



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

INTERIM REPORT 2019

For the period from 1 January 2019 to 30 June 2019



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 (which may include investments through Partners Group funds) but also holds primary and secondary fund invest-

ments. 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 2018	30 June 2019
Total fund size	753'654'265	805'161'393
NAV per share	10.90	11.64
Total dividend per share	0.56	0.29
Share price	8.40	9.36
Discount	-22.9%	-19.6%
Cash and cash equivalents	26'496'950	6'342'703
Credit line used	35'000'000	8'000'000
Value of investments	758'633'349	823'589'283
Unfunded commitments	93'775'304	80'099'692
Investment level	100.7%	102.3%
Net current assets	-4'979'085	-18'427'889
Over-commitment ratio	13.1%	12.2%
Over-commitment ratio incl. credit line	11.1%	7.0%

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 Advisor's report

NAV total return of 9.6% in the first half of 2019

The net asset value ("NAV") of Princess Private Equity Holding Limited ("Princess") reached EUR 11.64 per share at the close of the reporting period. NAV total return for the first half of 2019 was 9.6% including the first interim dividend of EUR 0.29 per share.

Valuation developments (+11.6%) were responsible for the bulk of NAV growth, while currency effects (-0.3%) had a negative impact on performance. The largest contributors to Princess' NAV growth over the second quarter were the direct investments in Permotio International Learning ("Permotio"), Action, GlobalLogic, Foncia, and Vishal Mega Mart:

● PERMOTIO INTERNATIONAL LEARNING

Permotio, an investment vehicle formed to create a leading international schools group through a 'buy and build' strategy, continued to increase over the second quarter of 2019 on the back of strong financial performance. For the twelve months ended 31 March 2019, revenue increased by 65.2% year on year to EUR 190.7 million and adjusted EBITDA grew 132.0% over the same period to EUR 65.5 million. This was primarily attributable to add-on investments, which included the three US-based schools BRIS, Broward, and Bellevue, Claremont in the UK, St George in Spain, PdV in Chile, TAE in Mexico, St Jude in Costa Rica and Tenby and APS in Malaysia as well as the strong organic growth of the existing schools within the platform.

● ACTION

Action, a leading European non-food discount retailer, was revalued positively on the back of continued solid financial results. The healthy financial performance was driven by like-for-like sales growth and by the company's ongoing expansion of its store network. The company operates more than 1'300 stores with more than 46'000 employees in Europe.

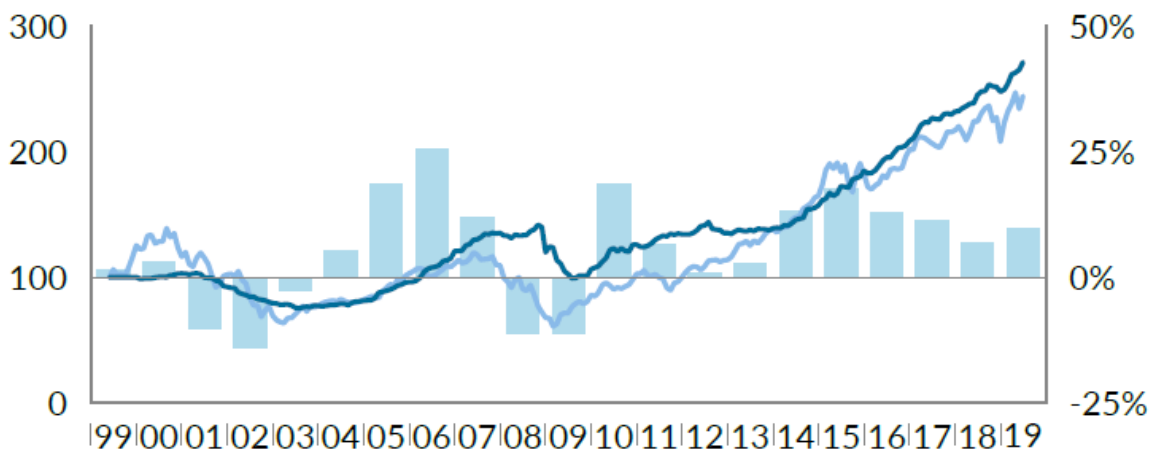
● GLOBALLOGIC

GlobalLogic, a global provider of software product engineering services, reported a robust financial performance with double-digit growth in both its revenue and EBITDA for the twelve months ended 30 April 2019. The increase in revenue was primarily due to sustained demand from existing clients and a number of new contract wins while EBITDA growth was driven by an improvement in gross margin, higher utilization and lower operating expenses.

● FONCIA

Foncia, a leading provider of property management and real estate services based in France, rose on the back of healthy financial performance. For the twelve months ended 31 March 2019, revenue grew 4.5% year on year to EUR 892.2 million while EBITDA increased by 15.2% to EUR 197.2 million, due to improved performance in its core business of residential real estate services and growth of the international

NAV PERFORMANCE (SINCE INCEPTION)*



■ Princess ■ MSCI World TR ■ Performance (RHS)

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

business. Foncia continues to execute on its buy-and-build strategy, having signed or closed 26 acquisitions during the year to May 2019 (amounting to EUR 22.0 million in EBITDA), with another 16 acquisitions under exclusivity. Foncia successfully refinanced in May 2019, providing the company with increased financial flexibility for future M&A at a lower cost.

● **VISHAL MEGA MART**

Vishal Mega Mart, a leading chain of Indian hypermarkets, reported robust growth in EBITDA year on year. The growth was primarily attributable to the rollout of over 50 new franchisee stores during the financial year taking the total number of stores to over 300, as well as strong same-store sales growth.

Distribution activity (first six months)

Investment	Exit (full or partial)	Strategy	Amount (EUR million)
Agiliti	Full	Equity	10.6
Ceridian HCM	Partial	Equity	6.1
Legacy fund portfolio			22.6
Other			10.0
Total distributions for H1 2019			49.3

Distribution activity

Distributions from Princess' underlying portfolio totaled EUR 49.3 million for the first six months of 2019. EUR 26.7 million stemmed from direct investments with the balance of EUR 22.6 million from Princess' legacy fund portfolio, which continues to generate a high volume of exits from mature underlying portfolio companies.

The largest distribution from the direct portfolio over the second quarter was:

● **CERIDIAN HCM**

In April, Princess continued to reduce its position in Ceridian HCM, a global human capital management software provider, following Ceridian's IPO on the NYSE in April 2018. The transaction generated proceeds of EUR 6.1 million.

Investment activity (first six months)

Investment	Strategy	Amount (EUR million)
Project Fox	Equity	8.9
Permotio International Learning (Follow-on)	Equity	8.0
Idera	Equity	7.9
Confluent Health	Equity	5.4
Other		2.5
Total investments for H1 2019		32.7

Investment activity

In the first six months of the year, Princess invested a total of EUR 32.7 million. EUR 22.2 million was invested in three new direct equity investments (Project Fox, Idera Inc., Confluent Health) during the second quarter:

● **PROJECT FOX**

Princess invested EUR 8.9 million in Project Fox, a newly formed specialty property and casualty insurer and reinsurer focused on complex risks for commercial clients. Based in London and Bermuda, the company will be led by a team of risk experts each with over 30 years of industry experience. The company will write specialty risk and reinsurance policies in areas including property, casualty, and others, taking advantage of an increasingly attractive market environment. Going forward, the company will focus on building up its underwriting team to expand its capacity and further develop effective underwriting strategies.

● **IDERA INC.**

EUR 7.9 million was invested in Idera as part of a minority equity recapitalization alongside existing investors. The Houston-based company is a provider of on premise and cloud-based infrastructure software solutions used for testing, application development, and database architecture and management. The company has over 50'000 customers worldwide in industries spanning education, energy, financial, government, healthcare, manufacturing, media, retail and technology.

● **CONFLUENT HEALTH**

Princess invested EUR 5.4 million in Confluent Health. Headquartered in Louisville, Kentucky, Confluent is one of the largest (by number of clinics) independent outpatient physical therapy (PT) service providers in the US, with over 2'000 employees and 198 operating clinics. Confluent Health is considered an attractive investment given its position as a leading PT player in a fragmented market, with the top 15 clinics representing just 12% of total clinics in the US. Confluent is expected to benefit from long term industry tailwinds driven by an aging population with chronic conditions. Fol-

Following the acquisition, Partners Group will work closely with Confluent's management team on opening new locations and driving same-store growth. The company will also continue to execute its M&A strategy through bolt-on acquisitions and selective larger strategic acquisitions.

Share price development and dividend

Princess' share price closed the reporting period at EUR 9.36 representing a total return of +14.7% for the first half of the year. The Company paid an increased first interim dividend of EUR 0.29 per share in June (2018 first interim dividend: 0.28 per share) and maintains its objective to distribute 5-8% of opening NAV per annum via semi-annual dividends.

Liquidity and unfunded commitments

During the first half of 2019, Princess' net liquidity position decreased to EUR -18.4 million. The Company drew EUR 8 million of its EUR 50 million revolving credit facility which it maintains to meet short-term liquidity requirements.

Total unfunded commitments at 30 June 2019 amounted to EUR 80.1 million. EUR 52.0 million of commitments related to Partners Group's direct investment programs, while commitments to third party funds amounted to EUR 28.1 million (predominantly pre-crisis vintages which, in the Investment Advisor's view, are unlikely to be called in full). In line with the strategy to focus on direct investments, no new third party fund commitments will be made.

Outlook

Following an active year in 2018 for both new investments and realizations, portfolio activity moderated during the first half of 2019. Conditions for new investments remain challenging, with quality assets trading for near-record multiples, driven by high volumes of dry powder. Against this backdrop, the Investment Advisor continues to focus on proactive sourcing and the early identification of businesses in sub-sectors benefitting from transformative growth. This focus on growth helps to mitigate the risk of multiple contraction in the current high valuation environment.

The Investment Advisor remains focused on value creation initiatives across the portfolio. Such initiatives range from organic or acquisition-based growth strategies, operational improvements and capital management, with a goal to realize the full development potential of portfolio companies on behalf of Princess' shareholders. Currently, there are over 200 active value creation projects across the portfolio. Reflecting the focus on companies benefitting from transformative growth and the potential for further value creation, the Investment Advisor remains confident on the outlook for Princess' portfolio.

Partners Group

Investment Advisor

2. Market overview

Macroeconomic activity

Trade tensions, geopolitical risk, easing global growth and a more dovish stance of global central banks were the dominant themes in the second quarter of 2019. While labor market data in the US and most parts of Europe remained robust, the manufacturing sector continued to deteriorate, with Purchasing Manager Indices falling into contractionary territory in Germany and the US' equivalent (Institute of Supply Management index) pointing towards a neutral outlook. China's GDP growth cooled to 6.2% year on year in the second quarter, the weakest level in at least 27 years when records began, according to Bloomberg. US president Donald Trump re-escalated trade tensions with China by raising the 10% tariff on USD 200 billion of Chinese goods exports to 25%, and introduced trade restrictions on Huawei, a Chinese producer and global leader in information and telecommunication technology and equipment.

In Europe, the outcome of European Parliamentary elections showed less support for populist parties than feared, with the exception of the UK Brexit Party and Italy's Northern League. In the UK, prime minister Theresa May announced her resignation in June 2019, after another attempt at having her Withdrawal Agreement approved by the UK parliament failed. In July, former London mayor Boris Johnson was appointed as the new prime minister of the UK, who will continue to lead Brexit discussions with the European Union.

Against the backdrop of easing global growth, coupled with little sign of inflationary pressure, central banks across the globe are becoming more open to easier monetary policy. The Reserve Bank of Australia lowered rates to a record low in June, followed by a rate cut by the Bank of Korea in July. The European Central Bank has hinted at lower rates or more asset purchases (quantitative easing) and the market has largely priced in a rate cuts from the US and more easing thereafter.

Private equity buyout activity

Global private equity buyout deals in the second quarter of 2019 decreased in value by 41.1% year on year to USD 76.1 billion, while the number of deals declined by 21.9% to 1'242, according to Preqin. Large-cap and upper mid-market investments with deal value of more than USD 1 billion accounted for 57.7% of the global aggregate deal value.

North America continued to dominate global buyout deal activity with 50.7% of total deal value. Second-quarter buyout activity in the region dropped by 52.2% to USD 38.6 billion across 700 transactions. The largest deal announced in the region was the USD 4 billion buyout of Press Ganey Associates, by Leonard Green & Partners and affiliates of Ares Management Corporation. Press Ganey Associates is a US-based provider of performance analytics and strategic advisory solutions for healthcare organizations, primarily known for developing and distributing patient satisfaction surveys.

Private equity buyout activity in Europe was reported at USD 25.3 billion, representing a decrease of 29.9% compared to the second quarter of 2018. Of the 407 transactions announced, the largest was the EUR 3.2 billion (USD 3.6 billion) buyout by Carlyle Group to acquire a 30% stake in Spanish oil and gas company Compañía Española de Petróleos (Cepsa).

Asia recorded USD 10.5 billion in aggregate deal value across 79 transactions, accounting for 13.8% of the global aggregate deal value. Compared to the second quarter of 2018, this represents an increase in buyout value of 11.7% and a decline in number of transactions by 27.5%. The largest transaction in the region was the JPY 300 billion (USD 2.71 billion) acquisition of Japan-based semiconductor producer Toshiba Memory by the Development Bank of Japan. Toshiba Memory was a spin-off from the Toshiba Corporation conglomerate in 2018.

Private equity exit activity

During the second quarter of 2019, global private equity exit activity was USD 104.2 billion, representing a year-on-year decrease of 10.5% in value. The number of exit transactions dropped by 27.6% over the same period, according to Preqin.

With an aggregate exit value of USD 44.3 billion across 213 transactions, North America continued to contribute the highest share of global private equity exit activity. Compared to the second quarter of 2018, this represented a decline of 25.4% in value and 16.1% in count, respectively. The largest exit in the region was the USD 6.7 billion sale of Acelity and its KCI subsidiaries by a consortium including Apax Partners, Canada Pension Plan Investment Board and Public Sector Pension Investment Board, to American conglomerate 3M. Acelity is a global medical technology company focused on advanced wound care and specialty surgical applications marketed under the KCI brand.

The European region experienced a fall in aggregate exit value by 26.8% to USD 31.8 billion across 173 transactions during the second quarter of 2019, compared to the year-ago period. The largest transaction in the region was the sale of French engineering and R&D services company Altran Technologies to France-based consulting, IT services and digital transformation company Capgemini, in a EUR 3.6 billion (USD 4.0 billion) transaction.

In Asia, aggregate exit value rose significantly by 133.7% year on year to USD 23.3 billion across 33 transactions. The dramatic increase in aggregate deal value was primarily attributable to the USD 18.7 billion sale of US logistics assets from GLP, a Singapore-based developer and operator of logistics facilities, to Blackstone Group. This also represented the largest exit in the region and globally.

IPO activity

Global IPO activity continued to slow down in the second quarter of 2019, as ongoing geopolitical tensions, trade issues among the US, China and the European Union, the unresolved Brexit issues and political shifts following European elections further dampened IPO sentiment. However, a number of much-anticipated, high-profile unicorns came to market during the quarter, following the trend of increased unicorn IPO activity. Compared to the second quarter of 2018, IPO proceeds increased by 14% to USD 56.8 billion, while the number of IPOs globally declined by 17% to 302, according to Ernst and Young.

IPO activity in the US grew year on year by 79% to USD 27.0 billion across 66 transactions, compared to the second quarter of 2018. This is supported by a wave of much-anticipated, household name unicorns that entered the US IPO market. Led by four of the five IPOs with deal size above USD 1 billion, the technology sector accounted for a dominant 64% of proceeds in the second quarter of 2019. The largest IPO in the region and globally was the USD 8.1 billion listing of Uber Technologies, a US-based ride-hailing company, on the NYSE.

The EMEIA region was strongly impacted by a confluence of geopolitical headwinds during the second quarter of 2019. During the quarter, the region raised a total of USD 14.5 billion across 74 IPOs, representing a year-on-year increase of 14% and decrease of 49%, respectively. The largest IPO in the region was the listing of Nexi, an Italian bank that specializes in payment systems, on Italy's stock exchange Borsa Italiana. Nexi raised EUR 2.0 billion (USD 2.3 billion) in the IPO.

IPO proceeds in the Asia-Pacific region dropped by 22% to USD 14.3 billion, while the number of IPOs rose by 4% to 141 transactions. The largest IPO in the region was the CNY 8.2 billion (USD 1.2 billion) listing of Ningxia Baofeng Energy Group, a China-based manufacturer and distributor of chemical products, on the Shanghai Stock Exchange.

Fundraising activity

During the second quarter of 2019, private equity fundraising activity came in at USD 190.4 billion, 4.3% below the aggregate deal value for the second quarter of 2018. However, the number of funds that held a final close dampened by 37.4% to 365, according to Preqin. With a fund size of USD 17.5 billion, Advent Global Private Equity IX was the largest fund to hold a final close.

As per previous quarters, North America-focused funds continued to dominate the fundraising activity, with USD 117.1 billion raised across 211 funds. The largest fund that held its final close was the abovementioned Advent Global Private Equity IX, accounting for 14.9% of aggregate capital in the region.

Europe-focused funds secured USD 44.8 billion in investor commitment across 68 funds during the quarter. The largest fund that closed was Cinven VII, with a fund size of EUR 10 billion (USD 11.1 billion).

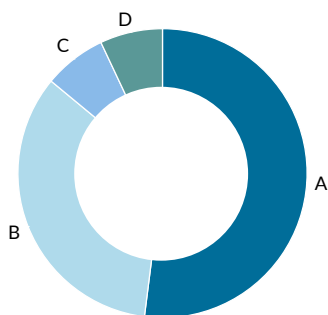
Fundraising activity in Asia decreased by 52.0% year on year to USD 18.8 billion during the second quarter of 2019. The largest of the 54 funds closed during the quarter was Warburg Pincus China and Southeast Asia Fund II, which reached a fund size of USD 4.3 billion.

Outlook

With increased volatility and the advanced stage of the business cycle, Partners Group maintains a prudent investment approach and factors in multiple contraction in the direct underwriting over the holding period. Partners Group's investment focus remains unchanged and looks for assets that are resilient with high growth prospects through value-creation initiatives and strong governance. At the same time, Partners Group continues to focus on sub-sectors of the market that benefit from transformative trends.

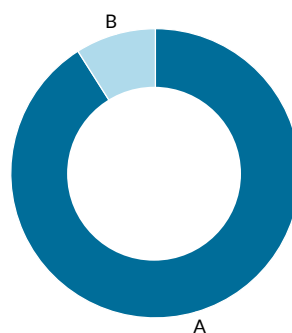
Sources: Preqin "Q2 2019 Private Capital Fundraising, Deals/Exits"; Preqin "Q2 2019 Quarterly Update: Private Equity & Venture Capital"; Ernst & Young "Global IPO trends: Q2 2019"; PEFOX Market Commentary Q2 2019; NYPPEX Q2 2019; Secondaries Investor - 2019 Mid-year reflections; Private Equity International Secondaries Roundtable; Partners Group Research

3. Portfolio composition



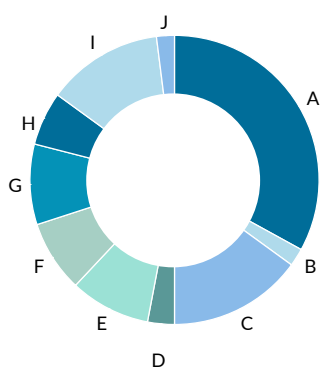
Investments by regional focus

A Europe	52%	C Asia-Pacific	7%
B North America	34%	D Rest of World	7%



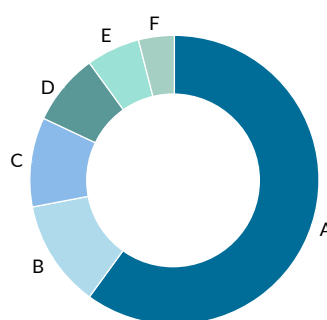
Investments by transaction type

A Direct	91%	B Funds	9%
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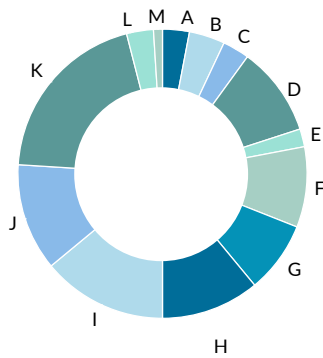
Portfolio assets by industry sector

A Consumer discr.	33%	F Industrial	8%
B Telecom	2%	G Consumer staples	9%
C IT	15%	H Materials	6%
D Energy	3%	I Healthcare	13%
E Financial	9%	J Utilities	2%



Investments by financing category

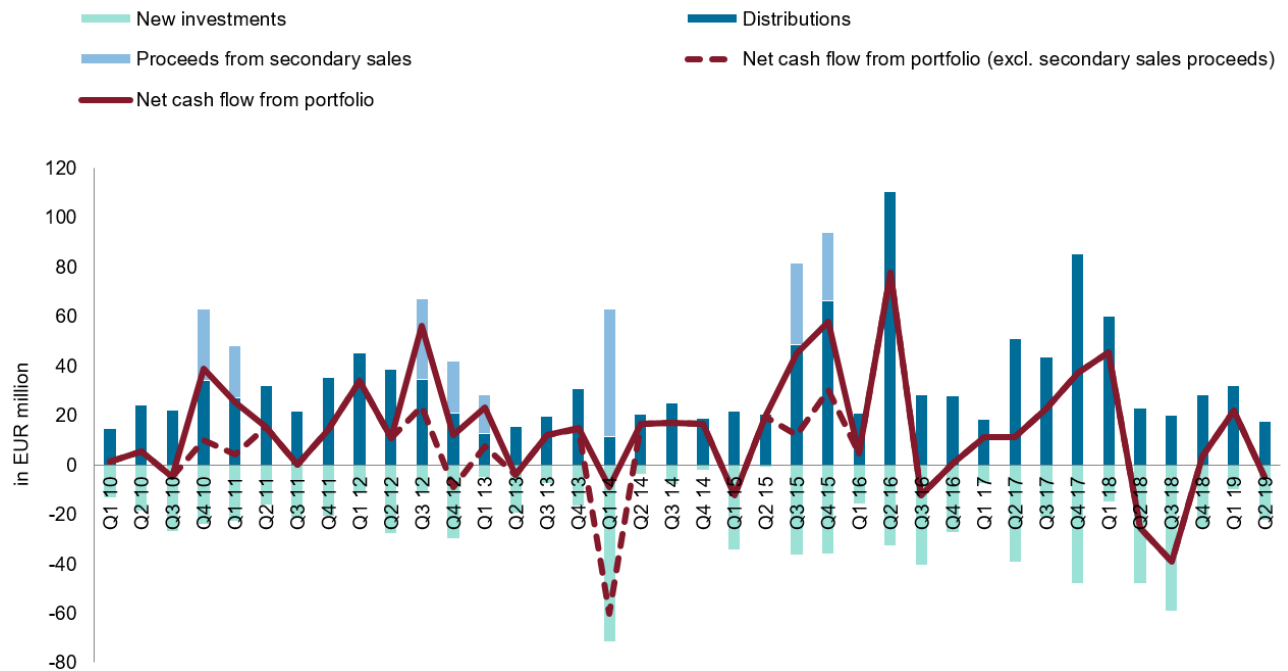
A Small/Mid-cap	60%	D Growth	8%
B Large/mega-large-cap	12%	E Venture capital	6%
C Special situations	10%	F Mezzanine	4%



Investments by investment year

A	Pre 2007	3%	H	2015	11%
B	2007	4%	I	2016	14%
C	2008	3%	J	2017	12%
D	2011	10%	K	2018	20%
E	2012	2%	L	2019	3%
F	2013	9%	M	Other	1%
G	2014	8%			

DEVELOPMENT OF NET CASH FLOWS



NAV DEVELOPMENT



VALUATION METRICS OF DIRECT EQUITY COMPANIES

	Top 10	Top 20	Full sample
EV/EBITDA	14.6x	14.5x	13.8x
Net debt/EBITDA	5.2x	5.3x	5.2x
Leverage	38.9%	39.2%	39.9%
Weighted average EV	EUR 3.4bn	EUR 3.2bn	EUR 2.9bn

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

As per the reporting date and based on available information. Weighted average figures for a sample of direct equity investments based on available information. Valuation metrics include all direct equity investments valued based on EV/EBITDA (full sample represents 41 companies; 74.9% of NAV).

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	
Permotio International Learning SarL	Consumer discretionary	WEU	Growth	2013	43'039'807	80'527'919	10.0%
Action	Consumer discretionary	WEU	Small/Mid-cap	2011	0	76'801'764	9.5%
Foncia	Financials	WEU	Small/Mid-cap	2011	19'469'878	35'983'007	4.5%
GlobalLogic Inc.	Information technology	NAM	Small/Mid-cap	2018	22'596'184	35'651'300	4.4%
Form Technologies	Materials	NAM	Small/Mid-cap	2015	23'498'499	33'016'030	4.1%
Fermaca	Energy	ROW	Special situations	2014	12'819'441	28'050'412	3.5%
KinderCare Education	Consumer discretionary	NAM	Small/Mid-cap	2015	9'402'338	26'870'234	3.3%
Techem Metering GmbH	Industrials	WEU	Large/mega-large-cap	2017	19'244'061	22'318'953	2.8%
Ammega (Megadyne - Ammeraal Beltech)	Industrials	WEU	Small/Mid-cap	2018	19'119'061	21'184'384	2.6%
Hearthside Food Solutions	Consumer staples	NAM	Large/mega-large-cap	2018	20'272'351	20'523'052	2.5%
Hofmann Menue Manufaktur	Consumer staples	WEU	Small/Mid-cap	2013	5'146'706	19'222'431	2.4%
Vishal Mega Mart	Consumer discretionary	APC	Small/Mid-cap	2018	14'149'217	19'053'844	2.4%
Cerba HealthCare	Healthcare	WEU	Small/Mid-cap	2017	11'825'265	17'677'129	2.2%
PCI Pharma Services	Healthcare	NAM	Small/Mid-cap	2016	10'460'123	16'568'366	2.1%
Envision Healthcare Holdings, Inc.	Healthcare	NAM	Mezzanine	2018	18'090'477	15'889'176	2.0%
United States Infrastructure Corporation	Utilities	NAM	Small/Mid-cap	2017	11'550'660	15'631'857	1.9%
SRS Distribution, Inc.	Materials	NAM	Small/Mid-cap	2018	14'631'545	15'333'403	1.9%
Civica	Information technology	WEU	Small/Mid-cap	2013	11'265'575	15'202'115	1.9%
Vermaat	Consumer discretionary	WEU	Small/Mid-cap	2015	4'114'052	13'982'041	1.7%
MultiPlan, Inc. (2016)	Healthcare	NAM	Large/mega-large-cap	2016	4'592'125	13'809'587	1.7%
Global Blue	Financials	WEU	Small/Mid-cap	2012	834'111	13'466'502	1.7%
CPA Global	Information technology	WEU	Large/mega-large-cap	2017	10'059'524	13'384'076	1.7%
Caffe Nero	Consumer staples	WEU	Mezzanine	2013	6'778'826	n.a.	n.a.
IDEMIA	Information technology	WEU	Large/mega-large-cap	2016	10'530'976	9'734'665	1.2%
Guardian Early Learning Group	Consumer discretionary	APC	Small/Mid-cap	2016	8'470'359	9'637'776	1.2%
Pacific Bells	Consumer staples	NAM	Small/Mid-cap	2015	6'162'346	9'541'460	1.2%
STADA Arzneimittel AG	Healthcare	WEU	Large/mega-large-cap	2017	6'225'411	9'083'130	1.1%
Voyage Care	Healthcare	WEU	Small/Mid-cap	2014	7'773'927	8'742'168	1.1%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
Project Fox	Financials	NAM	Small/Mid-cap	2019	8'741'419	8'741'419	1.1%
Amann Girrbach	Healthcare	WEU	Small/Mid-cap	2018	8'325'090	8'306'007	1.0%
Idera Inc.	Information technology	NAM	Small/Mid-cap	2019	7'904'086	7'904'086	1.0%
Ceridian HCM	Industrials	NAM	Large/mega-large-cap	2007	0	7'696'583	1.0%
Trimco International Holdings Ltd	Industrials	APC	Small/Mid-cap	2012	6'103'711	6'722'104	0.8%
Hortifruti	Consumer staples	ROW	Small/Mid-cap	2016	5'675'448	6'667'560	0.8%
SHL	Information technology	WEU	Small/Mid-cap	2018	6'174'871	6'482'912	0.8%
S. TOUS, S.L.	Consumer discretionary	WEU	Small/Mid-cap	2015	3'860'372	6'082'913	0.8%
Springer Science+Business Media	Consumer discretionary	WEU	Special situations	2010	5'455'064	n.a.	n.a.
CSS Corporate Technologies	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.
SPi Global	Information technology	APC	Small/Mid-cap	2017	4'594'186	5'414'877	0.7%
Confluent Health	Healthcare	NAM	Small/Mid-cap	2019	5'393'238	5'393'238	0.7%
Key Retirement Group	Financials	WEU	Small/Mid-cap	2017	3'404'617	5'304'801	0.7%
Logoplaste	Materials	WEU	Special situations	2016	4'579'063	n.a.	n.a.
Polyconcept	Consumer discretionary	NAM	Small/Mid-cap	2016	3'418'516	5'049'576	0.6%
Prosol	Consumer staples	WEU	Special situations	2017	4'562'133	5'045'248	0.6%
Seabras-1	Telecommunication services	NAM	Special situations	2015	5'081'701	4'715'106	0.6%
European Sports Rights Company	Consumer discretionary	WEU	Special situations	2006	4'414'445	4'649'624	0.6%
Aavas Financiers Limited	Financials	APC	Small/Mid-cap	2016	253'233	4'330'729	0.5%
Cegid Group SA	Information technology	WEU	Special situations	2016	3'644'516	n.a.	n.a.
BarBri	Consumer discretionary	NAM	Small/Mid-cap	2011	1'664'047	3'714'424	0.5%
ADT Corporation	Information technology	NAM	Large/mega-large-cap	2016	2'726'851	3'640'902	0.5%
Total fifty direct investments					426'137'111	755'027'680	93.8%

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.

Twenty 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	52'694	9'091'072	1.1%
3i Eurofund Vb	WEU	Small/Mid-cap	2006	287'195	7'811'105	1.0%
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	767'644	6'649'923	0.8%
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1'759'056	3'910'177	0.5%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	3'550'700	0.4%
Anonymized European Buyout Fund 7	WEU	Small/Mid-cap	2007	1'026'787	3'299'120	0.4%
Index Ventures Growth I (Jersey), L.P.	WEU	Growth	2008	0	3'030'973	0.4%
Patria - Brazilian Private Equity Fund III, L.P	ROW	Small/Mid-cap	2007	n.a.	n.a.	n.a.
INVESCO Venture Partnership Fund II-A, L.P.	NAM	Venture capital	2000	1'607'164	2'777'805	0.3%
SV Life Sciences Fund IV, L.P.	NAM	Venture capital	2006	127'515	2'757'497	0.3%
MatlinPatterson Global Opportunities Partners III	NAM	Special situations	2007	202'199	2'172'997	0.3%
Terra Firma Capital Partners III, L.P.	WEU	Large/mega-large-cap	2006	79'547	1'738'072	0.2%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	27'913	1'563'370	0.2%
Exxel Capital Partners VI, L.P.	ROW	Small/Mid-cap	2000	0	1'390'665	0.2%
Sterling Investment Partners II, L.P.	NAM	Small/Mid-cap	2005	1'083'929	1'371'235	0.2%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	234'755	1'138'196	0.1%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Growth	2008	2'069	1'072'594	0.1%
Advent Latin American Private Equity Fund IV, L.P.	ROW	Large/mega-large-cap	2007	0	1'007'577	0.1%
Russia Partners III, L.P.	ROW	Small/Mid-cap	2007	104'958	885'049	0.1%
Sofinnova Capital VI FCPR	WEU	Venture capital	2008	0	839'449	0.1%
Total twenty partnership investments				7'487'497	58'854'404	7.3%

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

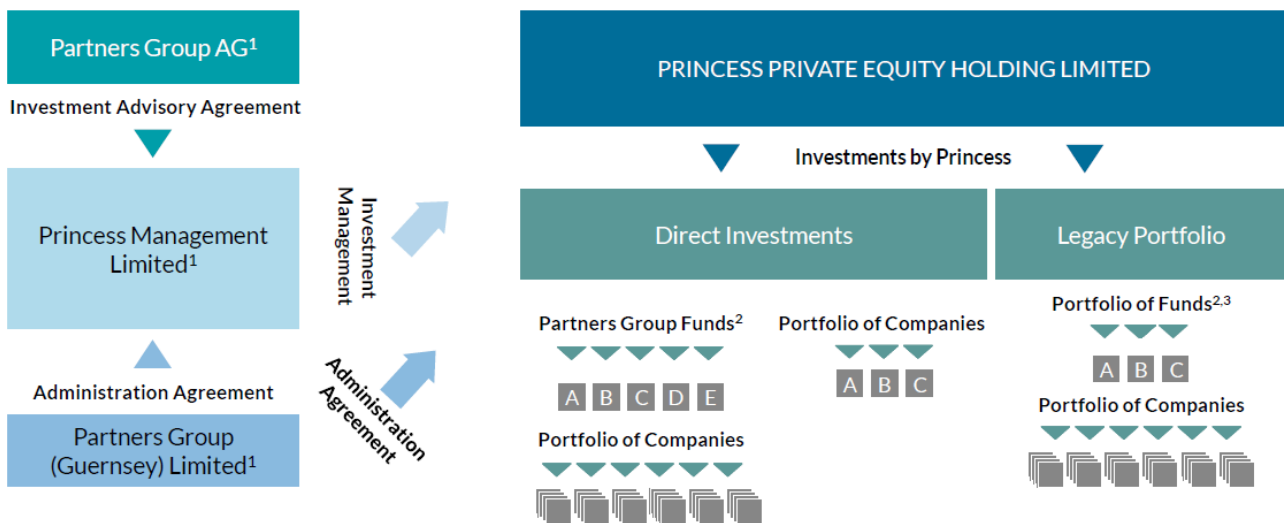
Princess Private Equity Holding Limited is a Guernsey registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity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

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

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

The Investment Manager is permitted to delegate some or all of its obligations and has entered into an advisory agreement with Partners Group AG (the "Investment Advisor"), which is a global private markets investment management firm with EUR 80 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

2 Such Portfolio of Funds may be a Partners Group investment vehicle and are made on a no fee basis

3 A portfolio of primary and secondary investments that are in wind-down and no new commitments will be made in the future

6. Company information

Company	Princess Private Equity Holding Limited
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5-8% p.a. on opening NAV
Incentive fee	No incentive fee on primary investments; 10% incentive fee per secondary investment; 15% incentive fee per direct investment; subject in each case to a 8% p.a. preferred return (with catch-up)
Incorporation	1999
Joint corporate brokers	JPMorgan Cazenove Numis Securities Ltd.
Listing	London Stock Exchange
Management fee	1.5% p.a.: Of the higher of NAV or value of Princess' assets less any temporary investments plus unfunded commitments
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey company, Authorised closed-ended fund in Guernsey
Trading information	ISIN (Euro and Sterling Quote): GG00B28C2R28 WKN (Euro and Sterling Quote): AOM5MA Trading symbol (Euro Quote): PEY Bloomberg (Euro Quote): PEY LN Reuters (Euro Quote): PEY.L Trading symbol (Sterling Quote): PEYS Bloomberg (Sterling Quote): PEYS LN Reuters (Sterling Quote): PEYS.L
Voting rights	Each ordinary registered share represents one voting right

7. Unaudited consolidated financial statements

Unaudited consolidated statement of comprehensive income

for the period from 1 January 2019 to 30 June 2019

In thousands of EUR	Notes	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Net income from financial assets at fair value through profit or loss		88'955	61'906
<i>Private equity</i>		88'145	54'586
Interest & dividend income		136	7'996
Revaluation	6	87'362	42'501
Withholding tax on direct private equity investments	6	(119)	-
Net foreign exchange gains / (losses)	6	766	4'089
<i>Private debt</i>		98	4'259
Interest income (including PIK)		1'743	1'102
Revaluation	6	(1'962)	1'597
Withholding tax on direct private debt investments	6	-	(18)
Net foreign exchange gains / (losses)	6	317	1'578
<i>Private real estate</i>		(108)	(8)
Revaluation	6	(108)	(8)
<i>Private infrastructure</i>		820	3'069
Revaluation	6	738	2'602
Net foreign exchange gains / (losses)	6	82	467
Net income from cash & cash equivalents and other income		(130)	647
Net foreign exchange gains / (losses)		(130)	647
Total net income		88'825	62'553
Operating expenses		(13'055)	(12'995)
Management fees		(5'958)	(5'313)
Incentive fees	11	(6'903)	(6'737)
Administration fees		(194)	(186)
Service fees		(125)	(125)
Other operating expenses		(552)	(487)
Other net foreign exchange gains / (losses)		677	(147)
Other financial activities		(4'209)	(7'152)
Setup expenses - credit facilities	10	(211)	(226)
Interest expense - credit facilities	10	(159)	-
Other finance cost		(42)	(228)
Net gains / (losses) from hedging activities		(3'797)	(6'701)
Other income		-	3
Surplus / (loss) for period		71'561	42'406

In thousands of EUR	Notes	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Other comprehensive income for period; net of tax		-	-
Total comprehensive income for period		71'561	42'406
Weighted average number of shares outstanding		69'151'168.00	69'151'168.00
Basic surplus / (loss) per share for period		1.03	0.61
Diluted surplus / (loss) per share for period		1.03	0.61

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 June 2019

In thousands of EUR	Notes	30.06.2019	31.12.2018
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	6,14	714'152	639'341
Private debt	6,14	80'164	89'563
Private real estate	6,14	3'910	4'788
Private infrastructure	6,14	25'363	25'114
Other long-term receivables		2'810	2'798
Non-current assets		826'399	761'604
Other short-term receivables		2'180	17'779
Hedging assets	14	3'895	1'578
Cash and cash equivalents	7	6'343	26'497
Current assets		12'418	45'854
TOTAL ASSETS		838'817	807'458
EQUITY AND LIABILITIES			
Share capital	8	69	69
Reserves	8	351'252	371'306
Retained earnings		453'840	382'279
Total equity		805'161	753'654
Short-term credit facilities	10	8'000	35'000
Accruals and other short-term payables		25'656	18'804
Liabilities falling due within one year		33'656	53'804
TOTAL EQUITY AND LIABILITIES		838'817	807'458

Unaudited consolidated statement of changes in equity

for the period from 1 January 2019 to 30 June 2019

In thousands of EUR	Share capital	Retained earnings	Reserves	Total
Balance at the beginning of period	69	382'279	371'306	753'654
Dividend paid	-	-	(20'054)	(20'054)
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	71'561	-	71'561
Equity at end of period	69	453'840	351'252	805'161

for the period from 1 January 2018 to 30 June 2018

In thousands of EUR	Share capital	Retained earnings	Reserves	Total
Balance at the beginning of period	69	331'945	410'031	742'045
Dividend paid	-	-	(19'362)	(19'362)
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	42'406	-	42'406
Equity at end of period	69	374'351	390'669	765'089

Unaudited consolidated statement of cash flows

for the period from 1 January 2019 to 30 June 2019

In thousands of EUR	Notes	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Operating activities			
Surplus / (loss) for the period before interest expense		71'720	42'406
Adjustments:			
Net foreign exchange (gains) / losses		(1'712)	(6'634)
Investment revaluation		(86'030)	(46'692)
Withholding tax on direct investments		119	18
Net (gain) / loss on interest		(1'868)	(1'224)
Net (gain) / loss on dividends		(11)	(7'874)
Revaluation on forward hedges		3'797	6'701
(Increase) / decrease in receivables		16'239	312
Increase / (decrease) in payables		6'930	(1'474)
Realized gains / (losses) from forward hedges		(6'113)	(4'063)
Purchase of private equity investments	6	(24'875)	(50'729)
Purchase of private debt investments	6	270	(2'065)
Purchase of private real estate investments	6	24	177
Distributions from and proceeds from sales of private equity investments	6	38'105	62'373
Distributions from and proceeds from sales of private debt investments	6	7'675	5'015
Distributions from and proceeds from sales of private real estate investments	6	746	1'674
Distributions from and proceeds from sales of private infrastructure investments	6	571	357
Interest & dividends received		1'655	8'937
Net cash from / (used in) operating activities		27'242	7'215
Financing activities			
Net increase / (decrease) in credit facilities	10	(27'000)	-
Interest paid - credit facilities	10	(212)	-
Dividends paid	8	(20'054)	(19'362)
Net cash from / (used in) financing activities		(47'266)	(19'362)
Net increase / (decrease) in cash and cash equivalents		(20'024)	(12'147)
Cash and cash equivalents at beginning of period	7	26'497	97'416
Effects of foreign currency exchange rate changes on cash and cash equivalents		(130)	647
Cash and cash equivalents at end of period	7	6'343	85'916

Notes to the unaudited consolidated financial statements

for the period from 1 January 2019 to 30 June 2019

1 Organization and business activity

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

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

2 Basis of preparation

The 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 2018, 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 2018.

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

Annual Improvements to IFRS Standards 2015-2017 Cycle (effective from 1 January 2019) Amendments to IAS 12
Amendments to IFRS 9 (effective from 1 January 2019) - Prepayment Features with Negative Compensation
Amendments to IAS 28 (effective from 1 January 2019) - Long-term Interests in Associates and Joint Ventures
Amendments to References to the Conceptual Framework in IFRS Standards (effective from 1 January 2020)

The Directors of the Company have assessed the impact of these standards and believe that the adoption of these amendments 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 June 2019:

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

4 Dividends

The Board of Directors of Princess Private Equity Holding Limited declared its first interim dividend for the year of EUR 0.29 per ordinary share, which was paid on 28 June 2019, amounted to EUR 20.1 million (Total dividend in 2018: EUR 38.7 million).

5 Segment calculation

In thousands of EUR	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Private equity		
Interest & dividend income	136	7'996
Revaluation	87'362	42'501
Withholding tax on direct private equity investments	(119)	-
Net foreign exchange gains / (losses)	766	4'089
Total net income private equity	88'145	54'586
Segment result private equity	88'145	54'586
Private debt		
Interest income (including PIK)	1'743	1'102
Revaluation	(1'962)	1'597
Withholding tax on direct private debt investments	-	(18)
Net foreign exchange gains / (losses)	317	1'578
Total net income private debt	98	4'259
Segment result private debt	98	4'259
Private real estate		
Revaluation	(108)	(8)
Total net income private real estate	(108)	(8)
Segment result private real estate	(108)	(8)
Private infrastructure		
Revaluation	738	2'602
Net foreign exchange gains / (losses)	82	467
Total net income private infrastructure	820	3'069
Segment result private infrastructure	820	3'069
Non attributable		
Net foreign exchange gains / (losses)	(130)	647
Total net income non attributable	(130)	647
Segment result non attributable	(13'185)	(12'348)
Other financial activities not allocated	(4'209)	(7'152)
Surplus / (loss) for the financial period	71'561	42'406

6 Financial assets at fair value through profit or loss

6.1 PRIVATE EQUITY

In thousands of EUR	30.06.2019	31.12.2018
Balance at beginning of period	639'341	525'538
Purchase of Direct and Indirect Investments	24'875	132'398
Distributions from and proceeds from sales of Direct and Indirect Investments	(38'105)	(83'830)
Accrued cash and PIK interest	32	(4)
Revaluation	87'362	57'219
Withholding tax on direct private equity investments	(119)	-
Foreign exchange gains / (losses)	766	8'020
Balance at end of period	714'152	639'341

6.2 PRIVATE DEBT

In thousands of EUR	30.06.2019	31.12.2018
Balance at beginning of period	89'563	100'711
Purchase of Direct and Indirect Investments	(270)	20'963
Distributions from and proceeds from sales of Direct and Indirect Investments	(7'675)	(37'860)
Accrued cash and PIK interest	191	332
Revaluation	(1'962)	2'620
Withholding tax on direct private debt investments	-	(18)
Foreign exchange gains / (losses)	317	2'815
Balance at end of period	80'164	89'563

6.3 PRIVATE REAL ESTATE

In thousands of EUR	30.06.2019	31.12.2018
Balance at beginning of period	4'788	7'816
Purchase of Direct and Indirect Investments	(24)	(262)
Distributions from and proceeds from sales of Direct and Indirect Investments	(746)	(2'511)
Revaluation	(108)	(255)
Balance at end of period	3'910	4'788

6.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	30.06.2019	31.12.2018
Balance at beginning of period	25'114	19'520
Distributions from and proceeds from sales of Direct and Indirect Investments	(571)	(357)
Revaluation	738	5'080
Foreign exchange gains / (losses)	82	871
Balance at end of period	25'363	25'114

7 Cash and cash equivalents

In thousands of EUR	30.06.2019	31.12.2018
Cash at banks	6'343	26'497
Total cash and cash equivalents	6'343	26'497

8 Share capital, treasury shares and reserves

8.1 CAPITAL

In thousands of EUR	30.06.2019	31.12.2018
Issued and fully paid		
69'151'168 Ordinary shares of EUR 0.001 each out of the bond conversion	69	69
Total issued and fully paid shares	69	69

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

During the reporting period, the Company has not purchased or cancelled any of its own shares (2018: nil).

8.2 RESERVES

In thousands of EUR	30.06.2019	31.12.2018
Distributable reserves		
Distributable reserves at beginning of reporting period	371'306	410'031
Dividend payment	(20'054)	(38'725)
Total distributable reserves at end of reporting period	351'252	371'306

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 was payable upon closing and a monitoring fee of EUR 25'000 payable annually.

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

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

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

10 Short-term credit facilities

In thousands of EUR	30.06.2019	31.12.2018
Short term credit facility		
Balance at beginning of period	35'000	-
Increase in credit facility	8'000	43'000
Decrease in credit facility	(35'000)	(8'000)
Balance at end of period	8'000	35'000

11 Incentive fees

In thousands of EUR	30.06.2019	31.12.2018
Balance at beginning of period	13'362	11'070
Change in incentive fees attributable to General Partner	6'903	11'062
Incentive fees paid/payable	(2'823)	(8'770)
Balance at end of period	17'442	13'362

12 Commitments to Direct and Indirect Investments

In thousands of EUR	30.06.2019	31.12.2018
Unfunded commitments translated at the rate prevailing at end of period	80'100	93'775

13 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 2019 and 2018.

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	30.06.2019	31.12.2018
Net assets of the Group	805'161	753'654
Outstanding shares at the end of the reporting period	69'151'168.00	69'151'168.00
Net assets per share at end of period	11.64	10.90

14 Fair value measurement

14.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Short-term receivables	-	-	2'180	2'180
Derivatives used for hedging	-	3'895	-	3'895
Financial assets at fair value through profit or loss - equity securities	9'635	1'702	732'088	743'425
Financial assets at fair value through profit or loss - debt investments	-	-	80'164	80'164
Total assets	9'635	5'597	814'432	829'664
Liabilities				
Derivatives used for hedging	-	-	-	-
Total liabilities	-	-	-	-

14.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

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

14.3 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 relevant reporting period. The valuation may also be adjusted for further information gathered through an ongoing investment monitoring process. This monitoring process includes, but is not limited to, binding bid offers, non-public information on developments of portfolio companies held by indirect investments, syndicated transactions which involve such companies and the application of reporting standards by Indirect Investments which do not apply the principle of fair valuation.

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

In order to assess Level 3 valuations, the Investment Advisor reviews the performance of the direct and indirect Investments held on a regular basis. The appropriateness of the valuation model inputs, as well as the valuation result, are considered using various valuation methods and techniques generally recognized within the industry. From time to time, the Group may consider it appropriate to change the valuation model or technique used in the fair valuation depending on the individual investment circumstances, such as its maturity, stage of operations or recent transaction.

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

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

Direct debt investments are valued using indicative broker quotes, provided by an independent third party, which may or may not be traded in an active market. These quotes are applied to the nominal value of those investments in deriving the fair value.

The Group utilizes the sales comparison method in arriving at the valuation for direct real estate investments. The sales comparison method compares a direct real estate investment's characteristics with those of comparable properties which have recently been traded in the market. Factors considered in the determination of such comparable assets include, but are not limited to, size, location, development stage and property type. Consequently, the most appropriate measure for determining the valuation of the relevant direct real estate investment is selected (amongst others price per room, price per square foot,

price per square meter). The comparable price per unit might be subject to adjustment for general qualitative differences which include, but are not limited to, quality of property and access to public transportation. The indicated fair value of the direct real estate investment is determined by applying the relevant price per unit to the respective direct real estate investment. The sales comparison method is most appropriate for direct real estate investments where the investment's size (e.g. number of rooms, square feet, square meters) is known and similar properties have recently traded in the market.

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

The valuations of Level 3 direct equity investments are derived 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.

The valuations of Level 3 direct debt investments are derived using widely acceptable valuation methods suitable for debt investments which include, but are not limited to, using indicative broker quotes which may not be traded in an active market, the waterfall approach and the comparable debt approach.

The waterfall approach takes into account the different seniority levels of debt in arriving at the valuation. 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. The comparable debt approach arrives at the valuation of a direct debt investment by discounting its expected future cash flows to a present value with a benchmark rate derived from observable pricing levels of comparable debt instruments. Factors considered in the determination of such comparable instruments include, but are not limited to, industry, coupon, duration and maturity date.

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

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

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

The sensitivity analysis 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 respect to direct real estate debt investments, a sensitivity analysis as performed for direct equity investments, with changes in the relevant unobservable valuation inputs, would not translate into meaningful valuation movements. The reasons for this conclusion include, but are not limited to, the fact that the income generated from direct real estate 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 real estate debt investments are valued using the direct debt valuation approaches

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. If 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), then there is no indication that the Group as a lender would be unable 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. The value of a direct real estate debt investment would not fluctuate in direct proportion to any changes to a significant unobservable valuation input into the determination of gross asset value. Any fluctuation in gross asset value of the property would only have an impact on the value of a direct real estate debt investment 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 respect to direct real estate equity investments, the sensitivity analysis as performed for direct equity investments, with changes in the relevant unobservable inputs, would not translate into meaningful valuation movements. The reasons for this conclusion include, but are not limited to, the fact that variations in property location, quality and business plan result in comparisons across properties that are not meaningful. Unobservable inputs for a specific region will vary greatly based on the property's micro location, building finishes and amenities and leasing strategy. One-to-one comparisons are not possible even for buildings that are physically close to each other due to the differences in property features and occupancy.

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

14.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 30.06.2019	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
Direct Investments						
Direct equity investments	377'361	Market comparable companies	Enterprise value to EBITDA multiple	8.20x - 19.25x (14.55x)	33'914	(33'914)
	22'440	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	151	(151)
	124	Exit price	Recent transaction price	n/a	n/a	n/a
	20'625	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
Direct debt investments	23'058	Discounted cash flow	Discount factor	8.46% - 10.14% (9.46%)	517	(517)
	24'957	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
	934	Market comparable companies	Enterprise value to EBITDA multiple	11.00x - 11.00x (11.00x)	n/a	n/a
Indirect Investments						
	344'129	Adjusted reported net asset value	Reported net asset value	n/a	17'206	(17'206)
	(1'376)	Adjusted reported net asset value	Fair value adjustments	n/a	(69)	69

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

14.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

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

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

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Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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