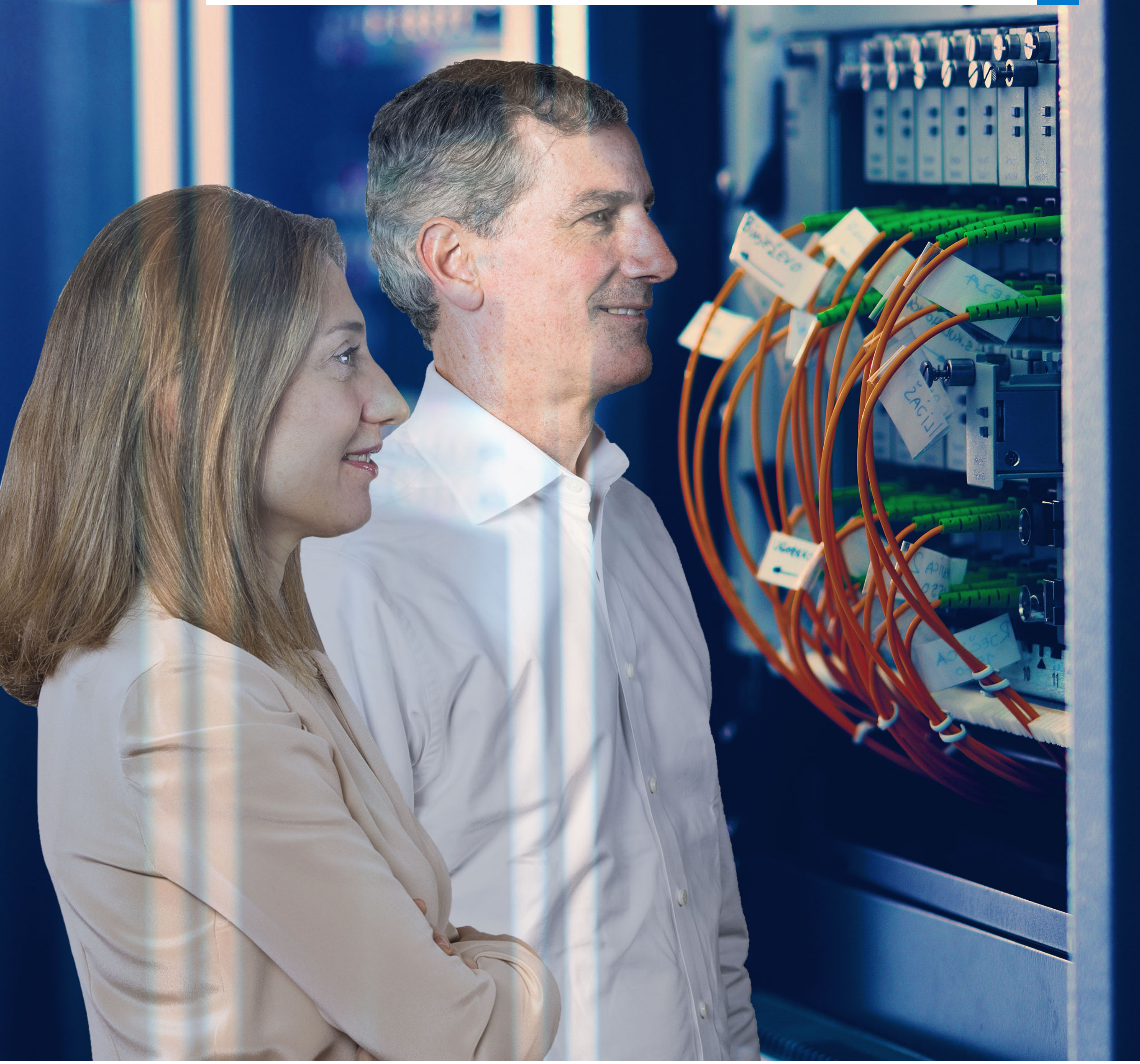
Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Annual Report 2022

Audited consolidated financial statements for the period from 1 January 2022 to 31 December 2022



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 managed by Partners Group AG ("Partners Group"). Princess aims to provide shareholders with long-term capital growth as well as an attractive dividend yield. The shares are traded on the Main Market of the London Stock Exchange.

Investment Strategy

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

Managed by Partners Group

- A leading global private markets firm, which has invested over USD 101 billion in private equity across market cycles;
- Over 200 direct private equity professionals, supported by a global network of industry experts and operating directors with deep industry expertise to help transform portfolio companies.

As of 31 December 2022, USD 101 billion has been invested. This includes investments executed for short-term loans, broadly syndicated loans, cash management purposes and syndication partner investment commitments. The number of professionals as of 31 December 2022 covering Private Equity Directs includes all members from the respective verticals (Services, Technology, Health & Life, Goods & Products), regional coverage, and generalist. The ESG factors are in line with the ESG & Sustainability Directive, available on Partners Group website. Though ESG factors may be considered throughout the investment decision process, it should be noted that ESG is not the predominant strategy of Princess Private Equity Holding Limited. For illustrative purposes only.

The inclusion of the MSCI World index is used for comparison purposes and should not be construed to mean that there will necessarily be a correlation between Princess Private Equity Holding Limited and the index/benchmark.

Cover image is for illustrative purposes only.

Key figures

In EUR	31 December 2021	31 December 2022
Total fund size	1,055,014,221	**1,011,304,037**
NAV per share	15.26	**14.62**
Share price	14.45	**8.44**
Total dividend per share	0.67	**0.38**
Invested during the year	342,393,523	**156,729,129**
Value of investments	1,051,241,219	**1,030,070,746**
Distributed during the year	462,477,535	**241,441,593**
Cash and cash equivalents	40,158,933	**14,850,502**
Undrawn credit facility	55,000,000	**110,000,000**
Unfunded commitments	116,599,553	**103,325,170**
Investment level	99.6%	**101.9%**
Market capitalization	999,234,378	**583,635,858**
Shares outstanding	69,151,168	**69,151,168**

Past performance is not indicative of future results. There is no assurance that similar investments will be made nor that similar results will be achieved.

Investment level: as per reporting date, calculated as value of investments divided by total fund size.

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1. Chairman's report

Dear valued shareholder,

The first quarter of 2022 saw a continuation from the previous year of the positive momentum for exits in private markets. As the year progressed, intensifying geopolitical tensions added to the challenges of high inflation and aggressive interest rate hikes, which led to significant market volatility. The MSCI World index, as a benchmark for global equity markets, was down 12.7% in the reporting period. With investment activity slowing due to more expensive financing conditions, the knock-on effect was a slowdown in distributions from portfolio company exits, particularly in the second half of the year. As 2022 progressed, the Investment Manager also decided to defer certain exits until market conditions become more favourable for realizations. An unprecedented appreciating US Dollar culminated in a difficult third quarter for Princess. A liquidity squeeze regrettably resulted in Princess not paying out the second interim dividend in order to conserve cash. New investment commitments in the second half of the year were also materially reduced as a result.

Performance

The recalibration of global investment activity resulted in downward pressure on portfolio valuations. Despite valuation multiples coming down, Princess' portfolio performance was supported by strong underlying operational performance, which underscores the high-quality assets and emphasizes the investment thesis of long-term sustainable growth in a portfolio that is positioned in resilient and growing sub-sectors. In order to reflect the fair market valuations of Princess' portfolio on a timely basis, we are proud to provide the market with monthly valuation updates. Our robust valuation process and procedures help to allay investor concerns around valuation lags and historically, realizations have tended to be close to fair market valuations. The Company's net asset value (“NAV”) closed the reporting period at EUR 14.62 (2021: EUR 15.26) per share, which including the interim dividend of EUR 0.38 per share, results in a NAV total return of -1.6% over the last twelve months. Princess' share price total return was -39.9%, mainly due to a generally weaker market sentiment in combination with the cancellation of the second interim dividend.

Balance sheet

Princess continues to have sufficient liquidity to cover its future investment commitments. This is supported by a revolving credit facility that was increased post year end by EUR 30 million to EUR 140 million, to provide increased flexibility for liquidity needs.

With liquidity challenged in the third quarter, the foreign exchange ("FX") policy was reviewed. As part of the process, Princess also canvassed the shareholder views, and the majority response was in favor of discontinuing the policy. The FX hedging strategy of the Investment Manager prioritized NAV stability in times of more significant changes in exchange rates against the Euro. To align with the investment company universe, the Board has agreed for Princess to discontinue the hedging of currency exposures from 1 April 2023. The contracts which are currently in place are of a short duration and will be closed out as of this date. The Company will regularly report the underlying investment currencies to allow investors who prefer a hedged exposure to apply their own hedging overlay. Ceasing hedging will reduce the volatility of cash flows while increasing the probability of a higher NAV volatility because of changing FX rates.

Dividend

Dividends paid to shareholders in 2022 amounted to EUR 0.38 per share (2021: EUR 0.67 per share). Princess' investment objective will continue to be that it remains as close to being fully invested as possible. Both Partners Group and the Princess Board acknowledge the sensitivity in Princess fulfilling its dividend objective against providing attractive returns by being fully invested and balancing this with the liquidity needs of the Company. We apologize to shareholders for not having been able to fulfill your expectations in December 2022.

For 2023, the Board intends to maintain its target of distributing 5% of opening NAV with the first payment for FY23 expected to be EUR 0.36 payable in June 2023. The prospective dividend yield for FY23 is in excess of 7% at the current share price.

Board composition and succession plan

After serving as Chair since August 2018 and a Princess board member for 13 years, I will be stepping down from the Board and the role of Chair by not standing for re-election at the annual general meeting ("AGM") in 2023. Steve Le Page will assume the role from the date of the AGM. Merise Wheatley will be Chair of the Audit & Risk Committee, while Fionnuala Carvill will be Chair of the Management Engagement Committee. Felix Haldner, as Advisory Partner for Partners Group, has a consulting role for the firm and remains as the Investment Manager representative on the Princess board.

In summary, the Board wishes to communicate the following updates:

- Dividend objective of 5% of opening NAV remains in place;
- Credit facility upsized to EUR 140 million to strengthen liquidity position;
- FX hedging policy will be discontinued from 1 April 2023;
- Board changes will see Steve Le Page appointed as Chairman on 23 June 2023. The current Chair, Richard Battey, will not be seeking re-election at the 2023 AGM.

Outlook

In 2023 the Investment Manager believes that the demanding market environment can offer potentially strong investment opportunities. However, investment activity this coming year will be measured, with priority given to adding new investments to keep low concentration risk for the portfolio and reap value from many operationally healthy companies, not one "unicorn" performer.

There will be continued vigilance around liquidity, with the dividend objective a priority, balanced with aiming to keep the investment level at or above c. 95% to maximize long-term value creation in growing sub-sectors within the mid-market space.

Partners Group will not become a forced seller in this current market environment which means that Princess distributions may take longer to materialize. However, during the hold period, operational improvements will continue, and this should lead to healthy exit uplifts when they do come to fruition. This plays well into Partners Group's strengths for extracting value through operational transformation rather than financial engineering.

My fellow Directors and I would like to take this opportunity to assure investors that their voices are heard and we trust that you will continue to recognize that Princess' portfolio offers a solid long-term investment with a well-respected Investment Manager.

I and my fellow Directors thank you for your support over the period I have been Chair, and I wish the Company every success in the future.

Richard Battey
Chairman
20 March 2023

2. Private equity market overview

Private equity buyout activity

Global private equity buyout activity remained muted in the final quarter of 2022. The total number of transactions decreased by 26.9% year on year to 1,635 in the fourth quarter, according to Preqin. Registering a total volume of USD 166.7 billion, total transaction value also decreased by 14.6% compared to the same period in 2021, influenced by prevailing geopolitical tensions, heightened inflation and aggressive interest rate hikes throughout the year. Nonetheless, fourth quarter volumes were more than double that of the preceding quarter.

North America continued to account for the majority of global buyout transaction activity, making up 54.1% of total transaction value during the quarter. On a year-on-year basis, however, buyout activity in the region declined by 13.4% to USD 90.2 billion in aggregate value across 919 transactions. A notable transaction was the Blackstone-led consortium's USD 14 billion announced acquisition of a majority stake in US technology and software company Emerson Electric's climate technologies business. The consortium, which includes sovereign wealth funds Abu Dhabi Investment Authority and Singapore's GIC, will control 55% of the joint venture and aims to capitalize on demand for energy-efficient heating and cooling solutions amid wider carbon-reduction efforts. This transaction comes as Emerson has been selling its non-core businesses to strategic buyers over the past two years, including garbage disposal machinery and temperature sensors, as it seeks to reinvest in its core business of selling automation machinery to the automotive, energy and industrial sectors.

Private equity buyout activity in Europe reached USD 15.6 billion across 458 transactions in the fourth quarter of 2022, a decline in value of 70.2% compared with the same period in 2021. The largest transaction for the quarter was Veritas Capital's announced USD 3.1 billion buyout of Wood Mackenzie, a UK provider of data analytics for the energy, renewables and natural resources industries. Veritas plans to enhance and expand the datasets and solutions it provides to its growing customer base.

Meanwhile, aggregate buyout transaction value in Asia grew by 70.3% year on year to USD 52.8 billion across 174 transactions, while the average transaction size nearly doubled over the period. The largest transaction announced in the region was Orix's USD 2.1 billion acquisition of DHC, a Tokyo-based mail-to-order cosmetics and health food company, with plans to help DHC expand its networks in the healthcare business. This comes as DHC's chairman and founder, Yoshiaki Yoshida, prepares to step down after founding the company in 1972.

Private equity exit activity

Global private equity exit activity decreased by 67.7% on a year-on-year basis over the fourth quarter of 2022, aggregating to USD 75.7 billion across 185 transactions, according to Preqin. The most prevalent exit strategy during the quarter continued to be trade sales, making up 84.7% of total exit value.

In North America, aggregate exit value in the region declined by 62.4% year on year to USD 56.5 billion across eighty transactions. The largest-ranked private equity exit in the region - and globally - was US-based grocery giant Kroger's USD 24.6 billion announced take-private of Cerberus Capital-backed and New York Stock Exchange ("NYSE") listed rival Albertsons. The transaction is subject to regulatory approval, particularly on anti-trust concerns. As of 30 June 2022, Kroger and Albertsons command a combined 15% of their market by amount of dollars spent, according to Numerator, and a combination would catapult them to second place behind Walmart.

Over in Europe, private equity exit activity continued to fall over the quarter, with declines of 64.2% and 67.8% by number of transactions and total exit value, respectively. Of the 67 transactions, the largest in the region was KPS Capital Partners' announced USD 4.4 billion sale of Howden Group, a Scotland-based provider of air and gas-handling solutions, to Chart Industries, a US-based manufacturer of highly engineered equipment for the clean energy and industrial gas markets. Howden Group was first acquired by KPS Capital for USD 1.8 billion in a complex corporate carve-out in May 2019 and has since expanded its presence in end-markets that are critical to the development of the industrial economy.

Meanwhile, exit value in Asia fell sharply in the fourth quarter of 2022 to a modest USD 2.2 billion. According to Preqin, of the eighteen transactions, the largest in the region was EQT's Hong Kong-based Baring Private Equity Asia ("BPEA") EQT unit's USD 0.8 billion sale of Japanese drug developer Bushu Pharmaceuticals to US private equity firm Kohlberg Kravis Roberts ("KKR"). The new owner plans to broaden Bushu's business lines to include new growth segments, including injectables, while also investing in further capacity expansion and quality control.

Fundraising activity

Over the fourth quarter of 2022, private equity fundraising activity declined by 15.5% year on year to USD 159.4 billion, across 335 funds. Thoma Bravo, a US private equity firm focused on growth-oriented, innovative companies operating in the software and technology sectors, held the largest close globally for its fifteenth flagship buyout offering, closing the fund at USD 24.3 billion, making it the largest tech-focused buyout fund ever raised, according to Thoma Bravo. In parallel, the firm raised two additional funds targeting the mid-market (USD 6.2 billion) and lower mid-market segments (USD 1.8 billion).

North America-focused funds accounted for 58.8% of total capital raised globally. Standing at USD 118.2 billion, total capital raised increased by a modest 6.0% year on year across 197 funds, a significantly lower number compared to 422 in the previous year. Buyout and growth funds continued to be the dominant strategy, making up over half of North America-focused funds closed during the quarter. The aforementioned Thoma Bravo Fund XV was the largest fund raised in the region, exceeding its initial target of USD 22 billion.

Elsewhere, fifty-four Europe-focused funds raised a total of USD 25.1 billion over the fourth quarter of 2022, 16.0% lower than the previous year. The largest fund raised during the period was Nordic Capital Fund XI at a fund size of USD 8.8 billion, 45% larger than its predecessor, which raised USD 6.5 billion in October 2020. The fund will maintain the same strategy as its predecessors, by investing in the firm's core sectors of healthcare, technology and payments, financial services, and industrial and business services.

Meanwhile, Asia-focused funds raised USD 7.0 billion, or 69.7% less than the prior-year period, and the lowest amount raised in the region since the third quarter of 2013. The largest fund raised in the region was Japan Investment Corporation's second venture growth offering, at a fund size of JPY 200 billion (ca. USD 1.5 billion). The fund seeks to expand the domestic startup market and further engage in investment activities as part of its initiatives under the government's November 2022 'Startup Development Five-year Plan'.

IPO activity

Global initial public offering ("IPO") markets remained subdued over the fourth quarter of 2022, with 334 listings raising USD 31.9 billion collectively, representing declines of 50% and 73% year on year, according to Ernst & Young, and marking the lowest fourth-quarter tally in more than ten years. The Asia-Pacific region maintained its streak of hosting the largest amount of IPO proceeds, easily surpassing that of North America and the Europe, Middle East, India, and Africa ("EMEIA") region combined, while the technology and energy sectors saw the most IPO activity in terms of volume and proceeds in the year, respectively.

IPO activity in the Americas fell sharply in the final quarter of 2022, with just 16 issuers raising a modest USD 1.5 billion collectively over the quarter. This represented year-on-year decreases of 86% and 96% by transaction number and proceeds, respectively. The largest IPO in the region over the period was Mobileye Global, the Israel-based self-driving technology company owned by technology giant Intel, which raised USD 0.9 billion in proceeds, above its targeted marketing range. The listing was the fourth largest in the US in 2022, according to data compiled by Bloomberg, and comes as the company reported revenue which more than doubled to USD 1.4 billion in 2021, compared to less than USD 0.5 billion four years previously. Mobileye plans to use the new capital to repay a portion of the debt owed to Intel, which will continue to hold a majority of voting power in the company.

In the EMEIA region, IPO activity also remained muted in the fourth quarter of 2022, registering a year-on-year decline of 59% by number of listings and a 64% drop in capital raised. Eighty-nine listings raised USD 11.1 billion collectively, with the largest IPO in the region being that of Kuwait-headquartered fast-food restaurant operator Americana Restaurants International, which raised USD 1.8 billion in the first ever dual listing on Abu Dhabi and Saudi Arabia markets. The listing was fifty-eight times oversubscribed, with demand from both institutional and retail investors generating USD 105 billion of orders. The company intends to adopt an annual dividend distribution policy in 2023, with plans to distribute a minimum of 50% of its profits to shareholders.

The Asia-Pacific region similarly recorded lower listings and proceeds, with year-on-year declines of 31% and 59% respectively, where 229 listings raised a total of USD 19.3 billion over the period. A notable transaction in the region was the USD 1.3 billion listing of China Aviation Lithium Battery, China's third-largest electric vehicle battery maker. The IPO drew fifteen cornerstone investors who agreed to purchase USD 735.5 million worth of stock. Though the listing was eventually heavily undersubscribed, its proceeds still ranked it as the largest in Hong Kong in 2022. The company plans to use a majority of funds raised to increase productions at its plants in the Sichuan, Hubei, Anhui, and Guangdong provinces, alongside funding for research and development.

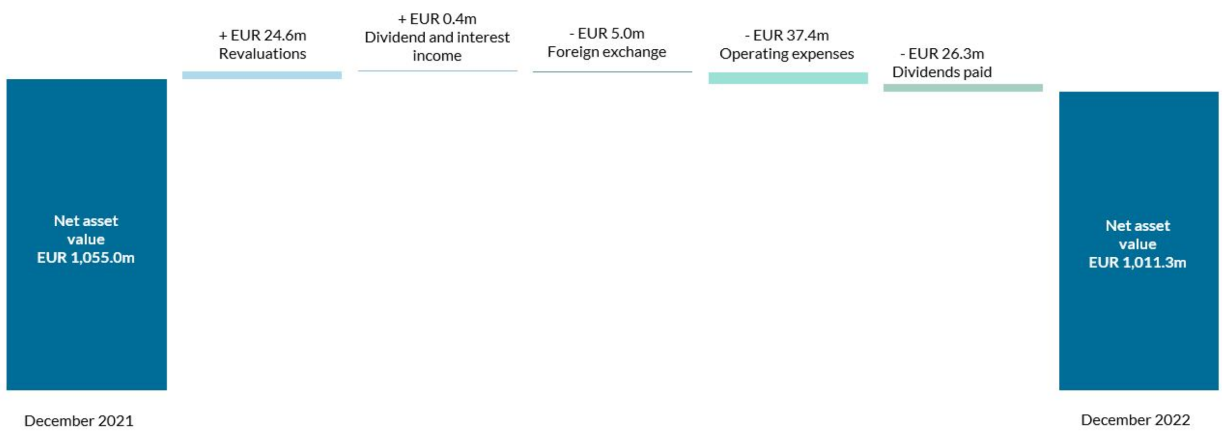
Sources: Bloomberg; Jefferies "State of the Secondary Market"; Preqin "Q4 2022 Private Capital Fundraising, Deals/Exits"; PwC "Global IPO Watch Q4 2022"; EY "Global IPO Trends 2022"; Partners Group Research.

3. Investment Manager's report

Princess' NAV total return at year end was -1.6%, closing the year at EUR 14.62 (2021: EUR 15.26) per share, yet it still outperformed the MSCI World index, which was down 12.7% in the reporting period impacted by the challenging macroenvironment.

The NAV decrease was largely incurred in the first half of the year (-7.5% NAV total return per share), given the impact of the valuation changes brought about by public market devaluations. During the second half of the year, the NAV performance partially recovered (+6.3% NAV total return per share). For the full year, portfolio revaluations were positive (+2.3%), whereas currency movements negatively impacted the NAV (-0.5%).

Princess portfolio valuations are conducted on a monthly basis and therefore they are up to date, which should counter investor concerns around valuation lags. We are confident in the year-end NAV being a fair reflection of valuations in the portfolio. The Investment Manager has worked closely with the portfolio company management teams during the 2022 budgeting process to address inflation risk as much as possible. Since the beginning of the year, the Investment Manager has further increased the scale of multiple contraction to account for rising rates. Partners Group maintains conviction in its combination of thematic investing, hands-on value creation, and pricing power, which should moderate the impact of rising rates on valuations in the long term.



Liquidity and unfunded commitments

Princess' cash position at year-end was EUR 14.8 million and the revolving credit facility undrawn of EUR 110 million. As a reaction to the H1 currency movements, Princess paused new investments from August 2022 for the short term, to strengthen its liquidity position and enable cautious investment in the future. Together with the decision to suspend the H2 dividend, the investment pause has allowed Princess to weather further potential significant negative foreign exchange movements and a continuing challenged exit environment.

Post-year end, Princess agreed to increase the size of the facility from EUR 110 million to EUR 140 million, providing the Company with greater flexibility to manage short-term liquidity requirements.

Total unfunded commitments at 31 December 2022 amounted to EUR 103.3 million (2021: EUR 116.6 million), of which EUR 59.5 million relates to direct investments and active Partners Group direct programs. We regard approximately EUR 38.3 million as likely to fund over the next two to three years and expect the balance of EUR 21.2 million to remain unfunded. The remaining commitments are to funds that have completed their investment periods and are therefore not anticipated to be called in full. In line with the strategy to focus on direct investments, no new third-party fund commitments were made.

Investment activity

In a highly complex economic landscape, the Investment Manager's rigorous thematic sourcing approach enabled the Company to secure a number of notable Direct Investments. Princess invested a total of EUR 156.7 million in 2022 (2021: EUR 342.4 million, including EUR 135 million to senior loans) as shown in the table below.

Total investments for 2022

Investment	Strategy	Amount (EUR milion)
USIC	Equity	20.6
Pharmathen	Equity	17.6
Foundation Risk Partners	Equity	17.4
Forterro	Equity	13.3
Forefront Dermatology	Equity	12.4
Version 1	Equity	12.1
Precisely	Equity	9.8
VelocityEHS	Equity	9.5
Accell Group	Equity	8.8
Mimecast	Equity	6.0
OPEN Health Group	Equity	5.3
Climeworks	Equity	5.2
HTL Biotechnology	Equity	4.4
Abzena	Equity	2.7
Veonet Group	Equity	2.7
SirionLabs	Equity	2.5
Other		6.4
Total investments for 2022		**156.7**

The five largest new investments for the year are covered below, with United States Infrastructure Corporation ("USIC") later in the distribution activity section.

● PHARMATHEN

EUR 17.6 million was invested in Pharmathen, an established developer of advanced drug delivery technologies for complex generic pharmaceuticals. With best-in-class research and development capabilities, Pharmathen presents "first-to-market" opportunities and has an ability to address the large generic market which has high technological barriers to entry. Partners Group's value creation plan will look to strengthen Pharmathen's foothold in the US by acquiring additional manufacturing and market access capabilities. There are also plans to consolidate the European B2B landscape as well as grow the customer base.

● FOUNDATION RISK PARTNERS

EUR 17.4 million was invested in Foundation Risk Partners, a specialist insurance broker in the US. The company generates revenues from recurring annual renewal of policies, leading to highly predictable cash flows. Insurance brokerage is resilient through economic cycles as it is a non-discretionary expense in most cases and benefits from several transformative trends, such as risks from cyber and social media exposure, the increase in litigation, and an evolving regulatory environment. Partners Group will work with management to expand the company across the US.

● FORTERRO

EUR 13.3 million was invested in Forterro, a leading pan-European software services provider with a portfolio of eleven enterprise resource planning software brands, serving over 10,000 customers primarily in the manufacturing space. Partners Group will work with management to realize Forterro's value creation potential and further expand its platform across Europe. Key initiatives include accelerating Forterro's organic growth by expanding go-to-market initiatives, making strategic acquisitions in adjacent geographies and sub-verticals, and improving operational efficiency.

● FOREFRONT DERMATOLOGY

EUR 12.4 million was invested in Forefront Dermatology, one of the largest dermatology group practices in the US with best-in-class recruitment and retention metrics due to its differentiated patient- and physician-centric culture and model. The company is a market leader and already exhibits a consistent track record of organic and inorganic value creation. Under Partners Group's ownership, the pace of acquisitions and core add-on acquisitions will likely increase. In addition, ancillary services will be expanded to further enhance the service offering which will be supported by investment in technology, improvements in business operations, and clinical efficiency, whilst maintaining clinical quality with a focus on continuous improvement of patient satisfaction.

Distribution activity

During 2022, Princess received distributions of EUR 241.4 million (2021: EUR 462.5 million), equivalent to 22.9% of opening NAV. EUR 132.2 million stemmed from Princess' redemption from its allocation to a related fund that invests in floating-rate senior loans. The capital was used for liquidity management, including deployment into new investments. Distributions from the direct portfolio accounted for EUR 98.1 million (2021: EUR 446.9 million), including exit proceeds from Voyage Care. The remaining balance of EUR 11.1 million (2021: EUR 15.6 million) was received from the Company's mature legacy fund portfolio.

Total distributions for 2022

Investment	Type	Strategy	Amount (EUR milion)
Senior Loans	Redemption		132.2
USIC	Partial exit	Equity	36.7
Voyage Care	Exit	Equity	18.0
Pharmaceutical developer	Exit	Equity	14.0
Trimco Joint-investment 2018	Exit	Equity	11.7
European Sports Rights Company	Exit	Equity	4.7
Legacy fund portfolio			11.1
Other			13.0
Total distributions for 2022			**241.4**

In part, the year-on-year decrease in distributions was a result of bringing forward a portion of the direct exit pipeline originally planned for early 2022 into 2021. In view of the increased market volatility and uncertainty observed in the first half of the year, Partners Group elected to postpone the realization of certain mature businesses and assets as the market environment was not conducive to achieving an optimal outcome. For select mature assets, however, Partners Group did continue to see strong demand, especially those with infrastructure-like characteristics such as USIC.

The five largest realizations for the year are covered below.

● SENIOR LOANS

With additional liquidity from the record amount of realizations, EUR 135 million was allocated during the second half of 2021 to a related fund that invests in floating-rate senior loans. This was considered to be a better alternative than a cash drag in the portfolio. As liquidity tightened in 2022, redemptions were made and the position was fully exited by the fourth quarter of 2022.

● UNITED STATES INFRASTRUCTURE CORPORATION

EUR 36.7 million stemmed from USIC, the leading North American provider of utility location services. Partners Group closed the transaction to expand the shareholding base of USIC to incoming investor Kohlberg & Company and re-underwrite the transaction with a 50% co-lead interest in USIC. Founded in 2008 and headquartered in Indianapolis, USIC serves over 1,300 customers and has a workforce of 9,000 technicians who perform 80 million locates each year. As part of the transaction, Princess reduced its exposure to USIC but re-invested EUR 20.6 million. Moving forward, Partners Group and Kohlberg will implement new value creation initiatives, including investing in sales and digital capabilities.

● VOYAGE CARE

EUR 18.0 million stemmed from the sale of Voyage Care, a provider of specialist care in the UK. Voyage Care provides quality care and support to people with learning and physical difficulties, brain injuries, autism, and other complex needs. Key value creation initiatives introduced during the investment period included deepening the healthcare experience of Voyage Care's best-in-class management team with key strategic hires, continuing to invest in increasing its market-leading quality of care, further developing its specialisms, and expanding capacity via developments and select acquisitions. Today, the company supports over 3,500 people and has more than 10,000 members of staff.

● PHARMACEUTICAL DEVELOPER

EUR 14.0 million stemmed from the sale of a Swiss-based pharmaceutical developer. Over a more than eight-year holding period, the company has been transformed into a high-growth, emerging markets-focused pharmaceutical firm through several strategic acquisitions.

● TRIMCO JOINT-INVESTMENT 2018

Princess received EUR 11.7 million from distributed proceeds from the sale of its remaining stake in Trimco Joint-investment 2018.

Portfolio composition

The geographic portfolio mix remained skewed towards North America; however, exposure to Europe increased by 6 percentage points during the year. Direct Investments are the dominant transaction type, in line with the investment strategy, and the legacy portfolio continues to be wound down. During the year, holdings in floating-rate senior loans were exited. In terms of industry exposure, Princess has lower allocation to Tech, which we consider to be an advantage, as this sector has recently seen a recalibration and we believe valuations will remain muted.

Outlook

The global economy is undergoing a fundamental change. Inflation will remain structurally higher and real growth will be more modest. Looking beyond 2023, where recession risk is pronounced, we anticipate the impact on long-term nominal growth, i.e., the sum of real growth plus inflation, to be mild or even positive. Yet this change in the composition of growth will drive structurally higher interest rates and result in more volatile capital markets.

While private markets will not be able to fully escape the heightened volatility that we expect to see in public markets, history shows private markets provide robust diversification benefits and improve the overall risk/return profile of a portfolio due to their structural advantages compared to public markets. These structural advantages include control positions, a long-term horizon, and a focus on entrepreneurial governance.

Across asset classes, while there is still near-term uncertainty on growth and inflation, we continue to place great importance on transformational thematic trends, demand resilience, and an asset's ability to pass on any potential pricing pressures.

Partners Group
Investment Manager
Zug, 20 March 2023

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

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

Partners Group has a strong commitment to sustainability. Creating lasting positive results is one of the core principles of their charter and one that applies to all their activities as a firm. It guides their investment activities, their corporate activities and their daily interactions with all of their stakeholders. The company's core policies and directives guiding their ESG & Sustainability investment approach are available on their website: www.partnersgroup.com/en/sustainability/.

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

A timeline of Partners Group's commitments to responsible investment leadership

For illustrative purposes only. Source: Partners Group (2022). 1 Propriety ESG due-diligence tool based on the Sustainability Accounting Standards Board metrics integrated in the investment decision process for all their Direct Investments, ESG integration programs defined for all their lead investments. 2 Partners Group pursues impact assessments for selective investments to identify their contribution to the United Nations Sustainable Development Goals ("UN SDGs"). 3 Climate goals apply to client accounts to the extent consistent with applicable fiduciary duties or responsibilities.

Partners Group's ESG vision, objectives, and strategy

As indicated in the table above, Partners Group launched its Sustainability Strategy in 2022. The Sustainability Strategy articulates the vision of building better and more sustainable assets and companies, while also creating positive and lasting impact for all its stakeholders. To achieve this dual vision, the firm has defined clear ESG ambitions for both the firm and portfolio. For the Partners Group directly controlled assets in the Princess portfolio, Partners Group determined a set of targets.

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

On the environmental side, Partners Group's focus area is to guide its assets to develop a tailored greenhouse gas ("GHG") reduction strategy, to ultimately reduce GHG emissions by 20% during its ownership. The first target is for the portfolio companies to measure their GHG footprint within one year of ownership, have it externally assured within two years, and ultimately conduct a materiality assessment in order to analyze their environmental footprint beyond GHG emissions. This serves the purpose of setting up the portfolio of controlled assets to reduce GHG emissions by 2035.

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

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

Case studies

KinderCare

KinderCare Learning Companies ("KinderCare") is the largest for-profit provider of early-childhood education and care services in the US. The company offers services through three main channels: KinderCare (including Rainbow Centers) - early-childhood education and care services for children from six weeks to twelve years old; KCE @ Work - employer-sponsored early-childhood education and back-up care services; and Champions - before- and after-school educational and recreational programs in partnership with elementary schools.

In 2022, KinderCare executed several critical ESG initiatives while continuing to strengthen governance measures throughout the enterprise, including the creation of its first-ever ESG team.

On the environmental side, incremental progress was made toward measuring and reducing the company's carbon emissions throughout 2022. A USD 5.1 million investment was made in 2022 to update 161 centers with light-emitting diode ("LED") lights, bringing the total number of centers with LED lighting now installed to 315 since 2018. Overall, these enhancements have led to the reduction of 12,229 tons of carbon dioxide ("CO2") across the updated centers. Furthermore, KinderCare updated 114 of its centers with energy management systems in 2022, bringing the total number of centers with energy management systems installed to 315 since 2017. Overall, these enhancements have led to the reduction of 13,412 tons of CO2 across the 315 updated centers annually.

Regarding the social perspective, KinderCare has conducted an employee engagement survey in partnership with Gallup, a global analytics firm that has provided an industry-proven employee engagement survey for over a decade. KinderCare's 2022 engagement survey saw the highest employee participation rate in seven years, with 89% of employees sharing their feedback. KinderCare once again received the Gallup Exceptional Workplace Award, making it one of only four companies worldwide to win this award six years in a row. Initiated in 2021, Partners Group worked with a specialist consultant to develop a three-year Diversity and Inclusion strategy focused on KinderCare Education's employees. Since then, the company has made two significant Diversity and Inclusion hires to support the development and implementation of the strategy. It also launched five employee resource group programs (Black Heritage, Access Ability, Hispanic Organization for Leadership Advancement, LGBTQIA+, and Women) with a combined total of 800 members (out of 27,000+ employees). On the governance side, KinderCare conducted an ESG materiality assessment to understand its most salient ESG issues, with the results feeding directly into the action plan of its recently launched ESG Steering Committee, an upgrade for its already established working group. For example, the committee resolved to focus on environmental aspects, as addressed below.

KinderCare's ESG materiality assessment established that its heating, ventilation, and air conditioning energy usage is the single largest source of energy consumption within KinderCare centers. In 2023 KinderCare aims to gradually replace older heating, ventilation, and air conditioning systems with equipment that is up to 40% more efficient.

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

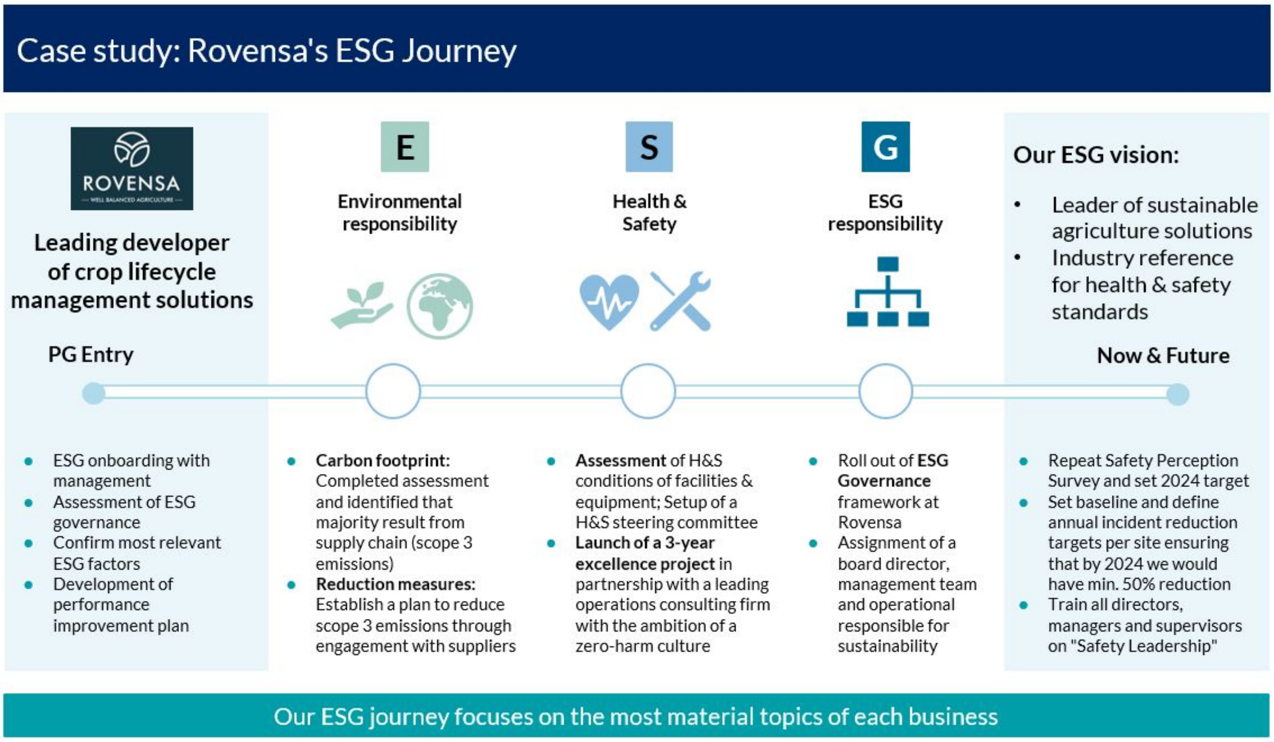
Rovensa

Rovensa is a provider of differentiated crop lifecycle management solutions with a portfolio of bionutrition, biocontrol, and crop protection products, based in Portugal and Spain. Rovensa develops, manufactures, and supplies products used by farmers to enhance and protect crop yields in more than seventy countries. Partners Group and Rovensa's management will continue to establish the company as a global leader in biological solutions. Elsewhere, Rovensa continues to develop its add-on pipeline with a view of acquiring attractive opportunities.

The company has laid out its 2023–2030 Sustainability Strategic Framework, which takes a materiality-based approach to its ESG topics. In 2022, Rovensa included ESG aspects in its governance and means to pursue its goals by including ESG performance measurements in its executive committee compensation package.

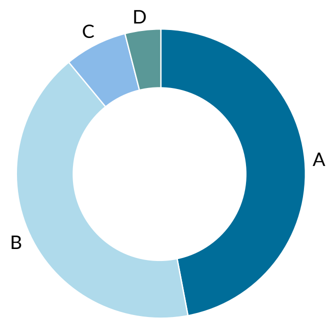
Rovensa published its Sustainability Journey in 2022. The report, available on the company's website, comprehensively summarizes the ongoing ESG initiatives. On the social side, health and safety in all its manufacturing sites is a priority for Rovensa. To accelerate the implementation of a safety culture across all sites, Rovensa has put in place a three-year project, in partnership with DuPont Sustainable Solutions, leading specialists in health and safety, to foster a zero-harm culture within the Group. Implementation of the project has begun in Portugal and Spain, under the name STAR, which stands for Safe Team At Rovensa.

It is expected to be extended to all of Rovensa's sites in the near future. The health and safety action plans include trainings on safety fundamentals for leaders, middle management, and supervisors, a safety observation program, an incident management procedure, and including safety in the company values. On the environmental side, the company has engaged specialty consultants to assess its full carbon footprint, including scopes 1, 2, and 3. The company is currently developing a net zero roadmap, as well as setting relevant targets for other ESG material topics.



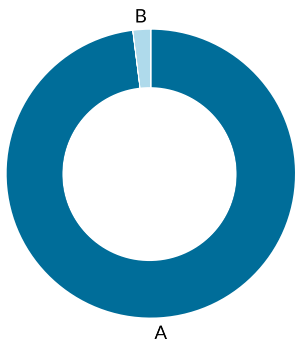
For illustrative purposes only. There is no assurance that similar investments will be made. Rationale: Rovensa is a Partners Group agriculture services investment in Europe on the private equity directs platform. Source: Partners Group (2023).

5. Portfolio composition



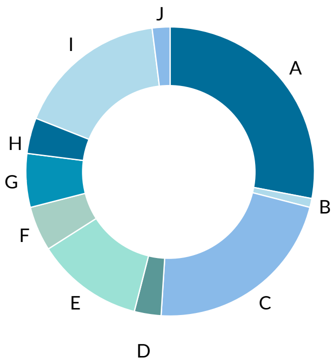
Investments by regional focus

A	North America	47%	**C**	Asia-Pacific	7%
B	Europe	42%	**D**	Rest of World	4%



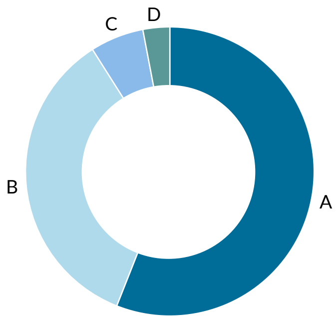
Investments by transaction type

A	Direct	98%	**B**	Funds	2%



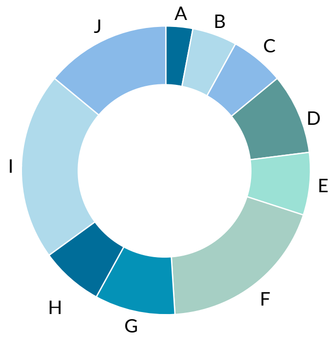
Portfolio assets by industry sector

A	Industrial	28%	**F**	Consumer staples	5%
B	Materials	1%	**G**	Financial	6%
C	Healthcare	22%	**H**	Real Estate	4%
D	Energy	3%	**I**	Consumer discretionary	17%
E	IT	12%	**J**	Communication Services	2%



Investments by financing category

A	Buyout Small/Mid-cap	56%	**C**	Special situations	6%
B	Buyout Large/Mega-cap	35%	**D**	Venture capital	3%



Investments by investment year

A	Pre 2013	3%	**F**	2018	19%
B	2014	5%	**G**	2019	9%
C	2015	6%	**H**	2020	7%
D	2016	9%	**I**	2021	21%
E	2017	7%	**J**	2022	14%

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
SRS Distribution, Inc.	Industrials	NAM	Buyout Small/Mid-cap	2018	8,711,545	59,116,292	5.8%
PCI Pharma Services	Healthcare	NAM	Buyout Small/Mid-cap	2016	0	53,920,207	5.3%
Emeria II	Not specified	WEU	Buyout Large/Mega-cap	2021	42,904,832	44,694,196	4.4%
Ammega (Megadyne - Ammeraal Beltech)	Industrials	WEU	Buyout Small/Mid-cap	2018	25,912,844	42,787,360	4.2%
KinderCare Education	Consumer discretionary	NAM	Buyout Small/Mid-cap	2015	11,368,466	41,663,513	4.1%
Techem Metering GmbH	Industrials	WEU	Buyout Large/Mega-cap	2017	19,244,061	33,563,837	3.3%
Vishal Mega Mart	Consumer discretionary	APC	Buyout Small/Mid-cap	2018	12,900,063	33,372,426	3.3%
Fermaca	Energy	ROW	Special situations	2014	16,606,350	30,053,501	3.0%
EyeCare Partners	Healthcare	NAM	Buyout Small/Mid-cap	2020	18,907,598	28,229,518	2.8%
Apex International Corporation	Industrials	APC	Buyout Large/Mega-cap	2021	7,497,418	n.a.	n.a.
DiversiTech	Industrials	NAM	Buyout Large/Mega-cap	2021	25,770,773	25,754,874	2.5%
Breitling	Consumer discretionary	WEU	Buyout Large/Mega-cap	2021	12,709,401	23,495,905	2.3%
Civica	Information technology	WEU	Buyout Small/Mid-cap	2013	11,353,526	23,305,768	2.3%
Galderma	Healthcare	WEU	Buyout Large/Mega-cap	2020	10,710,538	22,451,780	2.2%
eResearch Technology, Inc.	Healthcare	NAM	Buyout Large/Mega-cap	2016	13,544,407	20,168,605	2.0%
International Schools Partnership II	Consumer discretionary	WEU	Buyout Small/Mid-cap	2021	16,972,694	19,881,300	2.0%
United States Infrastructure Corporation II	Industrials	NAM	Buyout Small/Mid-cap	2022	19,694,017	19,696,700	1.9%
AlliedUniversal	Industrials	NAM	Buyout Large/Mega-cap	2020	10,202,765	18,994,366	1.9%
Hofmanns	Consumer staples	WEU	Buyout Small/Mid-cap	2014	5,146,706	17,991,038	1.8%
Pharmathen	Healthcare	WEU	Buyout Large/Mega-cap	2021	17,621,664	17,684,140	1.7%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Idera Inc.	Information technology	NAM	Buyout Small/Mid-cap	2019	4,601,059	17,228,067	1.7%
STADA Arzneimittel AG	Healthcare	WEU	Buyout Large/Mega-cap	2017	6,225,411	16,364,145	1.6%
Foundation Risk Partners	Financials	NAM	Buyout Large/Mega-cap	2022	16,323,019	16,324,219	1.6%
Blue River PetCare, LLC	Healthcare	NAM	Buyout Small/Mid-cap	2019	6,082,408	15,295,930	1.5%
IDEMIA	Information technology	WEU	Buyout Large/Mega-cap	2016	10,594,395	14,911,191	1.5%
Hearthside Food Solutions	Consumer staples	NAM	Buyout Large/Mega-cap	2018	21,651,689	14,776,017	1.5%
Guardian Childcare & Education	Consumer discretionary	APC	Buyout Small/Mid-cap	2016	7,438,503	14,510,558	1.4%
Telepass	Industrials	WEU	Special situations	2021	12,433,930	14,286,281	1.4%
Forefront Dermatology	Healthcare	NAM	Buyout Large/Mega-cap	2022	12,833,083	13,880,716	1.4%
Convex Group Limited	Financials	NAM	Buyout Small/Mid-cap	2019	9,343,840	13,854,054	1.4%
Forterro	Information technology	WEU	Buyout Small/Mid-cap	2022	13,300,936	13,295,633	1.3%
Axel Springer SE	Communication Services	WEU	Buyout Large/Mega-cap	2019	9,175,000	12,778,010	1.3%
Version 1	Information technology	WEU	Buyout Small/Mid-cap	2022	12,052,040	12,090,000	1.2%
Polyconcept	Consumer discretionary	NAM	Buyout Small/Mid-cap	2016	3,345,961	11,883,456	1.2%
SHL	Industrials	WEU	Buyout Small/Mid-cap	2018	6,920,997	10,695,274	1.1%
Precisely	Information technology	NAM	Buyout Large/Mega-cap	2017	9,819,649	10,431,537	1.0%
Rovensa	Materials	WEU	Buyout Large/Mega-cap	2020	6,719,339	10,007,521	1.0%
Confluent Health	Healthcare	NAM	Buyout Small/Mid-cap	2019	4,460,555	9,930,157	1.0%
Wedgewood Pharmacy	Consumer staples	NAM	Buyout Small/Mid-cap	2021	9,137,778	9,615,541	1.0%
BluSky	Industrials	NAM	Buyout Small/Mid-cap	2021	10,284,862	9,459,544	0.9%
Key Group	Financials	WEU	Buyout Small/Mid-cap	2017	3,436,493	9,389,399	0.9%
Envision Healthcare	Healthcare	NAM	Special situations	2020	17,685,624	n.a.	n.a.
Form Technologies	Industrials	NAM	Buyout Small/Mid-cap	2015	29,950,546	9,221,932	0.9%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
VelocityEHS	Information technology	NAM	Buyout Small/Mid-cap	2022	8,997,628	9,188,047	0.9%
CPA Global (Clarivate merger)	Industrials	WEU	Buyout Large/Mega-cap	2017	10,148,293	9,000,650	0.9%
Accell Group	Consumer discretionary	WEU	Buyout Small/Mid-cap	2022	8,825,000	8,808,725	0.9%
Global Blue	Financials	WEU	Buyout Small/Mid-cap	2012	64,258	8,341,059	0.8%
PremiStar	Industrials	NAM	Buyout Small/Mid-cap	2021	7,275,002	7,449,178	0.7%
Mimecast	Information technology	WEU	Buyout Large/Mega-cap	2022	5,957,923	6,615,197	0.7%
TOUS	Consumer discretionary	WEU	Buyout Small/Mid-cap	2015	3,375,622	6,553,940	0.6%
Total fifty direct investments					596,240,511	913,011,304	90.1%

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.

Ten largest fund investments (in EUR)

Investment	Regional focus	Financing category	Vintage	Since inception: Unfunded commitments	Since inception: Net asset value	% of NAV
Anonymized Emerging Markets Venture Fund 2	ROW	Venture capital	2008	56,246	8,832,168	0.9%
Anonymized European Buyout Fund 7	WEU	Buyout Small/Mid-cap	2007	904,645	2,060,020	0.2%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	28,157	1,589,989	0.2%
Exxel Capital Partners VI, L.P.	ROW	Buyout Small/Mid-cap	2000	0	1,484,256	0.1%
Valedo Partners Fund II AB	WEU	Buyout Small/Mid-cap	2011	20,476	612,675	0.1%
Vortex Corporate Development Fund, L.P.	NAM	Venture capital	2000	134,991	584,388	0.1%
Index Ventures Growth I (Jersey), L.P.	WEU	Venture capital	2008	0	525,305	0.1%
Advent Latin American Private Equity Fund V, L.P.	ROW	Buyout Small/Mid-cap	2009	37,962	463,532	0.0%
Peepul Capital Fund III, LLC	APC	Buyout Small/Mid-cap	2010	n.a.	n.a.	n.a.
Advent Latin American Private Equity Fund IV, L.P.	ROW	Buyout Small/Mid-cap	2007	0	448,230	0.0%
Total ten fund investments				1,182,477	16,600,563	1.7%

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.

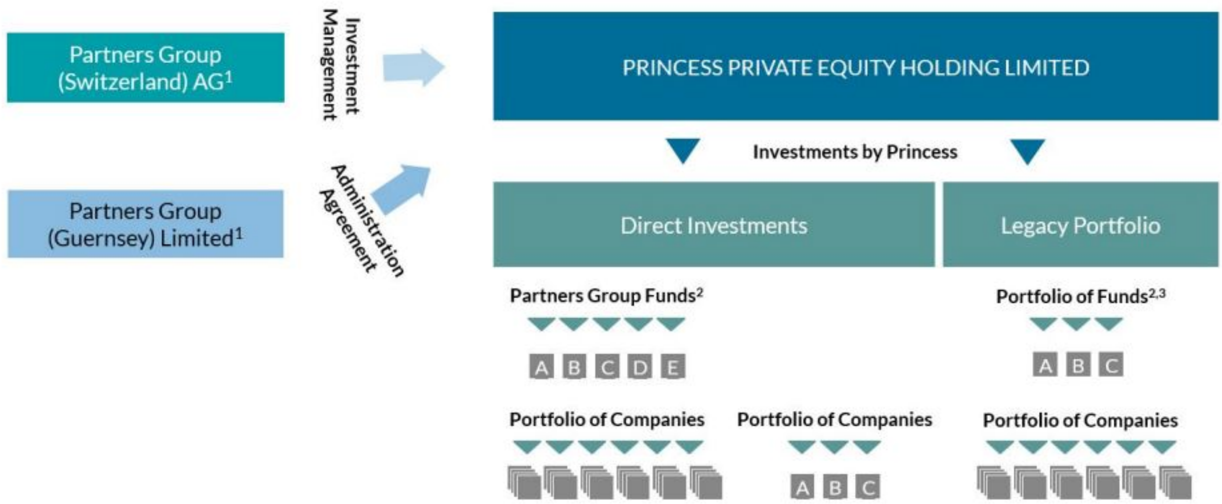
7. Structural overview

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 Partners Group AG (prior to 1 July 2020 by Princess Management Limited, a wholly owned subsidiary of Partners Group Holding AG). The Investment Manager is responsible for, inter alia, selecting, acquiring, and disposing of investments and carrying out financing and cash management services.

Partners Group AG is a global private markets investment management firm with USD 135 billion in investment programs under management in private equity, private debt, private real estate, and private infrastructure. Through the management 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 Such Portfolio of Funds may be a Partners Group investment vehicle and is made on a no-fee basis
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

Administrator	Partners Group (Guernsey) Limited Tudor House Le Bordage St. Peter Port Guernsey GY1 1BT Channel Islands
Auditor	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey, GY1 4ND Channel Islands
Board of Directors	Richard Battey (Chair) Steve Le Page (Chair of the Audit & Risk Committee, Management Engagement Committee) Fionnuala Carvill Felix Haldner Henning von der Forst Merise Wheatley
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5% 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
Investment Manager	Partners Group AG Zugerstrasse 57 CH-6341 Baar-Zug Switzerland
Investor Relations	princess@partnersgroup.com
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. With effect from 1 July 2020 unfunded commitments in respect of Primary and Secondary investments are excluded.

Registered office	Princess Private Equity Holding Limited Tudor House Le Bordage St. Peter Port Guernsey GY1 1BT Channel Islands
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey company, authorized closed-ended fund in Guernsey
Trading information	ISIN (Euro and Sterling Quote): GG00B28C2R28 WKN (Euro and Sterling Quote): A0M5MA Trading symbol (Euro Quote): PEY Bloomberg (Euro Quote): PEY LN Reuters (Euro Quote): PEY.L Trading symbol (Sterling Quote): PEYS Bloomberg (Sterling Quote): PEYS LN Reuters (Sterling Quote): PEYS.L
Voting rights	Each ordinary registered share represents one voting right
Website	www.princess-privateequity.net

9. Corporate Governance

9.1 Board of Directors

Richard Battey (appointed 28 May 2009)

Richard Battey is a Guernsey resident. He has been Chairman since August 2018 and a director since May 2009, serving as Chair of the Audit and Risk Committee until May 2018. Since 2007 he has been a non-executive director of a number of investment companies and funds. These have included London Stock Exchange-listed companies Pershing Square Holdings Limited, Better Capital PCC Limited, NB Global Floating Rate Income Fund Limited, The Prospect Japan Fund Limited, and AcenciA Debt Strategies Limited, all for periods of nine years as Chair of the Audit Committees. He is a Fellow of the Institute of Chartered Accountants in England and Wales, 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 Limited and then in Guernsey, as a director of Schroders (C.I.) Limited from April 1994 to December 2004. He was a director of Schroder Group Guernsey companies covering banking, investment management, trusts, insurance, and private equity administration; he retired from his last Schroder directorship in December 2008.

Steve Le Page (appointed 1 October 2017)

Steve Le Page is a Guernsey resident. He was appointed to the Board in October 2017 and 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, Amedeo Air Four Plus 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 is a Guernsey resident and a Chartered Fellow of The Chartered Institute for Securities & Investment; a Fellow of the London Institute of Banking & Finance (Chartered Institute of Bankers); a Fellow of The Chartered Governance Institute and a Chartered Governance Professional. Ms Carvill is a Non-Executive Director of Investec Bank (Channel Islands) Limited, Fair Oaks Income Limited, and The Chartered Institute for Securities & Investment Future Foundation. Previous executive positions held include Managing Director of Kleinwort Benson (Channel Islands) Investment Management Limited; Director of Kleinwort Benson (Channel Islands) Limited; Commission Secretary and Head of Innovation at the Guernsey Financial Services Commission; and Director of Rothschild Bank (CI) Limited. Ms Carvill is a former board member of The Chartered Institute for Securities & Investment; a past President and committee member of The Chartered Institute for Securities & Investment, Guernsey Branch; a Liveryman of the Worshipful Company of International Bankers; and was granted Freedom of the City of London in 2007. Ms Carvill sits on the board of several charities, holding roles from funding and capacity building to governance and impact assessment. She previously volunteered with Voluntary Service Overseas ("VSO") where she took the role of Organisational Development Advisor during a placement with the Environment & Development Center of a university in the People's Republic of China, aiming to support program delivery, aid capacity building and develop knowledge of governance and fundraising. Ms Carvill holds a Master's degree in Corporate Governance (Distinction).

Felix Haldner
(appointed 23 August 2017)

Felix Haldner is a Swiss resident and an Advisory Partner focused on client relationships and on board work as an operating director including for London Stock Exchange listed Princess Private Equity Holding Ltd. He has been with Partners Group since 2001 and has more than 30 years of industry experience. At Partners Group he previously served as Head of the Investment Structures business department and was a member of the Executive Board for 12 years. Prior to joining the firm, he was a partner at PwC where he advised clients from the insurance, asset management and private equity industries. He holds a master's degree in business law from the University of St. Gallen (HSG), Switzerland. He represented Partners Group during 10 years on the board of the Swiss Asset Management Association, sat on its sustainability committee and has been its president for six years.

Henning von der Forst
(appointed 13 November 2012)

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

9.2 Directors' Report

The Directors present their report and audited consolidated financial statements of Princess Private Equity Holding Limited for the period from 1 January to 31 December 2022.

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 to the role 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 Princess Private Equity Holding Limited (the "Company"), generating value for shareholders (as disclosed in the Strategy section), and contributing to wider society.

Mr. Battey and Mr. von der Forst satisfy all the criteria for assessing director independence set out by the Association of Investment Companies ("AIC") and adopted by the Board. Although they have served on the Board for more than thirteen years and ten years, respectively, it is the opinion of the other members of the Board that they both continue to demonstrate objective and independent thought processes during Board meetings and in their dealings with the Investment Manager, and they therefore consider them both to be independent, despite their long service. In addition, Mr. von der Forst provides the Board with a continental European viewpoint, which is considered valuable given that the majority of shareholders are from that area. Additionally, they have no other significant business commitments and the Board is satisfied that they have sufficient time available to discharge fully their responsibilities to the Company. The Board has concluded that their knowledge of the Company, built up over their service with it, contributes to the effectiveness of the Board and their continued service is in the best interests of shareholders.

However, Mr. Battey has decided not to stand for re-election at the Annual General Meeting ("AGM") in June 2023 and a process to recruit a new director will begin shortly.

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

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

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

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

Committees of the Board

Audit & Risk Committee

The Audit & Risk Committee ("A&R Committee") meets at least three times a year and has been chaired by Mr. Le Page since 16 May 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 has the skills and experience required to fulfill its responsibilities. The A&R Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored. It provides a forum through which the Group and Company's Independent Auditor may report to the Board. Furthermore, it ensures that any reports issued by the Board present a fair, balanced, and understandable assessment of the Company's position and prospects. The A&R Committee reviews the annual and semi-annual accounts, results, announcements, internal control systems and procedures, and accounting policies of the Company. It also considers the performance and quality of the external audit and makes appropriate recommendations to the Board concerning the Independent Auditor. The A&R Committee is also responsible for monitoring the risks and their potential impact on the Company.

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

- The A&R Committee carries out each year an evaluation of the Independent Auditor as to their independence from the Group and Company and relevant officers of the Group and Company, and that they are adequately resourced and technically capable of delivering an objective audit to shareholders. Based on this evaluation, the A&R Committee recommends to the Board the continuation, removal, or replacement of the Independent Auditor.
- The A&R Committee gives careful consideration before appointing the auditor to provide other services. These other services are generally limited to work that is closely related to the annual audit (such as regulatory and statutory reporting) or where the work is of such a nature that a detailed understanding of the Group's and Company's business is necessary (such as assistance on tax or regulatory matters). Such services will however be assessed on a case-by-case basis so that the best-placed adviser is retained. Where the auditor is engaged to provide additional services, the auditor, in providing these services, utilizes different teams. The Independent Auditor did not provide any non-audit services during the year.
- The A&R Committee reviews the Independent Auditor's confirmation of their independence in accordance with Crown Dependencies' Audit Rules and with Securities and Exchange Commission ("SEC") Independence Rules. In addition to the steps taken by the Board to safeguard auditor objectivity, PricewaterhouseCoopers CI LLP operates a five-year rotation policy for audit engagement leaders on listed companies such as the Company. PricewaterhouseCoopers CI LLP has remained in place as auditor for a considerable number of years and the audit contract has never been put out to tender. However, the A&R Committee notes that the Company and Group benefit from the auditor's detailed knowledge of the systems and processes operated by Partners Group. The audit engagement leader rotated during the year. Accordingly, the A&R Committee has not recommended that the external audit appointment be tendered, but the position will be closely monitored. 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.

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

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

Although the Directors believe that the Company and the Group have a robust framework of internal control in place, this can only provide reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. In addition, the Board recognizes the importance of a sound risk management framework to safeguard the Company's assets, protect the interests of the shareholders, and meet its responsibilities as a listed company.

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

The A&R Committee 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) macroeconomic and other external risks, and (viii) valuation risk. For each of these risks the A&R Committee evaluates how these risks could arise, assigns responsibility to control and mitigate such risks, and determines the post-mitigation likelihood and impact of the risk occurring. The A&R Committee makes decisions and requests additional reporting based on these findings.

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

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

- identify and appraise all risks related to achieving the Company's objectives and principal risks;
- manage and control risk appropriately rather than eliminate it;
- ensure the appropriate internal controls are embedded within the business processes performed by service providers and support the Company's culture which emphasizes clear management responsibilities and accountabilities;
- respond quickly to evolving risks within the Company and the external business environment; and
- include procedures for reporting any control failings or weaknesses to the appropriate level of management together with the details of corrective action.

Management Engagement Committee

The Management Engagement Committee ("ME Committee") meets at least annually and is chaired by Mr. Le Page since 16 May 2018. The ME Committee is responsible for reviewing and monitoring service providers and recommending to the Board their continued appointment. Key service providers are reviewed on an annual basis. The Board recognizes the importance of monitoring service providers' objectivity and ensuring their independence is not compromised.

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

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

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

During the year, the ME Committee concluded the review started in 2021 and updated the agreements with the Administrator and Company Secretary to provide clear provisions in respect of duties and responsibilities of all parties.

The following table is an extract of the various Directors' attendance at Board and Committee meetings for 2022 compared against those for which they were eligible:

		Committees	
Name	**Board**	**A&R**	**ME**
R. Battey (Chairman)	7/7	3/3	2/2
F. Carvill	7/7	3/3	2/2
S. Le Page	7/7	3/3	2/2
F. Haldner	6/7	-	-
H. von der Forst	6/7	3/3	2/2
M. Wheatley	7/7	3/3	2/2

Board composition

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

The Directors have resolved to put themselves forward for election on an annual basis and were all duly re-elected at the 2022 annual general meeting. Note that Mr. Battey will not be standing for re-election at the 2023 AGM.

Re-election recommendations have always been subject to an assessment of the respective Director in question, their objective and independent thought process, knowledge of the Company, and continued satisfactory performance. In view of the long-term nature of the Company's investments, the Board believes that a stable and diversified board composition is fundamental to running the Company properly. The Board has not stipulated a maximum term of any directorship. The Board continues to be satisfied with the contribution of each of the Directors, and that they have each maintained their independent perspective, whilst noting both Mr. Battey and Mr. von der Forst have served a term on the Board in excess of ten years.

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

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 Investment Manager has a goal to achieve a long-term sustainable impact on the companies in which it invests, their underlying clients, and the wider environment in which they operate.

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

In addition, the Investment Manager works with portfolio companies on a variety of ESG engagements. This commences during the investment due diligence phase and, after acquisition, 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 Manager, the Board obtains an overview of the value creation initiatives, including ESG initiatives, on the underlying investments, and a detailed progress report on the monitoring of risk and impact on valuations.

Review of performance

The Board undertakes an annual evaluation of its own performance and the performance of its committees and individual Directors, to ensure that they continue to act effectively and efficiently, to fulfill their respective duties, and to identify any training requirements. During this evaluation, the Directors also reconfirmed that they continue to be able to allocate sufficient time to the Company in order to discharge their responsibilities, to provide constructive challenge and strategic guidance, to offer specialist advice, and to hold third-party service providers to account.

Viability statement

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

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

The three-year plan review is underpinned by the regular Board 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 2025.

9.3 Directors' Responsibilities Statement

Directors' duties and responsibilities

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

The Board of Directors has overall responsibility for the Company's affairs and is responsible for the determination of the investment policy of the Company, resolving conflicts and monitoring the overall portfolio of investments of the Company. To assist the Board in the operations of the Company, arrangements have been put in place to delegate authority for performing certain day-to-day operations of the Company to the Investment Manager, and other third-party service providers, such as the Administrator and the Company Secretary. Although the Board meets formally at least four times a year, the Investment Manager and Company Secretary stay in more regular contact with the Directors on a less formal basis. These formal and informal discussions allow the Directors to constructively challenge and assist in the development of strategy. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

The Directors are responsible for preparing financial statements for each financial period that give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of the Group and Company, and of the profit or loss of the Group and Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 2022 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 Manager's report, the Directors' report, and the notes to the audited consolidated financial statements, includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces, as required by Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTR") 4.1.8 and DTR 4.1.11; and
- The audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company.

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

The maintenance and integrity of the Group and Company website are the responsibility of the Directors. The work carried out by the Independent Auditor does not involve consideration of these matters and, accordingly, the Independent Auditor accepts no responsibility for any changes that may have occurred to the audited consolidated financial statements after they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Richard Battey
Chairman
20 March 2023

9.4 Corporate Governance Report

The Directors have determined to report against the Principles and Provisions of the AIC Code as endorsed by the Guernsey Financial Services Commission ("AIC Code"), dated February 2019. The AIC Code is available on the AIC website www.theaic.co.uk/aic-code-of-corporate-governance/. In assessing the Board's corporate governance practice for 2022, the Directors confirm that throughout the period the Company complied with the provisions of the AIC Code. The Company has complied with the relevant provisions of the UK Corporate Governance Code (the "UK Code") as issued by the Financial Reporting Council and dated July 2018, except as set out below:

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

For the reasons set out in the AIC Code, and in the preamble to the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an overseas investment company with an appointed Investment Manager. There are no executives with contractual obligations directly with the Company and thus the Executive Directors' remuneration rules do not apply. The A&R Committee and the Board of Directors regularly consider the risk and operational aspects of the Company. The Board has access to the appointed Compliance Officer of the Administrator who reports quarterly. As there is delegation of operational activity to appointed service providers, the A&R and ME Committees and the Board have determined there is no requirement for a direct internal audit function, although they do have access to and meet with the internal audit function of Partners Group Holding AG.

The Guernsey Financial Services Commission has a standing Finance Sector Code of Corporate Governance that was amended in June 2021 (the "Guernsey Code"). In the introduction to the Guernsey Code, it states: "Companies which report against the UK Corporate Governance Code or the Association of Investment Companies Code of Corporate Governance are deemed to meet this Code." As a company listed on the London Stock Exchange the Company is subject to the Disclosure Rules, the Transparency Rules, and the UK Code but uses the AIC Code instead as it is a member of AIC and considers this appropriate for an investment company and that it provides information that is more relevant to shareholders. As an AIC member domiciled in Guernsey which reports against the AIC Code, the Company is not required to report separately against the Guernsey Code.

AIFMD

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

Directors, directors' interests, and directors' remuneration report

The Directors of Princess Private Equity Holding Limited are as shown on page 26. As at 31 December 2022, the Directors had no beneficial interest in the share capital of the Company other than as shown below:

R. Battey (Chairman): 65,000 shares
S. Le Page: 7,500 shares
F. Haldner: 225,554 shares
M. Wheatley: 5,000 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 the Directors, other than Mr. Haldner, as independent of the Investment Manager 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 Administrator, and was a previous employee and now holds an advisory role for the Investment Manager.

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:

(31.12.2022 / 31.12.2021)
R. Battey (Chairman) (68,000 / 62,000)
F. Carvill (55,000 / 50,000)
S. Le Page (61,000 / 56,000)
H. von der Forst (55,000 / 50,000)
M. Wheatley (55,000 / 50,000)

The sole director of Princess Private Equity Subholding Limited, which held office during the period, was Princess Private Equity Holding Limited.

Directors' and officers' liability insurance

The Company maintains insurance in respect of Directors' and Officers' liability in relation to their acts on behalf of the Company. Suitable insurance is in place and due for renewal on 6 February 2024.

Purpose, culture, and values

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

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

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

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

Major developments in the year

Macro-economic factors caused a sustained period of stengthening of the US dollar against the Euro whilst simultaneously closing the market for exits from Private Equity investments. This combination resulted in the Company being unable to fund both margin calls on foreign currency hedging and a dividend. Consequently, the Board resolved to cancel payment of the second interim dividend due for payment in December 2022.

Annual general meeting

The Directors propose a separate resolution on each substantial issue tabled at the AGM, including the approval of the consolidated financial statements, and publish on the Company's website www.princess-privateequity.net/en/investor-relations/financial-reports/, shortly after the AGM, details of the valid proxies received, votes for and against and withheld in relation to each resolution. No resolution at the 2022 AGM received more than 16.14% 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, 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

A dividend of EUR 0.380 per share was declared on 4 May 2022 and was paid on 17 June 2022. The second dividend due for payment in December was cancelled. This compares to two dividends of EUR 0.335 each per share, being declared on 15 April 2021 and 14 October 2021 which were paid on 24 June 2021 and 17 December 2021 respectively. Since the December 2017 dividend, shareholders have been able to also elect to get their dividends paid in Sterling or to elect to participate in the Dividend Reinvestment Plan, although this does not result in the issuance of any new shares.

Substantial interests

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

- Bayer-Pensionskasse VVaG - 7.56%
- CVP / CAP Coop - 5.07%
- Deutsche Asset Management Investmentgesellschaft - 7.66%
- Rathbone Brothers - 5.26%
- Société Générale Option Europe - 5.31%
- Witan Investment Trust plc - 5.33%

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 2021: nil) during the year.

There was no change in the issued and paid-up share capital as at 31 December 2022 and 31 December 2021. Accordingly, the paid-up share capital as at 31 December 2022 was 69,151,168 ordinary shares of EUR 0.001 each (31 December 2021: 69,151,168 ordinary shares of EUR 0.001 each).

There are no restrictions regarding the transfer of the Company's securities, no special rights with regard to control attached to the Company's securities, no agreements between holders of the Company's securities regarding their transfer known to the Company, and no agreements to which the Company is party that might be affected by a change of control following a takeover bid.

Results

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

Key information document

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

Registered office

Tudor House
St. Peter Port
Guernsey
GY1 6BD

Incorporation

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

Investment management arrangements

The Company has entered into an Investment Management Agreement with Partners Group AG (the "Investment Manager"). Details of the management fees are shown within the audited consolidated financial statements. The Investment Management Agreement automatically renews every two years but contains a two-year notice period. Termination will be without penalty or other additional payments, save that the Company will pay management and incentive fees due and additional expenses incurred. The Directors (other than Mr. Haldner, who is not independent of the Investment Manager) have determined that the appointment of the Investment Manager, on the terms of the Investment Management Agreement, is aligned with the interests of shareholders as a whole, given the global reach and expertise of the Investment Manager.

Going concern

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

Company secretary

The secretary of the Company, as at 31 December 2022, was Aztec Financial Services (Guernsey) Limited.

Independent auditor

At a general meeting held on 24 June 2022, PricewaterhouseCoopers CI LLP was re-appointed Independent Auditor of the Company for the period ended 31 December 2022, and the Directors were authorized to fix their remuneration.

R. Battey
Director

S. Le Page
Director

20 March 2023

9.5 Risk Report

Risks

The Board is responsible for managing and overseeing risk and reviews and assesses quarterly the impact of risks that it considers apply to the Company that may compromise the achievement of the Company's strategic objectives. These risks encompass the significant risks to which the Company may be exposed, including the macro environment and uncertainties in respect of the valuation of unquoted investments, and their impact on the cash flow modeling employed by the Company. Notes 4 and 18 of the audited consolidated financial statements provide further comment on certain other risks connected with the investments and financial assets / liabilities held by the Company and how they are managed.

Statement of principal risks

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

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

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

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

The risk of mis-valuation of the Company's portfolio is now considered to be stable as the impact of the global Covid-19 pandemic on future operations and market comparables has receded and become clearer, but it remains a principal risk given its potential impact on NAV and reputation.

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

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

Although the conflict between Russia and Ukraine increases the level of geo-political risk the Company has negligible direct exposure to the region but, with the Company's Investment Manager, the Board is closely monitoring the situation, taking into account potential supply chain disruptions and second order effects. Following the recent market developments in the global banking industry, the Board confirms that as of the date of approval of the report it believes there is no significant risk or exposure impacting the Group. The Board is actively monitoring and assessing the situation with the assistance of the Investment Manager. The Board has not identified any other emerging risks that could have a significant impact on the Company.

The following table provides details of the six risks that were ranked as having the highest inherent risk likelihood and/or impact at the year-end, together with the mitigating factors.

Key risk	Assessment	Potential impact	Control exercised by the Board
ESG risks (including climate change)	Stable The impact of ESG factors is considered as part of the assessment of all the principal risks listed below and the risk is assessed as stable given the maturity of the Investment Manager's ESG integration process.	Unsuitable investments leading to adverse impact on valuations, the environment and society or breach of ESG regulations.	Regular reporting by Investment Manager on their ESG strategy and initiatives and Board training to enable a good understanding of ESG reporting.
Lack of suitable investments	Stable The reduced liquidity in H2 2022 impacted the ability of the Investment Manager to invest in suitable new investments that meet the investment objectives. Although transaction volumes across private markets are greatly reduced, the liquidity position has now improved, and the Investment Manager is once again able to invest in suitable opportunities.	Adverse movement in net asset value 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. Medium- and long-term cashflow forecasts being kept under close review to ensure level of new investment commitments is maximized subject to adequate funding for existing commitments and dividends.
Company's shares trading at a material discount	Increasing The risk was assessed as increasing following the cancellation of the second interim dividend.	Decline in shareholders' mark-to-market valuation and impact on demand from shareholders and prospects.	Monitoring of investor sentiment and expectations and performance vs. peers. Maintenance of good market communication. The cancellation of the December dividend seems to have caused the discount to increase significantly. The Board expects this situation to reverse given the recent recommitment to the dividend policy.
Loss from exposure to foreign exchange denominated hedged or unhedged positions	Increasing This risk was assessed as increasing due to increased volatility in the key foreign currencies in which a significant proportion of the Group's assets are denominated.	Decrease of net asset value outside of the control of the Investment Manager. The discontinuation of the hedging of currency exposures from 1 April 2023 will increase the impact of foreign exchange volatility on net asset value.	Quarterly review of foreign exchange exposure against target geographical allocation limits, and timely reporting of underlying currencies to investors to allow those who prefer a hedged exposure to apply their own hedging overlay.
Lack of availability of funding to take up investment opportunities, meet funding and other obligations as they fall due, and pay dividends.	Increasing This risk was assessed as increasing as currency movements and a challenging exit environment have adversely impacted funding that was forecast in H1 to be available for new investments and the H2 dividend.	Insufficient cash to fund existing commitments and dividends.	Factors impacting liquidity, including potential exits, FX movements and hedging policy, being kept under close review for medium-and long-term cashflow forecasts to ensure level of new investment commitments leaves adequate funding for existing commitments and dividends. Renegotiation and increase of credit facility to ensure adequate short-term funding available.
Valuation risk – under- or overstating the valuations of private markets investments	Stable This risk was assessed as stable based on continued volatility in market comparable companies, ability for underlying investments to operate normally given government restrictions, together with the need to monitor contractual terms.	Financial loss or reputational risk.	Policies and tools used to determine valuations have been challenged and this remains a significant area for review by the Independent Auditor.

Stakeholder disclosures

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

Investors	Service providers	Community and environment
	Issues that matter to them	
Performance and liquidity of the shares Growth and liquidity of the Company	Reputation of the Company Compliance with law and regulation Remuneration	Informed stewardship of the environments in which the Company operates and acting as a good corporate citizen Compliance with law and regulation Impact of the Company and its activities on third parties
	Engagement process	
Annual General Meeting (see detail below) Frequent meetings with investors by brokers and the Investment Manager (at least one of which is attended by the Chair) and subsequent reports to the Board Monthly factsheets and regular news releases Key Information Document Quarterly briefings by the Investment Manager via telephone conference which are attended by at least one Board member who briefs the remainder of the Board Annual and semi-annual financial statements	The two main service providers – Partners Group and Aztec – engage with the Board in face-to-face meetings quarterly, giving them direct input to Board discussions. The Board also considers the views of its corporate brokers and interests of its credit facility lender at each of its meetings. All key service providers are asked to complete a questionnaire annually (others on a rotation basis) which includes feedback on their interaction with the Company, and the Board undertakes an annual visit to Partners Group in Switzerland.	The Company itself has only a very small footprint in the local community and only a very small direct impact on the environment. However, the Board acknowledges that it is imperative that everyone contributes to local and global sustainability. The Investment Manager has an ESG framework which is a key element of the investment process which overlays throughout the portfolio.
	Rationale and example outcomes	
Clearly investors are the most important stakeholder for the Company. Most of our engagement with investors is about "business as usual" matters, but has also included discussions about the discount of the share price to the NAV. The major decisions arising from this have been for the Board to seek to ensure long-term value (e.g. the decision to cancel the second interim dividend) and to seek greater liquidity for the Company's shares through increasing its profile. In addition, the Board has focused on valuation of assets, a key priority for shareholders, thus ensuring a robust and reliable methodology is applied. The Board decided to suspend the second interim dividend in light of the significant reduction in the Company's liquidity due to the strengthening of the US Dollar against the Euro.	The Company relies on service providers entirely as it has no systems or employees of its own. During the year, the Board concluded the review of the agreements with the Administrator and Company Secretary to provide clear provisions in respect of duties and responsibilities of all parties. The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The nature of the Company's investments is such that they do not provide a direct route to influence investees in ESG matters in many areas, but the Board has made its views in this area clear to Partners Group, which, on behalf of the Company and other investors, works closely with investee companies to promote ESG issues as well as financial performance. Further details are set out elsewhere in this document and on the Partners Group website. Board members do travel, partly to meetings in Guernsey, and partly elsewhere on Company business, including for the annual due diligence visit to Switzerland. The Board considers this essential in overseeing service providers and safeguarding stakeholder interests. Otherwise, the Board seeks to minimize travel by the use of video conferencing whenever good governance permits.

Engagement processes are kept under regular review. Investors and other interested parties are encouraged to contact the Company via the Investor Relations contacts given on page 96.

10. Independent Auditor's report

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 2022, 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 audited consolidated statement of financial position as at 31 December 2022;
- the audited consolidated statement of comprehensive income for the year then ended;
- the audited consolidated statement of changes in equity for the year then ended;
- the audited consolidated statement of cash flows for the year then ended; and
- the notes to the audited consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Audit scope

- The company and its subsidiaries are incorporated in Guernsey. The consolidated financial statements are a consolidation of the company and all of the underlying subsidiaries.
- We have conducted a full scope audit of the consolidated financial statements of the group.
- The audit was conducted with our supporting audit firm (a separate PwC network firm) performing a significant portion of the audit work on the consolidated financial statements under our direction, supervision, and review.
- Our approach is designed to address the risk of material misstatement and is tailored to consider the investment objectives of the group.

Key audit matters

- Valuation of unlisted investments
- Calculation of incentive fees

Materiality

- Overall group materiality: €22.7 million (2021: €23.7 million) based on 2.25% of net assets.
- Performance materiality: €17.0 million (2021: €17.8 million).

The scope of our audit

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

Key audit matters

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

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Valuation of unlisted investments
Refer to the Directors' report, the Basis of preparation (note 2), the Principal accounting policies (note 3) and notes 4, 9, 13, 16, 18 and 19 to the consolidated financial statements.
The group has 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 (“IPEV”) 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 net asset values received from the relevant general partners; and
Using underlying asset valuations.

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 considered a key audit matter for audit purposes.
</td><td>
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) or investments in funds (indirect investments) and are initially valued by Partners Group AG (the "Investment Manager") and then subject to review by the Valuation Committee at Partners Group AG 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 IPEV Guidelines.
For a sample of investments, we tested the valuation techniques (using auditor’s experts where it was deemed appropriate) used by the Investment Manager to value these unlisted investments as follows:

With regards to direct investments, 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 flow models and discount rates applied;
We challenged the appropriateness of the valuation methodology applied by the Investment Manager, including the availability of representative market data for earnings multiple models and whether a discounted cash flow model would be more appropriate;
We checked the mathematical accuracy of the model;
We obtained the management information including earnings and cash flow inputs 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 underlying 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. Where appropriate, we also considered whether any other traded companies may be comparable and considered the impact of their inclusion (or any existing multiple exclusion, as appropriate) in the sourced trading multiples on the valuation;
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 discount rate used in their valuation. This included considering how these changes compared relative to the performance of the underlying company against the relevant industry sector;
We also recalculated 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 underlying company and deducting any attributable issued financial instrument value that has a higher ranking than that of the group in the waterfall;

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</table>

Key audit matter	How our audit addressed the key audit matter
	- With regards to indirect investments where underlying net asset valuations were used to value investments in funds, we corroborated these by tracing them to supporting documentation such as capital account statements, which we obtained as at quarter 3 2022. 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. - In order to obtain sufficient evidence over the roll forward of net asset value from quarter 3 to quarter 4, we then tested the control procedures in place to process quarter 4 2022 investment call and distribution notices before inspecting a sample of the notices substantively; - 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; - We verified the listed market prices used at year end by the Investment Manager for any underlying positions held by the indirect investments and assessed a sample of the Investment Manager's fair value adjustments made with regards to these positions; - For our sample of investments, we performed open source searches to identify any relevant, publicly available information that the Investment Manager had not considered in determining the value of the investments, both during the year and subsequent to the year end. We did not identify any material additional information that had not been considered by the Investment Manager; and - We challenged the extent to which climate change considerations had been reflected in the valuation of investments, as appropriate, including the potential impact on the underlying assumptions and estimates. Based on our work performed, we did not identify any material differences or matters for further consideration.
Calculation of incentive fee See notes 5 and 15 of the consolidated financial statements for further information on the incentive fees payable by the group. Incentive fees comprise amounts accrued and payable to the Investment Manager to compensate them for services provided in a way which aligns their remuneration with the group's investment performance. The incentive fee calculations, which are undertaken in accordance with the 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 secondary investment, and also includes adjustments for such items as underlying fee rebates. This means that some of the calculations can be based on calculations with a number of data inputs, some of which are unobservable, selected by management and therefore subjective and potentially open to bias. We focused on the incentive fee calculation due to the complexity of the calculation and also due to the nature of the incentive fees in that there may be an increased risk that these are overstated.	Our audit approach was based upon the specifics of the incentive fee arrangements as set out in the investment management agreement and the notes to the consolidated financial statements, and which are described in the company's offering documents. We performed the following procedures over the incentive fees: - We obtained a 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 and substantive 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; and - We recalculated the incentive fee attributable to the Investment Manager using the applicable methodology. Based on our work performed, we did not identify any material differences.

How we tailored the audit scope

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

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

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

Materiality

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

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

Overall group materiality	€22.7 million (2021: €23.7 million).
How we determined it	2.25% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was €15.1 million - €22.7 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to €17.0 million (2021: €17.8 million) for the group's consolidated financial statements.

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

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above €1.1 million (2021: €1.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report 2022 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' duties and responsibilities statement the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

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

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Corporate governance statement

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

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

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

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

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

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

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

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

Other matter

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

Roland Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
20 March 2023

11. Audited consolidated financial statements

Audited consolidated statement of comprehensive income

for the period from 1 January 2022 to 31 December 2022

In thousands of EUR	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Net income from financial assets at fair value through profit or loss		**48,246**	**267,025**
Private equity		*46,447*	*262,729*
Interest & dividend income		543	7,575
Revaluation	9	25,693	233,001
Withholding tax on direct private equity investments	9	(428)	(1,631)
Net foreign exchange gains / (losses)	9	20,639	23,784
Private debt		*(2,093)*	*9,238*
Interest income (including payment-in-kind)		(155)	1,085
Revaluation	9	(3,363)	5,789
Net foreign exchange gains / (losses)	9	1,425	2,364
Private real estate		*(52)*	*(124)*
Revaluation	9	(52)	(124)
Private infrastructure		*3,944*	*(4,818)*
Revaluation	9	2,721	(6,813)
Net foreign exchange gains / (losses)	9	1,223	1,995
Net income from cash & cash equivalents and other income		**754**	**635**
Net foreign exchange gains / (losses)		754	635
Total net income		**49,000**	**267,660**
Operating expenses		**(35,903)**	**(56,865)**
Management fees	20	(13,874)	(15,285)
Incentive fees	15,20	(18,829)	(39,842)
Administration fees	20	(471)	(456)
Service fees	20	(208)	(250)
Other operating expenses		(1,888)	(1,870)
Other net foreign exchange gains / (losses)		(633)	838
Other financial activities		**(30,530)**	**(32,784)**
Interest expense - credit facilities	14	(1,548)	(219)
Interest expense - related party loans	20,21	-	(18)
Other finance cost		(617)	(600)
Net gains / (losses) from hedging activities	11	(28,378)	(31,953)
Other income		13	6
Surplus / (loss) for period		**(17,433)**	**178,011**
Other comprehensive income for period; net of tax		-	-
Total comprehensive income for period		**(17,433)**	**178,011**

	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Weighted average number of shares outstanding		69,151,168.00	69,151,168.00
Basic surplus / (loss) per share for period (in EUR)		(0.25)	2.57
Diluted surplus / (loss) per share for period (in EUR)		(0.25)	2.57

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

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

Audited consolidated statement of financial position

As at 31 December 2022

In thousands of EUR	Notes	31.12.2022	31.12.2021
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	9,19	968,814	852,606
Private debt	9,19	22,136	162,771
Private real estate	9,19	105	753
Private infrastructure	9,19	39,016	35,111
Financial assets at amortized cost			
Deferred receivables on investments	16	-	5,690
Other long-term receivables		1,433	2,827
Non-current assets		**1,031,504**	**1,059,758**
Other short-term receivables	19	3,867	11,713
Derivative assets	11,19	24,711	-
Cash and cash equivalents		14,851	40,159
Current assets		**43,429**	**51,872**
TOTAL ASSETS		**1,074,933**	**1,111,630**
EQUITY AND LIABILITIES			
Share capital	12	69	69
Reserves		1,011,235	1,054,945
Total equity		**1,011,304**	**1,055,014**
Short-term credit facility	14	-	25,000
Derivative liabilities	11,19	1,822	4,208
Accruals and other short-term payables	10	61,807	27,408
Liabilities falling due within one year		**63,629**	**56,616**
TOTAL EQUITY AND LIABILITIES		**1,074,933**	**1,111,630**

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

Audited consolidated statement of changes in equity

for the period from 1 January 2022 to 31 December 2022

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

for the period from 1 January 2021 to 31 December 2021

In thousands of EUR	Share capital	Reserves	Total
Balance at the beginning of period	69	923,265	923,334
Dividends declared	-	(46,331)	(46,331)
Surplus / (loss) for period	-	178,011	178,011
Equity at end of period	**69**	**1,054,945**	**1,055,014**

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

Audited consolidated statement of cash flows

for the period from 1 January 2022 to 31 December 2022

In thousands of EUR	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Operating activities			
Surplus / (loss) for period before interest expense		(15,885)	178,248
Adjustments:			
Net foreign exchange (gains) / losses		(23,408)	(29,616)
Investment revaluation		(24,999)	(231,853)
Withholding tax on direct investments		428	1,631
Net result from interest income		242	(1,233)
Net result from dividend income		(630)	(7,427)
Revaluation on forward hedges	11	28,378	31,953
(Increase) / decrease in receivables		(8,558)	(47,739)
Increase / (decrease) in payables		57,293	38,158
Realized gains / (losses) from forward hedges	11	(55,475)	(21,784)
Purchase of private equity investments	9	(154,905)	(160,276)
Purchase of private debt investments	9	423	(134,583)
Purchase of private real estate investments	9	51	26
Purchase of private infrastructure investments	9	(454)	(11,234)
Distributions from and proceeds from sales of private equity investments	9	84,127	384,181
Distributions from and proceeds from sales of private debt investments	9	137,720	29,478
Distributions from and proceeds from sales of private real estate investments	9	545	426
Distributions from and proceeds from sales of private infrastructure investments	9	493	579
Interest & dividends received		1,417	10,602
Net cash from / (used in) operating activities		**26,803**	**29,537**
Financing activities			
Increase in credit facilities	14	108,000	67,000
(Decrease) in credit facilities	14	(133,000)	(42,000)
Increase in related party loans	21	-	7,250
(Decrease) in related party loans	21	-	(7,250)
Interest paid - credit facilities	14	(1,588)	(179)
Interest paid - related party loans	21	-	(18)
Dividends declared	7	(26,277)	(46,331)
Net cash from / (used in) financing activities		**(52,865)**	**(21,528)**
Net increase / (decrease) in cash and cash equivalents		**(26,062)**	**8,009**
Cash and cash equivalents at beginning of period		**40,159**	**31,515**
Effects of foreign currency exchange rate changes on cash and cash equivalents		754	635
Cash and cash equivalents at end of period		**14,851**	**40,159**

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

Notes to the audited consolidated financial statements

for the period from 1 January 2022 to 31 December 2022

1 Organization and business activity

Princess Private Equity Holding Limited (the "Company") is an investment holding company established on 12 May 1999. The Company's registered office is Tudor House, St. Peter Port, Guernsey, GY1 6BD. The Company is a Guernsey limited liability company that invests in a diversified portfolio of private market investments through its wholly owned subsidiary, Princess Private Equity Subholding Limited (the "Subsidiary"). The Subsidiary also holds certain investments through its wholly owned subsidiary Princess Direct Investments, L.P. Inc. (the "Sub-Subsidiary"). The Sub-Subsidiary, the Subsidiary, and the Company form a group (the "Group"). Both of these subsidiaries are consolidated as they are deemed to provide investment-related services to the Company.

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

2 Basis of preparation

The audited consolidated financial statements comprise the financial statements of the Group. The audited consolidated financial statements have been prepared on a going concern basis in accordance with 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.

The preparation of audited consolidated financial statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas where assumptions, judgments and estimates are significant to the audited consolidated financial statements are disclosed in Note 4, 'Critical accounting estimates and judgments'.

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 2022 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 Group's audited consolidated financial statements.

From 1 January 2022, 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 2022:

- Amendments to IFRS 3 Business combinations (effective from 1 January 2022) - Reference to the Conceptual Framework;
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets (effective from 1 January 2022) - Onerous Contracts - Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020 Cycle (effective from 1 January 2022);
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from 1 January 2022) - Subsidiary as a first-time adopter;
- Amendments to IFRS 9 Financial Instruments (effective from 1 January 2022) - Fees in the '10 per cent' test for derecognition of financial liabilities.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the audited consolidated financial statements of the Group.

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

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective from 1 January 2023) - Definition of Accounting Estimates;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective from 1 January 2023) - Disclosure of Accounting Policies;
- Amendments to IAS 12 Income Taxes (effective from 1 January 2023) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 1 Presentation of Financial Statements (effective from 1 January 2024) - Classification of liabilities.

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

Segmental reporting

IFRS 8 - Operating segments requires segments to be identified and presented following a "management approach" under which segment information is presented on the same basis as that used for internal reporting and monitoring purposes. Operating segments are reported in a manner consistent with internal reporting at Partners Group AG (the "Investment Manager"). The Investment Manager is appointed by the Directors and has been identified as the chief operating decision maker, responsible for allocating resources and assessing the performance of each operating segment. Operating segments have been identified as: private equity, private debt, private real estate, private infrastructure and private resources. Only those segments applicable within the reporting periods have been reflected in these audited consolidated financial statements.

Consolidation

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

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

As a result, the Group does not consolidate any entities other than the Subsidiary and Sub-Subsidiary (the "Subsidiaries"), as further described in Note 4, "Critical accounting estimates and 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 22). The consolidation is performed using the purchase method. All Group companies have 31 December as the end of their reporting periods.

Net income from short-term investments and cash and cash equivalents

Income from bank deposits and interest income from short-term investments are included on an accruals basis using the effective interest rate method. Gains and losses from short-term investments and gains and losses from cash and cash equivalents also include the increase or decrease in the value of short-term investments purchased at a discount or a premium. All realized and unrealized surpluses and losses are recognized in the audited consolidated statement of comprehensive income. Dividend income from money market funds ("MMFs") and short-term investments are recognized when the right to receive payment is established.

Expenditure
All items of expenditure are included in the audited consolidated financial statements on an accruals basis.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates (the "Functional Currency") that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Group's economic environment has been assessed and determined in accordance with the primary and secondary indicators defined in IAS 21 - The Effects of Changes in Foreign Exchange Rates. The audited consolidated financial statements are presented in Euros, which is the Company and Group's Functional Currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end of the reporting period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the audited consolidated statement of comprehensive income.

Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Group classifies its investments based on both the Group's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Group has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Group's debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Group business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Where the Group has hedged the value of non-Functional Currency investments against the Functional Currency the Group does not use hedge accounting as defined in IFRS 9. Derivative financial instruments are classified as financial assets and financial liabilities at fair value through profit or loss in accordance with IFRS 9. They are initially recognized in the audited consolidated statement of financial position at fair value and are subsequently remeasured to fair value. As a result, the realized gains/losses and the unrealized changes in fair value are recognized in the audited consolidated statement of comprehensive income under the heading "Other financial activities". The fair values of various derivative instruments used for hedging purposes, if any, are disclosed in the notes.

Financial assets and financial liabilities at fair value through profit or loss consist of interests which are acquired by the Group (including all related securities) in (typically unlisted) direct private market investments ("Direct Investments") 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 the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

In setting the Group's investment policy the Directors have determined their intention to focus on making investments in entities that adopt an internationally recognized standard of accounting.

(b) Recognition and derecognition

All transactions relating to financial assets and financial liabilities at fair value through profit or loss are recognized on the settlement date or when all risks and rewards of ownership have been transferred.

Any distributions, including return of principal of investment, received from the underlying Direct and Indirect Investments are recognized when the Group's right to receive payment has been established.

Financial assets and financial liabilities at fair value through profit or loss are derecognized when the right to receive cash flows has expired or where substantially all risks and rewards of ownership have been transferred.

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

Cash and payment-in-kind ("PIK") interest relating to debt investments held at fair value through profit or loss are recognized on an accruals basis within interest income (including PIK) in the audited consolidated statement of comprehensive income when the Group's right to receive payment is established.

(c) Measurement

As a matter of principle, financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the audited consolidated statement of comprehensive income within net income from financial assets at fair value through profit or loss in the period in which they arise.

Distributions from Indirect Investments held at fair value through profit or loss are recognized in the audited consolidated statement of financial position when the Group's right to receive payment is established. Distributions received from Indirect Investments are recognized first as a repayment of the original capital contributed to the Indirect Investments which is substantially in keeping with the distribution arrangements prescribed by the constituent documents of the Indirect Investments. On repayment of any of the original capital contributed in full to the Indirect Investments, all subsequent distributions are recognized in the audited consolidated statement of comprehensive income within revaluation.

Any interest and dividend distributions derived from Direct Investments are recognized when the Group's right to receive payment is established and included within interest and dividend income in the audited consolidated statement of comprehensive income.

(d) Fair value estimation

The fair values of financial instruments whose principal markets are actively traded exchange markets are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the price within the bid-ask spread which is most representative of fair value at the end of the reporting period.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of market and income methods such as time of last financing, earnings and multiple analysis, discounted cash flow method and third-party valuation and makes assumptions that are based on market conditions and expected market participant assumptions existing at the end of each period. Quoted market prices or dealer quotes for specific similar instruments are also used for long-term debt where appropriate. Other information used in determining the fair value of non-traded financial instruments includes latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques, such as option pricing models and estimated discounted value of future cash flows.

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

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the audited consolidated statement of financial position where there is currently a legally and contractually enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. A current legally and contractually enforceable right to offset must not be contingent on a future event. Furthermore, it must be legally and contractually enforceable in (i) the normal course of business; (ii) the event of default; and (iii) the event of insolvency or bankruptcy of the Group and any of the counterparties.

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

Other short-term receivables and long-term receivables
Other short-term receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets unless the maturities are more than twelve months after the end of the reporting period, where they are classified as non-current assets. Other short-term receivables are stated at the contractual amount less impairment, if any, as this is a reasonable approximation of fair value. Other short-term receivables may include variation margin balances paid to counterparties on derivative liability positions, which are due back from those counterparties on settlement of the derivatives.

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

Deferred receivables
Deferred receivables meet the definition of a financial asset as they represent a contractual right to receive cash for a specified amount at a specified date. Deferred receivables which represent a financial asset are initially measured at fair value. Subsequently these are measured at amortized cost using the effective interest rate method. At the end of the reporting period, the Group

shall measure the loss allowance on outstanding balance at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If however, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. They are classified as assets falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as assets falling due after one year. A deferred receivable is derecognized when the obligation to receive the specifically identified cash flows has been fulfilled, expired, or there are no reasonable expectations of recovering those cash flows in its entirety or a portion thereof.

Accruals and other short-term payables

Accruals and other short-term payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are classified as liabilities falling due within one year unless the maturities are more than twelve months after the end of the reporting period where they are classified as liabilities falling due after one year. Accruals and short-term payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accruals and other short-term payables may include variation margin balances received as cash from counterparties on derivative asset positions, which are payable back to those counterparties on the settlement of the derivatives.

Borrowings

Borrowings consist of credit facilities and loans received either from financial institutions or from related parties. Such borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Borrowings are derecognized when the obligation specified in the contract is discharged, canceled or expired. In the audited consolidated statement of financial position borrowings are classified as liabilities falling due within one year unless the maturities are more than twelve months after the end of the reporting period where they are classified as liabilities falling due after one year.

Deferred payments

Deferred payments meet the definition of a financial liability as they are a contractual obligation for a specified amount at a specified date. Deferred payments are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. They are classified as liabilities falling due within one year unless the maturities are more than twelve months after the end of the reporting period where they are classified as liabilities falling due after one year. A deferred payment is derecognized when the obligation under the liability is paid or discharged.

Equity

Shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

4 Critical accounting estimates and 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 of similar investments 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;
- Selection of recent transactions for the sales comparison method; and
- Identification of uncertain tax positions.

As part of the fair valuation of such investments, the Investment Manager uses observable market data (whenever possible), unobservable data and cash flow data to consider and determine the fair values of the underlying investments. Furthermore the Investment Manager considers the overall portfolio against observable data and general market developments to determine if the valuations attributed appear to be fair based on the current market environment. The Investment Manager makes practical efforts to obtain the latest available information pertaining to the underlying unquoted investments.

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

Critical estimates

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

- Determination of adjustments to comparable trading multiples based on qualitative factors;
- Determination of future cash flows;
- Determination of applicable discount rates considering own and counterparties' credit risk;
- Determination of applicable capitalization rates for the income method;
- Determination of price within the bid-ask spread for investments with available broker quotes;
- An underlying investment's most recent reporting information, including a detailed analysis of underlying company performance and investment transactions with the Indirect Investments between the latest available reporting information of the underlying investment and the end of the reporting period of the Group;
- Review of a Direct Investment's most recent accounting and cash flow reports and models, including data supplied by both the sponsor and the company and any additional available information between the date of these reports and the end of the reporting period of the Group;
- Review of recent transaction prices and merger and acquisition activity for similar Direct Investments;
- Review of the Indirect Investment's application of generally accepted accounting principles and the valuation method applied for its underlying investments, such as discounted cash flow and multiple analysis, which are based on available information;
- Review of current market environment and the impact of it on the Direct and Indirect Investments; and
- Determination of the impact of uncertain tax positions on the valuation.

The variety of valuation bases adopted, quality of management information provided by the underlying Indirect Investments and the lack of liquid markets for the investments held mean that there are inherent difficulties in determining the fair values of these investments that cannot be eliminated. There are significant estimates and assumptions that are used in establishing the fair value of financial assets and liabilities. As a result, the actual amounts realized on the sale of these instruments may differ from the fair values reflected in these audited consolidated financial statements and these differences may be significant as a result of the judgments and estimates applied. The output of the above estimation of the fair value of investments is a significant factor in the calculation of estimated incentive fee accruals and any rebates.

Cash flow modeling

In addition to the review of historical data within the cash flow modeling, the Investment Manager also takes into account current portfolio data together with the expected development of the market environment based on observable market information and subjects this to simulations and stress-testing with consideration of certain scenarios which could occur and their potential impact on the Group and its investment commitment and funding strategy.

The results of such observations are included within the investment models to provide an insight into future expected cash flows and the liquidity requirements of the Group.

Critical estimates

As at the end of the reporting period, the Group estimates the cash flow requirements based on an assessment of all applicable indicators, which may include but are not limited to the following:

- Historical statistical data: external and internal data serve as the statistical basis of the quantitative model;
- Current portfolio company information: the model is updated to take into account current data from the Group's Direct and Indirect Investments;
- Input from the Investment Manager's investment professionals: quantitative and qualitative inputs from the general market environment and specific portfolio in the model;
- Monte-Carlo simulations and stress-tests: stochastic behavior of private market cash flows combined with valuations and tailor-made scenario analyses provide the basis for commitment decisions and quantitative risk management; and
- Use of borrowings and anticipated usage of such borrowings for anticipated drawdowns in relation to unfunded commitments to Direct and Indirect Investments.

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

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

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

Administration fees

The administration fees are paid quarterly in advance pursuant to the administration agreement between the Company and Partners Group (Guernsey) Limited (the "Administrator"). With effect from 1 July 2022, the quarterly administration fees are calculated as 0.0125% of the first EUR 900 million of net asset value of the Company (previously 0.0125% of the first USD 1 billion of net assets) and 0.005% of the amount by which such net asset value of the Company exceeds EUR 900 million (previously 0.005% of the amount by which such net assets exceed USD 1 billion).

Service fees

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

Incentive fees

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

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

Incentive fees are calculated 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 133,732 (2021: EUR 122,648).

6 Taxation

The Company and the Subsidiaries are exempt from taxation in Guernsey under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and are each liable for the payment of an annual fixed rate of GBP 1,200 per annum for the granting of the exemption.

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

7 Dividends

During the reporting period, the Board of Directors of Princess Private Equity Holding Limited declared its first interim dividend for the year of EUR 0.38 per ordinary share, which was paid on 17 June 2022, in total amounting to EUR 26.3 million (2021: each of EUR 0.335 per ordinary share, which were paid on 24 June 2021 and 17 December 2021 respectively, in total amounting to EUR 46.3 million). The second interim dividend due for payment in December 2022 was canceled.

8 Segment calculation

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

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

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

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

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

In thousands of EUR	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Private equity		
Interest & dividend income	543	7,575
Revaluation	25,693	233,001
Withholding tax on direct private equity investments	(428)	(1,631)
Net foreign exchange gains / (losses)	20,639	23,784
Total net income private equity	**46,447**	**262,729**
Segment result private equity	**46,447**	**262,729**
Private debt		
Interest income (including payment-in-kind)	(155)	1,085
Revaluation	(3,363)	5,789
Net foreign exchange gains / (losses)	1,425	2,364
Total net income private debt	**(2,093)**	**9,238**
Segment result private debt	**(2,093)**	**9,238**
Private real estate		
Revaluation	(52)	(124)
Total net income private real estate	**(52)**	**(124)**
Segment result private real estate	**(52)**	**(124)**
Private infrastructure		
Revaluation	2,721	(6,813)
Net foreign exchange gains / (losses)	1,223	1,995
Total net income private infrastructure	**3,944**	**(4,818)**
Segment result private infrastructure	**3,944**	**(4,818)**
Non-attributable		
Net foreign exchange gains / (losses)	754	635
Total net income non-attributable	**754**	**635**
Segment result non-attributable	**(35,149)**	**(56,230)**
Other financial activities not allocated	(30,530)	(32,784)
Surplus / (loss) for period	**(17,433)**	**178,011**

9 Financial assets at fair value through profit or loss

9.1 PRIVATE EQUITY

In thousands of EUR	31.12.2022	31.12.2021
Balance at beginning of period	852,606	821,209
Purchase of Direct and Indirect Investments	154,905	160,276
Distributions from and proceeds from sales of Direct and Indirect Investments	(84,127)	(384,181)
Accrued cash and payment-in-kind interest	(474)	148
Revaluation	25,693	233,001
Withholding tax on direct private equity investments	(428)	(1,631)
Net foreign exchange gains / (losses)	20,639	23,784
Balance at end of period	**968,814**	**852,606**
Movement in unrealized gains / (losses) still held at end of period	**(23,482)**	**(7,443)**

9.2 PRIVATE DEBT

In thousands of EUR	31.12.2022	31.12.2021
Balance at beginning of period	162,771	51,605
Purchase of Direct and Indirect Investments	(423)	134,583
Distributions from and proceeds from sales of Direct and Indirect Investments	(137,720)	(29,478)
Accrued cash and payment-in-kind interest	(554)	663
Interest received	-	(2,755)
Revaluation	(3,363)	5,789
Net foreign exchange gains / (losses)	1,425	2,364
Balance at end of period	**22,136**	**162,771**
Movement in unrealized gains / (losses) still held at end of period	**(510)**	**(3,451)**

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	31.12.2022	31.12.2021
Balance at beginning of period	753	1,329
Purchase of Direct and Indirect Investments	(51)	(26)
Distributions from and proceeds from sales of Direct and Indirect Investments	(545)	(426)
Revaluation	(52)	(124)
Balance at end of period	**105**	**753**
Movement in unrealized gains / (losses) still held at end of period	**(649)**	**(576)**

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	31.12.2022	31.12.2021
Balance at beginning of period	35,111	29,274
Purchase of Direct and Indirect Investments	454	11,234
Distributions from and proceeds from sales of Direct and Indirect Investments	(493)	(579)
Revaluation	2,721	(6,813)
Net foreign exchange gains / (losses)	1,223	1,995
Balance at end of period	**39,016**	**35,111**
Movement in unrealized gains / (losses) still held at end of period	**3,922**	**(4,817)**

10 Accruals and other short-term payables

As at the end of the reporting period, accruals and other short-term payables mainly include collateral for hedging instruments of EUR 21,950,000, accrued incentive fees of EUR 28,831,537 and quarterly management fees accrued in arrears of EUR 5,687,383 (2021: accrued incentive fees of EUR 17,530,726 and quarterly management fees accrued in arrears of EUR 3,820,259).

11 Foreign exchange forward / option contracts

In thousands of EUR	31.12.2022	31.12.2021
Foreign exchange forward contracts		
Unrealized gains / (losses)	27,097	(10,169)
Realized gains / (losses)	(55,475)	(21,784)
Total gains / (losses) from forward contracts	**(28,378)**	**(31,953)**

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 31.12.2022				
Foreign exchange forward contract	EUR 54,141	USD 57,200	04.01.2023	(523)
Foreign exchange forward contract	USD 57,200	EUR 56,587	04.01.2023	2,968
Foreign exchange forward contract	EUR 54,183	USD 57,300	18.01.2023	(521)
Foreign exchange forward contract	USD 57,300	EUR 56,632	18.01.2023	2,968
Foreign exchange forward contract	EUR 40,605	GBP 34,890	25.01.2023	(1,301)
Foreign exchange forward contract	GBP 34,890	EUR 39,988	25.01.2023	686
Foreign exchange forward contract	USD 67,700	EUR 69,129	01.02.2023	5,782
Foreign exchange forward contract	USD 67,700	EUR 69,197	01.02.2023	5,850
Foreign exchange forward contract	INR 1,000,000	EUR 11,432	15.02.2023	189
Foreign exchange forward contract	INR 1,000,000	EUR 11,432	15.02.2023	189
Foreign exchange forward contract	USD 71,000	EUR 68,271	08.03.2023	1,996
Foreign exchange forward contract	USD 71,000	EUR 68,230	15.03.2023	1,979
Foreign exchange forward contract	CHF 12,400	EUR 12,614	22.03.2023	17
Foreign exchange forward contract	CHF 26,750	EUR 27,571	22.03.2023	395
Foreign exchange forward contract	USD 57,200	EUR 53,786	05.04.2023	473
Foreign exchange forward contract	USD 57,300	EUR 53,830	19.04.2023	471
Foreign exchange forward contract	GBP 34,890	EUR 40,425	26.04.2023	1,271
As at 31.12.2021				
Foreign exchange forward contract	USD 57,300	EUR 49,182	20.01.2022	(1,274)
Foreign exchange forward contract	USD 57,200	EUR 49,099	20.01.2022	(1,269)
Foreign exchange forward contract	INR 2,172,000	EUR 24,575	20.01.2022	(1,081)
Foreign exchange forward contract	GBP 34,890	EUR 41,169	20.01.2022	(263)
Foreign exchange forward contract	USD 67,700	EUR 58,996	24.02.2022	(574)
Foreign exchange forward contract	USD 67,700	EUR 58,997	24.02.2022	(573)
Foreign exchange forward contract	CHF 26,750	EUR 25,681	16.03.2022	(125)
Foreign exchange forward contract	ILS 88,350	EUR 25,251	16.03.2022	339
Foreign exchange forward contract	USD 99,600	EUR 88,214	16.03.2022	612

12 Share capital, treasury shares, and reserves

12.1 CAPITAL

In thousands of EUR	31.12.2022	31.12.2021
Issued and fully paid		
69,151,168 ordinary shares of EUR 0.001 each out of the bond conversion	69	69
Total issued and fully paid shares	**69**	**69**

At the annual general meeting held in June 2022, the shareholders renewed the authority granted to the Directors to purchase up to 14.99% (2021: 14.99%) of the issued share capital of the Company.

During the reporting period, the Company did not buy back shares (2021: nil). 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 (2021: nil).

The total authorized shares consist of 200,100,000 ordinary shares of EUR 0.001 each (total value EUR 200,100) (2021: 200,100,000 ordinary shares of EUR 0.001 each).

12.2 RESERVES

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

13 Commitments to Direct and Indirect Investments

In thousands of EUR	31.12.2022	31.12.2021
Unfunded commitments translated at the rate prevailing at end of period	103,325	116,600

14 Short-term credit facility

The Company entered into a multi-currency revolving credit facility with an international financial institution. The purpose of the facility is to provide funding for the acquisition of underlying investments and other working capital requirements.

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.

Date of entering the agreement	27 July 2011
Amendment date	4 July 2022
Date of termination of the agreement	13 December 2024
Total lending commitment	EUR 110,000,000 (2021: EUR 80,000,000)
Basis of the interest on principal drawn is: Margin +	SOFR + credit adjustment spread in relation to any loan in USD; EURIBOR* in relation to any loan in EUR; or SONIA** + credit adjustment spread in relation to any loan in GBP

During 2022, the London Inter-Bank Offered Rate ("LIBOR") was replaced by Secured Overnight Financing Rate ("SOFR") plus a credit adjustment spread in relation to any loan in USD.
*Euro Inter-Bank Offered Rate
**Sterling Overnight Interbank Average Rate

In thousands of EUR	31.12.2022	31.12.2021
Short-term credit facility		
Balance at beginning of period	25,000	-
Increase in credit facility	108,000	67,000
(Decrease) in credit facility	(133,000)	(42,000)
Balance at end of period	**-**	**25,000**

15 Incentive fees

In thousands of EUR	31.12.2022	31.12.2021
Balance at beginning of period	17,530	19,525
Change in incentive fees attributable to Investment Manager	18,829	39,842
Incentive fees paid/payable	(7,528)	(41,837)
Balance at end of period	**28,831**	**17,530**
Incentive fees accrued	61,896	55,518
Incentive fee rebates accrued	(33,065)	(37,988)
Total net incentive fees	**28,831**	**17,530**

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

16 Deferred receivables on investments

In thousands of EUR	31.12.2022	31.12.2021
Deferred receivables on investments	-	5,690

As at the end of the previous reporting period, other long-term receivables of EUR 5,690,467 pertain to the deferred sales proceeds arising from the sale of one of its underlying investments.

17 Earnings per share and net assets per share

Basic earnings per share are calculated by dividing the surplus or loss for the financial period attributable to the shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares, if any. There were no dilutive effects on the Company's shares during 2022 and 2021.

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

In thousands of EUR	31.12.2022	31.12.2021
Net assets of the Group	1,011,304	1,055,014
Outstanding shares at the end of the reporting period	69,151,168.00	69,151,168.00
Net assets per share at period end	**14.62**	**15.26**

18 Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. There is also counterparty risk from bank balances and derivatives (and money market instruments if held by the Group). That would be the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Group. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign currency exchange forward or option contracts to hedge certain financial risk exposures.

The discontinuation of non-USD interbank offered rates ("IBORs") and transition to alternative reference rates in the previous reporting period did not impact or disrupt the processes. The overall risk was assessed as low, with limited potential impact. Systems changes were finalized with some small residual testing and changes identified for 2022. USD LIBOR is expected to transition at the latest in 2023 and does not require any specific changes to the system, process, and/or risk management that were not already identified as part of the transition.

18.1 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 global portfolio committee meets on a quarterly basis to review the implementation of the Group's hedging strategy, through 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 team reviews the foreign currency exchange risk on a daily basis and adjusts the actual hedging positions if necessary.

The annual volatility analysis uses cross-currency rates over the last ten years to the relevant period end (2021: from 1 January 2001 to the relevant period end) in order to incorporate long-term rate volatility trends. This change to rolling 10-year window for volatility calculation was done for consistency purposes, since it gives more weight to the recent history for the changes that happened in the financial markets. The analysis is based on the assumption that the non-Functional Currency fluctuates by the annual volatility percentage, with all other variables held constant, and the amount by which the value of applicable net assets would correspondingly fluctuate higher or lower is presented below. The foreign currency exposures below are presented net of any foreign currency hedging instruments outstanding as at the end of the respective period.

In thousands of EUR	**31.12.2022**	**31.12.2021**
Net assets denominated in AUD	4	4
Net assets denominated in CHF	8,214	2,928
Net assets denominated in GBP	(1,444)	5,232
Net assets denominated in SEK	-	7
Net assets denominated in USD	77,847	79,258
Net assets denominated in INR	(2,691)	(3,389)
Net assets denominated in ILS	-	(24,972)
Applicable annual volatility AUD	8.46%	9.04%
Applicable annual volatility CHF	6.30%	6.28%
Applicable annual volatility GBP	6.89%	7.68%
Applicable annual volatility SEK	4.88%	5.51%
Applicable annual volatility USD	7.45%	9.42%
Applicable annual volatility INR	8.58%	9.15%
Applicable annual volatility ILS	7.57%	8.67%
Fluctuation of net assets and corresponding results depending on above-mentioned volatility	**5,987**	**5,578**

Certain Indirect Investments held within the Group's portfolio contain exposure to underlying portfolio investment denominated in ILS, while such Indirect Investments' functional and reporting currency is a currency other than ILS. Where the ILS is considered to be significant to the Group, it is hedged against the Group's Functional Currency. As a result, the table above contains net assets denominated in ILS, which are reflective of the notional value ILS amount sold as part of the respective hedging transations, translated into the Group's Functional Currency at the applicable foreign currency exchange rate at the end of the relevant reporting period.

18.2 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 alternative reference 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 2022, there were no term deposits (2021: nil).

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

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

A change of 100 basis points (2021:25 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. Due to rising inflation and interest rates, it was considered appropriate to change the interest rate risk sensitivity from 25 to 100 basis points.

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.

18.3 VARIABLE RATE INSTRUMENTS

In thousands of EUR	**31.12.2022**	**31.12.2021**
Mezzanine and senior debt investments	9,055	12,795
Cash and cash equivalents	14,851	40,159
Credit facility	-	(25,000)
Total variable rate instruments	**23,906**	**27,954**

As at the end of the reporting period, the Group holds nil (2021: EUR 7,990,529) in private debt financial assets where the interest on principal drawn is calculated using the USD LIBOR and will be replaced with the SOFR or an alternative benchmark rate at the latest in 2023.

18.4 SENSITIVITY ANALYSIS REPORTING PERIOD

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

18.5 SENSITIVITY ANALYSIS PREVIOUS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	70	(70)

18.6 CREDIT RISK

Whilst the Group intends to diversify its portfolio of investments, the Group's investment activities may result in credit risk relating to investments in which the Group has direct or indirect (through underlying investments and investments in subsidiaries) exposure. A negative credit development or a default of an investment in which the Group has direct or indirect exposure will lead to a lower net asset value and to lower dividend and interest income from assets within the private debt operating segment or where the Group holds a direct interest. In addition, the Investment Manager regularly conducts a concentration risk analysis on the underlying investments and has concluded that no action needs to be taken.

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

Derivative counterparties and cash transactions are typically limited to high credit quality financial institutions, which are governed by an internal rating system calculated based on publicly available data and takes into account the ratings assigned by credit rating agencies such as Moody's and Standard & Poor's. However, in certain rare circumstances, the Investment Manager's best execution committee has the authority to approve such transactions with specific counterparties who do not have ratings as a one-off authorization, with considerations related to best execution price, liquidity and availability of other counterparties. The Investment Manager ensures that surplus cash is invested in temporary investments. In addition, where the Group holds significant amounts of cash the Investment Manager may seek to diversify this exposure across multiple financial institutions.

The Group may also invest in mezzanine and senior debt facilities of private market investment backed underlying investments. These underlying investments' financial performance is monitored on a monthly basis and classified by an internal rating system, which consists of five categories: too early, with issues, on plan, above plan and outperformer. When assessing the investment the Investment Manager takes into account a number of factors, including the financial position and actual versus expected performance. The term "too early" is used during the period just after the initial investment when there is insufficient information to assess the actual performance of the underlying investment. If an underlying investment's performance is classified as "with issues", the mezzanine or senior debt facility will be closely and regularly monitored by the Investment Manager, with regular communications being held with the manager of the underlying investment so that the actual value can be assessed and, if necessary, written down. The amount of any unrealized loss is disclosed herein and the change of credit quality, if any, is reflected in the fair value of the instrument.

The Group provides mezzanine and senior debt facilities to private companies which are represented as debt instruments. No collateral is received from the underlying companies. The credit quality of these investments is based on the financial performance of the individual portfolio company. For those assets that are not past due, it is believed that the risk of default is small and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions.

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

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

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

18.7 RATING OF MEZZANINE AND SENIOR DEBT INVESTMENTS

In thousands of EUR	31.12.2022	31.12.2021
Too early	-	-
With issues	9,055	8,146
On plan	-	4,649
Above plan	-	-
Outperformer	-	-
Total	**9,055**	**12,795**

18.8 DURATION OF CREDIT RISK REPORTING PERIOD

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

As at the end of the reporting period, the Group held cash of EUR 14,850,502 with two international Swiss-based banking groups which at that date had ratings of Baa2 (Moody's) and Aaa (Moody's).

18.9 DURATION OF CREDIT RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Derivative assets	-	-	-
Cash and cash equivalents	40,159	-	-
Other short-term receivables	11,713	-	-
Other long-term receivables	2,827	-	-
Deferred receivables on investments	5,690	-	-
Mezzanine and senior debt investments	12,795	-	-

As at the end of the previous reporting period, the Group held cash of EUR 40,158,933 with two international Swiss-based banking groups which at that date had ratings of Baa1 (Moody's) and Aaa (Moody's).

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

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

18.11 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	(103,325)	-	-
Liabilities falling due within one year	(32,976)	(28,831)	-
Derivative liabilities	(1,822)	-	-
Derivative assets	22,496	2,215	-
Current assets	18,718	-	-
Other long-term receivables	-	-	1,433
Undrawn credit facility	110,000	-	-
Total	**13,091**	**(26,616)**	**1,433**

18.12 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	(116,600)	-	-
Liabilities falling due within one year	(34,878)	(17,530)	-
Derivative liabilities	(4,208)	-	-
Current assets	51,872	-	-
Other long-term receivables	-	-	2,827
Deferred receivables on investments	-	-	5,690
Undrawn credit facility	55,000	-	-
Total	**(48,814)**	**(17,530)**	**8,517**

18.13 OVERCOMMITMENT TO INVESTMENTS

As a result of maintaining a substantially full investment level over time, the Group may be subject to the risk of a shortfall of liquidity available to meet its obligations in extreme events when distribution from investments is delayed or drawdowns from commitments to funds are accelerated significantly beyond the expected values. To mitigate this risk, the development of liquidity available and the outlook for the net cash flows of the Group based on a quarterly assessment utilizing quantitative cash flow forecast models and prevailing market inputs are continuously monitored, and the Group may employ appropriate measures such as re-investing distributions received from an investment to fund capital calls from other investments. The investment strategy is based on Investment Manager’s quantitative models, which use both top-down and bottom-up inputs to run scenarios that ultimately inform or limit the investment activity. On the back of the significant US dollar appreciation in the first three quarters of 2022, coupled with expectations of lower future distributions, the Group decided to stop the investment activity and to cancel the H2 interim dividend to avoid a potential liquidity shortfall in case of a further US dollar appreciation.

18.14 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 14).

18.15 MARKET PRICE RISK

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

The annual volatility of the reference index is shown based on the last ten years to the end of the relevant reporting period (2021: from 1 January 2001 to the relevant period end). This change to rolling 10-year window for volatility calculation was done for consistency purposes, since it gives more weight to the recent history for the changes that happened in the financial markets. Under the assumption that the financial assets at fair value through profit or loss fluctuate by the annual volatility percentage, with all other variables held constant, the fair value of such assets, if any, would fluctuate in direct proportion as presented below.

In thousands of EUR	31.12.2022	31.12.2021
Financial assets at fair value through profit or loss	1,030,071	1,051,241
Total assets subject to market risk	**1,030,071**	**1,051,241**
Annual expected volatility	13.91%	14.21%
Potential impact on audited consolidated financial statements	**143,283**	**149,381**

18.16 OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

18.17 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							
31.12.2022	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set-off in the audited consolidated statement of financial position	Net amounts of financial assets presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position			Net amount
Derivative assets				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty A	8,768	523	8,245	-	-	8,070	175
Counterparty B	4,132	-	4,132	-	-	2,130	2,002
Counterparty I	6,467	-	6,467	-	-	6,020	447
Counterparty Q	17	-	17	-	-	-	17
Counterparty AH	5,850	-	5,850	-	-	5,730	120

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

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

18.18 OFFSETTING PREVIOUS REPORTING PERIOD

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							
31.12.2021	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set-off in the audited consolidated statement of financial position	Net amounts of financial liabilities presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position			Net amount
Derivative liabilities				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty B	1,081	-	1,081	-	-	900	181
Counterparty I	573	338	235	-	-	235	-
Counterparty J	699	612	87	-	87	-	-
Counterparty Q	2,806	-	2,806	-	-	2,790	16
Credit Facility Drawn							
Counterparty B	25,000	-	25,000	-	-	-	25,000

18.19 STRUCTURED ENTITIES

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

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

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

18.20 STRUCTURED ENTITIES REPORTING PERIOD

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

18.21 STRUCTURED ENTITIES PREVIOUS REPORTING PERIOD

NAV in thousands of EUR	31.12.2021
Region & Strategy	
North America	
Buyout	237,871
Special situations	151,659
Venture capital	4,169
Western Europe	
Buyout	85,320
Real estate	753
Venture capital	2,660
Infrastructure	14,474
Rest of World	
Buyout	9,428
Venture capital	17,050

19 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 in level 1.

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

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

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

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

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

19.1 FAIR VALUE ESTIMATION REPORTING PERIOD

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

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

19.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	11,713	11,713
Financial assets at fair value through profit or loss - equity securities	-	-	888,470	888,470
Financial assets at fair value through profit or loss - debt investments	-	-	162,771	162,771
Total assets	**-**	**-**	**1,062,954**	**1,062,954**
Liabilities				
Derivatives used for hedging	-	(4,208)	-	(4,208)
Total liabilities	**-**	**(4,208)**	**-**	**(4,208)**

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

For comparative purposes, the above table was updated to align with the current reporting period presentation.

19.3 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 19):

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

19.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

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

The main inputs into the Group's valuation models for Equity and Debt 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 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 Equity and Debt Investments. Comparable companies' multiple techniques assume that the valuation of unquoted Equity and Debt 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 Equity and Debt 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 enterprise value or market capitalization of the comparable company by the defined performance measure. The relevant trading multiples might be subject to adjustment for general qualitative differences such as liquidity, growth rate or quality of customer base between the valued Equity and Debt Investment and the comparable company set. The indicated fair value of the Equity and Debt Investment is determined by applying the relevant adjusted trading multiple to the identified performance measure of the valued company.

The valuation of an Equity or Debt 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. Equity and Debt 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 investment's net debt in order to determine the equity value of the relevant investment. The expected future cash flows are determined based on agreed investment terms or expected growth rates. In addition, based on the current market environment an expected return of the respective Equity and Debt 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.

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

Reliable broker quotes for Debt Investments are provided by a reputable financial information provider. 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 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 real estate investments, which are categorised under Equity Investments. The sales comparison method compares a real estate investment's characteristics with those of comparable properties which have recently been traded in the market. Factors considered in the determination of such comparable assets include, but are not limited to, size, location, development stage and property type. Consequently, the most appropriate measure for determining the valuation of the relevant real estate investment is selected (amongst others price per 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 real estate investment is determined by applying the relevant price per unit to the respective real estate investment. The sales comparison method is most appropriate for real estate investments where the investment's size (e.g. number of rooms, square feet, square meters) is known and similar properties have recently traded in the market.

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

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

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

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

Equity and Debt Investments may include certain investments using the valuation technique "Reported fair value". Such investments invest solely into an external investment vehicle, hence their fair value is based on reported fair value rather than a direct investment valuation.

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

With respect to real estate equity investments, the sensitivity analysis as performed for other 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 Equity and Debt 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.

19.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.12.2022	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
Fair value in thousands of EUR						
Equity Investments	930,259	Market comparable companies	Enterprise value to EBITDA multiple	5.00x- 34.00x (15.94x)	77,861	(77,861)
	35,721	Discounted cash flow	Discount factor	13.45% - 14.30% (14.17%)	255	(255)
	13,854	Market comparable companies	Price to book ratio	1.68x - 1.68x (1.68x)	693	(693)
	10,201	Recent financing/transaction	Recent transaction price	n.a.	n.a.	n.a.
	8,819	Market comparable companies	Enterprise value to sales multiple	2.60x- 22.30x (8.23x)	424	(424)
	671	Exit price	Recent transaction price	n.a.	n.a.	n.a.
	455	Reported fair value	Reported fair value	n.a	22	(22)
Debt Investments	8,994	Broker quotes	Indicative quotes for an inactive market	n.a.	n.a.	n.a.
	7,626	Discounted cash flow	Discount factor	13.00% - 23.00% (15.78%)	165	(165)
	81	Exit price	Recent transaction price	n.a.	n.a.	n.a.
Partnership Investments	24,272	Adjusted reported net asset value	Reported net asset value	n.a.	1,214	(1,214)

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

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

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

19.6 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

Type of security	**Fair value at 31.12.2021**	**Valuation technique**	**Unobservable input**	**Range (weighted average)**	**Sensitivity**	
Fair value in thousands of EUR						
Equity Investments	669,604	Market comparable companies	Enterprise value to EBITDA multiple	3.56x - 22.30x (15.57x)	54,530	(54,530)
	118,111	Recent financing/transaction	Recent transaction price	n.a.	n.a.	n.a.
	31,652	Discounted cash flow	Discount factor	12.00% - 13.00% (12.80%)	424	(424)
	16,921	Exit price	Recent transaction price	n.a.	n.a.	n.a.
	6,362	Market comparable companies	Enterprise value to sales multiple	3.50x - 3.50x (3.50x)	294	(294)
	1,046	Reported fair value	Reported fair value	n.a	47	(47)
Debt Investments	12,640	Broker quotes	Indicative quotes for an inactive market	n.a.	n.a.	n.a.
	8,379	Discounted cash flow	Discount factor	6.03% - 11.76% (9.53%)	85	(85)
	208	Market comparable companies	Enterprise value to EBITDA multiple	3.56x - 3.56x (3.56x)	n.a.	n.a.
Partnership Investments	185'373	Adjusted reported net asset value	Reported net asset value	n.a.	9'269	(9'269)
	(4,648)	Adjusted reported net asset value	Fair value adjustments	n.a.	(232)	232
	1,045,648	Total				
	5,593	Amounts from Partners Group investment vehicles				
	1,051,241	Total level 3 investments				

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

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

For comparative purposes, the above table was updated to align with the current reporting period presentation.

20 Related party transactions and balances

A related party to the Group is an entity or person which has the ability to directly or indirectly control the Group, or vice versa, or to exercise significant influence over the Group in making financial and operating decisions or is a member of the key management team, including their immediate families, of the Group or its Board of Directors. Entities are also related where they are members of the same group.

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

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

20.1 TRANSACTIONS

In thousands of EUR	31.12.2022	31.12.2021
Management fee expenses	**13,874**	**15,285**
Partners Group AG	13,874	15,285
Administration fee expenses	**471**	**456**
Partners Group (Guernsey) Limited	471	456
Service fee expenses	**208**	**250**
Partners Group AG	208	250
Incentive fee expenses	**18,829**	**39,842**
Partners Group AG	18,829	39,842
Incentive fee paid	**(7,528)**	**41,837**
Partners Group AG	(7,528)	41,837
Setup and interest expenses on bridge loans and credit facilities provided through	**-**	**18**
Partners Group Finance CHF IC Ltd	-	18
Directors' fee expenses:	**294**	**268**
Invested amounts and distributions from / (to) Partners Group advised products (investment side), net	**87,781**	**93,203**

Commitments made during the reporting period to Partners Group advised products amounted to EUR 188,507,876 (2021: EUR 318,609,839).

20.2 PERIOD-END BALANCES

In thousands of EUR	31.12.2022	31.12.2021
Other short-term receivables	**666**	**7,476**
Partners Group affiliated entities	666	7,425
Receivable from Investments	-	51
Accruals and other short-term payables	**(10,006)**	**(9,609)**
Partners Group affiliated entities	(10,006)	(9,588)
Payable to Investments	-	(21)
Accrued incentive fee	**(28,831)**	**(17,530)**
Partners Group AG	(28,831)	(17,530)
Commitments to Partners Group advised products (investment side)	**1,161,416**	**972,908**
Fair value of investments advised by Partners Group or related parties	**682,005**	**771,342**

21 Related party loan

During the previous reporting period, a related party of the Company (the 'Loan Provider') provided a loan facility to the Company in the amount of EUR 7,250,000. Under the loan agreement entered into between the Company and the Loan Provider, the maximum loan amount to be drawn by the Company was EUR 7,250,000. The Company was due to pay annual interest on the loan amounts outstanding at a rate of the applicable currency's one to three month inter-bank borrowing rate plus 190 basis points and plus, but only if negative, the absolute value of the applicable rate for the period. The CHF LIBOR rate on loan amounts drawn since 9 December 2021 was replaced with the Swiss average overnight rate ("SARON").

In thousands of EUR	31.12.2022	31.12.2021
Balance at beginning of period	-	-
Increase during period	-	7,250
(Decrease) during period	-	(7,250)
Balance at end of period	**-**	**-**

22 Group entities - significant subsidiaries

Princess Private Equity Subholding Limited
Incorporated in Guernsey
Ownership interest as at 31 December 2022 and 31 December 2021: 100%
Activity: Investment services company

Princess Direct Investments, L.P. Inc.
Incorporated in Guernsey
Ownership interest as at 31 December 2022 and 31 December 2021: 100%
Activity: Investment services partnership

23 Events after the reporting date

On 27 February 2023, the Board of Directors approved the extension and increase of the Company's existing multi-currency revolving credit facility limit with an international financial institution. The facility will be increased from EUR 110,000,000 to EUR 140,000,000 and the term extended to 13 December 2026. On the same day, the Board of Directors approved to discontinue the hedging of currency exposures starting 1 April 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.

24 Approval of these financial statements

The Board of Directors approved these audited consolidated financial statements on 20 March 2023.

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Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

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