



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

INTERIM REPORT 2019

For the period from 1 January 2019 to 30 September 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 September 2019
Total fund size	753'654'265	840'902'838
NAV per share	10.90	12.16
Total dividend per share	0.56	0.29
Share price	8.40	9.72
Discount	-22.9%	-20.1%
Cash and cash equivalents	26'496'950	5'892'183
Credit line used	35'000'000	25'500'000
Value of investments	758'633'349	874'655'160
Unfunded commitments	93'775'304	79'294'483
Investment level	100.7%	104.0%
Net current assets	-4'979'085	-33'752'322
Over-commitment ratio	13.1%	13.4%
Over-commitment ratio incl. credit line	11.1%	10.5%

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 14.4% in the first nine months of 2019

The net asset value ("NAV") of Princess Private Equity Holding Limited ("Princess") continued to develop positively and closed the reporting period at EUR 12.16 per share, a capital increase of 11.6% in the first nine months of the year. Princess paid an increased first interim dividend of EUR 0.29 per share (2018: 0.28 per share) in June 2019, and thus achieved a NAV total return of +14.4% over the first three quarters of 2019.

Valuation developments (+17.2%) were responsible for the bulk of NAV growth, while currency effects (+0.2%) had a positive but small impact on performance. The largest contributors to Princess' NAV growth over the third quarter were the investments in Permotio International Learning ("Permotio"), Action, Foncia, and KinderCare:

● PERMOTIO INTERNATIONAL LEARNING

Permotio, an investment vehicle formed to create a leading international schools group through a buy-and-build strategy, was written up as a result of strong financial performance. Adjusted EBITDA increased by 38.0% to EUR 74.4 million over the same period, driven by the acquisitions and like-for-like growth at existing schools. Permotio completed five acquisitions during the twelve months ended 30 June 2019, expanding its platform to 41 schools in 10 countries, educating approximately 39'000 students.

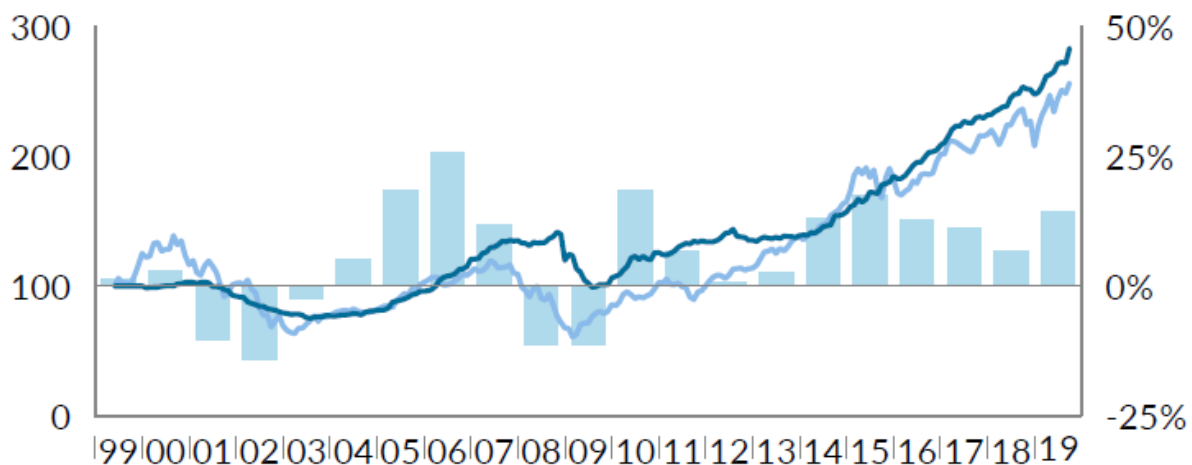
● ACTION

Action, the leading European non-food discount retailer, was positively revalued to reflect an increase in reported EBITDA. The company continues to expand its European footprint. From 250 stores in 2011, Action now operates over 1'440 stores across Benelux, Germany, France, Poland and Austria. Going forward the company will focus on strengthening its supply chain infrastructure in order to support the ongoing store roll-out program.

● FONCIA

Foncia, a France-based property management and real estate services provider, continued to deliver solid financial results over the third quarter of 2019. For the twelve months ended June 2019, revenue grew by 6.1% year on year to EUR 911.5 million while EBITDA increased by 16.4% to EUR 204.8 million, driven by Foncia's M&A strategy. Foncia focused on pricing and revenue management, increased the penetration of ancillary services within its network, while the development was supported by market tailwinds that have promoted organic growth.

NAV PERFORMANCE (SINCE INCEPTION)*



■ Princess ■ MSCI World TR ■ Performance (RHS)

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

● **KINDERCARE EDUCATION**

KinderCare, the largest private early education provider in the US, was revalued upwards on the back of robust financial results. The results were mainly driven by higher tuition rates, a greater number of full-time students in attendance and strong growth from new center openings.

Distribution activity (first nine months)

Investment	Exit (full or partial)	Strategy	Amount (EUR million)
Agiliti	Full	Equity	10.8
Ceridian HCM	Partial	Equity	9.2
Legacy fund portfolio			25.5
Other			14.2
Total distributions for the first nine months 2019			59.7

Distribution activity

Distributions from Princess' underlying portfolio totaled EUR 59.7 million for the first nine months of 2019. EUR 34.2 million stemmed from direct investments with the balance of EUR 25.5 million from Princess' legacy fund portfolio, which continues to generate a high volume of exits from mature underlying portfolio companies. Post period-end, the full realizations of Action and Vermaat were agreed. Alongside other funds managed and/or advised by Partners Group, Princess will fully realize its investment in Action. The transaction values Action at an enterprise value of EUR 10.25 billion and represents a marginal uplift to the carrying value of EUR 89.6 million in Princess' portfolio as at 30 September 2019. Princess will receive estimated proceeds of EUR 17.8 million from the realization of Vermaat, compared to a carrying value of EUR 16.0 million as at 30 September 2019.

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

● **CERIDIAN HCM**

During the quarter, Princess continued to reduce its position in Ceridian HCM, a global human capital management software provider. EUR 3.2 million stemmed from the ongoing sale of shares following the company's listing on the New York Stock Exchange in April 2018.

Investment activity (first nine months)

Investment	Strategy	Amount (EUR million)
Convex Group	Equity	8.9
Permotio International Learning (Follow-on)	Equity	8.0
Idera	Equity	7.9
Confluent Health	Equity	5.4
Blue River PetCare, LLC	Equity	4.8
BCR Group	Equity	2.2
Schleich GmbH	Equity	2.0
Other		2.8
Total investments for the first nine months 2019		42.0

Investment activity

In the first nine months of the year, Princess invested a total of EUR 42.0 million, of which EUR 9.0 million was invested in three new direct equity investments (Blue River PetCare, BCR Group, Schleich) during the third quarter:

● **BLUE RIVER PETCARE**

Princess invested EUR 4.8 million in Blue River, a leading US-based operator of veterinary hospitals for companion animals. Founded in 2009 and headquartered in Chicago, Illinois, Blue River operates over 90 general practice hospitals in 23 states, employing over 300 veterinarians and specialists. Blue River operates in the general practice veterinary services space, a segment that has proven to be stable through economic cycles, as vet expenditures are perceived as non-discretionary in nature. The sector is highly fragmented and total consolidation represents just 13% of veterinary hospitals in the market. Going forward, Partners Group will work closely with Blue River to expand its business development team and source for small-scale acquisitions. The company will also invest in local and digital marketing efforts, as well as online scheduling to drive same-site volume through new and repeat customer growth. Additionally, the company will apply market-based pricing at the clinic level and pursue other top line and bottom line value creation opportunities.

● **BCR GROUP**

EUR 2.2 million was invested in BCR Group in September. Founded in 2008 and headquartered in Shanghai, BCR Group provides retail display solutions, offering design and manufacturing services as well as installation of display fixtures, primarily in the sportswear segment. Sportswear retail is the fastest growing segment of the Chinese retail market, having grown at a double-digit CAGR between 2014 and 2018. BCR is considered an attractive investment given its blue-chip customer base and robust business model which generates

recurring revenue through store revamps and upgrades, new store openings and seasonal fashion displays. Following the acquisition, Partners Group will work closely with BCR to drive consolidation of the retail display market and to expand into adjacent end-markets.

● SCHLEICH

Princess invested EUR 2.0 million in Schleich. Founded in 1935 and headquartered in Schwäbisch Gmünd, Germany, Schleich is one of Germany's largest toy manufacturers and specializes in figurines and playsets, which are sold in more than 50 countries through over 40'000 offline points of sale and online. Schleich is considered an attractive investment given its market-leading position for figurines in the DACH region, along with a strong brand name known for high quality, durability and detailing. The company has demonstrated a robust revenue CAGR of 15.9% from 2014-2018, driven by expansion into playsets in Germany and growth in international markets, and has visible growth opportunities across geographic lines, sales channels and product categories. Following the acquisition, Partners Group will work closely with Schleich's management team on driving international expansion across key markets such as the UK, France, and the US, by increasing brand awareness, pushing e-commerce and defining clear channel strategies.

Share price development and dividend

Princess' share price total return was +19.1% over the first nine months of 2019. The Company paid an increased first interim dividend for 2019 of EUR 0.29 per share (2018: 0.28 per share) in June 2019. Together with the second interim dividend for 2018 of EUR 0.28 per share, this translates into a dividend yield of 5.9% on the share price as of period end. A second interim dividend of EUR 0.29 was declared in November, with a payment date of 20 December 2019.

Liquidity and unfunded commitments

During the first nine months of 2019, Princess' investment level increased to 104.0% of NAV. As of the end of the reporting period, the Company had drawn EUR 25.5 million of its EUR 50 million revolving credit facility, which it maintains to meet short-term liquidity requirements.

Total unfunded commitments at 30 September 2019 amounted to EUR 79.3 million. EUR 51.0 million of commitments related to Partners Group's direct investment programs, while commitments to third party funds amounted to EUR 28.3 million (predominantly pre-crisis vintages which, in the Investment Advisor's view, are unlikely to be called in full). In line with the strategy to focus on direct investments, no new third party fund commitments will be made.

Outlook

Partners Group, in its capacity as Investment Advisor to Princess, remains highly selective in identifying suitable investments for the Company's portfolio. Investment activity is determined by Partners Group's relative value assessment and a focus on companies in sectors demonstrating the potential for transformative growth. In addition, buy-and-build and operational value-creation strategies help to mitigate the risk of multiple contraction in the current high valuation environment. Currently, there are over 200 active value creation projects across the portfolio. Reflecting 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

Global equity markets were mixed during the third quarter of 2019, roiled by recession concerns, trade tension developments between the US and China, Brexit news, as well as demonstrations in Hong Kong. A lower pace of capital expenditure and manufacturing activity were two key drivers behind the sharp slowdown in corporate earnings across the US and Europe, while the level of hiring is decreasing. In the short term, there is a possibility of a more pronounced slowdown in economic growth, particularly in parts of Europe. This is driven by idiosyncratic developments (Italy, UK) on the one hand, and by the spillover effects of trade tensions on the other, given the large share of the manufacturing industry in the region's economy. In particular, Germany is deeply engrained in the global supply chain. In the long term, there are other factors that should keep global growth on a modest path: overall productivity growth remains low, while record high leverage levels are putting a further barrier on sustainable credit-led growth.

Looking back on what is now the longest US economic expansion since the 1930s, Partners Group noted the unprecedented scale of accommodative monetary policy still driving progress. While asset prices have rallied strongly, in most cases decoupling from fundamentals, GDP growth has been modest and far from pre-2008 averages. Valuations for most assets are at the upper end of the 20-year historical ranges, and as the business cycle extends further, they will become more sensitive to underlying growth assumptions.

Private equity buyout activity

For the third quarter of 2019, global private equity buyout activity recorded a volume of USD 89.6 billion, representing a year-on-year drop of 12.1% compared to the third quarter last year. Similarly, the number of deals decreased by 20.4% to 1,198, according to Preqin. Large-cap and upper mid-market investments with deal value of USD 1 billion or more continued to account for the majority of buyout activity, representing 68.2% of the global aggregate.

North America continued to dominate the global buyout deal activity with 50.4% of total deal value. For the third quarter of 2019, buyout activity in the region declined by 23.5% year on year to USD 45.2 billion across 668 transactions. The largest deal announced was the USD 10.7 billion acquisition of Symantec's enterprise security assets by global semiconductor components supplier Broadcom. Symantec is a US-based provider of cybersecurity software and services.

Private equity buyout activity in Europe increased by 43.4% to USD 32.4 billion, accounting for 36.2% of aggregate deal value. Of the 426 transactions announced, the largest was the GBP 4.0 billion (USD 5.0 billion) take-private acquisition of UK-based aerospace and defense supplier Cobham by private equity firm Advent International.

In Asia, buyout deal value dropped by 58.6% to USD 5.8 billion during the third quarter of 2019, while deal count was down 47.5% to 53, against the backdrop of a global economic slowdown and the ongoing trade tension between the US and China. The most significant deal announced was the USD 1.2 billion joint-acquisition of Columbia Asia Hospitals, by Malaysian conglomerate Hong Leong Group and private equity firm TPG. The assets transacted comprised 17 hospitals and one clinic across Malaysia, Indonesia and Vietnam.

Private equity exit activity

Global private equity exit activity for the third quarter of 2019 decreased by 28.4% year on year to USD 73.6 billion, while the number of exit deals declined by 31.7% to 423, according to Preqin. The most common exit strategy continued to be trade sales, which accounted for 65.2% of total exit value.

Aggregate exit value in North America fell by 63.6% year on year to USD 27.3 billion across 208 transactions, compared to the third quarter of 2018. The largest exit in the region was the USD 5.0 billion sale of SemGroup Corporation, a US-based provider of energy transportation networks, to Energy Transfer, an operator and owner of a diversified portfolio of energy assets in the US.

Europe overtook North America to dominate the global private equity exit activity in the third quarter of 2019, representing 46.4% of total activity. The region experienced a boost in exit value by 38.9% year on year, to USD 34.1 billion during the quarter. Of the 159 transactions, the largest in the region and globally was the USD 27 billion sale of Refinitiv, a global provider of financial information, to London Stock Exchange.

Aggregate exit value in Asia was recorded at USD 6.4 billion across 32 transactions, representing declines of 51.5% and 33.3%, respectively. The largest exit in the region was the sale of KKR-owned Kokusai Electric to its US-based competitor Applied Materials, in a JPY 250 billion (USD 2.3 billion) transaction. Based in Japan, Kokusai Electric is a producer of semiconductor manufacturing equipment.

IPO activity

Trade tensions among the US, China and the European Union, concerns about economic growth, the unresolved Brexit issue and social unrest in Hong Kong persisted over the third quarter of 2019, exacerbating a typically quiet quarter for global IPO activity in many markets. Compared to the third quarter of 2018, global IPO proceeds decreased by 22% to USD 40.2 billion, while the number of IPOs declined by 24% to 256, according to Ernst and Young. A backlog of high-quality IPO issuers continued to grow as they wait for better market sentiment.

During the third quarter of 2019, IPO proceeds in the US dropped by 6% year on year to USD 11.9 billion, while the number of IPOs was down by 30% to 39. Healthcare and technology companies continued to dominate the IPO activity in the country, accounting for 70% in proceeds and 64% in total IPO number. The most significant IPO was the USD 1.3 billion NASDAQ-listing of SmileDirectClub, a US-based teeth straightening company.

The EMEIA region continued to face geographical headwinds and dampened market sentiment during the quarter. The region raised a total of USD 4.6 billion across 36 IPOs, representing a year-on-year drop of 9% and 61%, respectively. The largest IPO in the region was the listing of TeamViewer, a Germany-based software developer for remote connectivity solution, which raised EUR 2.2 billion (USD 2.4 billion) on the Deutsche Börse.

Along with other regions, IPO proceeds in the Asia-Pacific region declined by 29% year on year to USD 23.7 billion across 173 transactions, impacted by the ongoing trade tensions between China and the US. Nonetheless, Asia-Pacific continued to dominate the global IPO activity in the third quarter of 2019. The largest IPO in the region was the USD 5 billion listing of Budweiser Brewing Co APAC on the Stock Exchange of Hong Kong. The company is the Asia business of Anheuser-Busch InBev, the world's largest brewer.

Fundraising activity

Private equity fundraising activity during the third quarter of 2019 remained relatively constant at USD 238.4 billion, compared to the third quarter of 2018 which recorded USD 241.6 billion. However, the number of funds that held a final close decreased by 22.9% to 384, as capital continued to concentrate among a small number of mega-funds, according to Preqin. The largest fund that held its final close during the quarter was China Integrated Circuit Industry Investment Fund II, with a fund size of USD 29.1 billion.

As with previous quarters, North America-focused funds continued to dominate the fundraising activity, with USD 145.9 billion raised across 211 funds. The largest fund that held its final close was Blackstone Capital Partners VIII, which reached a fund size of USD 26 billion, accounting for 17.8% of aggregate capital raised in the region.

Europe-focused funds saw a year-on-year drop of 17.5% in its fundraising activity, with USD 37.6 billion raised across 61 funds. The largest fund that closed in the region was Alcentra European Direct Lending Fund III, with a fund size of EUR 5.5 billion (USD 6.2 billion).

Asia-focused funds have rebounded from a fundraising lull experienced in the first half of 2019, and recorded a year-on-year increase of 55.3% to USD 48.3 billion over the third quarter of 2019, compared to the same period last year. Of the 84 funds that held its final close, the largest was the abovementioned China Integrated Circuit Industry Investment Fund II, accounting for 60.2% of aggregate capital raised in the region.

Outlook

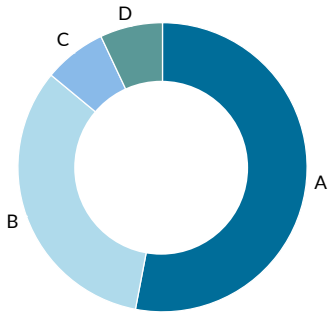
Looking ahead, Partners Group's base case macroeconomic scenario assumes a continuation of the low-growth environment, predicated on the assumption that central banks will maintain stubbornly loose monetary policies. This is supported by rate cuts by the Federal Reserve, European Central Bank (ECB) and various other central banks including Australia, New Zealand, India, Mexico, Turkey and Russia, complemented by ECB's quantitative easing. While Partners Group believes the global business cycle has further to run on the back of robust private demand and continued monetary policy support, we have lowered the economic growth outlook to reflect the signs of a cyclical slowdown and increasing geopolitical uncertainty, including ongoing trade tensions and Brexit uncertainty.

Against this backdrop, Partners Group aims to identify transformative trends generating higher growth rates across specific sub-sectors. Within these, we look for companies that enable us to actively build out cash flows and develop valuation resilience at the asset level, through value creation and strong entrepreneurial governance. At the same time, Partners Group maintains a prudent investment approach,

and factors in multiple contraction in the direct underwriting over the holding period.

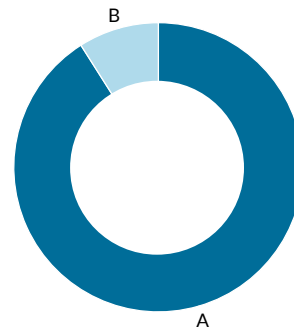
Sources: Preqin "Q3 2019 Private Capital Fundraising, Deals/Exits"; Preqin "Q3 2019 Quarterly Update: Private Equity & Venture Capital"; Ernst & Young "Global IPO trends: Q3 2019"; Greenhill Secondary Market Trends and Outlook - July 2019; Partners Group Research

3. Portfolio composition



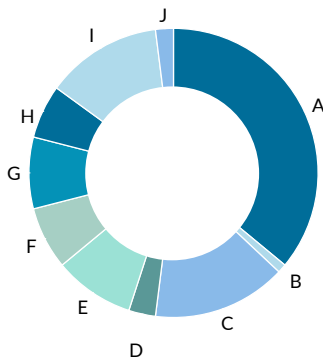
Investments by regional focus

A Europe	53%	C Asia-Pacific	7%
B North America	33%	D Rest of World	7%



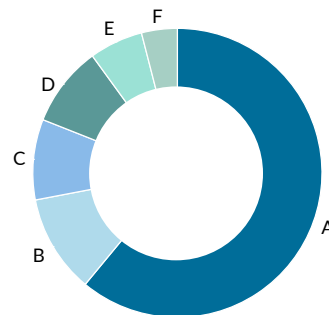
Investments by transaction type

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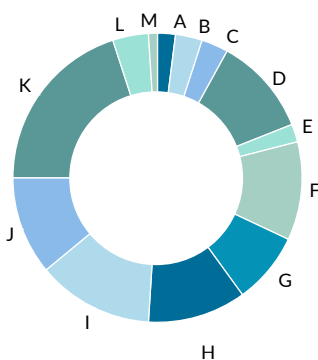
Portfolio assets by industry sector

A Consumer discr.	36%	F Industrial	7%
B Telecom	1%	G Consumer staples	8%
C IT	15%	H Materials	6%
D Energy	3%	I Healthcare	13%
E Financial	9%	J Utilities	2%



Investments by financing category

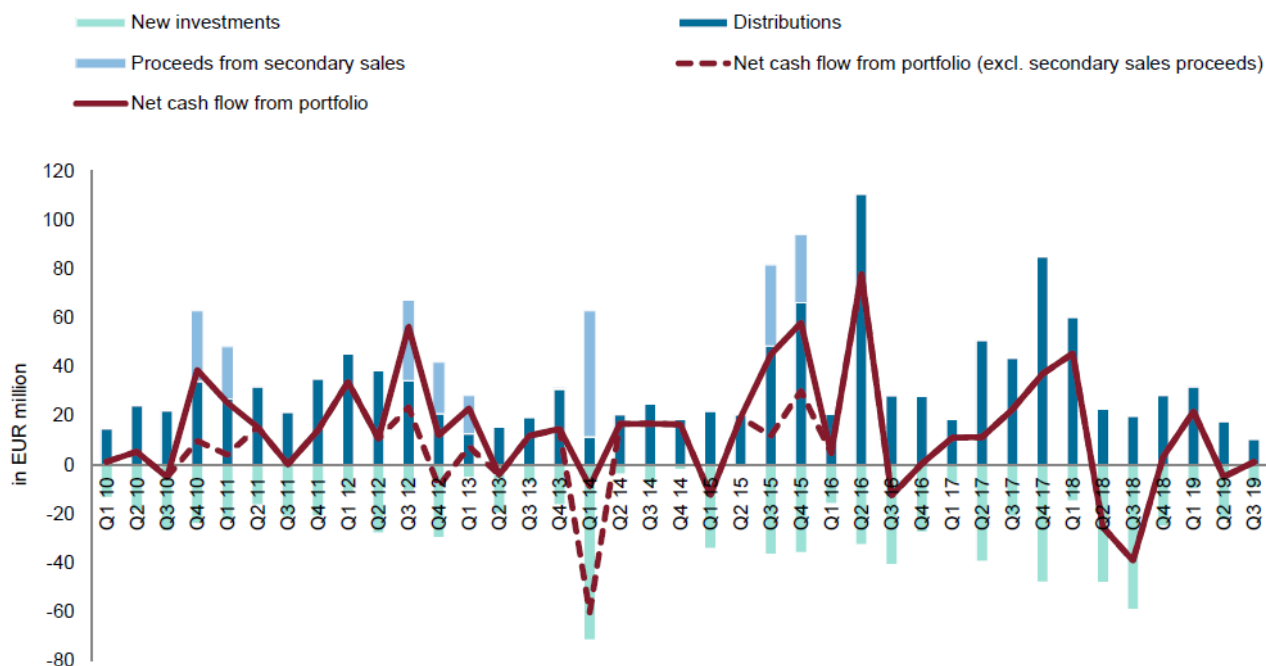
A Small/Mid-cap	61%	D Growth	9%
B Large/mega-large-cap	11%	E Venture capital	6%
C Special situations	9%	F Mezzanine	4%



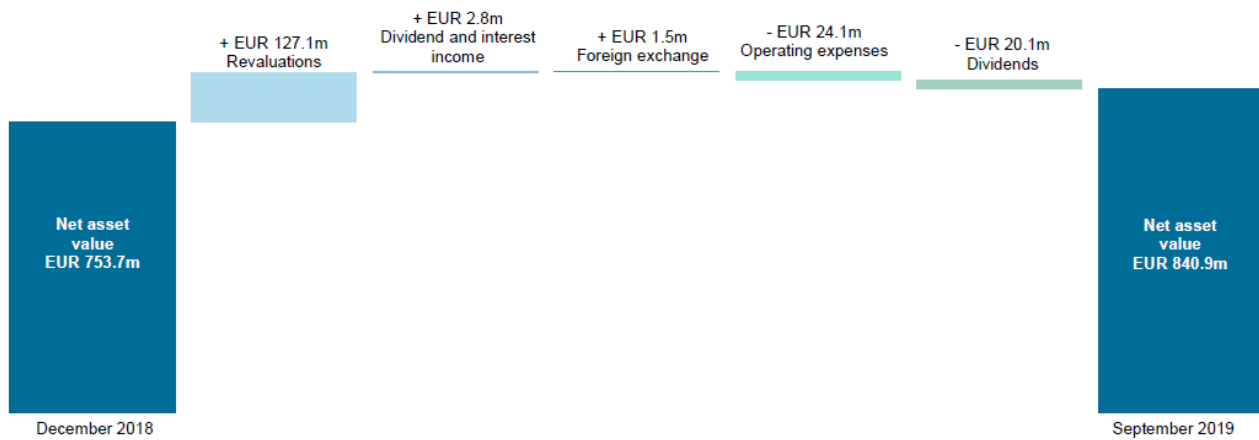
Investments by investment year

A	Pre 2007	2%	H	2015	11%
B	2007	3%	I	2016	13%
C	2008	3%	J	2017	11%
D	2011	11%	K	2018	20%
E	2012	2%	L	2019	4%
F	2013	11%	M	Other	1%
G	2014	8%			

DEVELOPMENT OF PORTFOLIO NET CASH FLOWS



NAV DEVELOPMENT



VALUATION METRICS OF DIRECT EQUITY COMPANIES

	Top 10	Top 20	Full sample
EV/EBITDA	15.4x	14.8x	14.2x
Net debt/EBITDA	4.8x	5.1x	5.1x
Leverage	34.5%	37.5%	38.3%
Weighted average EV	EUR 3.8bn	EUR 3.5bn	EUR 3.1bn

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; 84.3% 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 or the 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	99'449'925	11.8%
Action	Consumer discretionary	WEU	Small/Mid-cap	2011	0	89'648'366	10.7%
GlobalLogic Inc.	Information technology	NAM	Small/Mid-cap	2018	23'599'360	39'987'922	4.8%
Foncia	Financials	WEU	Small/Mid-cap	2016	19'469'878	39'492'458	4.7%
KinderCare Education	Consumer discretionary	NAM	Small/Mid-cap	2015	9'819'762	31'553'467	3.8%
Form Technologies	Materials	NAM	Small/Mid-cap	2015	24'541'733	30'123'264	3.6%
Tejas Gas De Toluca, S. de R.L. Da C.V.	Energy	ROW	Special situations	2014	13'388'570	29'275'826	3.5%
Techem Metering GmbH	Industrials	WEU	Large/mega-large-cap	2017	19'244'061	23'402'012	2.8%
Ammega (Megadyne - Ammeraal Beltech)	Industrials	WEU	Small/Mid-cap	2018	19'119'061	21'799'911	2.6%
Hearthside Food Solutions	Consumer staples	NAM	Large/mega-large-cap	2018	21'172'358	21'230'398	2.5%
Vishal Mega Mart	Consumer discretionary	APC	Small/Mid-cap	2018	14'348'174	21'166'766	2.5%
Hofmann Menue Manufaktur	Consumer staples	WEU	Small/Mid-cap	2013	5'146'706	19'203'002	2.3%
PCI Pharma Services	Healthcare	NAM	Small/Mid-cap	2016	10'924'509	18'545'093	2.2%
Cerba HealthCare	Healthcare	WEU	Small/Mid-cap	2017	11'825'265	17'718'612	2.1%
SRS Distribution, Inc.	Materials	NAM	Small/Mid-cap	2018	15'281'124	16'025'456	1.9%
Vermaat	Consumer discretionary	WEU	Small/Mid-cap	2015	4'114'052	16'011'358	1.9%
Civica	Information technology	WEU	Small/Mid-cap	2013	11'394'702	15'387'065	1.8%
Envision Healthcare Holdings, Inc.	Healthcare	NAM	Mezzanine	2018	18'424'535	15'260'280	1.8%
United States Infrastructure Corporation	Utilities	NAM	Small/Mid-cap	2017	12'063'461	14'876'666	1.8%
Global Blue	Financials	WEU	Small/Mid-cap	2012	834'111	13'604'065	1.6%
CPA Global	Information technology	WEU	Large/mega-large-cap	2017	10'174'827	13'389'712	1.6%
MultiPlan, Inc. (2016)	Healthcare	NAM	Large/mega-large-cap	2016	4'795'996	12'606'130	1.5%
Caffe Nero	Consumer staples	WEU	Mezzanine	2013	6'706'474	n.a.	n.a.
Guardian Childcare & Education	Consumer discretionary	APC	Small/Mid-cap	2016	8'503'877	10'686'512	1.3%
Voyage Care	Healthcare	WEU	Small/Mid-cap	2014	7'863'033	9'738'586	1.2%
STADA Arzneimittel AG	Healthcare	WEU	Large/mega-large-cap	2017	6'225'411	9'485'427	1.1%
Pacific Bells	Consumer staples	NAM	Small/Mid-cap	2015	6'435'929	9'270'910	1.1%
IDEMIA	Information technology	WEU	Large/mega-large-cap	2016	10'530'976	9'179'777	1.1%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		
					Residual cost	Net asset value	% of NAV
Convex Group Limited	Financials	NAM	Small/Mid-cap	2019	9'126'075	9'126'075	1.1%
Idera Inc.	Information technology	NAM	Small/Mid-cap	2015	8'254'994	8'254'994	1.0%
Amann Girrbach	Healthcare	WEU	Small/Mid-cap	2018	8'323'509	7'937'335	0.9%
Trimco International Holdings Ltd	Industrials	APC	Small/Mid-cap	2012	6'374'690	7'175'695	0.9%
SHL	Information technology	WEU	Small/Mid-cap	2018	6'245'648	6'504'463	0.8%
S. TOUS, S.L.	Consumer discretionary	WEU	Small/Mid-cap	2015	3'865'897	6'244'665	0.7%
SPI Global	Information technology	APC	Small/Mid-cap	2017	4'798'149	6'078'299	0.7%
Hortifruti	Consumer staples	ROW	Small/Mid-cap	2016	5'499'421	6'031'725	0.7%
Confluent Health	Healthcare	NAM	Small/Mid-cap	2019	5'632'675	5'632'675	0.7%
CSS Corporate Technologies	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.
Polyconcept	Consumer discretionary	NAM	Small/Mid-cap	2016	3'570'284	5'354'516	0.6%
Key Group	Financials	WEU	Small/Mid-cap	2017	3'443'640	5'187'631	0.6%
Logoplaste	Materials	WEU	Special situations	2016	4'529'756	n.a.	n.a.
Grupo SBF	Consumer discretionary	ROW	Growth	2012	1'890'312	5'084'877	0.6%
Prosol	Consumer staples	WEU	Special situations	2017	4'509'995	5'062'408	0.6%
Blue River PetCare, LLC	Healthcare	NAM	Small/Mid-cap	2019	4'910'048	4'910'048	0.6%
Ceridian HCM	Industrials	NAM	Large/mega-large-cap	2007	0	4'849'485	0.6%
European Sports Rights Company	Consumer discretionary	WEU	Special situations	2006	4'426'652	4'738'091	0.6%
Aavas Financiers Limited	Financials	APC	Small/Mid-cap	2016	256'794	4'700'100	0.6%
Springer Science+Business Media	Consumer discretionary	WEU	Special situations	2010	3'986'494	n.a.	n.a.
BarBri	Consumer discretionary	NAM	Small/Mid-cap	2011	1'737'923	4'629'282	0.6%
Pharmaceutical developer	Healthcare	WEU	Small/Mid-cap	2013	10'866'954	4'414'235	0.5%
Total fifty direct investments					436'084'112	807'091'302	96.0%

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	55'033	9'494'677	1.1%
3i Eurofund Vb	WEU	Small/Mid-cap	2006	287'195	8'355'742	1.0%
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	735'909	6'893'076	0.8%
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1'759'056	3'784'286	0.5%
Index Ventures Growth I (Jersey), L.P.	WEU	Growth	2008	0	3'428'742	0.4%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	3'238'208	0.4%
Anonymized European Buyout Fund 7	WEU	Small/Mid-cap	2007	1'026'787	3'214'124	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	1'678'515	2'908'393	0.3%
SV Life Sciences Fund IV, L.P.	NAM	Venture capital	2006	133'176	2'679'484	0.3%
MatlinPatterson Global Opportunities Partners III	NAM	Special situations	2007	211'176	2'620'071	0.3%
Terra Firma Capital Partners III, L.P.	WEU	Large/mega-large-cap	2006	79'547	1'735'762	0.2%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	28'233	1'620'731	0.2%
Exxel Capital Partners VI, L.P.	ROW	Small/Mid-cap	2000	0	1'452'405	0.2%
Sterling Investment Partners II, L.P.	NAM	Small/Mid-cap	2005	1'115'691	1'448'472	0.2%
Advent Latin American Private Equity Fund IV, L.P.	ROW	Small/Mid-cap	2007	0	1'052'973	0.1%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	249'976	1'028'263	0.1%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Growth	2008	171'977	1'000'050	0.1%
Russia Partners III, L.P.	ROW	Small/Mid-cap	2007	109'618	924'341	0.1%
Capital Today China Growth Fund II, L.P.	APC	Venture capital	2009	0	828'493	0.1%
Total twenty partnership investments				7'771'470	60'629'289	7.2%

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

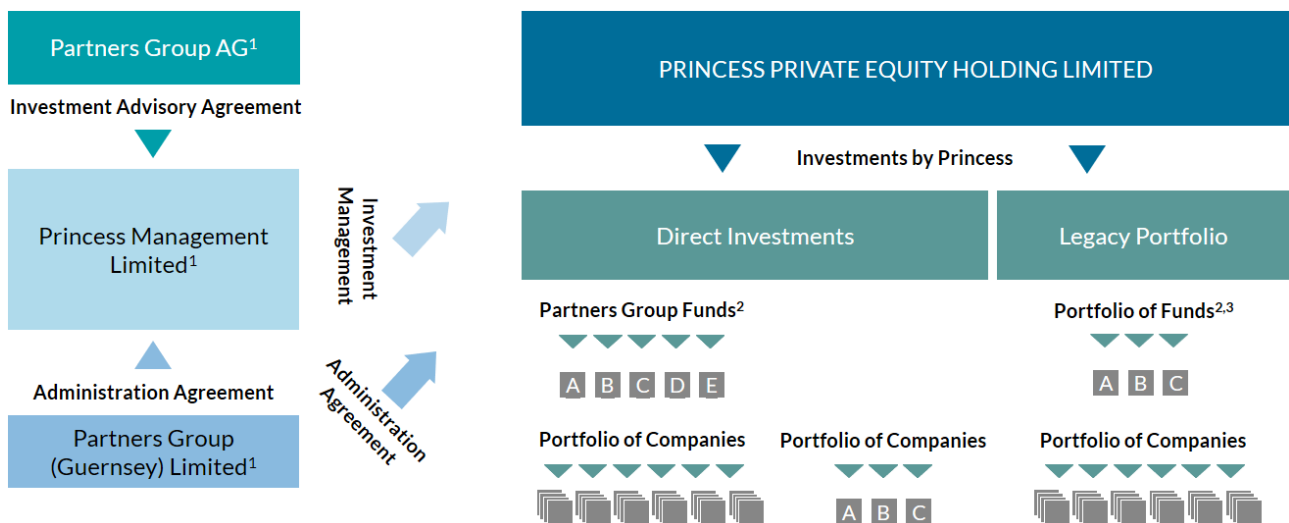
Princess Private Equity Holding Limited is a Guernsey registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity 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, 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): A0M5MA Trading symbol (Euro Quote): PEY Bloomberg (Euro Quote): PEY LN Reuters (Euro Quote): PEY.L Trading symbol (Sterling Quote): PEYS Bloomberg (Sterling Quote): PEYS LN Reuters (Sterling Quote): PEYS.L
Voting rights	Each ordinary registered share represents one voting right

7. Unaudited consolidated financial statements

Unaudited consolidated statement of comprehensive income

for the period from 1 January 2019 to 30 September 2019

In thousands of EUR	Notes	01.07.2019 30.09.2019	01.01.2019 30.09.2019	01.07.2018 30.09.2018	01.01.2018 30.09.2018
Net income from financial assets at fair value through profit or loss		55'259	144'215	34'127	96'032
<i>Private equity</i>		51'943	140'088	31'091	85'676
Interest & dividend income		77	213	194	8'190
Revaluation	6	41'815	129'176	29'974	72'474
Withholding tax on direct private equity investments	6	1	(117)	-	-
Net foreign exchange gains / (losses)	6	10'050	10'816	923	5'012
<i>Private debt</i>		2'004	2'101	2'263	6'522
Interest income (including PIK)		875	2'618	521	1'623
Revaluation	6	(964)	(2'927)	1'233	2'830
Withholding tax on direct private debt investments	6	(12)	(12)	-	(18)
Net foreign exchange gains / (losses)	6	2'105	2'422	509	2'087
<i>Private real estate</i>		187	79	(125)	(133)
Revaluation	6	187	79	(125)	(133)
<i>Private infrastructure</i>		1'125	1'947	898	3'967
Revaluation	6	129	869	799	3'401
Net foreign exchange gains / (losses)	6	996	1'078	99	566
Net income from cash & cash equivalents and other income		157	28	(64)	583
Net foreign exchange gains / (losses)		157	28	(64)	583
Total net income		55'416	144'243	34'063	96'615
Operating expenses		(9'709)	(22'766)	(6'643)	(19'636)
Management fees		(3'259)	(9'218)	(2'811)	(8'125)
Incentive fees	10	(6'147)	(13'050)	(3'604)	(10'340)
Administration fees		(101)	(294)	(96)	(281)
Service fees		(63)	(188)	(63)	(188)
Other operating expenses		(357)	(911)	(175)	(660)
Other net foreign exchange gains / (losses)		218	895	106	(42)
Other financial activities		(9'967)	(14'176)	(1'217)	(8'370)
Setup expenses - credit facilities	9	(74)	(286)	(115)	(341)
Interest expense - credit facilities	9	(105)	(264)	-	-
Other finance cost		(2)	(44)	(42)	(271)
Net gains / (losses) from hedging activities		(9'896)	(13'693)	(1'060)	(7'761)
Other income		110	111	-	3
Surplus / (loss) for period		35'740	107'301	26'203	68'609

In thousands of EUR	Notes	01.07.2019 30.09.2019	01.01.2019 30.09.2019	01.07.2018 30.09.2018	01.01.2018 30.09.2018
Other comprehensive income for period; net of tax		-	-	-	-
Total comprehensive income for period		35'740	107'301	26'203	68'609
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		0.52	1.55	0.38	0.99
Diluted surplus / (loss) per share for period		0.52	1.55	0.38	0.99
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 2019

In thousands of EUR	Notes	30.09.2019	31.12.2018
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	6,13	766'320	639'341
Private debt	6,13	78'169	89'563
Private real estate	6,13	3'784	4'788
Private infrastructure	6,13	26'382	25'114
Other long-term receivables		2'935	2'798
Non-current assets		877'590	761'604
Other short-term receivables		15'661	17'779
Hedging assets	13	-	1'578
Cash and cash equivalents	7	5'892	26'497
Current assets		21'553	45'854
TOTAL ASSETS		899'143	807'458
EQUITY AND LIABILITIES			
Share capital	8	69	69
Reserves	8	351'254	371'306
Retained earnings		489'580	382'279
Total equity		840'903	753'654
Short-term credit facilities	9	25'500	35'000
Hedging liabilities	13	4'236	-
Accruals and other short-term payables		28'504	18'804
Liabilities falling due within one year		58'240	53'804
TOTAL EQUITY AND LIABILITIES		899'143	807'458

Unaudited consolidated statement of changes in equity

for the period from 1 January 2019 to 30 September 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	-	-	(20'052)	(20'052)
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	107'301	-	107'301
Equity at end of period	69	489'580	351'254	840'903

for the period from 1 January 2018 to 30 September 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	-	68'609	-	68'609
Equity at end of period	69	400'554	390'669	791'292

Unaudited consolidated statement of cash flows

for the period from 1 January 2019 to 30 September 2019

In thousands of EUR	Notes	01.01.2019 30.09.2019	01.01.2018 30.09.2018
Operating activities			
Surplus / (loss) for the period before interest expense		107'565	68'609
Adjustments:			
Net foreign exchange (gains) / losses		(15'239)	(8'206)
Investment revaluation		(127'197)	(78'572)
Withholding tax on direct investments		129	18
Net (gain) / loss on interest		(2'820)	(1'928)
Net (gain) / loss on dividends		(11)	(7'885)
Revaluation on forward hedges		13'693	7'761
(Increase) / decrease in receivables		2'854	817
Increase / (decrease) in payables		9'712	671
Realized gains / (losses) from forward hedges		(7'879)	(3'983)
Purchase of private equity investments	6	(31'116)	(117'024)
Purchase of private debt investments	6	406	(2'032)
Purchase of private real estate investments	6	24	234
Distributions from and proceeds from sales of private equity investments	6	44'122	74'253
Distributions from and proceeds from sales of private debt investments	6	10'738	8'245
Distributions from and proceeds from sales of private real estate investments	6	1'059	2'075
Distributions from and proceeds from sales of private infrastructure investments	6	679	357
Interest & dividends received		2'454	9'557
Net cash from / (used in) operating activities		9'173	(47'033)
Financing activities			
Net increase / (decrease) in credit facilities	9	(9'500)	-
Interest paid - credit facilities	9	(252)	-
Dividends paid	8	(20'054)	(19'362)
Net cash from / (used in) financing activities		(29'806)	(19'362)
Net increase / (decrease) in cash and cash equivalents		(20'633)	(66'395)
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		28	583
Cash and cash equivalents at end of period	7	5'892	31'604

Notes to the unaudited consolidated financial statements

for the period from 1 January 2019 to 30 September 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 September 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 30.09.2019	01.01.2018 30.09.2018
Private equity		
Interest & dividend income	213	8'190
Revaluation	129'176	72'474
Withholding tax on direct private equity investments	(117)	-
Net foreign exchange gains / (losses)	10'816	5'012
Total net income private equity	140'088	85'676
Segment result private equity	140'088	85'676
Private debt		
Interest income (including PIK)	2'618	1'623
Revaluation	(2'927)	2'830
Withholding tax on direct private debt investments	(12)	(18)
Net foreign exchange gains / (losses)	2'422	2'087
Total net income private debt	2'101	6'522
Segment result private debt	2'101	6'522
Private real estate		
Revaluation	79	(133)
Total net income private real estate	79	(133)
Segment result private real estate	79	(133)
Private infrastructure		
Revaluation	869	3'401
Net foreign exchange gains / (losses)	1'078	566
Total net income private infrastructure	1'947	3'967
Segment result private infrastructure	1'947	3'967
Non attributable		
Net foreign exchange gains / (losses)	28	583
Total net income non attributable	28	583
Segment result non attributable	(22'738)	(19'053)
Other financial activities not allocated	(14'176)	(8'370)
Surplus / (loss) for the financial period	107'301	68'609

6 Financial assets at fair value through profit or loss

6.1 PRIVATE EQUITY

In thousands of EUR	30.09.2019	31.12.2018
Balance at beginning of period	639'341	525'538
Purchase of Direct and Indirect Investments	31'116	132'398
Distributions from and proceeds from sales of Direct and Indirect Investments	(44'122)	(83'830)
Accrued cash and PIK interest	110	(4)
Revaluation	129'176	57'219
Withholding tax on direct private equity investments	(117)	-
Foreign exchange gains / (losses)	10'816	8'020
Balance at end of period	766'320	639'341

6.2 PRIVATE DEBT

In thousands of EUR	30.09.2019	31.12.2018
Balance at beginning of period	89'563	100'711
Purchase of Direct and Indirect Investments	(406)	20'963
Distributions from and proceeds from sales of Direct and Indirect Investments	(10'738)	(37'860)
Accrued cash and PIK interest	267	332
Revaluation	(2'927)	2'620
Withholding tax on direct private debt investments	(12)	(18)
Foreign exchange gains / (losses)	2'422	2'815
Balance at end of period	78'169	89'563

6.3 PRIVATE REAL ESTATE

In thousands of EUR	30.09.2019	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	(1'059)	(2'511)
Revaluation	79	(255)
Balance at end of period	3'784	4'788

6.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	30.09.2019	31.12.2018
Balance at beginning of period	25'114	19'520
Distributions from and proceeds from sales of Direct and Indirect Investments	(679)	(357)
Revaluation	869	5'080
Foreign exchange gains / (losses)	1'078	871
Balance at end of period	26'382	25'114

7 Cash and cash equivalents

In thousands of EUR	30.09.2019	31.12.2018
Cash at banks	5'892	26'497
Total cash and cash equivalents	5'892	26'497

8 Share capital, treasury shares and reserves

8.1 CAPITAL

In thousands of EUR	30.09.2019	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	30.09.2019	31.12.2018
Distributable reserves		
Distributable reserves at beginning of reporting period	371'307	410'031
Dividend payment	(20'054)	(38'725)
Total distributable reserves at end of reporting period	351'253	371'306

9 Credit facility

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.

In thousands of EUR	30.09.2019	31.12.2018
Short term credit facility		
Balance at beginning of period	35'000	-
Increase in credit facility	25'500	43'000
Decrease in credit facility	(35'000)	(8'000)
Balance at end of period	25'500	35'000

10 Incentive fee

In thousands of EUR	30.09.2019	31.12.2018
Balance at beginning of period	13'362	11'070
Change in incentive fees attributable to General Partner	13'050	11'062
Incentive fees paid/payable	(3'514)	(8'770)
Balance at end of period	22'898	13'362

11 Commitments to Direct and Indirect Investments

In thousands of EUR	30.09.2019	31.12.2018
Unfunded commitments translated at the rate prevailing at end of period	79'294	93'775

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 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	30.09.2019	31.12.2018
Net assets of the Group	840'903	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	12.16	10.90

13 Fair value measurement

13.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	15'661	15'661
Derivatives used for hedging	-	-	-	-
Financial assets at fair value through profit or loss - equity securities	6'935	1'818	787'733	796'486
Financial assets at fair value through profit or loss - debt investments	-	-	78'169	78'169
Total assets	6'935	1'818	881'563	890'316
Liabilities				
Derivatives used for hedging	-	(4'236)	-	(4'236)
Total liabilities	-	(4'236)	-	(4'236)

13.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	17'779	17'779
Derivatives used for hedging	-	1'578	-	1'578
Financial assets at fair value through profit or loss - equity securities	10'215	1'889	657'139	669'243
Financial assets at fair value through profit or loss - debt investments	-	-	89'563	89'563
Total assets	10'215	3'467	782'260	795'942
Liabilities				
Derivatives used for hedging	-	-	-	-
Total liabilities	-	-	-	-

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 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.

13.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 30.09.2019	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
Direct Investments						
Direct equity investments	421'339	Market comparable companies	Enterprise value to EBITDA multiple	8.00x - 19.25x (14.90x)	37'015	(37'015)
	23'421	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	269	(269)
	124	Exit price	Recent transaction price	n/a	n/a	n/a
	12'307	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
Direct debt investments	22'865	Discounted cash flow	Discount factor	13.72% - 13.72% (11.56%)	600	(600)
	23'657	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
	1'012	Market comparable companies	Enterprise value to EBITDA multiple	11.00x - 11.00x (11.00x)	n/a	n/a
Indirect Investments						
	360'821	Adjusted reported net asset value	Reported net asset value	n/a	18'041	(18'041)
	356	Adjusted reported net asset value	Fair value adjustments	n/a	18	(18)

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 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



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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