



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

## INTERIM REPORT 2017

For the period from 1 January 2017 to 30 September 2017



## Princess Private Equity Holding Limited

Princess Private Equity Holding Limited ("Princess" or the "Company") is an investment holding company domiciled in Guernsey that invests in private equity and private debt. The Company, advised by Partners Group, mainly invests directly but also holds primary and secondary fund investments.

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.

This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the product described herein. This report was prepared using financial information contained in the Company's books and records as of the reporting date. This information is believed to be accurate but has not been audited, reviewed or approved by any third party. This report describes past performance, which may not be indicative of future results. The Company does not accept any liability for actions taken on the basis of the information provided. Please consult the constituent documents for a more complete description of the terms.

Cover image is for illustrative purposes only.

## Key figures

| In EUR                                  | 31 December 2016 | 30 September 2017  |
|---|------------------|--------------------|
| Total fund size                         | 702'908'422      | <b>753'926'262</b> |
| NAV per share                           | 10.16            | <b>10.90</b>       |
| Total dividend per share (year to date) | 0.54             | <b>0.28</b>        |
| Share price                             | 8.63             | <b>10.36</b>       |
| Discount                                | -15.1%           | <b>-5.0%</b>       |
| Cash and cash equivalents               | 65'750'622       | <b>90'385'527</b>  |
| Credit line used                        | 0                | <b>0</b>           |
| Value of investments                    | 650'812'576      | <b>681'857'868</b> |
| Unfunded commitments                    | 103'263'145      | <b>127'008'215</b> |
| Investment level                        | 92.6%            | <b>90.4%</b>       |
| Net current assets                      | 52'095'846       | <b>72'068'394</b>  |
| Over-commitment ratio                   | 7.3%             | <b>7.3%</b>        |
| Over-commitment ratio incl. credit line | 0.2%             | <b>0.7%</b>        |

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.

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

Over-commitment ratio incl. credit line: as per reporting date, calculated as unfunded commitments less (i) net current assets and (ii) undrawn credit facility, all divided by net asset value.

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# 1. Investment Manager's report

## NAV total return of 10.1% in the first nine months of 2017

The net asset value ("NAV") of Princess Private Equity Holding Limited ("Princess") continued to develop positively and closed the reporting period at EUR 10.90 per share, a capital increase of 7.3% in the first nine months of the year. Princess paid a first interim dividend of EUR 0.28 per share in June 2017, and thus achieved a total return of +10.1% over the first three quarters of 2017.

Valuation developments were the primary contributor to NAV growth (+14.0% of NAV) as the portfolio's underlying companies continued to show strong operational performances. Currency movements (-1.9% of NAV) negatively impacted the NAV development over the reporting period. Among the largest contributors to Princess' NAV growth over the third quarter were the direct investments in VAT Group AG ("VAT"), Trimco, Action, Dynacast and Foncia:

### ● VAT GROUP AG

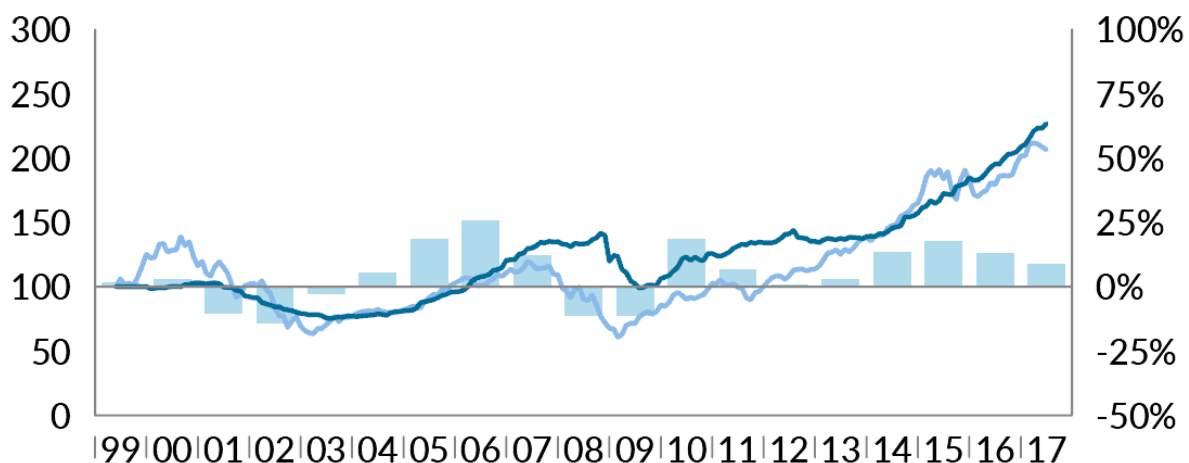
VAT, the global market leader in the production of high-end vacuum valves, continued to report robust results over the first half of 2017. Group net sales increased by 38.6% year on year to CHF 326.4 million, primarily driven by continued customer investments in capacity expansions in semiconductors and displays. This was complemented by the company's ability to swiftly respond to customer demands and scale up its manufacturing output. At the same time, VAT's order in-

take increased by 44.8% over the same period to approximately CHF 372 million, driven by heightened demand for fabrication equipment in the semiconductor market and technology advances within the displays segment. In addition, the carrying value of the company increased over the third quarter as VAT's share price strengthened by 11.9% to CHF 134.00 as of 30 September 2017. In September 2017, Princess participated in Partners Group's partial sale of shares in VAT with proceeds of EUR 29.5 million received shortly after period-end.

### ● TRIMCO

Trimco, the supplier of garment labels, tags and trimming products, was further written up over the third quarter of 2017 as a result of continued financial and operational strength. For the twelve months ended 30 June 2017, Trimco recorded year-on-year revenue growth driven by increased sales volume. EBITDA grew over the same period, as Trimco sold a greater volume of higher profit-margin products, achieved savings in marketing, rental and other operating expenses, and continued to realize synergies from its acquisition of A-Tex. Partners Group continues to work in close partnership with Trimco's management team to realize further cross-selling synergies across the group.

## NAV PERFORMANCE (SINCE INCEPTION)\*



■ Princess ■ MSCI World TR ■ Performance (RHS)

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

● ACTION

Action, one of Western Europe's largest non-food discount retailers, continued its consistent financial and operational outperformance. During 2017, Action opened its first store in Poland. Action's strategy continues to focus on strengthening its unique customer value proposition, international business expansion and the development of a scalable business model.

● DYNACAST

During the third quarter of 2017, Dynacast, a global manufacturer of precision engineered metal components, was written up on the back of strong financial performance. For the twelve months ended 31 July 2017, the company's revenue increased driven by the acquisition of Signicast in March 2017 and strong growth in the European industrial electronics market and in the automotive industries. Overall EBITDA increased over the same period, supported by the above mentioned topline growth and greater cost efficiencies. Partners Group continues to assist Dynacast with the integration of Signicast and identification of further acquisition targets.

● FONCIA

During the third quarter of 2017, Foncia, a French provider of property management services, was written-up on the back of continued strong financial performance. For the twelve months ended 30 June 2017, the company's revenue increased, driven by growth in the joint property management, services and brokerage business segments. Over the first six months of 2017, Foncia signed 10 add-on acquisitions, contributing to a further increase in revenue. EBITDA grew over the same period, mainly attributed to the above mentioned revenue growth, ongoing overhead-cost control initiatives and an improvement in brokerage margins. Partners Group continues to work extensively with Foncia on a number of strategic initiatives, including screening for potential add-on-acquisitions in Germany. Moreover, Foncia continues to roll out a new operating model across various regions after its successful implementation in Strasbourg, France. In addition, the company is conducting the "ile-de-France" initiative, which aims to strengthen its market position by analyzing and improving its short-and medium-term performance in the region.

Investment activity (first nine months)

| Investment   | Month               | Strategy       | Amount (EUR million) |
|--|---------------------|----------------|----------------------|
| Cerba HealthCare                                       | April               | Equity         | 9.7                  |
| Oberthur - Morpho                                      | May                 | Equity         | 9.0                  |
| STADA Arzneimittel AG                                  | September           | Equity         | 6.2                  |
| SPi Global   | August              | Equity         | 4.1                  |
| Key Retirement Group                                   | August              | Equity         | 3.4                  |
| Dynacast (Follow-on)                                   | March               | Equity         | 2.9                  |
| Partners Group Pacific Restaurant Holdings (Follow-on) | June & September    | Equity         | 2.1                  |
| Voyage Care (Follow-on)                                | April               | Equity         | 1.7                  |
| Permotio International Learning (Follow-on)            | July                | Equity         | 0.9                  |
| Seabras-1 (Follow-on)                                  | January             | Infrastructure | 0.9                  |
| Oberthur - Morpho                                      | January, May & June | Debt           | 8.2                  |
| Prosol   | May                 | Debt           | 5.0                  |
| European sports rights company                         | May                 | Debt           | 4.9                  |
| Caffè Nero   | September           | Debt           | 2.3                  |
| Springer Science+ Business Media                       | August              | Debt           | 1.9                  |
| Cegid Group  | March               | Debt           | 1.1                  |
| Tricor Holdings Limited                                | March               | Debt           | 0.9                  |
| CEVA Santé Animale                                     | January             | Debt           | 0.8                  |
| Other  |                     |                | 8.2                  |
| <b>Total investments for the first nine months</b>     |                     |                | <b>74.2</b>          |

Investment activity

During the first nine months of the year, Princess invested a total of EUR 74.2 million, compared to EUR 88.8 million in the corresponding period last year. EUR 32.4 million was invested in five direct equity investments (Cerba HealthCare, Oberthur - Morpho, STADA Arzneimittel AG, SPi Global and Key Retirement Group). Identifying anchor assets with platform building potential in above-average growth segments is key to outperformance in this environment and EUR 8.5 million was allocated to five add-on acquisitions in support of the companies buy-and-build-strategies (Dynacast, Partners Group Pacific Restaurant Holdings, Voyage Care, Permotio and Seabras-1). EUR 25.8 million was invested in ten private debt investments, while capital calls from Princess' legacy fund portfolio totaled just EUR 7.5 million.

The largest new investments this quarter were:

● STADA ARZNEIMITTEL AG

In September, Princess invested EUR 6.2 million in STADA Arzneimittel AG, a German-based manufacturer of generic pharmaceuticals and branded over-the-counter ("OTC") products. Partners Group invested alongside Cinven and Bain Capital. The company is currently one of the largest within the European generics sector. Partners Group believes that the asset represents an attractive investment opportunity with potential to increase top-line growth and improve its below market profitability.

### ● SPI GLOBAL

In August, Princess invested EUR 4.1 million in SPI Global, a leading provider of business process outsourcing services to education and research publishers worldwide. SPI is considered an attractive investment given its market leading position in a fragmented content technology solutions industry. Partners Group will work closely with SPI's management to build on the consolidation momentum within the industry and will focus on maintaining the growth in share of wallet with the company's existing customers.

### ● KEY RETIREMENT GROUP

Also in August, EUR 3.4 million was invested in Key Retirement Group ("KRG"), a leading UK provider of independent specialist advice and financial products for individuals approaching or in retirement. The company specializes in the origination and distribution of lifetime mortgages, which enable customers to release equity from their homes to fund their retirements. Partners Group will work closely with the management team on value creation initiatives such as expanding KRG's product portfolio.

### Distribution activity (first nine months)

| Investment   | Exit (full or partial) | Month                     | Strategy | Amount (EUR million) |
|--|------------------------|---------------------------|----------|----------------------|
| VAT Group AG   | Partial                | May                       | Equity   | 21.3                 |
| Kerneos  | Full                   | July                      | Equity   | 10.6                 |
| Hofmann Menu Manufaktur                              | Partial                | April                     | Equity   | 9.7                  |
| KinderCare Education                                 | Partial                | August                    | Equity   | 6.7                  |
| AWAS Aviation Holding                                | Full                   | August                    | Equity   | 4.4                  |
| Food company 1                                       | Partial                | February, May & September | Equity   | 4.3                  |
| ConvaTec Inc   | Partial                | April                     | Equity   | 1.3                  |
| South Dakota Systems                                 | Full                   | July                      | Debt     | 2.8                  |
| Legacy fund portfolio                                |                        |                           |          | 39.5                 |
| Other  |                        |                           |          | 12.4                 |
| <b>Total distributions for the first nine months</b> |                        |                           |          | <b>113.0</b>         |

### Distribution activity

Overall distribution proceeds to Princess from exited investments totaled EUR 113.0 million for the first nine months of 2017, compared to EUR 157.6 million in the corresponding period in 2016. EUR 73.5 million stemmed from direct investments with the balance of EUR 39.5 million from Princess' legacy fund portfolio.

In the third quarter, Princess received distribution of EUR 43.7 million, of which EUR 13.9 was received from Princess' legacy fund portfolio, which continues to generate a high volume of exits from mature underlying portfolio companies.

The largest distributions from the direct portfolio over the third quarter were from Kerneos, KinderCare Education and AWAS Aviation Holding:

### ● KERNEOS

In July, Princess received distributions of EUR 10.6 million from the sale of Kerneos, a global leader in the production of calcium aluminate cements ("CAC"). Princess first invested in the company in 2014. Kerneos was sold to mineral-based specialty solutions provider Imerys. Since its spin-off from specialty chemicals company Materis, Kerneos undertook a strategic shift from a CAC-specialist to a binders solution provider focusing on a wide range of specialty niche products. To this end, the company opened a research centre in China to accelerate the development of new products. Furthermore, the company benefitted from operational synergies gained through the integration of European Bauxites (which Kerneos acquired in February 2015) and Elmin (its own bauxite mining subsidiary based in Greece).

### ● KINDERCARE EDUCATION

In August, Princess received a distribution of EUR 6.7 million from the investment in KinderCare Education, following the company's successful refinancing. Since the initial investment in August 2015, the largest for-profit provider of early childhood education in the US deleveraged through robust financial performance and earnings growth. Partners Group continues to work with the company's management to analyze demographic trends and identify potential new center openings also while implementing a pricing optimization model.

### ● AWAS AVIATION

Also in August, Princess received EUR 4.4 million from the realization of AWAS Aviation, an Ireland-based aircraft leasing and trading company. Princess provided capital to the company in 2006 and it first began preparations for an exit in early 2015, signing an agreement to sell a portfolio of 84 aircraft to Macquarie Group in order to optimize the size of the portfolio ahead of the final exit.

### Price-to-NAV discount continues to narrow

Princess' share price total return performance was +23.5% over the first nine months of 2017. The strong share price performance reflected both the company's positive NAV performance (+10.1%) and a significant reduction in the discount to NAV, which closed the reporting period at 5.0%, compared to a discount of 15.1% at the end of December 2016.

### First interim dividend of EUR 0.28 per share

Princess paid a first interim dividend for 2017 of EUR 0.28 per share in June 2017, an increase of 3.7% compared to the same period in 2016. Together with the second interim dividend for 2016 of EUR 0.27 per share, this translated into a dividend yield of 5.3% on the net asset value per share as of 30 September 2017.

### Liquidity and unfunded commitments

During the first nine months of 2017, Princess' net liquidity position increased to EUR 72.4 million. In addition, the company's EUR 50 million revolving credit facility remained undrawn as of period end.

Total unfunded commitments at 30 September 2017 amounted to EUR 126.9 million, a decline of 11.4% compared to EUR 143.3 million at the end of 2016. EUR 89.7 million of commitments related to Partners Group's direct investment programs, while commitments to third party funds amounted to EUR 37.2 million. In line with the strategy to focus on direct investments, no new third party fund commitments will be made.

### Outlook

In recent months, a number of unexpected political and economic risks have increased uncertainty. In this environment, we focus on value creation strategies and generating sustainable returns. The focus on value creation continues to bear fruit as illustrated by Princess' 50 largest direct portfolio companies, which achieved double-digit weighted year on year revenue and EBITDA growth of 13.6% and 16.3% respectively during the last twelve months (see page 14).

For new investments, the Investment Manager focuses on platforms with the potential to build resilient market leaders at a reasonable price. Next to platform investments, we focus on finding 'category winners' that are leaders in terms of market share or growth potential in sub-sectors benefitting from trend-based tailwinds and we also seek out niche leaders, not only with value creation potential but also with strong defensive capabilities.

The exit environment for private equity remains supportive, which should underpin further realizations from Princess' mature portfolio. Market valuations have risen to record levels, driving up exit multiples. In this market environment, the Investment Manager continues to explore opportunities to realize assets from Princess' direct portfolio.



## 2. Market overview

### Macroeconomic activity

Global growth continued to pick up throughout the third quarter of 2017, having weathered geopolitical risks and the prospect of less expansionary monetary policy in some of the largest economies. In particular, the economies of the Eurozone and Japan beat consensus, as both expanded at annualized rates of approximately 1.5%-2.0%. Meanwhile, the US maintained its robust, modest pace in the face of political disruptions and the UK economy stumbled amidst slowing business investments and private consumption. In the emerging markets, as China continued to be stable, commodity exporters maintained their recovery while Emerging Europe and Asia benefitted from higher exports. Elsewhere, growth in Latin America picked up on the back of improving economic conditions in Argentina and Brazil.

Capital markets shrugged off concerns stemming from escalating tensions on the Korean Peninsula, amidst improving economic conditions and robust earnings growth. The MSCI World of Advanced Economies Index (local currency, TR) gained 3.9%, outpaced by its Emerging Markets peer which rallied an impressive 7.6%, supported by the modest Fed Fund target rate hike cycle in the US and better global growth prospects.

### Private equity buyout activity

The global aggregate value of private equity-backed buyout deals decreased by 5.8% year on year to USD 92.0 billion during the third quarter of 2017, according to Preqin. Large-cap and upper mid-market investments with transactions above USD 1 billion continued to dominate the global buyout scene, accounting for 72.3% of all transactions across the value bands. Despite the decrease in buyout deal activity in North America, the region continued to claim the lion's share of global buyout deal activity, with aggregate value representing 38.6% of the global total. Following closely behind was the Asia-Pacific region, which accounted for 35.2% of aggregate deal value.

Buyout deal activity in North America decreased by 40.8% year on year to USD 35.5 billion across 521 transactions. The largest deal to be announced in the region was the USD 5.6 billion take-private of Calpine Corporation, a wholesale power generation company in the US, by a consortium of investors led by Access Industries and Canada Pension Plan Investment Board.

There was an uptick in buyout deal activity in Europe, with an increase of 6.0% year on year to USD 19.8 billion across 356 transactions. The largest deal to be announced in the region was the GBP 3.0 billion (USD 4.0 billion) take-private of Paysafe Group, an online payment solutions company, by private equity investment managers CVC Capital Partners and Blackstone Group.

Buyout deal activity in the Asia-Pacific region more than quadrupled year on year, registering USD 32.4 billion in aggregate deal value across 40 transactions. This represents the highest level of buyout deal activity recorded for the region since the first quarter of 2006. The largest transaction that was announced in the region and globally was the JPY 2.0 trillion (USD 17.7 billion) buyout of Toshiba Memory Corporation, a manufacturer of non-volatile memory solutions (such as SD cards and USB memory sticks), by a Bain Capital-led consortium that included several US technology firms such as Apple, Dell and Seagate. This transaction alone accounted for more than half of the aggregate deal value recorded in the Asia-Pacific region.

### Private equity exit activity

During the third quarter of 2017, global private equity exit activity declined by 30.7% year on year to USD 65.2 billion across 381 transactions, according to Preqin. Trade sales remained the most prevalent exit strategy, accounting for 68.1% of aggregate exit value.

North America remained the leader in global private equity exit activity with an aggregate exit value of USD 35.2 billion across 182 transactions. The largest exit announced in the region was the sale of Lighttower, a telecommunications fiber network company, by owners including Berkshire Capital, Pamlico Capital and Partners Group, to telecommunications infrastructure operator Crown Castle International Corporation.

Europe recorded USD 19.8 billion in aggregate exit value across 152 transactions. The largest exit in the region was the trade sale of energy measuring solutions provider Ista International, by CVC Capital Partners, alongside co-investor Canada Pension Plan Investment Board, to property developer CK Asset. The transaction was valued at EUR 4.5 billion (USD 5.3 billion).

In the Asia-Pacific region, aggregate exit value stood at USD 5.9 billion across 26 transactions. The largest exit in the region was Bain Capital and Goldman Sachs' trade sale of cosmetic skincare company Carver Korea, to fast moving consumer goods giant Unilever, for EUR 2.3 billion (USD 2.7 billion).

### IPO activity

Global IPO activity is on course to record the busiest year since 2007, with IPO volume in the first nine months of 2017 already exceeding the full-year total in 2016, according to Ernst and Young. During the third quarter of 2017, 330 IPOs (+21% year on year) raised USD 37.6 billion (-0.2%). The Asia-Pacific region continued to dominate IPO activity during the period. Notwithstanding, financial sponsor-backed IPOs continued to fall as a proportion of all deals as start-ups sought alternative ways of raising capital, such as initial coin offerings.

During the third quarter of 2017, US exchanges hosted 27 IPOs that raised a total of USD 3.5 billion, representing year-on-year decreases of 29% by volume and 51% by proceeds. Nonetheless, IPO activity for 2017 is set to outperform 2016, the slowest year for IPO activity in the US since the global financial crisis in 2009. The largest IPO by proceeds was the NYSE listing of Venator Materials, a chemicals manufacturing company, that raised USD 522 million.

IPO activity increased in the EMEIA (Europe, Middle East, India and Africa) region on the back of rising equity indices in many markets, lower volatility and positive investor sentiment. The region registered 74 IPOs that raised a total of USD 10.3 billion, representing year-on-year increases of 16% and 63%, respectively. The largest IPO by proceeds was the USD 2.4 billion listing of Landis+Gyr, a technology company that specializes in utilities metering and energy management, on Switzerland's SIX stock exchange.

The Asia-Pacific region continued to dominate global IPO activity during the third quarter of 2017, despite the decrease in IPO proceeds raised, largely supported by strong domestic listings on the back of solid economic fundamentals and government support. The region accounted for 65% of IPOs globally and 49% of global proceeds raised. During the period, 213 IPOs (+26% year on year) raised USD 18.3 billion (-24%). The largest IPO that took place in the Asia-Pacific region was the IPO of telecommunication infrastructure company Netlink NBN Trust, which raised USD 1.7 billion, on Singapore's SGX stock exchange.

### Fundraising activity

During the third quarter, aggregate fundraising activity stood at USD 95.2 billion across 181 funds that held a final close, of which approximately 80% of the funds achieved or exceeded their target size, according to Preqin. The quarter also saw the final close of the largest private equity fund ever raised, Apollo Investment Fund IX, which raised USD 24.7 billion, representing about one quarter of aggregate capital raised during the period. In line with fundraising momentum, private equity dry powder reached a record of USD 942.3 billion as of September 2017.

North America-focused funds raised a total of USD 64.3 billion across 90 funds. The largest fund that held its final close during the quarter was the abovementioned Apollo Investment Fund IX, which raised USD 24.7 billion, the highest amount ever achieved by a private equity fund.

Europe-focused funds secured USD 20.0 billion in investor commitments across 44 funds. Waterland Private Equity Fund VII was the largest European-focused fund that held its final close during the period, with a final fund size of EUR 2.0 billion (USD 1.7 billion).

Asia-focused funds raised a total of USD 9.4 billion across 30 funds. The largest Asia-focused fund that held its final close was Asia Alternatives Capital Partners V, which reached a final fund size of USD 1.8 billion.

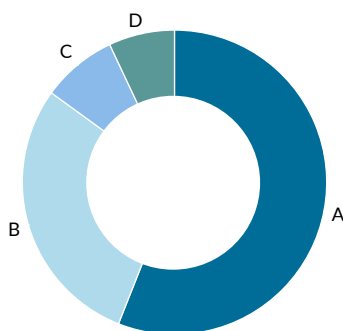
### Outlook

Partners Group maintains its base case projection of modest growth for the global economy. Nonetheless, despite robust growth and improving labor market dynamics in many regions, inflation and wage pressures have remained subdued. As a result, monetary policy is likely to remain expansionary across the G3, albeit at a somewhat less expansionary stance. The Federal Reserve will commence shrinking its balance sheet and is indicating further Fed Fund target rate increases for the fourth quarter of 2017 and 2018; the European Central Bank is contemplating tapering monthly asset purchases; and after the reporting period, the Bank of England implemented an increase of 0.25% in the target rate as inflation approaches the 3% year-on-year level, driven by the post-Brexit depreciation of the British pound.

With the end of extremely loose monetary policy and unconventional policy measures approaching, elevated valuations may face headwinds. Partners Group maintains its cautious investment outlook and continues to seek defensive assets that benefit from structural or transformative trends. Platform expansion through add-on acquisitions remains a preferred investment theme and complements Partners Group's initiatives to create value at the operational level.

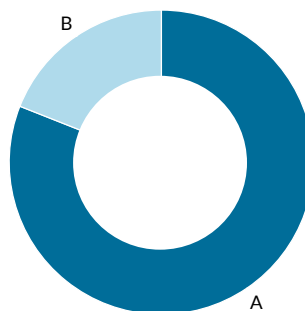
Sources: PartnersGroupResearch; Bloomberg; Preqin "Q3 2017 Buyout Deals and Exits"; Preqin "Private Capital Fundraising Update"; Ernst & Young "Global IPO trends: Q3 2017"

### 3. Portfolio composition



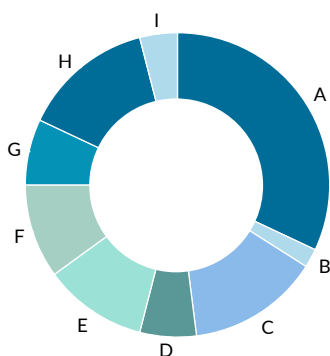
Investments by regional focus

|                        |     |                        |    |
|------------------------|-----|------------------------|----|
| <b>A</b> Europe        | 56% | <b>C</b> Asia-Pacific  | 8% |
| <b>B</b> North America | 29% | <b>D</b> Rest of World | 7% |



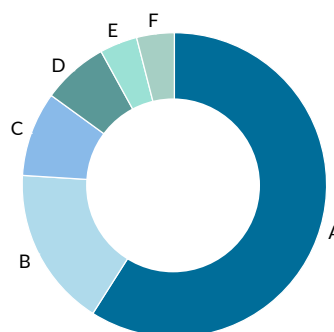
Investments by transaction type

|                 |     |                  |     |
|-----------------|-----|------------------|-----|
| <b>A</b> Direct | 81% | <b>B</b> Primary | 19% |
|-----------------|-----|------------------|-----|



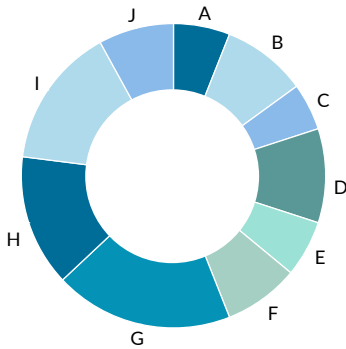
Portfolio assets by industry sector

|                          |     |                           |     |
|--------------------------|-----|---------------------------|-----|
| <b>A</b> Consumer discr. | 32% | <b>F</b> IT               | 10% |
| <b>B</b> Telecom         | 2%  | <b>G</b> Consumer staples | 7%  |
| <b>C</b> Industrial      | 14% | <b>H</b> Healthcare       | 14% |
| <b>D</b> Materials       | 6%  | <b>I</b> Energy           | 4%  |
| <b>E</b> Financial       | 11% |                           |     |



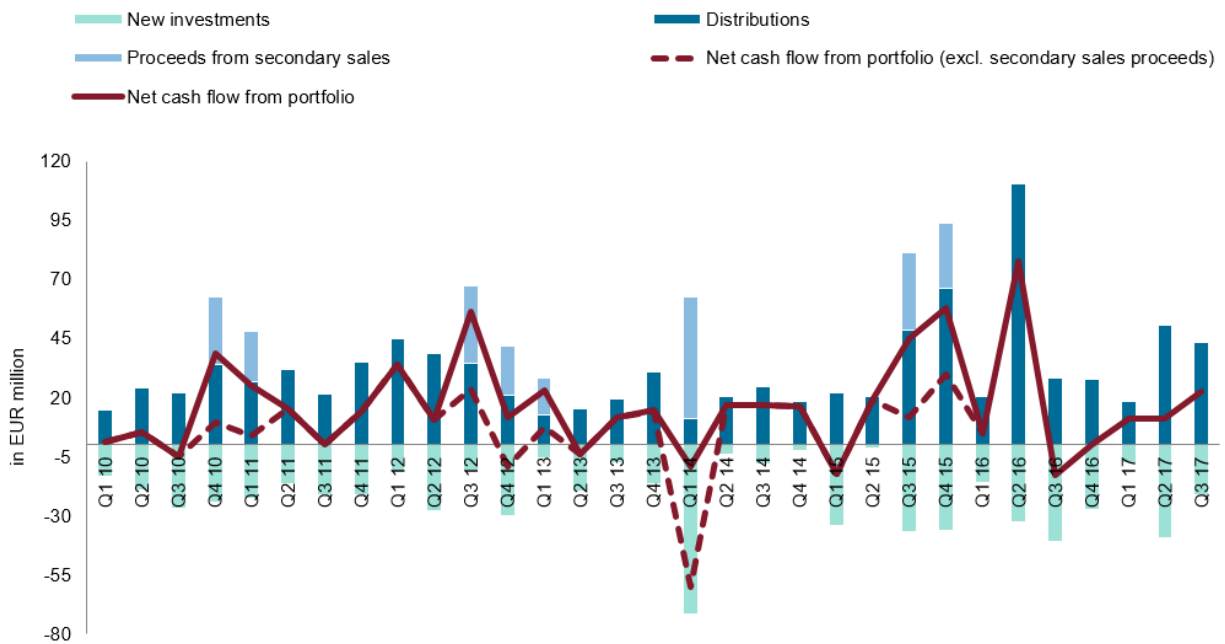
Investments by financing category

|                               |     |                          |    |
|-------------------------------|-----|--------------------------|----|
| <b>A</b> Small/Mid-cap        | 59% | <b>D</b> Growth          | 7% |
| <b>B</b> Special situations   | 17% | <b>E</b> Mezzanine       | 4% |
| <b>C</b> Large/mega-large-cap | 9%  | <b>F</b> Venture capital | 4% |



Investments by investment year

|          |          |     |          |      |     |
|----------|----------|-----|----------|------|-----|
| <b>A</b> | Pre 2007 | 6%  | <b>F</b> | 2013 | 8%  |
| <b>B</b> | 2007     | 9%  | <b>G</b> | 2014 | 19% |
| <b>C</b> | 2008     | 5%  | <b>H</b> | 2015 | 14% |
| <b>D</b> | 2011     | 10% | <b>I</b> | 2016 | 15% |
| <b>E</b> | 2012     | 6%  | <b>J</b> | 2017 | 8%  |



DEVELOPMENT OF NET CASH FLOWS



## NAV DEVELOPMENT

|                     | Top 10    | Top 20    | Top 50    |
|---------------------|-----------|-----------|-----------|
| EV/EBITDA           | 12.9x     | 12.6x     | 12.0x     |
| Net debt/EBITDA     | 4.2x      | 4.5x      | 4.5x      |
| Leverage            | 35.4%     | 38.4%     | 39.7%     |
| Weighted average EV | EUR 2.5bn | EUR 2.3bn | EUR 2.3bn |

## VALUATION METRICS OF THE TOP 50 DIRECT INVESTMENTS

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

As per the reporting date and based on available information. Valuation and performance metrics are weighted averages based on the value of the portfolio companies in the latest valuation report. Excludes private debt, private infrastructure and public equity investments. EBITDA and revenue growth figures are excluded for certain investments where M&A activity represents the main driver of the year-on-year growth.

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

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

## 4. Portfolio overview

Fifty largest direct investments (in EUR)

| Investment  | Industry sector            | Regional focus | Financing category   | Investment year | Since inception |                 | % of NAV |
|---|----------------------------|----------------|----------------------|-----------------|-----------------|-----------------|----------|
|   |                            |                |                      |                 | Residual cost   | Net asset value |          |
| <b>Action</b>                                       | Consumer discretionary     | WEU            | Small/Mid-cap        | 2011            | 0               | 54'605'029      | 7.2%     |
| <b>VAT Group AG</b>                                 | Industrials                | WEU            | Small/Mid-cap        | 2014            | 0               | 41'340'421      | 5.5%     |
| <b>Permotio International Learning SarL</b>         | Consumer discretionary     | WEU            | Growth               | 2013            | 30'966'504      | 37'881'768      | 5.0%     |
| <b>Dynacast</b>                                     | Materials                  | NAM            | Small/Mid-cap        | 2015            | 22'633'816      | 35'539'232      | 4.7%     |
| <b>KinderCare Education</b>                         | Consumer discretionary     | NAM            | Small/Mid-cap        | 2015            | 9'056'356       | 21'516'017      | 2.9%     |
| <b>Foncia</b>                                       | Financials                 | WEU            | Small/Mid-cap        | 2011            | 19'469'878      | 21'122'922      | 2.8%     |
| <b>Trimco International Holdings Ltd</b>            | Industrials                | APC            | Small/Mid-cap        | 2012            | n.a.            | 21'030'719      | 2.8%     |
| <b>Fermaca</b>                                      | Energy                     | ROW            | Special situations   | 2014            | 12'347'719      | 19'146'944      | 2.5%     |
| <b>Oberthur - Morpho</b>                            | Information technology     | WEU            | Large/mega-large-cap | 2017            | 17'084'261      | 17'287'762      | 2.3%     |
| <b>Hofmann Menue Manufaktur</b>                     | Consumer staples           | WEU            | Small/Mid-cap        | 2013            | 5'146'706       | 15'317'118      | 2.0%     |
| <b>MultiPlan, Inc. (2016)</b>                       | Healthcare                 | NAM            | Large/mega-large-cap | 2016            | 8'175'757       | 14'137'744      | 1.9%     |
| <b>Global Blue</b>                                  | Financials                 | WEU            | Small/Mid-cap        | 2012            | 1'378'371       | 13'653'495      | 1.8%     |
| <b>Caffe Nero</b>                                   | Consumer staples           | WEU            | Mezzanine            | 2013            | 7'891'535       | n.a.            | n.a.     |
| <b>Vermaat</b>                                      | Consumer discretionary     | WEU            | Small/Mid-cap        | 2015            | 7'922'416       | 10'680'534      | 1.4%     |
| <b>Curvature (fka Systems Maintenance Services)</b> | Information technology     | NAM            | Small/Mid-cap        | 2016            | 9'950'426       | 9'947'332       | 1.3%     |
| <b>Pharmaceutical developer</b>                     | Healthcare                 | WEU            | Small/Mid-cap        | 2013            | 10'022'138      | 9'777'375       | 1.3%     |
| <b>Cerba HealthCare</b>                             | Healthcare                 | WEU            | Small/Mid-cap        | 2017            | 9'735'616       | 9'735'616       | 1.3%     |
| <b>Partners Group Pacific Restaurant Holdings</b>   | Consumer staples           | NAM            | Small/Mid-cap        | 2015            | 5'935'588       | 9'702'395       | 1.3%     |
| <b>PCI Pharma Services</b>                          | Healthcare                 | NAM            | Small/Mid-cap        | 2016            | 9'862'106       | 8'964'002       | 1.2%     |
| <b>Guardian Early Learning Group</b>                | Consumer discretionary     | APC            | Small/Mid-cap        | 2016            | 7'598'977       | 7'976'378       | 1.1%     |
| <b>Voyage Care</b>                                  | Healthcare                 | WEU            | Small/Mid-cap        | 2014            | 7'891'222       | 7'101'578       | 0.9%     |
| <b>Lancelot</b>                                     | Financials                 | NAM            | Large/mega-large-cap | 2013            | 1'812'636       | 6'372'517       | 0.8%     |
| <b>Springer Science+Business Media</b>              | Consumer discretionary     | WEU            | Special situations   | 2010            | 6'080'431       | n.a.            | n.a.     |
| <b>STADA Arzneimittel AG</b>                        | Healthcare                 | WEU            | Large/mega-large-cap | 2017            | 6'225'411       | 6'225'411       | 0.8%     |
| <b>Varsity Brands</b>                               | Consumer discretionary     | NAM            | Small/Mid-cap        | 2014            | 2'253'230       | 5'403'630       | 0.7%     |
| <b>Logoplaste</b>                                   | Materials                  | WEU            | Special situations   | 2016            | 4'902'863       | n.a.            | n.a.     |
| <b>CSS Corporate Technologies</b>                   | Telecommunication services | APC            | Small/Mid-cap        | 2013            | n.a.            | n.a.            | n.a.     |
| <b>Prosol</b>                                       | Consumer staples           | WEU            | Special situations   | 2017            | 4'916'011       | 5'055'132       | 0.7%     |
| <b>S. TOUS, S.L.</b>                                | Consumer discretionary     | WEU            | Small/Mid-cap        | 2015            | 3'993'415       | 5'028'899       | 0.7%     |

## PRINCESS PRIVATE EQUITY HOLDING LIMITED

| Investment                               | Industry sector            | Regional focus | Financing category   | Investment year | Since inception  |                    |              |
|--|----------------------------|----------------|----------------------|-----------------|------------------|--------------------|--------------|
|  |                            |                |                      |                 | Residual cost    | Net asset value    | % of NAV     |
| European Sports Rights Company           | Consumer discretionary     | WEU            | Special situations   | 2006            | 4'912'076        | 4'994'320          | 0.7%         |
| Universal Hospital Services, Inc.        | Healthcare                 | NAM            | Small/Mid-cap        | 2007            | 3'679'999        | 4'920'419          | 0.7%         |
| Seabras-1                                | Telecommunication services | NAM            | Special situations   | 2015            | 4'848'017        | 4'844'679          | 0.6%         |
| ADT Corporation                          | Information technology     | NAM            | Large/mega-large-cap | 2016            | 3'679'277        | 4'842'002          | 0.6%         |
| Education publisher 2                    | Consumer discretionary     | NAM            | Large/mega-large-cap | 2013            | 0                | 4'245'711          | 0.6%         |
| CEVA Santé Animale                       | Healthcare                 | WEU            | Special situations   | 2014            | 4'050'639        | 4'176'799          | 0.6%         |
| Cegid Group SA                           | Information technology     | WEU            | Special situations   | 2016            | 3'834'551        | n.a.               | n.a.         |
| SPi Global                               | Information technology     | APC            | Small/Mid-cap        | 2017            | 4'081'212        | 4'081'212          | 0.5%         |
| Project Icon                             | Consumer discretionary     | WEU            | Small/Mid-cap        | 2011            | 4'084'812        | 3'913'925          | 0.5%         |
| Cooperation Pharmaceutique Francaise SAS | Healthcare                 | WEU            | Special situations   | 2015            | 3'324'250        | n.a.               | n.a.         |
| BarBri                                   | Consumer discretionary     | NAM            | Small/Mid-cap        | 2011            | 3'214'691        | 3'453'447          | 0.5%         |
| Key Retirement Group                     | Financials                 | WEU            | Small/Mid-cap        | 2017            | 3'444'885        | 3'444'885          | 0.5%         |
| Polyconcept                              | Consumer discretionary     | NAM            | Small/Mid-cap        | 2016            | 3'292'724        | 3'176'616          | 0.4%         |
| Infinite RF Holdings, Inc                | Industrials                | NAM            | Special situations   | 2016            | 2'042'399        | 2'503'874          | 0.3%         |
| CapitalSpring Finance Company            | Financials                 | NAM            | Mezzanine            | 2013            | 2'277'084        | 2'448'564          | 0.3%         |
| eResearch Technology, Inc.               | Information technology     | NAM            | Special situations   | 2016            | 1'832'065        | 2'349'266          | 0.3%         |
| Photonis Holding S.A.S.                  | Information technology     | WEU            | Special situations   | 2011            | 1'798'245        | 2'152'166          | 0.3%         |
| Caesars Entertainment Corporation        | Consumer discretionary     | NAM            | Small/Mid-cap        | 2008            | 834'407          | 2'055'984          | 0.3%         |
| ATX Networks Corp.                       | Consumer discretionary     | NAM            | Special situations   | 2015            | 1'665'753        | 2'046'090          | 0.3%         |
| Project Sun                              | Industrials                | WEU            | Small/Mid-cap        | 2011            | 3'619'539        | 1'853'108          | 0.2%         |
| Project Firefox                          | Telecommunication services | NAM            | Mezzanine            | 2013            | 1'397'771        | 1'827'548          | 0.2%         |
| <b>Total fifty direct investments</b>    |                            |                |                      |                 | <b>229770001</b> | <b>509'934'795</b> | <b>67.6%</b> |

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 unaudited 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.



## Fifty largest fund investments (in EUR)

| Investment   | Regional focus | Financing category   | Vintage | Since inception      |                 | % of NAV |
|--|----------------|----------------------|---------|----------------------|-----------------|----------|
|  |                |                      |         | Unfunded commitments | Net asset value |          |
| Anonymized Emerging Markets Venture Fund 2         | ROW            | Venture capital      | 2008    | 63'444               | 10'061'456      | 1.3%     |
| Ares Corporate Opportunities Fund III, L.P.        | NAM            | Special situations   | 2008    | 868'082              | 9'717'454       | 1.3%     |
| Partners Group Global Real Estate 2008, L.P.       | WEU            | Special situations   | 2008    | 1'759'056            | 8'993'323       | 1.2%     |
| 3i Eurofund Vb                                     | WEU            | Small/Mid-cap        | 2006    | 370'655              | 8'711'865       | 1.2%     |
| Terra Firma Capital Partners III, L.P.             | WEU            | Large/mega-large-cap | 2006    | 79'547               | 6'522'413       | 0.9%     |
| Anonymized European Buyout Fund 7                  | WEU            | Small/Mid-cap        | 2007    | 1'026'787            | 6'188'388       | 0.8%     |
| August Equity Partners II A, L.P.                  | WEU            | Small/Mid-cap        | 2007    | n.a.                 | 5'044'540       | 0.7%     |
| MatlinPatterson Global Opportunities Partners III  | NAM            | Special situations   | 2007    | 291'580              | 5'035'806       | 0.7%     |
| Pitango Venture Capital Fund III                   | ROW            | Venture capital      | 2000    | 0                    | 3'222'354       | 0.4%     |
| Patria - Brazilian Private Equity Fund III, L.P.   | ROW            | Small/Mid-cap        | 2007    | n.a.                 | n.a.            | n.a.     |
| Quadriga Capital Private Equity Fund III, L.P.     | WEU            | Small/Mid-cap        | 2006    | 249'255              | 2'712'647       | 0.4%     |
| Index Ventures Growth I (Jersey), L.P.             | WEU            | Growth               | 2008    | 0                    | 2'675'020       | 0.4%     |
| INVESCO Venture Partnership Fund II-A, L.P.        | NAM            | Venture capital      | 2000    | 1'548'025            | 2'420'365       | 0.3%     |
| Fenway Partners Capital Fund II, L.P.              | NAM            | Small/Mid-cap        | 1998    | 399'623              | 2'370'146       | 0.3%     |
| SV Life Sciences Fund IV, L.P.                     | NAM            | Venture capital      | 2006    | 207'414              | 2'366'652       | 0.3%     |
| Penta CLO 1 S.A.                                   | WEU            | Special situations   | 2007    | 0                    | 2'100'000       | 0.3%     |
| Levine Leichtman Capital Partners II, L.P.         | NAM            | Mezzanine            | 1998    | 0                    | 2'016'629       | 0.3%     |
| Alinda Infrastructure Parallel Fund II, L.P.       | NAM            | Special situations   | 2008    | 259'388              | 1'991'474       | 0.3%     |
| Sterling Investment Partners II, L.P.              | NAM            | Small/Mid-cap        | 2005    | 1'044'043            | 1'890'082       | 0.3%     |
| Advent Latin American Private Equity Fund IV, L.P. | ROW            | Large/mega-large-cap | 2007    | 0                    | 1'872'336       | 0.2%     |
| Innisfree PFI Secondary Fund                       | WEU            | Special situations   | 2007    | 29'466               | 1'624'868       | 0.2%     |
| Summit Partners Europe Private Equity Fund, L.P.   | WEU            | Growth               | 2008    | 20'966               | 1'482'470       | 0.2%     |
| Ares Corporate Opportunities Fund II, L.P.         | NAM            | Special situations   | 2006    | 1'932'708            | 1'343'135       | 0.2%     |
| Exxel Capital Partners VI, L.P.                    | ROW            | Small/Mid-cap        | 2000    | 0                    | 1'341'071       | 0.2%     |
| Advent International GPE VI, L.P.                  | WEU            | Small/Mid-cap        | 2008    | 0                    | 1'312'038       | 0.2%     |
| Aksia Capital III, L.P.                            | WEU            | Small/Mid-cap        | 2005    | 0                    | 1'258'400       | 0.2%     |
| Anonymized European Buyout Fund 3                  | WEU            | Small/Mid-cap        | 2008    | 86'510               | 1'225'932       | 0.2%     |
| The Peninsula Fund IV, L.P.                        | NAM            | Mezzanine            | 2005    | 413'751              | 1'120'863       | 0.1%     |
| OCM Mezzanine Fund II, L.P.                        | NAM            | Mezzanine            | 2005    | 1'465'548            | 1'019'775       | 0.1%     |
| Russia Partners III, L.P.                          | ROW            | Small/Mid-cap        | 2007    | 57'197               | 976'985         | 0.1%     |
| Draper Fisher Jurvetson Fund VII, L.P.             | NAM            | Venture capital      | 2000    | 0                    | 925'043         | 0.1%     |
| Advent Latin American Private Equity Fund V, L.P.  | ROW            | Large/mega-large-cap | 2009    | 38'763               | 852'097         | 0.1%     |
| Sofinnova Capital VI FPCR                          | WEU            | Venture capital      | 2008    | 49'799               | 840'385         | 0.1%     |

| Investment  | Regional focus | Financing category   | Vintage | Since inception      |                 | % of NAV |
|---|----------------|----------------------|---------|----------------------|-----------------|----------|
|   |                |                      |         | Unfunded commitments | Net asset value |          |
| <b>Searchlight Capital PV, L.P.</b>                 | NAM            | Special situations   | 2010    | 134'123              | 805'921         | 0.1%     |
| <b>Abris CEE Mid-Market Fund, L.P.</b>              | ROW            | Small/Mid-cap        | 2007    | 0                    | 766'780         | 0.1%     |
| <b>Helios Investors II, L.P.</b>                    | ROW            | Small/Mid-cap        | 2009    | 10'784               | 729'110         | 0.1%     |
| <b>Anonymized Asian Buyout Fund 3</b>               | APC            | Small/Mid-cap        | 2007    | 271'092              | 720'393         | 0.1%     |
| <b>Menlo Ventures IX, L.P.</b>                      | NAM            | Venture capital      | 2000    | 0                    | 712'101         | 0.1%     |
| <b>Astorg V FCPR</b>                                | WEU            | Small/Mid-cap        | 2011    | 183'994              | 709'372         | 0.1%     |
| <b>Montagu IV LP</b>                                | WEU            | Small/Mid-cap        | 2011    | 73'614               | 684'004         | 0.1%     |
| <b>Clayton, Dubilier &amp; Rice Fund VIII, L.P.</b> | NAM            | Large/mega-large-cap | 2009    | 311'787              | 678'793         | 0.1%     |
| <b>Peepul Capital Fund III, LLC</b>                 | APC            | Small/Mid-cap        | 2010    | n.a.                 | n.a.            | n.a.     |
| <b>Southern Cross Latin America PE Fund III</b>     | ROW            | Small/Mid-cap        | 2007    | 4                    | 625'165         | 0.1%     |
| <b>Quadriga Capital Private Equity Fund IV L.P.</b> | WEU            | Small/Mid-cap        | 2012    | 119'575              | 617'707         | 0.1%     |
| <b>Indium IV (Mauritius) Holdings Limited</b>       | APC            | Small/Mid-cap        | 2009    | 25'909               | 589'201         | 0.1%     |
| <b>Valedo Partners Fund II AB</b>                   | WEU            | Small/Mid-cap        | 2011    | 61'974               | 581'422         | 0.1%     |
| <b>Hony Capital Fund 2008, L.P.</b>                 | APC            | Small/Mid-cap        | 2008    | 59'601               | 556'327         | 0.1%     |
| <b>Vortex Corporate Development Fund, L.P.</b>      | NAM            | Venture capital      | 2000    | 121'812              | 544'738         | 0.1%     |
| <b>HitecVision V, L.P.</b>                          | WEU            | Small/Mid-cap        | 2008    | 38'485               | 538'955         | 0.1%     |
| <b>TPG Asia V, L.P.</b>                             | APC            | Large/mega-large-cap | 2007    | 183'112              | 527'791         | 0.1%     |
| <b>Total fifty partnership investments</b>          |                |                      |         | 14'596'041           | 115'123'826     | 15.3%    |

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 unaudited consolidated statement of financial position includes the valuation of certain Partners Group investment vehicles.

## 5. Structural overview

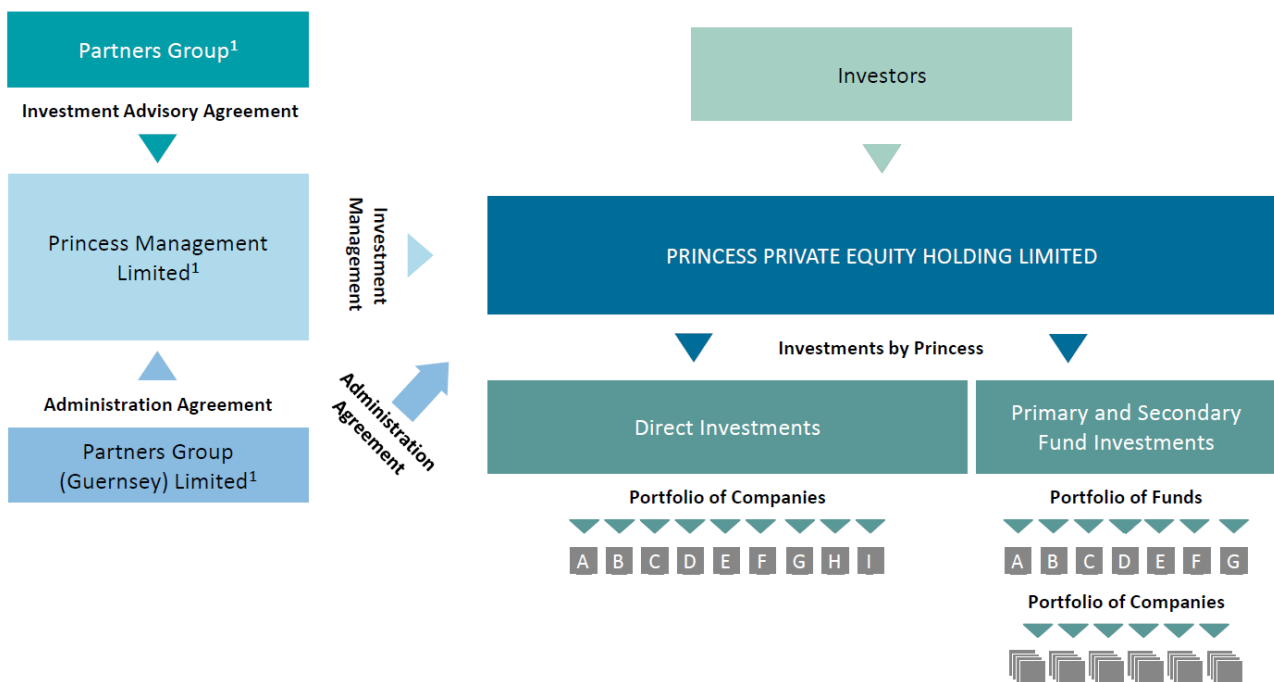
Princess Private Equity Holding Limited is a Guernsey-registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity 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 in the London Stock Exchange, alongside the Company's existing Euro market quote. The purpose of the introduction of the Sterling quote is to broaden the potential ownership of the Company's ordinary shares. Following the introduction of the Sterling quote, which was admitted to trading on 8

September, the shareholders will have the option to make a dividend currency election to receive dividends in Sterling. For the avoidance of doubt, all dividends will continue to be declared in Euros and the default currency for dividend payments will remain Euros.

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

The Investment Manager is permitted to delegate some or all of its obligations and has entered into an advisory agreement with Partners Group AG (the "Investment Advisor"), which is a global private markets investment management firm with over EUR 57 billion in investment programs under management in private equity, private debt, private real estate and private infrastructure. Through the advisory agreement, Princess benefits from the global presence, the size and experience of the investment team and relationships with many of the world's leading private equity firms.



1 100% owned by Partners Group Holding

## 6. Company information

|                                |  |
|--------------------------------|--|
| <b>Company</b>                 | Princess Private Equity Holding Limited  |
| <b>Currency denomination</b>   | Euro   |
| <b>Dividends</b>               | Princess intends to pay a dividend of 5-8% p.a. on NAV   |
| <b>Incentive fee</b>           | 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)   |
| <b>Incorporation</b>           | 1999   |
| <b>Joint corporate brokers</b> | JPMorgan Cazenove<br>Numis Securities Ltd.   |
| <b>Listing</b>                 | London Stock Exchange  |
| <b>Management fee</b>          | 1.5% p.a.: Of the higher of NAV or value of Princess' assets less any temporary investments plus unfunded commitments  |
| <b>Securities</b>              | Fully paid-up ordinary registered shares   |
| <b>Structure</b>               | Guernsey Company, Authorized closed-ended fund in Guernsey   |
| <b>Trading information</b>     | ISIN (Euro and Sterling Quote): GG00B28C2R28<br>WKN (Euro and Sterling Quote): A0M5MA<br>Trading symbol (Euro Quote): PEY<br>Bloomberg (Euro Quote): PEY LN<br>Reuters (Euro Quote): PEY.L<br>Trading symbol (Sterling Quote): PEYS<br>Bloomberg (Sterling Quote): PEYS LN<br>Reuters (Sterling Quote): PEYS.L |
| <b>Voting rights</b>           | Each ordinary registered share represents one voting right   |

## 7. Unaudited consolidated financial statements

### Unaudited consolidated statement of comprehensive income

for the period from 1 January 2017 to 30 September 2017

| In thousands of EUR  | Notes | 01.07.2017<br>30.09.2017 | 01.01.2017<br>30.09.2017 | 01.07.2016<br>30.09.2016 | 01.01.2016<br>30.09.2016 |
|--|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Net income from financial assets at fair value through profit or loss</b> |       | <b>8'270</b>             | <b>68'427</b>            | <b>31'390</b>            | <b>79'614</b>            |
| <i>Private equity</i>  |       | 8'581                    | 71'915                   | 31'317                   | 78'025                   |
| Interest & dividend income   |       | 298                      | 688                      | -                        | 5'927                    |
| Revaluation  | 6     | 16'149                   | 93'980                   | 33'440                   | 78'902                   |
| Net foreign exchange gains / (losses)  | 6     | (7'866)                  | (22'753)                 | (2'123)                  | (6'804)                  |
| <i>Private debt</i>  |       | (144)                    | (1'272)                  | 349                      | 110                      |
| Interest income (including PIK)  |       | 528                      | 1'390                    | 532                      | 1'840                    |
| Revaluation  | 6     | 932                      | 2'856                    | 678                      | 909                      |
| Net foreign exchange gains / (losses)  | 6     | (1'604)                  | (5'518)                  | (861)                    | (2'639)                  |
| <i>Private real estate</i>   |       | (69)                     | (591)                    | (113)                    | (80)                     |
| Revaluation  | 6     | (69)                     | (590)                    | (113)                    | (79)                     |
| Net foreign exchange gains / (losses)  | 6     | -                        | (1)                      | -                        | (1)                      |
| <i>Private infrastructure</i>  |       | (98)                     | (1'625)                  | (163)                    | 1'559                    |
| Revaluation  | 6     | 444                      | 153                      | 3                        | 1'722                    |
| Net foreign exchange gains / (losses)  | 6     | (542)                    | (1'778)                  | (166)                    | (163)                    |
| <b>Net income from cash &amp; cash equivalents and other income</b>          |       | <b>(94)</b>              | <b>(231)</b>             | <b>(33)</b>              | <b>(180)</b>             |
| Interest income  |       | (1)                      | (1)                      | -                        | (37)                     |
| Net foreign exchange gains / (losses)  |       | (93)                     | (230)                    | (33)                     | (143)                    |
| <b>Total net income</b>  |       | <b>8'176</b>             | <b>68'196</b>            | <b>31'357</b>            | <b>79'434</b>            |
| <b>Operating expenses</b>  |       | <b>(3'929)</b>           | <b>(14'970)</b>          | <b>(5'690)</b>           | <b>(18'429)</b>          |
| Management fees  |       | (2'759)                  | (8'522)                  | (2'548)                  | (7'639)                  |
| Incentive fees   | 10    | (599)                    | (4'668)                  | (2'738)                  | (9'305)                  |
| Administration fees  |       | (93)                     | (275)                    | (85)                     | (250)                    |
| Service fees   |       | (63)                     | (188)                    | (63)                     | (188)                    |
| Other operating expenses   |       | (223)                    | (844)                    | (152)                    | (753)                    |
| Revaluation of other long-term receivables                                   |       | -                        | -                        | -                        | (14)                     |
| Other net foreign exchange gains / (losses)                                  |       | (192)                    | (473)                    | (104)                    | (280)                    |
| <b>Other financial activities</b>  |       | <b>4'644</b>             | <b>17'154</b>            | <b>670</b>               | <b>2'999</b>             |
| Setup expenses - credit facilities   |       | (115)                    | (367)                    | (115)                    | (343)                    |
| Other finance cost   |       | (62)                     | (176)                    | (95)                     | (158)                    |
| Net gains / (losses) from hedging activities                                 |       | 4'821                    | 17'697                   | 880                      | 3'500                    |
| <b>Surplus / (loss) for period</b>   |       | <b>8'891</b>             | <b>70'380</b>            | <b>26'337</b>            | <b>64'004</b>            |

| In thousands of EUR   | Notes | 01.07.2017<br>30.09.2017 | 01.01.2017<br>30.09.2017 | 01.07.2016<br>30.09.2016 | 01.01.2016<br>30.09.2016 |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| Other comprehensive income for period; net of tax   |       | -                        | -                        | -                        | -                        |
| <b>Total comprehensive income for period</b>  |       | <b>8'891</b>             | <b>70'380</b>            | <b>26'337</b>            | <b>64'004</b>            |
| Weighted average number of shares outstanding   |       | 69'151'168.00            | 69'151'168.00            | 69'151'168.00            | 69'151'168.00            |
| Basic surplus / (loss) per share for period   |       | 0.13                     | 1.02                     | 0.38                     | 0.93                     |
| Diluted surplus / (loss) per share for period   |       | 0.13                     | 1.02                     | 0.38                     | 0.93                     |
| The Euro earnings per share is calculated by dividing the surplus / (loss) for the financial period by the weighted average number of shares outstanding. |       |                          |                          |                          |                          |

## Unaudited consolidated statement of financial position

As at 30 September 2017

| In thousands of EUR                                   | Notes | 30.09.2017     | 31.12.2016     |
|---|-------|----------------|----------------|
| <b>ASSETS</b>   |       |                |                |
| Financial assets at fair value through profit or loss |       |                |                |
| Private equity  | 6,13  | 559'615        | 539'374        |
| Private debt  | 6,13  | 93'699         | 78'194         |
| Private real estate                                   | 6,13  | 8'993          | 11'397         |
| Private infrastructure                                | 6,13  | 19'551         | 21'847         |
| Other long-term receivables                           |       | 2'686          | 3'009          |
| <b>Non-current assets</b>                             |       | <b>684'544</b> | <b>653'821</b> |
| Other short-term receivables                          |       | 2'878          | 10'026         |
| Cash and cash equivalents                             | 7     | 90'386         | 65'751         |
| <b>Current assets</b>                                 |       | <b>93'264</b>  | <b>75'777</b>  |
| <b>TOTAL ASSETS</b>                                   |       | <b>777'808</b> | <b>729'598</b> |
| <b>EQUITY AND LIABILITIES</b>                         |       |                |                |
| Share capital   | 8     | 69             | 69             |
| Retained earnings                                     |       | 324'463        | 254'083        |
| Reserves  | 8     | 429'394        | 448'756        |
| <b>Total equity</b>                                   |       | <b>753'926</b> | <b>702'908</b> |
| Hedging liabilities                                   | 13    | 1'249          | 2'843          |
| Accruals and other short-term payables                |       | 22'633         | 23'846         |
| <b>Liabilities falling due within one year</b>        |       | <b>23'882</b>  | <b>26'689</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                   |       | <b>777'808</b> | <b>729'597</b> |

**Unaudited consolidated statement of changes in equity**

for the period from 1 January 2017 to 30 September 2017

| In thousands of EUR                               | Share capital | Retained earnings | Reserves       | Total          |
|---|---------------|-------------------|----------------|----------------|
| Balance at the beginning of period                | 69            | 254'083           | 448'756        | 702'908        |
| Dividend paid during the period                   | -             | -                 | (19'362)       | (19'362)       |
| Other comprehensive income for period; net of tax | -             | -                 | -              | -              |
| Surplus / (loss) for period                       | -             | 70'380            | -              | 70'380         |
| <b>Equity at end of period</b>                    | <b>69</b>     | <b>324'463</b>    | <b>429'394</b> | <b>753'926</b> |

for the period from 1 January 2016 to 30 September 2016

| In thousands of EUR                               | Share capital | Retained earnings | Reserves       | Total          |
|---|---------------|-------------------|----------------|----------------|
| Balance at the beginning of period                | 69            | 171'219           | 486'098        | 657'386        |
| Dividend paid during the period                   | -             | -                 | (18'671)       | (18'671)       |
| Other comprehensive income for period; net of tax | -             | -                 | -              | -              |
| Surplus / (loss) for period                       | -             | 64'004            | -              | 64'004         |
| <b>Equity at end of period</b>                    | <b>69</b>     | <b>235'223</b>    | <b>467'427</b> | <b>702'719</b> |



**Unaudited consolidated statement of cash flows**

for the period from 1 January 2017 to 30 September 2017

| In thousands of EUR  | Notes | 01.01.2017<br>30.09.2017 | 01.01.2016<br>30.09.2016 |
|--|-------|--------------------------|--------------------------|
| <b>Operating activities</b>  |       |                          |                          |
| Surplus / (loss) for the period before interest expense                          |       | 70'380                   | 64'004                   |
| Adjustments:   |       |                          |                          |
| Net foreign exchange (gains) / losses  |       | 30'753                   | 10'030                   |
| Investment revaluation   |       | (96'399)                 | (81'454)                 |
| Revaluation of other long-term receivables                                       |       | -                        | 14                       |
| Net (gain) / loss on interest  |       | (2'028)                  | (1'970)                  |
| Net (gain) / loss on dividends   |       | (49)                     | (5'760)                  |
| Revaluation on forward hedges  |       | (17'697)                 | (3'500)                  |
| (Increase) / decrease in receivables   |       | 7'014                    | (1'044)                  |
| Increase / (decrease) in payables  |       | (1'230)                  | (2'100)                  |
| Realized gains / (losses) from forward hedges                                    |       | 16'103                   | 5'261                    |
| Purchase of private equity investments   | 6     | (39'414)                 | (55'423)                 |
| Purchase of private debt investments   | 6     | (21'819)                 | (16'835)                 |
| Purchase of private real estate investments                                      | 6     | 152                      | 131                      |
| Purchase of private infrastructure investments                                   | 6     | -                        | (5)                      |
| Distributions from and proceeds from sales of private equity investments         | 6     | 92'891                   | 121'546                  |
| Distributions from and proceeds from sales of private debt investments           | 6     | 1'548                    | 11'209                   |
| Distributions from and proceeds from sales of private real estate investments    | 6     | 1'661                    | 1'745                    |
| Distributions from and proceeds from sales of private infrastructure investments | 6     | 671                      | 1'629                    |
| Interest & dividends received  |       | 1'690                    | 12'206                   |
| <b>Net cash from / (used in) operating activities</b>                            |       | <b>44'227</b>            | <b>59'684</b>            |
| <b>Financing activities</b>  |       |                          |                          |
| Dividends paid   | 8     | (19'362)                 | (18'671)                 |
| <b>Net cash from / (used in) financing activities</b>                            |       | <b>(19'362)</b>          | <b>(18'671)</b>          |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                    |       | <b>24'865</b>            | <b>41'013</b>            |
| <b>Cash and cash equivalents at beginning of period</b>                          | 7     | <b>65'751</b>            | <b>59'766</b>            |
| Effects of foreign currency exchange rate changes on cash and cash equivalents   |       | (230)                    | (143)                    |
| <b>Cash and cash equivalents at end of period</b>                                | 7     | <b>90'386</b>            | <b>100'636</b>           |

## Notes to the unaudited consolidated financial statements

for the period from 1 January 2017 to 30 September 2017

### 1 Organization and business activity

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

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

### 2 Basis of preparation

The condensed interim consolidated financial information has been prepared in accordance with IAS 34 - Interim Financial Reporting. The condensed interim consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies adopted in the preparation of the of the condensed interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2016.

The following standards which are mandatory for future accounting periods, but where early adoption is permitted now, have not been duly adopted.

IFRS 9 (effective 1 January 2018) - Financial instruments

IFRS 15 (effective 1 January 2018) - Revenue from Contracts with Customers

IFRS 16 (effective 1 January 2019) - Leases

The Directors of the Company are in the process of assessing the impact of these standards and believe that these new accounting standards will not significantly affect the Group's results of operations or financial position.

### 3 Shareholders above 5% of ordinary shares issued

In accordance with DTR 5.1.2R of the Financial Conduct Authority Handbook the following shareholders advised holdings above the 5% threshold until 30 September 2017:

Bayer-Pensionskasse VVaG - 7.56%

Brewin Dolphin Limited - 5.03%

CCLA Investment Management Limited - 5.05%

CVP / CAP Coop - 5.07%

Deutsche Asset & Wealth Management Investment GmbH - 7.66%

Rathbone Brothers - 5.26%

Societe Generale Option Europe - 5.31%

Witan Investment Trust plc - 6.27%

### 4 Dividends

The Board of Directors of Princess Private Equity Holding Limited declared its first interim dividend for the year of EUR 0.28 per ordinary share, which was paid on 30 June 2017, amounting to EUR 19.4 million (2016: EUR 18.7 million).

## 5 Segment calculation

| In thousands of EUR                              | 01.01.2017<br>30.09.2017 | 01.01.2016<br>30.09.2016 |
|--|--------------------------|--------------------------|
| <b>Private equity</b>                            |                          |                          |
| Interest & dividend income                       | 688                      | 5'927                    |
| Revaluation                                      | 93'980                   | 78'902                   |
| Net foreign exchange gains / (losses)            | (22'753)                 | (6'804)                  |
| <b>Total net income private equity</b>           | <b>71'915</b>            | <b>78'025</b>            |
| <b>Segment result private equity</b>             | <b>71'915</b>            | <b>78'025</b>            |
| <b>Private debt</b>                              |                          |                          |
| Interest income (including PIK)                  | 1'390                    | 1'840                    |
| Revaluation                                      | 2'856                    | 909                      |
| Net foreign exchange gains / (losses)            | (5'518)                  | (2'639)                  |
| <b>Total net income private debt</b>             | <b>(1'272)</b>           | <b>110</b>               |
| <b>Segment result private debt</b>               | <b>(1'272)</b>           | <b>110</b>               |
| <b>Private real estate</b>                       |                          |                          |
| Revaluation                                      | (590)                    | (79)                     |
| Net foreign exchange gains / (losses)            | (1)                      | (1)                      |
| <b>Total net income private real estate</b>      | <b>(591)</b>             | <b>(80)</b>              |
| <b>Segment result private real estate</b>        | <b>(591)</b>             | <b>(80)</b>              |
| <b>Private infrastructure</b>                    |                          |                          |
| Revaluation                                      | 153                      | 1'722                    |
| Net foreign exchange gains / (losses)            | (1'778)                  | (163)                    |
| <b>Total net income private infrastructure</b>   | <b>(1'625)</b>           | <b>1'559</b>             |
| <b>Segment result private infrastructure</b>     | <b>(1'625)</b>           | <b>1'559</b>             |
| <b>Non attributable</b>                          |                          |                          |
| Interest & dividend income                       | (1)                      | (37)                     |
| Net foreign exchange gains / (losses)            | (230)                    | (143)                    |
| <b>Total net income non attributable</b>         | <b>(231)</b>             | <b>(180)</b>             |
| <b>Segment result non attributable</b>           | <b>(15'201)</b>          | <b>(18'609)</b>          |
| Other financial activities not allocated         | 17'154                   | 2'999                    |
| <b>Surplus / (loss) for the financial period</b> | <b>70'380</b>            | <b>64'004</b>            |

## 6 Financial assets at fair value through profit or loss

### 6.1 PRIVATE EQUITY

| In thousands of EUR   | 30.09.2017     | 31.12.2016     |
|---|----------------|----------------|
| Balance at beginning of period  | 539'374        | 512'404        |
| Purchase of Direct and Indirect Investments                                   | 39'414         | 65'226         |
| Distributions from and proceeds from sales of Direct and Indirect Investments | (92'891)       | (140'147)      |
| Reclassification of investments   | 2'417          | -              |
| Accrued cash and PIK interest   | 74             | -              |
| Revaluation   | 93'980         | 97'171         |
| Foreign exchange gains / (losses)   | (22'753)       | 4'720          |
| <b>Balance at end of period</b>   | <b>559'615</b> | <b>539'374</b> |

### 6.2 PRIVATE DEBT

| In thousands of EUR   | 30.09.2017    | 31.12.2016    |
|---|---------------|---------------|
| Balance at beginning of period  | 78'194        | 72'376        |
| Purchase of Direct and Indirect Investments                                   | 21'819        | 29'600        |
| Distributions from and proceeds from sales of Direct and Indirect Investments | (1'548)       | (16'538)      |
| Reclassification of investments   | (2'417)       | (5'108)       |
| Accrued cash and PIK interest   | 313           | 535           |
| Interest received   | -             | (5'087)       |
| Revaluation   | 2'856         | 1'731         |
| Foreign exchange gains / (losses)   | (5'518)       | 685           |
| <b>Balance at end of period</b>   | <b>93'699</b> | <b>78'194</b> |

### 6.3 PRIVATE REAL ESTATE

| In thousands of EUR   | 30.09.2017   | 31.12.2016    |
|---|--------------|---------------|
| Balance at beginning of period  | 11'397       | 14'064        |
| Purchase of Direct and Indirect Investments                                   | (152)        | (221)         |
| Distributions from and proceeds from sales of Direct and Indirect Investments | (1'661)      | (2'473)       |
| Revaluation   | (590)        | 22            |
| Foreign exchange gains / (losses)   | (1)          | 5             |
| <b>Balance at end of period</b>   | <b>8'993</b> | <b>11'397</b> |

## 6.4 PRIVATE INFRASTRUCTURE

| In thousands of EUR   | 30.09.2017    | 31.12.2016    |
|---|---------------|---------------|
| Balance at beginning of period  | 21'847        | 15'765        |
| Purchase of Direct and Indirect Investments                                   | -             | 5             |
| Distributions from and proceeds from sales of Direct and Indirect Investments | (671)         | (1'800)       |
| Reclassification of investments   | -             | 5'108         |
| Revaluation   | 153           | 1'930         |
| Foreign exchange gains / (losses)   | (1'778)       | 839           |
| <b>Balance at end of period</b>   | <b>19'551</b> | <b>21'847</b> |

## 7 Cash and cash equivalents

| In thousands of EUR                    | 30.09.2017    | 31.12.2016    |
|--|---------------|---------------|
| Cash at banks                          | 90'386        | 65'751        |
| <b>Total cash and cash equivalents</b> | <b>90'386</b> | <b>65'751</b> |

## 8 Share capital and reserves

### 8.1 CAPITAL

| In thousands of EUR   | 30.09.2017 | 31.12.2016 |
|---|------------|------------|
| <b>Issued and fully paid</b>  |            |            |
| 69'151'168 Ordinary shares of EUR 0.001 each out of the bond conversion | 69         | 69         |
| <b>Total issued and fully paid shares</b>                               | <b>69</b>  | <b>69</b>  |

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

During the reporting period, the Company has not purchased or cancelled any of its own shares (2016: nil).

### 8.2 RESERVES

| In thousands of EUR  | 30.09.2017     | 31.12.2016     |
|--|----------------|----------------|
| <b>Distributable reserves</b>                                  |                |                |
| Distributable reserves at beginning of reporting period        | 448'756        | 486'098        |
| Dividend payment   | (19'362)       | (37'342)       |
| <b>Total distributable reserves at end of reporting period</b> | <b>429'394</b> | <b>448'756</b> |

## 9 Short-term credit facilities

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

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

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

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

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

## 10 Incentive fees

| In thousands of EUR                                      | 30.09.2017    | 31.12.2016    |
|--|---------------|---------------|
| Balance at beginning of period                           | 19'448        | 18'447        |
| Change in incentive fees attributable to General Partner | 4'668         | 13'236        |
| Incentive fees paid/payable                              | (5'143)       | (12'235)      |
| <b>Balance at end of period</b>                          | <b>18'973</b> | <b>19'448</b> |

## 11 Commitments to Direct and Indirect Investments

| In thousands of EUR   | 30.09.2017 | 31.12.2016 |
|---|------------|------------|
| Unfunded commitments translated at the rate prevailing at end of period | 127'008    | 103'263    |

## 12 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 Group's shares during 2017 and 2016.

The net assets 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                                   | <b>30.09.2017</b> | <b>31.12.2016</b> |
| Net assets of the Group                               | 753'926           | 702'908           |
| Outstanding shares at the end of the reporting period | 69'151'198.00     | 69'151'168.00     |
| <b>Net assets per share at end of period</b>          | <b>10.90</b>      | <b>10.16</b>      |

## 13 Fair value measurement

### 13.1 FAIR VALUE ESTIMATION REPORTING PERIOD

|   |                |                |                |                      |
|---|----------------|----------------|----------------|----------------------|
| In thousands of EUR   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total balance</b> |
| <b>Assets</b>   |                |                |                |                      |
| Financial assets at fair value through profit or loss - equity securities | 52'141         | -              | 536'018        | 588'159              |
| Financial assets at fair value through profit or loss - debt investments  | -              | -              | 93'699         | 93'699               |
| <b>Total assets</b>   | <b>52'141</b>  | <b>-</b>       | <b>629'717</b> | <b>681'858</b>       |
| <b>Liabilities</b>  |                |                |                |                      |
| Derivatives used for hedging  | -              | (1'249)        | -              | (1'249)              |
| <b>Total liabilities</b>  | <b>-</b>       | <b>(1'249)</b> | <b>-</b>       | <b>(1'249)</b>       |

### 13.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

|   |                |                |                |                      |
|---|----------------|----------------|----------------|----------------------|
| In thousands of EUR   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total balance</b> |
| <b>Assets</b>   |                |                |                |                      |
| Financial assets at fair value through profit or loss - equity securities | 51'220         | -              | 521'398        | 572'618              |
| Financial assets at fair value through profit or loss - debt investments  | -              | -              | 78'194         | 78'194               |
| <b>Total assets</b>   | <b>51'220</b>  | <b>-</b>       | <b>599'592</b> | <b>650'812</b>       |
| <b>Liabilities</b>  |                |                |                |                      |
| Derivatives used for hedging  | -              | (2'843)        | -              | (2'843)              |
| <b>Total liabilities</b>  | <b>-</b>       | <b>(2'843)</b> | <b>-</b>       | <b>(2'843)</b>       |

### 13.3 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

Level 3 investments may consist of direct and indirect equity and debt investments. Level 3 indirect investments are generally valued at the indirect investments' net asset values last reported by the indirect investments' governing bodies. When the reporting date of such net asset values does not coincide with the Group's reporting date, the net asset values are adjusted as a result of cash flows to/from an indirect investment between the most recently available net asset value reported, and the end of the reporting period of the Group. The valuation may also be adjusted for further information gathered by the Investment Advisor during its ongoing investment monitoring process. This monitoring process includes, but is not limited to, binding bid offers, non-public information on developments of portfolio companies held by indirect investments, syndicated transactions which involve such companies and the application of reporting standards by indirect investments which do not apply the principle of fair valuation.



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

In order to assess level 3 valuations in accordance with the investment management agreement, the Investment Advisor reviews the performance of the direct and indirect investments held on a regular basis. The valuations are reviewed on an ongoing basis by the Investment Advisor's investment committee who report to the Investment Manager. The investment committee considers the appropriateness of the valuation model inputs as well as the valuation result using various valuation methods and techniques generally recognized within the industry. From time to time the Group may consider it appropriate to change the valuation model or technique used in the fair valuation depending on the individual investment circumstances, such as its maturity, stage of operations or recent transaction.

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

When applying the discounted cash flow method, the Investment Advisor discounts the expected cash flow amounts to a present value at a rate of expected return that represents the time value of money and reflects the relative risks of the direct investment. Direct investments can be valued by using the 'cash flow to investor' method (a debt instrument valuation), or indirectly, by deriving the enterprise value using the 'free cash flow to company' method and subsequently subtracting the direct investment's net debt in order to determine the equity value of the relevant direct investment. The Investment Advisor determines the expected future cash flows based on agreed investment terms or expected growth rates. In addition and based on the current market environment an expected return of the respective direct investment is projected. The future cash flows are discounted to the present date in order to determine the current fair value.

If broker quotes are available, direct debt investments are valued by the Investment Advisor utilizing such quotes, which are provided by an independent third party broker. Broker quotes are applied to the nominal value of such direct debt investments. Broker quotes utilized for valuing direct debt investments represent indicative quotes for investments traded in an inactive market.

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

When applying the income method the Investment Advisor compares a direct real estate investment's net operating income to capitalization rates recently observed in the market to determine the present value. The Investment Advisor determines comparable assets based on, but not limited to, size, development stage and property type. The capitalization rates from recent sales of comparable properties 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. The indicated fair value of the direct real estate investment is determined by applying the relevant capitalization rate to the direct real estate investment's net operating income. The income method is most appropriate for income generating direct real estate investments where the net operating income is known and similar properties have recently traded in the market.

The values of level 3 direct equity investments valued by using an unobservable input factor are directly affected by a change in that factor. The change in valuation of level 3 direct equity investments may vary between different direct investments of the same category as a result of individual levels of debt financing within such an investment. Level 3 direct debt investments are generally valued using a waterfall approach including different seniority levels of debt. Thus the effect of a change in the unobservable input factor on the valuation of such investments is limited to the debt portion not covered by the enterprise value resulting from the valuation. No interrelationship between unobservable inputs used in the Group's valuation of its level 3 investments has been identified.

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

If presented, the category "Direct Investments" in the tables below may include certain indirect investments where the Investment Advisor has full visibility of the underlying portfolio and hence performs a full valuation on such investments as if they were direct investments. If presented, the category "Direct Investments" in the tables below may include certain investments using the valuation technique "Reported fair value". Such direct investments invest solely into underlying indirect investments, hence their fair value is based on reported fair value rather than a direct investment valuation.

The sensitivity analysis below represents the potential change in fair value for each category of investments presented in absolute values. Should the significant unobservable input for each category of investments increase or decrease by 5%, the value of each category of investments would follow by the absolute positive or negative amount respectively.

With regards to direct debt investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. The reasons for this include, but are not limited to, the fact that the income generated from direct debt investments is linked to a reference rate such as LIBOR or EURIBOR (hence eliminating potential valuation changes resulting from fluctuation in interest rates) and the fact that direct debt investments are valued using a waterfall approach as described above. The credit risk resulting from investing into a direct debt investment is assessed by performing an enterprise valuation of the issuer's company. Provided that the results of such a valuation provides sufficient evidence that the equity of such a company still has a positive value, there is no indication that the Group as a lender would not be able to recover the full amount initially invested, plus any accrued cash and/or PIK interest, hence carrying such direct debt investment at this value. Should a significant unobservable valuation input into such an enterprise valuation be changed in either direction, the value of a respective direct debt investment would not fluctuate proportionately. Any fluctuation in the enterprise value of a lender's company would only have an impact on the value of a direct debt investment if the results of such a valuation would provide sufficient evidence that the enterprise value of the company is not sufficient to fully cover the outstanding debt instrument, which the Group is invested in.

With regards to direct real estate debt investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. The reasons for this conclusion include, but are not limited to the fact that the income generated from direct real estate investments is linked to a reference rate such as LIBOR or EURIBOR (hence eliminating

potential valuation changes resulting from fluctuation in interest rates) and the fact that direct real estate investments are valued using a waterfall approach as described above. The risk resulting from investing into a direct real estate debt investment is assessed by evaluating the gross asset value of the property. Provided that the results of such valuation provide sufficient evidence that the gross asset value exceeds the debt balance (i.e. the equity has a positive value), there is no indication that the Group as a lender would not be able to recover the full amount initially invested, plus any accrued cash and/or PIK interest, hence carrying such direct real estate debt investments at this value. Should a significant unobservable valuation input into the determination of gross asset value be changed in either direction, the value of a respective direct real estate debt investment would not fluctuate proportionately. Any fluctuation in gross asset value of the property would only have an impact on the value of a direct real estate debt investment in if the results of such a valuation would provide sufficient evidence that the gross asset value of the property is not sufficient to fully cover the outstanding debt instrument, which the Group is invested in. With regards to direct real estate equity investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. 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 has not been presented for direct investments that have been acquired within the last three months of the financial period and where the acquisition cost was deemed to be fair value in accordance with IFRS 13 as it is the view of the Investment Advisor that insufficient time has passed to determine a reliable sensitivity range based on valuation inputs that would be considered appropriate by market participants.

#### 13.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

| Type of security                      | Fair value at 30.09.2017 | Valuation technique               | Unobservable input                       | Range (weighted average) | Sensitivity |          |
|---------------------------------------|--------------------------|-----------------------------------|--|--------------------------|-------------|----------|
| <i>Fair value in thousands of EUR</i> |                          |                                   |  |                          |             |          |
| <b>Direct Investments</b>             |                          |                                   |  |                          |             |          |
| Direct equity investments             | 172'342                  | Market comparable companies       | Enterprise value to EBITDA multiple      | 5.00x - 17.30x (13.10x)  | 15'185      | (15'185) |
|                                       | 15'318                   | Discounted cash flow              | Discount factor                          | 12.00% - 12.00% (12.00%) | 148         | (148)    |
|                                       | 257                      | Exit price                        | Recent transaction price                 | n/a                      | n/a         | n/a      |
|                                       | 24'825                   | Recent financing/ transaction     | Recent transaction price                 | n/a                      | n/a         | n/a      |
| Direct debt investments               | 11'153                   | Market comparable companies       | Enterprise value to EBITDA multiple      | 6.59x - 13.00x (11.72x)  | n/a         | n/a      |
|                                       | 40'111                   | Broker quotes                     | Indicative quotes for an inactive market | n/a                      | n/a         | n/a      |
| <b>Indirect Investments</b>           |                          |                                   |  |                          |             |          |
|                                       | 366'637                  | Adjusted reported net asset value | Reported net asset value                 | n/a                      | 18'332      | (18'332) |
|                                       | (926)                    | Adjusted reported net asset value | Fair value adjustments                   | n/a                      | (46)        | 46       |

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

## 13.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

| Type of security                      | Fair value at<br>31.12.2016 | Valuation technique                  | Unobservable input                          | Range<br>(weighted<br>average) | Sensitivity |          |
|---------------------------------------|-----------------------------|--------------------------------------|---|--------------------------------|-------------|----------|
| <i>Fair value in thousands of EUR</i> |                             |                                      |   |                                |             |          |
| <b>Direct Investments</b>             |                             |                                      |   |                                |             |          |
| Direct equity<br>investments          | 140'170                     | Market comparable<br>companies       | Enterprise value to<br>EBITDA multiple      | 5.90x - 16.00x<br>(11.66x)     | 12'755      | (12'755) |
|                                       | 284                         | Exit price                           | Recent transaction price                    | n/a                            | n/a         | n/a      |
|                                       | 44'983                      | Recent financing/<br>transaction     | Recent transaction price                    | n/a                            | n/a         | n/a      |
| Direct debt<br>investments            | 9'263                       | Market comparable<br>companies       | Enterprise value to<br>EBITDA multiple      | 5.90x - 13.00x<br>(11.12x)     | n/a         | n/a      |
|                                       | 19'693                      | Broker quotes                        | Indicative quotes for an<br>inactive market | n/a                            | n/a         | n/a      |
| <b>Indirect Investments</b>           |                             |                                      |   |                                |             |          |
|                                       | 383'083                     | Adjusted reported net<br>asset value | Reported net asset value                    | n/a                            | 19'154      | (19'154) |
|                                       | 2'116                       | Adjusted reported net<br>asset value | Fair value adjustments                      | n/a                            | 106         | (106)    |

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

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# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

## PRINCESS PRIVATE EQUITY HOLDING LIMITED

### Registered Office

Princess Private Equity Holding Limited  
Tudor House  
Le Bordage  
St. Peter Port  
Guernsey, GY1 1BT  
Channel Islands

Info: [www.princess-privateequity.net](http://www.princess-privateequity.net)

Registered number: 35241

### Investor Relations

Phone: +44 (0) 1481 711 690  
Fax: +44 (0) 1481 730 947  
[princess@partnersgroup.com](mailto:princess@partnersgroup.com)

### Administrator

Partners Group (Guernsey) Limited  
Guernsey, Channel Islands

### Investment Advisor

Partners Group AG (Zug)  
Zugerstrasse 57  
6341 Baar-Zug  
Switzerland

### Investment Manager

Princess Management Limited  
Guernsey, Channel Islands

### Trading Information

|                                |  |
|--------------------------------|--|
| Listing                        | London Stock Exchange                              |
| ISIN (Euro and Sterling Quote) | GG00B28C2R28                                       |
| WKN (Euro and Sterling Quote)  | A0M5MA   |
| Trading symbol Euro Quote      | PEY  |
| Trading symbol Sterling Quote  | PEYS   |
| Bloomberg Euro Quote           | PEY LN   |
| Bloomberg Sterling Quote       | PEYS LN  |
| Reuters Euro Quote             | PEY.L  |
| Reuters Sterling Quote         | PEYS.L   |
| Joint corporate brokers        | JPMorgan<br>Cazenove / Numis<br>Securities Limited |