matter - Calculation of incentive fees

See notes 5 and 17 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 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. This calculation is performed separately for each direct and indirect investment, and also includes adjustments for such items as fee rebates. This means that some of the calculations can be based on complex calculations with a number of data inputs; some of which are unobservable, selected by management and therefore subjective and potentially open to bias.

We focused on both the accuracy and occurrence of the incentive fee calculation due to the complexity of the calculation and also due to the nature of the incentive fees, which means that there may be an incentive for these to be overstated.

How our audit addressed the key audit matter - Calculation of incentive fees

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.

In assessing the accuracy and occurrence of the incentive fees:

- We obtained a summary of incentive fees charged and examined the offering documents and investment management agreement to ensure that any incentive fees are being calculated and accrued only when the contractual conditions existed for the incentive fee to be recognised.

- We also ensured 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 controls testing over the occurrence of the investment disposals, the value of such disposals and the gains realised on such disposals. This included ensuring that the returns achieved exceeded the conditions in place for the incentive fee to be triggered.

- We recalculated the incentive fee attributable to the Investment Manager using the applicable methodology. We did not identify any material differences.

Other information

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

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 identified above 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 in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting 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.

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 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. However, future events or conditions may cause the group to cease to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group and the wider economy.
- 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 independent auditor's 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.

Listing Rules of the Financial Conduct Authority (FCA)

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.

We have nothing material to add or draw attention to in respect of the following matters which we have reviewed based on the requirements of the Listing Rules of the FCA:

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing the group.
- The disclosures that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review 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 statements are consistent with the knowledge and understanding of the group and its environment obtained in the course of the audit.

Additionally, we have nothing to report in respect of our responsibility to report when:

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.
- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group obtained in the course of performing our audit.
- The section of the Annual Report describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.
- 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 auditor.

John Luff
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
March 2020

12. Consolidated financial statements

Consolidated statement of comprehensive income

for the period from 1 January 2019 to 31 December 2019

In thousands of EUR	Notes	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Net income from financial assets at fair value through profit or loss		**199'982**	**87'175**
Private equity		*197'086*	*73'603*
Interest & dividend income	21	515	8'364
Revaluation	9,22	191'277	57'219
Withholding tax on direct private equity investments	9,22	(117)	-
Net foreign exchange gains / (losses)	9,23	5'411	8'020
Private debt		*1'419*	*7'876*
Interest income (including payment-in-kind)	21	3'358	2'459
Revaluation	9,22	(3'550)	2'620
Withholding tax on direct private debt investments	9,22	(12)	(18)
Net foreign exchange gains / (losses)	9,23	1'623	2'815
Private real estate		*89*	*(255)*
Revaluation	9,22	89	(255)
Private infrastructure		*1'388*	*5'951*
Revaluation	9,22	987	5'080
Net foreign exchange gains / (losses)	9,23	401	871
Net income from cash & cash equivalents and other income		**(30)**	**649**
Net foreign exchange gains / (losses)	23	(30)	649
Total net income		**199'952**	**87'824**
Operating expenses		**(33'511)**	**(24'732)**
Management fees	24	(12'732)	(11'411)
Incentive fees	17,24	(19'429)	(11'062)
Administration fees	24	(399)	(380)
Service fees	24	(250)	(250)
Other operating expenses		(1'493)	(1'188)
Other net foreign exchange gains / (losses)	23	792	(441)
Other financial activities		**(11'309)**	**(12'758)**
Setup expenses - credit facilities	16	(354)	(409)
Interest expense - credit facilities	16,21	(617)	(156)
Other finance cost		(61)	(295)
Net gains / (losses) from hedging activities	12,22	(10'388)	(11'985)
Other income		111	87
Surplus / (loss) for period		**155'132**	**50'334**
Other comprehensive income for period; net of tax		-	-

In thousands of EUR	Notes	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Total comprehensive income for period		**155'132**	**50'334**
Weighted average number of shares outstanding		69'151'168.00	69'151'168.00
Basic surplus per share for period		2.24	0.73
Diluted surplus per share for period		2.24	0.73

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

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

Consolidated statement of financial position

As at 31 December 2019

In thousands of EUR	Notes	31.12.2019	31.12.2018
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	9,20	822'801	639'341
Private debt	9,20	70'316	89'563
Private real estate	9,20	2'733	4'788
Private infrastructure	9,20	25'502	25'114
Other long-term receivables		2'850	2'798
Non-current assets		**924'202**	**761'604**
Other short-term receivables	10,20	1'626	17'779
Hedging assets	12,20	1'621	1'578
Cash and cash equivalents	13	22'572	26'497
Current assets		**25'819**	**45'854**
TOTAL ASSETS		**950'021**	**807'458**
EQUITY AND LIABILITIES			
Share capital	14	69	69
Reserves	14	868'611	753'585
Total equity		**868'680**	**753'654**
Short-term credit facility	16	47'500	35'000
Accruals and other short-term payables	11	33'841	18'804
Liabilities falling due within one year		**81'341**	**53'804**
TOTAL EQUITY AND LIABILITIES		**950'021**	**807'458**

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

Consolidated statement of changes in equity

for the period from 1 January 2019 to 31 December 2019

In thousands of EUR	Share capital	Reserves	Total
Balance at the beginning of period	69	753'585	753'654
Dividend paid	-	(40'106)	(40'106)
Surplus / (loss) for period	-	155'132	155'132
Equity at end of period	**69**	**868'611**	**868'680**

for the period from 1 January 2018 to 31 December 2018

In thousands of EUR	Share capital	Reserves	Total
Balance at the beginning of period	69	741'976	742'045
Dividend paid	-	(38'725)	(38'725)
Surplus / (loss) for period	-	50'334	50'334
Equity at end of period	**69**	**753'585**	**753'654**

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

Consolidated statement of cash flows

for the period from 1 January 2019 to 31 December 2019

In thousands of EUR	Notes	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Operating activities			
Surplus / (loss) for period before interest expense		155'749	50'490
Adjustments:			
Net foreign exchange (gains) / losses	23	(8'197)	(11'914)
Investment revaluation	22	(188'803)	(64'664)
Withholding tax on direct investments	22	129	18
Net result from interest income	21	(3'635)	(2'808)
Net result from dividend income	21	(238)	(8'015)
Revaluation on forward hedges	12,22	10'388	11'985
(Increase) / decrease in receivables		16'871	(15'960)
Increase / (decrease) in payables		14'890	2'570
Realized gains / (losses) from forward hedges	12	(10'431)	(11'397)
Purchase of private equity investments	9	(45'214)	(132'398)
Purchase of private debt investments	9	542	(20'963)
Purchase of private real estate investments	9	44	262
Distributions from and proceeds from sales of private equity investments	9	58'432	83'830
Distributions from and proceeds from sales of private debt investments	9	17'020	37'860
Distributions from and proceeds from sales of private real estate investments	9	2'100	2'511
Distributions from and proceeds from sales of private infrastructure investments	9	1'000	357
Interest & dividends received	21	3'511	10'495
Net cash from / (used in) operating activities		**24'158**	**(67'741)**
Financing activities			
Net increase / (decrease) in credit facilities	16	12'500	35'000
Interest paid - credit facilities	16,21	(447)	(102)
Dividends paid		(40'106)	(38'725)
Net cash from / (used in) financing activities		**(28'053)**	**(3'827)**
Net increase / (decrease) in cash and cash equivalents		**(3'895)**	**(71'568)**
Cash and cash equivalents at beginning of period	13	**26'497**	**97'416**
Effects of foreign currency exchange rate changes on cash and cash equivalents	23	(30)	649
Cash and cash equivalents at end of period	13	**22'572**	**26'497**

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

Notes to the consolidated financial statements

for the period from 1 January 2019 to 31 December 2019

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

Notwithstanding the fact that, as at the date of the Directors' approval of these consolidated financial statements, the terms and implications of the United Kingdom's withdrawal from the European Union remain unclear, we expect that the net ultimate effect on the consolidated financial statements of the Group will be immaterial, given the Group's low exposure to the UK and the Group's currency hedging policy.

The preparation of consolidated financial statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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, judgments and estimates are significant to the consolidated financial statements are disclosed in Note 4, 'Critical accounting estimates and judgments'.

The Directors of the Company have elected to prepare consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2019 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 Principal 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 consolidated financial statements.

From 1 January 2019, 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 2019.

Annual Improvements to IFRS Standards 2015-2017 Cycle (effective from 1 January 2019) Amendments to IAS 12,
Amendments to IFRS 9 (effective from 1 January 2019) - Prepayment Features with Negative Compensation,
Amendments to IAS 28 (effective from 1 January 2019) - Long-term Interests in Associates and Joint Ventures,
IFRIC 23 (effective from 1 January 2019) - Uncertainty over income tax treatments.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the 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 References to the Conceptual Framework in IFRS Standards (effective from 1 January 2020),
Amendments to IFRS 3 Business combinations (effective from 1 January 2020) - Definition of a business,
Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors (effective from 1 January 2020) - Definition of material.

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 the Investment Advisor. Partners Group AG (the "Investment Advisor") is appointed by Princess Management Limited and has been identified as the chief operating decision maker, responsible for allocating resources and assessing 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 Subholding and Sub-Subsidiary (the "Subsidiaries"), as further described in Note 4, "Critical accounting estimates and judgments".

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 26). 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 is 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 economic environment in which the entity operates (the "Functional Currency") that most faithfully represents the economic effect of the underlying transactions, events and conditions. The 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 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") and all other types of investments, which comprise investments in 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 Princess Management Limited (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.

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 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 all of the counterparties.

Cash and cash equivalents

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

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 judgments

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

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 to estimate a fair value as at the end of the reporting period.

Critical judgments

In order to determine the underlying assumptions of such methods significant judgment is required. The areas of such judgment 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; and
- Selection of recent transactions for the sales comparison method.

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 the Investment Advisor's 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; and
- Review of current market environment and the impact of it on the Direct and Indirect Investments.

The variety of valuation bases adopted, quality of management information provided by the underlying Indirect 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 consolidated financial statements and these differences may be significant as a result of the judgments and estimates applied.

Cash flow modeling

In addition to the review of historical data within the cash flow modeling, the Investment Manager also takes into account current portfolio data together with the expected development of the market environment based on observable market information and subjects this to simulations and stress-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 Advisor'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 judgments 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 judgment 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, in arrears, to the Investment Manager quarterly management fees. The quarterly management fees are calculated as 0.375% of the higher of the sum of Private Equity Net Assets 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 unfunded commitment of the Company or the Net Assets of the Group at the end of the quarter.

Administration fees

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

Service fees

For the services provided, the Company shall pay the Investment Manager a quarterly compensation of EUR 62'500 excluding VAT, if any, including any overhead, travel, out-of-pocket, IT and other infrastructure expenses in connection with the provision of services under the Investor Relations 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"). In accordance with the IMA, Incentive Fees are calculated on each reporting date, taking into account the required performance conditions and distribution arrangements of the Company.

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

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

Incentive Fees are calculated on an annual basis based on the value of each direct and secondary investment as measured at the reporting date, 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 123'715 (2018: EUR 109'066).

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 paid two interim dividends, each of EUR 0.29 per Ordinary Share, which were paid on 28 June 2019 and 20 December 2019, in total amounting to EUR 40.1 million (2018: EUR 0.28 per Ordinary Share amounting to EUR 38.7 million).

8 Segment calculation

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

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

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

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

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

In thousands of EUR	**01.01.2019 31.12.2019**	**01.01.2018 31.12.2018**
Private equity		
Interest & dividend income	515	8'364
Revaluation	191'277	57'219
Withholding tax on direct private equity investments	(117)	-
Net foreign exchange gains / (losses)	5'411	8'020
Total net income private equity	**197'086**	**73'603**
Segment result private equity	**197'086**	**73'603**
Private debt		
Interest income (including payment-in-kind)	3'358	2'459
Revaluation	(3'550)	2'620
Withholding tax on direct private debt investments	(12)	(18)
Net foreign exchange gains / (losses)	1'623	2'815
Total net income private debt	**1'419**	**7'876**
Segment result private debt	**1'419**	**7'876**
Private real estate		
Revaluation	89	(255)
Total net income private real estate	**89**	**(255)**
Segment result private real estate	**89**	**(255)**
Private infrastructure		
Revaluation	987	5'080
Net foreign exchange gains / (losses)	401	871
Total net income private infrastructure	**1'388**	**5'951**
Segment result private infrastructure	**1'388**	**5'951**
Non-attributable		
Net foreign exchange gains / (losses)	(30)	649
Total net income non-attributable	**(30)**	**649**
Segment result non-attributable	**(33'541)**	**(24'083)**
Other financial activities not allocated	(11'309)	(12'758)
Surplus / (loss) for period	**155'132**	**50'334**

9 Financial assets at fair value through profit or loss

9.1 PRIVATE EQUITY

In thousands of EUR	31.12.2019	31.12.2018
Balance at beginning of period	639'341	525'538
Purchase of Direct and Indirect Investments	45'214	132'398
Distributions from and proceeds from sales of Direct and Indirect Investments	(58'432)	(83'830)
Accrued cash and payment-in-kind interest	107	(4)
Revaluation	191'277	57'219
Withholding tax on direct private equity investments	(117)	-
Foreign exchange gains / (losses)	5'411	8'020
Balance at end of period	**822'801**	**639'341**
Movement in unrealized gains / (losses) still held at end of period	**156'070**	**5'071**

The balance at the beginning of the period includes investments classified as level 1 in accordance with IFRS 13 with a fair value of EUR 10'214'670 (2018: EUR 13'311'218). The balance at the end of the period includes investments classified as level 1, in accordance with IFRS 13, with a fair value of EUR 7'764'394 (2018: EUR 10'214'670). During the reporting period, there were no transfers between level 3 and levels 1 and 2 of the fair value hierarchy (2018: certain investments with a fair value of EUR 10'041'428 and EUR 1'888'613 were transferred out of level 3 into levels 1 and 2 respectively).

During the previous reporting period, the Group has disposed of certain underlying Indirect and Direct Investments by way of a secondary sale to two financial buyers (the "Secondary Sale"). The Secondary Sale was part of a secondary sales transaction involving a number of Indirect Investments held by the Group as well as other related party investment programs (the "Transaction"). In some instances, the Group has not sold its entire interest in an underlying Indirect Investment as part of the Transaction, but continues to be invested into such Indirect Investments (the "Remaining Indirect Investments"). In such a situation, the sales price agreed upon between the Group and the financial buyers as part of the Transaction is not considered to be representative of fair value for the Remaining Indirect Investments, given that the Indirect Investments have been sold as part of the Transaction portfolio rather than on a standalone basis. Therefore, the applicable unit of account as defined in IFRS 13 - Fair Value Measurement comprise all Indirect Investments sold as part of the Transaction, and not any of the individual Remaining Indirect Investments.

9.2 PRIVATE DEBT

In thousands of EUR	31.12.2019	31.12.2018
Balance at beginning of period	89'563	100'711
Purchase of Direct and Indirect Investments	(542)	20'963
Distributions from and proceeds from sales of Direct and Indirect Investments	(17'020)	(37'860)
Accrued cash and payment-in-kind interest	254	332
Revaluation	(3'550)	2'620
Withholding tax on direct private debt investments	(12)	(18)
Foreign exchange gains / (losses)	1'623	2'815
Balance at end of period	**70'316**	**89'563**
Movement in unrealized gains / (losses) still held at end of period	**(2'698)**	**3'266**

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.

9.3 PRIVATE REAL ESTATE

In thousands of EUR	31.12.2019	31.12.2018
Balance at beginning of period	4'788	7'816
Purchase of Direct and Indirect Investments	(44)	(262)
Distributions from and proceeds from sales of Direct and Indirect Investments	(2'100)	(2'511)
Revaluation	89	(255)
Balance at end of period	**2'733**	**4'788**
Movement in unrealized gains / (losses) still held at end of period	**(2'055)**	**(3'025)**

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	31.12.2019	31.12.2018
Balance at beginning of period	25'114	19'520
Distributions from and proceeds from sales of Direct and Indirect Investments	(1'000)	(357)
Revaluation	987	5'080
Foreign exchange gains / (losses)	401	871
Balance at end of period	**25'502**	**25'114**
Movement in unrealized gains / (losses) still held at end of period	**1'387**	**5'951**

10 Other short-term receivables

As at the end of the reporting period, other short-term receivables mainly include interest and dividend receivables due from underlying investments of EUR 694'013 and equalization rebate receivables due from two related parties of EUR 672'168 (2018: redemption receivable due from a related party of EUR 15'682'381).

11 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 26'913'057 (2018: EUR 13'361'612).

12 Foreign exchange forward / option contracts

In thousands of EUR	31.12.2019	31.12.2018
Foreign exchange forward contracts		
Unrealized gains / (losses)	43	(588)
Realized gains / (losses)	(10'431)	(11'397)
Total gains / (losses) from forward contracts	**(10'388)**	**(11'985)**

All contracts captured in the table below may 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)
As at 31.12.2019				
Foreign exchange forward contract	GBP 21'800	EUR 25'251	15.01.2020	(458)
Foreign exchange forward contract	USD 74'800	EUR 67'128	26.02.2020	742
Foreign exchange forward contract	USD 74'900	EUR 67'217	26.02.2020	743
Foreign exchange forward contract	USD 74'900	EUR 67'218	26.02.2020	743
Foreign exchange forward contract	EUR 23'224	USD 26'000	26.02.2020	(149)
As at 31.12.2018				
Foreign exchange forward contract	GBP 21'800	EUR 24'610	24.01.2019	326
Foreign exchange forward contract	USD 74'300	EUR 65'128	21.02.2019	419
Foreign exchange forward contract	USD 74'300	EUR 65'129	21.02.2019	419
Foreign exchange forward contract	USD 74'300	EUR 65'124	21.02.2019	414

13 Cash and cash equivalents

In thousands of EUR	31.12.2019	31.12.2018
Cash at banks	22'572	26'497
Total cash and cash equivalents	**22'572**	**26'497**

14 Share capital, treasury shares and reserves

14.1 CAPITAL

In thousands of EUR	31.12.2019	31.12.2018
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 May 2019, the shareholders renewed the authority granted to the Directors to purchase up to 14.99% of the issued share capital of the Company (2018: at the annual general meeting held in May 2018, the shareholders renewed the authority granted to the Directors to purchase up to 14.99% of the issued share capital of the Company).

During the reporting period, the Company did not buy back shares (2018: none). As disclosed in the table above, no shares were canceled during the reporting period and no shares were held as treasury shares at the end of the reporting period (2018: none).

The total authorized shares consist of 200'100'000 Ordinary shares of EUR 0.001 each (total value EUR 200'100) (2018: 200'100'000 Ordinary shares of EUR 0.001 each).

14.2 RESERVES

During the reporting period, the Directors have decided to present Reserves and Retained earnings as one reserve, both of which are distributable reserves and similar in nature.

15 Commitments to Direct and Indirect Investments

In thousands of EUR	31.12.2019	31.12.2018
Unfunded commitments translated at the rate prevailing at end of period	79'631	93'775

16 Short-term credit facility

On 14 December 2016, the Company renewed a multi-currency revolving credit facility (the "Facility") with an international financial institution for EUR 50'000'000, which matures on 14 December 2020.

Interest on principal drawn is calculated at a margin of 2.95% to 3.25% per annum above the applicable London Interbank Offered Rate ("LIBOR") rate or, in relation to any loan in EUR, the applicable Euro Interbank Offered Rate ("EURIBOR") rate. A commitment fee of 0.90% per annum is charged on the daily undrawn facility commitment. In addition, an arrangement fee of EUR 425’000 was payable upon closing and a monitoring fee of EUR 25’000 payable annually.

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

The Company must maintain a total net asset value of at least EUR 350'000'000 and a total asset ratio (total debt plus current liabilities as a percentage of restricted net asset value, as defined in the credit facility agreement) not greater than 25%.

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

In thousands of EUR	31.12.2019	31.12.2018
Short-term credit facility		
Balance at beginning of period	35'000	-
Increase in credit facility	47'500	43'000
Decrease in credit facility	(35'000)	(8'000)
Balance at end of period	**47'500**	**35'000**

17 Incentive fees

In thousands of EUR	31.12.2019	31.12.2018
Balance at beginning of period	13'362	11'070
Change in incentive fees attributable to Investment Manager	19'429	11'062
Incentive fees paid/payable	(5'878)	(8'770)
Balance at end of period	**26'913**	**13'362**
Incentive fees accrued	61'893	35'389
Incentive fees rebates accrued	(34'980)	(22'027)
Total net incentive fees	**26'913**	**13'362**

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.

18 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 reporting 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 2019 and 2018.

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

In thousands of EUR	31.12.2019	31.12.2018
Net assets of the Group	868'680	753'654
Outstanding shares at the end of the reporting period	69'151'168.00	69'151'168.00
Net assets per share at period end	**12.56**	**10.90**

19 Financial risk management

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

The potential economic consequences of Brexit on investments with UK exposure have implications for all aspects of financial risk management. Exposure to increased foreign currency volatility resulting from Brexit is disclosed in section 18.1. Although, there are broader economic consequences which cannot be accurately quantified, due to the status of on-going negotiations, any impact is expected to be immaterial given the Group's low exposure to the UK. These broader economic consequences include the impact on interest rate risk, credit risk, liquidity risk, capital risk, and market price risk.

The risks of a potential discontinuation of interbank offered rates ("IBORs") by the end of 2021 also have implications for all aspects of financial risk management, including interest rate risk, credit risk, liquidity risk, capital risk and market price risk. The Group has performed an assessment of the potential impact that a possible discontinuation of IBORs and transition to alternative reference rates could have on its assets under management, balance sheet, investments, valuations and investors. The overall risk is assessed to be limited and the Group plans to update this assessment and agree on measures to prepare for this transition in the course of 2020, as additional visibility on the new market conventions become available.

19.1 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 Group's hedging committee meets on a quarterly basis to review the foreign currency exchange rate risk and decides on the use of derivative financial instruments such as foreign currency exchange forward and option contracts to hedge certain exposures at its discretion. Furthermore, the Group's risk management committee reviews the foreign currency exchange risk on a monthly basis and proposes changes to the actual hedging positions if necessary.

The annual volatility analysis uses cross-currency rates from 1 January 2001 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 relevant period.

In thousands of EUR	31.12.2019	31.12.2018
Net assets denominated in AUD	5	5
Net assets denominated in CHF	9'693	7
Net assets denominated in GBP	19'524	12'511
Net assets denominated in SEK	1	1
Net assets denominated in USD	117'762	82'091
Net assets denominated in NOK	-	1
Net assets denominated in INR	14'242	8'262
Applicable annual volatility AUD	9.04%	9.22%
Applicable annual volatility CHF	6.51%	6.62%
Applicable annual volatility GBP	7.89%	7.97%
Applicable annual volatility SEK	5.60%	5.66%
Applicable annual volatility USD	9.65%	9.85%
Applicable annual volatility NOK	6.91%	6.95%
Applicable annual volatility INR	9.39%	9.53%
Fluctuation of net assets and corresponding results depending on above mentioned volatility	**14'873**	**9'871**

19.2 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 partially based on LIBOR and EURIBOR rates. A decrease in the market interest rates can lead to a decrease in the interest income of the Group. The overall interest rate risk is considered to be limited as only a small part of the portfolio depends on variable interest rates.

Cash and cash equivalents are only short-term and therefore interest rate exposure is limited. Excess cash balances may be placed into instruments with fixed interest rates when necessary. As at 31 December 2019, there were no term deposits (2018: nil).

The interest rates quoted against the general market are analysed 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 25 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.

19.3 VARIABLE RATE INSTRUMENTS

In thousands of EUR	31.12.2019	31.12.2018
Mezzanine and senior debt investments	43'047	52'445
Cash and cash equivalents	22'572	26'497
Credit facility	(47'500)	(35'000)
Total variable rate instruments	**18'119**	**43'942**

19.4 SENSITIVITY ANALYSIS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	45	(45)

19.5 SENSITIVITY ANALYSIS PREVIOUS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	110	(110)

19.6 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.

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

Derivative counterparties and cash transactions are limited to high credit quality financial institutions with a minimum rating of P-1 (Moody's). 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.

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

The Group may also invest in mezzanine and senior debt facilities of alternative investment backed underlying investments. These underlying investments' financial performance is monitored on a monthly basis and classified by an internal rating system, which consists of five categories: too early, with issues, on plan, above plan and outperformer. When assessing the investment the Investment Manager takes into account a number of factors, including the financial position and actual versus expected performance. The term "too early" is used during the period just after the initial investment when there is insufficient information to assess the actual performance of the underlying investment. If an underlying investment's performance is classified as "with issues", the mezzanine or senior debt facility will be closely and regularly monitored by the Investment Advisor, 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 Advisor 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.

19.7 RATING OF MEZZANINE AND SENIOR DEBT INVESTMENTS

In thousands of EUR	**31.12.2019**	**31.12.2018**
Too early	-	16'781
With issues	12'707	-
On plan	30'340	35'664
Above plan	-	-
Outperformer	-	-
Total	**43'047**	**52'445**

19.8 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
Hedging assets	1'621	-	-
Cash and cash equivalents	22'572	-	-
Other short-term receivables	1'626	-	-
Other long-term receivables	2'850	-	-
Mezzanine and senior debt investments	43'047	-	-

As at the end of the reporting period, the Group held cash and cash equivalents of EUR 22'571'655 (2018: EUR 26'496'950) with two international Swiss based banking groups which at that date had ratings of Baa2 (Moody's) and Aaa (Moody's).

19.9 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
Hedging assets	1'578	-	-
Cash and cash equivalents	26'497	-	-
Other short-term receivables	17'779	-	-
Other long-term receivables	2'798	-	-
Mezzanine and senior debt investments	52'445	-	-

19.10 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 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 Advisor's internal risk committee on a quarterly basis. If the risk committee concludes that there is a risk of insufficient liquidity to fund investments, actions are taken into consideration such as entering into a credit facility, reducing the amount of listed private equity, if any, or the selling of investments on the secondary market.

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

19.11 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	(79'631)	-	-
Liabilities falling due within one year	(54'428)	(26'913)	-
Hedging assets	1'621	-	-
Current assets	24'198	-	-
Other long-term receivables	-	-	2'850
Undrawn credit facility	2'500	-	-
Total	**(105'740)**	**(26'913)**	**2'850**

19.12 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	(93'775)	-	-
Liabilities falling due within one year	(53'804)	-	-
Hedging assets	1'578	-	-
Current assets	44'276	-	-
Other long-term receivables	-	-	2'798
Undrawn credit facility	15'000	-	-
Total	**(86'725)**	**-**	**2'798**

19.13 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 are 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.

19.14 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 and manages where appropriate the level of discount between the market price of its equity and the Group's net asset value per share in open market transactions.

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 16).

19.15 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 Cambridge Associates' returns from European private equity funds (in EUR) and US private equity funds (in USD) that have both been given an equal weighting as its primary benchmark. 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 benchmark is shown for the period from 1 January 2001 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.

19.16 MARKET PRICE RISK

In thousands of EUR	31.12.2019	31.12.2018
Financial assets at fair value through profit or loss	921'352	758'806
Total assets subject to market risk	**921'352**	**758'806**
Annual expected volatility	9.53%	9.76%
Potential impact on audited consolidated financial statements	**87'805**	**74'060**

19.17 OFFSETTING FINANCIAL INSTRUMENTS

The Group is subject to master netting arrangements (typically one per counterparty) with one or more derivative counterparties for all derivative assets and liabilities held with these counterparties. The Group may maintain variation margin balances for the purpose of providing or receiving collateral on derivative positions.

The Group and its counterparties have elected to generally settle all transactions on a gross basis; however, each party has the option to settle all open contracts on a net basis in an early termination event as defined in the relevant master netting agreements. Under the terms of the master netting agreements, 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 statement of financial position.

19.18 OFFSETTING 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							
31.12.2019	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 B	1'486	458	1'028	-	-	440	588
Counterparty D	742	149	593	-	-	300	293

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							
31.12.2019	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
Credit facility drawn				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty B	47'500	-	47'500	-	-	-	47'500

19.19 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							
31.12.2018	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 D	1'164	-	1'164	-	-	1'140	24
Counterparty C	414	-	414	-	-	240	174

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							
31.12.2018	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
Credit facility drawn				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty B	35'000	-	35'000	-	-	-	35'000

19.20 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 for funding to an entity or provide investment opportunities to 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 statement of financial position. Unrealized gains/ losses arising from such Indirect Investments are accounted for within the line item 'Revaluation' in the audited 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.

19.21 STRUCTURED ENTITIES REPORTING PERIOD

NAV in thousands of EUR	**31.12.2019**
Region & Strategy	
North America	
Buyout	344'396
Special situations	34'702
Venture capital	6'869
Western Europe	
Buyout	84'594
Real estate	2'733
Venture capital	57'381
Infrastructure	2'691
Rest of World	
Buyout	15'617
Venture capital	11'462

19.22 STRUCTURED ENTITIES PREVIOUS REPORTING PERIOD

NAV in thousands of EUR	**31.12.2018**
Region & Strategy	
North America	
Buyout	270'064
Special situations	50'794
Venture capital	7'657
Western Europe	
Buyout	78'587

NAV in thousands of EUR	31.12.2018
Real estate	4'788
Venture capital	33'758
Infrastructure	3'479
Rest of World	
Buyout	17'442
Venture capital	12'244

20 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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment 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 as 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 as level 2.

Level 3 investments comprise unquoted investments which are valued using widely recognized valuation methods based on the latest information provided by underlying investments and other business partners. Such information may or may not coincide with the reporting date of the Group or the valuation date of those investments. This is further detailed in the 'Critical accounting estimates and judgments' note (Note 4).

The reconciliation of each class of financial instrument classified as level 3 is presented in the 'Financial assets at fair value through profit or loss' note (Note 9).

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

20.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	1'626	1'626
Derivatives used for hedging	-	1'621	-	1'621
Financial assets at fair value through profit or loss - equity securities	7'888	1'724	841'424	851'036
Financial assets at fair value through profit or loss - debt investments	-	-	70'316	70'316
Total assets	**7'888**	**3'345**	**913'366**	**924'599**
Liabilities				
Total liabilities	**-**	**-**	**-**	**-**

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

20.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	17'779	17'779
Derivatives used for hedging	-	1'578	-	1'578
Financial assets at fair value through profit or loss - equity securities	10'215	1'889	657'139	669'243
Financial assets at fair value through profit or loss - debt investments	-	-	89'563	89'563
Total assets	**10'215**	**3'467**	**764'481**	**778'163**
Liabilities				
Total liabilities	**-**	**-**	**-**	**-**

During the reporting period, certain investments with a fair value of EUR 10'041'428 and EUR 1'888'613 were transferred out of level 3 into level 1 and level 2 respectively.

20.3 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 20):

- 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, 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.

20.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

Level 3 investments may consist of Direct and Indirect equity and debt Investments. Level 3 Indirect Investments are generally valued at the Indirect Investments' net asset values last reported by the Indirect Investments' 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 an Indirect 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 Indirect Investments, syndicated transactions which involve such companies and the application of reporting standards by Indirect Investments which do not apply the principle of fair valuation.

The main inputs into the Group's valuation models for Direct equity and debt Investments 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 Direct and Indirect 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 utilizes comparable trading multiples in arriving at the valuation for the Direct Investments. Comparable companies' multiple techniques assume that the valuation of unquoted Direct Investments 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 Direct Investment is selected (these include but are not limited to EBITDA, 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 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 Direct Investment and the comparable company set. The indicated fair value of the Direct Investment is determined by applying the relevant adjusted trading multiple to the identified performance measure of the valued company.

The valuation of a Direct Investment 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. Direct Investments 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 Direct Investment's net debt in order to determine the equity value of the relevant Direct 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 Direct Investment is projected. The future cash flows are discounted to the date of the relevant reporting period end in order to determine the fair value.

Direct debt Investment valuations are derived by applying widely acceptable valuation methods suitable for debt investments which include, but are not limited to, using indicative broker quotes and the comparable debt approach.

Indicative broker quotes for Direct debt Investments, which may or may not be traded in an active market, are provided by an independent third party. These quotes are applied on the nominal value of such investments to derive the fair value. The comparable debt approach arrives at the valuation of a Direct debt Investment 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 Direct real estate Investments. The sales comparison method compares a Direct 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 Direct real estate Investment is selected (amongst others price per room, 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 Direct real estate Investment is determined by applying the relevant price per unit to the respective Direct real estate Investment. The sales comparison method is most appropriate for Direct real estate Investments where the investment's size (e.g. number of rooms, square feet, square meters) is known and similar properties have recently traded in the market.

The income method compares a Direct 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 Direct real estate Investment is determined by applying the relevant capitalization rate to the Direct real estate Investment's net operating income. This method is most appropriate for income generating Direct real estate Investments where the net operating income is known and similar properties have recently traded in the market.

The valuation of level 3 Direct equity Investments derived using an unobservable input factor is directly affected by a change in that factor. The change in valuation of level 3 Direct equity Investments may vary between different Direct 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.

If presented, the category "Direct Investments" may include certain Indirect Investments where there is full visibility of the underlying portfolio and hence a full revaluation is performed on such investments as if they were Direct Investments. If presented, the category "Direct Investments" may include certain investments using the valuation technique "Reported fair value". Such Direct Investments invest solely into underlying Indirect Investments, 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 Direct real estate equity Investments, the sensitivity analysis as performed for Direct equity Investments, 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 Direct Investments that have been acquired 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.

20.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.12.2019	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
Fair value in thousands of EUR						
Direct Investments						
Direct equity Investments	22'810	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	211	(211)
	364'808	Market comparable companies	Enterprise value to EBITDA multiple	8.00x - 21.50x (14.39x)	32'935	(32'935)
	27'757	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
	92'200	Exit price	Recent transaction price	n/a	n/a	n/a
Direct debt Investments	18'637	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
	21'667	Discounted cash flow	Discount factor	8.36% - 15.50% (12.21%)	643	(643)
	1'021	Market comparable companies	Enterprise value to EBITDA multiple	11.00x - 11.00x (11.00x)	n/a	n/a
Indirect Investments						
	363'443	Adjusted reported net asset value	Reported net asset value	n/a	18'172	(18'172)
	(603)	Adjusted reported net asset value	Fair value adjustments	n/a	(30)	30

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

20.6 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

Type of security	Fair value at 31.12.2018	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
Fair value in thousands of EUR						
Direct Investments						
Direct equity Investments	21'636	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	99	(99)
	277'179	Market comparable companies	Enterprise value to EBITDA multiple	8.40x - 18.00x (13.35x)	27'076	(27'076)
	54'701	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
Direct debt Investments	24'864	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
	8'912	Discounted cash flow	Discount factor	8.77% - 8.77% (8.77%)	151	(151)
	16'781	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
Indirect Investments						
	345'865	Adjusted reported net asset value	Reported net asset value	n/a	17'293	(17'293)
	(3'233)	Adjusted reported net asset value	Fair value adjustments	n/a	(162)	162

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

21 Dividend and interest income and expense

In thousands of EUR	31.12.2019	31.12.2018
Interest income		
From financial assets at fair value through profit or loss	3'635	2'808
Dividend income		
From financial assets at fair value through profit or loss	238	8'015
Total dividend and interest income	**3'873**	**10'823**
Interest expense		
Interest expense - credit facilities	(617)	(156)
Total interest expense	**(617)**	**(156)**
Net result from dividends and interest	**3'256**	**10'667**

22 Revaluation and realized gains and (losses)

In thousands of EUR	31.12.2019	31.12.2018
On financial assets at fair value through profit or loss	188'803	64'664
Withholding tax on Direct Investments	(129)	(18)
On option and forward hedges	(10'388)	(11'985)
Total revaluation and realized gains and (losses)	**178'286**	**52'661**

23 Foreign exchange gains and (losses)

In thousands of EUR	31.12.2019	31.12.2018
On financial assets at fair value through profit or loss	7'435	11'706
On payables and receivables	792	(441)
On cash and cash equivalents	(30)	649
Total foreign exchange gains and (losses)	**8'197**	**11'914**

24 Related party transactions and balances

A related party to the Group is an entity which has the ability to directly or indirectly control the Group, or vice versa, or to exercise significant influence over the Group in making financial and 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 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:

24.1 TRANSACTIONS

In thousands of EUR	31.12.2019	31.12.2018
Management fee expenses:		
Princess Management Limited	12'732	11'411
Administration fee expenses:		
Partners Group (Guernsey) Limited	399	380
Service fee expenses:		
Princess Management Limited	250	250
Incentive fee expenses:		
Princess Management Limited	19'429	11'062
Incentive fee paid:		
Princess Management Limited	5'878	8'770
Directors' fee expenses:	**268**	**285**
Invested amounts and distributions from / (to) Partners Group advised products (investment side), net.	**29'702**	**(25'438)**

Commitments made during the period to Partners Group advised products amounted to EUR 8'134'055 (2018: EUR 17'724'016).

24.2 PERIOD-END BALANCES

In thousands of EUR	31.12.2019	31.12.2018
Other long-term receivables:		
Partners Group Access Fermaca, L.P.	2'850	-
Other short-term receivables:		
Partners Group AG	233	-
Partners Group Client Access 19, L.P. Inc.	117	-
Partners Group Distressed 2009, L.P.	20	-
Partners Group Global Senior Loan Master Fund SICAV P (EUR) D	232	-
Partners Group Global Real Estate 2008, L.P.	21	-
Accruals and other short-term payables:		
Princess Management Limited	(5'816)	-
Accrued incentive fee:		
Princess Management Limited	(26'913)	(13'362)
Commitments to Partners Group advised products (investment side)	**663'177**	**671'311**
Fair value of investments advised by Partners Group or related parties	**609'918**	**502'071**

25 Group entities - significant subsidiaries

Princess Private Equity Subholding Limited
Incorporated in Guernsey
Ownership interest as at 31 December 2019 and 31 December 2018: 100%
Activity: Investment services company

Princess Direct Investments, L.P. Inc.
Incorporated in Guernsey
Ownership interest as at 31 December 2019 and 31 December 2018: 100%
Activity: Investment services partnership

26 Events after the reporting date

On 10 March 2020, the Board of Directors has approved the renewal of the Company's existing multi-currency revolving credit facility with an international financial institution for a period of four years and the term will expire on 14 December 2024. The credit facility limit available to the Company will be increased from EUR 50'000'000 to EUR 80'000'000.

During the reporting period, the Group, together with other related party investment programs, has committed to sell its respective equity stakeholdings in one of its investments, Action. The Group's total direct and indirect (through another related party investment program) exposure to the investment as at the end of the reporting period is EUR 96'268'979, that represents a return of 35.7x invested capital and an annual IRR of 76%. The investment closing is targeted to take place during the course of 2020, with roughly 10% of the sales proceeds deferred to be received during 2023.

Other than the aforementioned, the Board of Directors is of the opinion that no 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.

27 Approval of these financial statements

The Board of Directors approved these consolidated financial statements on 10 March 2020.

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Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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