Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Annual Report 2015

Audited consolidated financial statements for the period from 1 January 2015 to 31 December 2015

Dynacast | Private Equity

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 portfolio mainly invests directly but also holds primary and secondary fund investments. Princess aims to provide shareholders with long-term capital growth as well as an attractive dividend yield. The shares are traded on the premium main market of the London Stock Exchange.

Key figures

In EUR	31 December 2014	31 December 2015
Net asset value (NAV)	593'522'580	**657'386'211**
NAV per share	8.58	**9.51**
Total dividend per share (year to date)	0.54	**0.54**
Share price	6.97	**7.87**
Discount	-18.8%	**-17.2%**
Cash and cash equivalents	45'348'161	**59'765'660**
Credit line used	0	**0**
Value of investments	509'880'194	**614'608'591**
Unfunded commitments	165'038'386	**131'803'757**
Investment level	85.9%	**93.5%**
Net current assets	83'642'385	**42'777'620**
Commitment ratio	13.7%	**13.5%**
Gross commitment ratio	5.3%	**5.9%**

Past performance is not indicative of future results.

Table of contents

1. Chairman's report

Dear valued investor

As Chairman of the Board of Princess Private Equity Holding Limited, I am pleased to present the 2015 Annual Report.

In 2015 Princess again showed a strong NAV performance, despite a volatile macroeconomic environment. Princess' audited NAV increased by 17.5% to EUR 9.51 per share on a total return basis, adjusted for a total dividend of EUR 0.54 per share paid to investors over the year 2015. Positive valuation developments in the Princess portfolio together with currency movements, as detailed in the Investment Manager's report, were mainly responsible for the Company's NAV growth. A key feature of the past year was the continued repositioning of the portfolio towards direct investments which had a significant positive impact on performance during 2015. By the end of the year direct investments accounted for 68% of the portfolio and major performance drivers included the direct investments in VAT Vakuumventile AG, MultiPlan and Action. The Investment Manager's report provides a detailed analysis of the portfolio's performance.

During 2015, Princess invested EUR 65.5 million in five new direct private equity, five new direct private debt and one new direct infrastructure investment, bringing the allocation to direct investments to 68% compared to 56% at the end of 2014. Overall, the investment level increased to 93.5% of NAV, up from 85.9% at the start of the year. Princess' portfolio generated distributions of EUR 130.7 million in the year, more than half of which stemmed from third party funds. These distributions provided Princess with sufficient liquidity to continue to pay dividends to shareholders and to participate in further attractive direct investments.

It is the Board's intention to continue paying a dividend so as to generate a return of 5-8% p.a. of the NAV per share while investing surplus liquidity in new direct investments to generate future growth. The deal flow for new investments will come from Partners Group, our Investment Advisor's, global sourcing platform, with 18 offices globally and EUR 46 billion in investment programs under management in private equity, private debt, private real estate and private infrastructure.

In December the Board approved a commitment of EUR 40 million to Partners Group Direct Equity 2016 (there is no double-fee layer on any Partners Group funds/pooling vehicles in which Princess invests). This represents a continuation of the global mid-cap strategy of the predecessor 2012 program, bringing total unfunded commitments to EUR 131.8 million as of year-end. In addition to these commitments, Princess also has the option to deploy capital through co-investments alongside the 2016 program or in other direct transactions sourced by the Investment Manager. The Board believes that the flexibility afforded by this approach supports Princess' ability to maintain a high investment level and to pay sustainable dividends, while maintaining a conservative approach to balance sheet management.

The Board is conscious of the need to monitor and manage cash flow on a continual basis and is mindful that the move towards direct investments will generate fewer but larger distributions in the future. The targeted objective of having a core portfolio of 50-80 direct investments remains unchanged. The Board and the Investment Advisor review projected cash flow forecasts on a rolling three year basis and are confident that the modeling done by Partners Group will continue to provide a sound basis on which to anticipate net cash flows. The credit facility is available to meet any short term divergence from the forecasts.

The Board has undertaken a comprehensive risk review, as detailed in the Directors' report, in accordance with the FRC guidelines. The Audit Committee has been renamed the Audit, Risk and Management Engagement Committee, under the Chairmanship of Richard Battey, to reflect the enhanced focus on risk. The Board regard the diverse nature of the portfolio, with no undue concentration to one asset, sector or geography, as the key to mitigating the risk inherent in private equity.

My fellow Directors and I would like to thank you for the continued trust you have shown in Princess. With the positive NAV development over the past year, the continuing strong trading performance of the majority of the underlying investments, the high number of realizations and the further strategic repositioning of the Company, we believe that Princess is well positioned to further create value for its shareholders in the future.

Brian Human
Chairman

Guernsey, 7 March 2016

2. Market overview

Macroeconomic activity

The global growth outlook remained an important area of concern in the fourth quarter of 2015. The US Federal Reserve (Fed) raised interest rates in December on the back of improved domestic economic data, while emerging markets broadly suffered from a strengthening US dollar and falling commodity prices. A bright spot was the US economy, which proved to be resilient and is still creating jobs. The final quarter boasted the highest average job creation of the four quarters of 2015, while the unemployment rate diminished further to 5.0% at the end of the year. Consequently, the Fed elected to raise interest rates by 0.25% in its December meeting, sending the US dollar higher over the period as interest rate expectations readjusted. Meanwhile, economic growth in the Eurozone continued to recover as the European Central Bank (ECB) remained committed to its quantitative easing program. Overall economic data improved over the fourth quarter, buoyed by falling crude oil prices and a weaker euro, however the latest Euro area bank lending survey (at the time of publication) in October 2015 still showed an on-going easing in lending to individuals and corporates. Elsewhere, emerging market economies, such as Brazil and Russia, remained ensnared by the global commodity slump, compounded by persistent inflation and volatile currencies. Russia's economy continued to be hamstrung by international sanctions, while Brazil remained embroiled in political and corruption scandals. After the unexpected 4% devaluation of the Chinese yuan in the third quarter, China allowed the currency to weaken by a further 3.2% in the final quarter of the year, as part of its shift towards a more free-floating exchange rate regime.

Meanwhile, the fourth quarter was a mixed bag for financial markets. Chinese equity markets gained 4.0%, while Russia and Brazilian markets shed 4.9% and 4.3%, respectively. Markets in developed economies proved sturdier, with European equities up 5.0% and the S&P 500 index gaining 6.5% over the quarter. Against the euro, the US dollar strengthened 2.8% to close at 1.09, while many emerging market currencies registered losses.

Private equity buyout activity

Aggregate global private equity buyout activity for 2015 rose by 18% to USD 409 billion - the highest amount observed since 2007, while the number of deals declined 7% year on year to 3'546. Large-cap investments with transactions over USD 1 billion dominated the global buyout market, accounting for 72% of aggregate deal value, up from 54% in 2014. In terms of geographical breakdown, North America experienced the greatest deal activity, while other regions saw diminished or stagnant activity over the year. On a year-on-year basis, buyout deal value in North America climbed 33% to USD 255 billion, capturing 62.3% of the global total. At USD 90 billion, buyout activity in Europe was 5.3% weaker than in 2014, with that year being Europe's best performing year since 2008. In the Asia-Pacific region, buyout activity remained almost unchanged at USD 45 billion, down slightly from its peak of USD 46 billion in 2014.

Private equity exit activity

Global private equity exit activity for 2015 recorded a year-on-year decrease of 19.2% to USD 388.4 billion in terms of deal value, while deal count fell by 17.3% to 1'064. High market volatility throughout the year made exits through the IPO markets challenging as private equity firms adopted a wait-and-see approach. As a result, there were only 147 private equity-backed IPOs in 2015, down from 211 in 2014. Strategic buyers continued to account for the bulk of private equity exits in 2015, representing 68.3% of deal value.

In the Americas, while private equity exit activity declined 30.4% year on year in terms of deal count to 399 exits in 2015, deal value strengthened 58.7% to USD 326.2 billion, suggesting that the average size of exits had increased over the year. Of the three most prominent exit routes, secondary sales saw a more than five-fold surge to USD 168.1 billion, while strategic sales and IPOs both experienced diminished activity during the year.

In the Europe, Middle East and Africa (EMEA) region, private equity exit activity was subdued in 2015 as the number of exits declined by 16.4% year on year to 454. Despite an overall 14.7% fall in deal value to USD 136.5 billion, exits through secondary sales surged by 297.9% to USD 37.8 billion, indicating that the sponsor-to-sponsor segment remains robust.

In the Asia-Pacific region, private equity exit activity in 2015 was significantly dampened by China's suspension of IPO activity on mainland China exchanges. As a result, the number of exits decreased by 22.1% year on year to 127, while deal value declined 64.9% to USD 40.1 billion.

IPO activity

Following a bumper year for new listings in 2014, global IPO volume registered a year-on-year decline of 2% to 1'218 listings in 2015, while capital raised fell by 25% to USD 195.5 billion. Most regions saw weaker deal flow. In line with the global slowdown in overall IPO activity, private equity and venture capital-backed listings raised USD 66.2 billion, accounting for one-third of global IPO proceeds but less than 20% in terms of the number of listings.

After leading the global IPO markets in 2014, US stock exchanges recorded sharp declines of 41% and 65% in the number of listings and proceeds, respectively. Overall, a total of USD 33.3 billion was raised via 173 IPOs.

The EMEIA region (Europe, Middle East, India and Africa) saw increased IPO activity over the last quarter of 2015, underpinned by regional economic recovery and the European Central Bank's loose monetary stance, yet overall activity for the whole of 2015 was subdued on a year-on-year basis. For the full year, USD 67.1 billion was raised via 346 IPOs - a decrease of 10% and 5%, respectively, as compared to 2014.

The Asia-Pacific region was the bright spot, accounting for 55% of global IPO numbers and 46% of capital raised for 2015. At 673 IPOs and USD 90.2 billion worth of proceeds, the region generated a year-on-year increase of 20% in deal volume and an 8% gain in capital raised.

Outlook

In October 2015, the International Monetary Fund forecasted US GDP growth rates of 2.6% and 2.8% for 2015 and 2016, respectively. Despite an increase in the Fed funds rate by 0.25%, interest rates remain near historical low levels and should provide further support to the economy. Furthermore, the Fed has maintained a flexible approach regarding future rate hikes, which should allow it to speed up or slow down the pace of future hikes as needed. In the Eurozone, the aforementioned supporting factors of low oil prices and a weaker euro should continue to be positive drivers of growth for the coming quarters.

The IMF has predicted overall GDP growth of 1.5% and 1.6% for the Eurozone in 2015 and 2016, respectively. Nonetheless, economic growth remains divergent in the Eurozone: Spain and Germany are expected to grow by 2.5% and 1.6%, respectively, while Italy is expected to reach only 1.3% growth. The labor markets painted a similar picture: unemployment has gradually improved, but with similar divergence across countries. More structural reforms are necessary to spur potential growth, but impediments still loom large, such as the current strength of Eurosceptic parties, which could further hamper effective policy-making.

Meanwhile in the emerging markets, China continues to face the challenge of pivoting its economy towards a consumption-based model, which would provide lower, but more sustainable growth.

In this current market environment - characterized by volatility, uncertainty and subdued economic growth - selectivity remains key to investment success and Partners Group continues to favor mid-market assets, which constitute a much larger opportunity set and have shown resilience to cyclical patterns.

Sources: Preqin "Q4 2015 Private Equity-Backed Buyout Deals and Exits" (January 2016); Preqin "Preqin 2015 Private Capital Fundraising Update" (January 2016); Ernst & Young "EY Global IPO Trends 2015 Q4" (January 2016); Ernst & Young "2015 Q4 Global IPO update" (January 2016); Partners Group Research

3. Investment Manager's report

NAV growth of 17.5% in 2015

Having gained 13.2% in 2014, Princess' audited net asset value (NAV) continued to develop positively, increasing by 17.5% to EUR 9.51 per share over the year, adjusted for the total dividend of EUR 0.54 per share distributed in 2015. Positive valuation developments in the Princess portfolio were mainly responsible for the Company's NAV growth in 2015, contributing 18.8% to the overall NAV development.

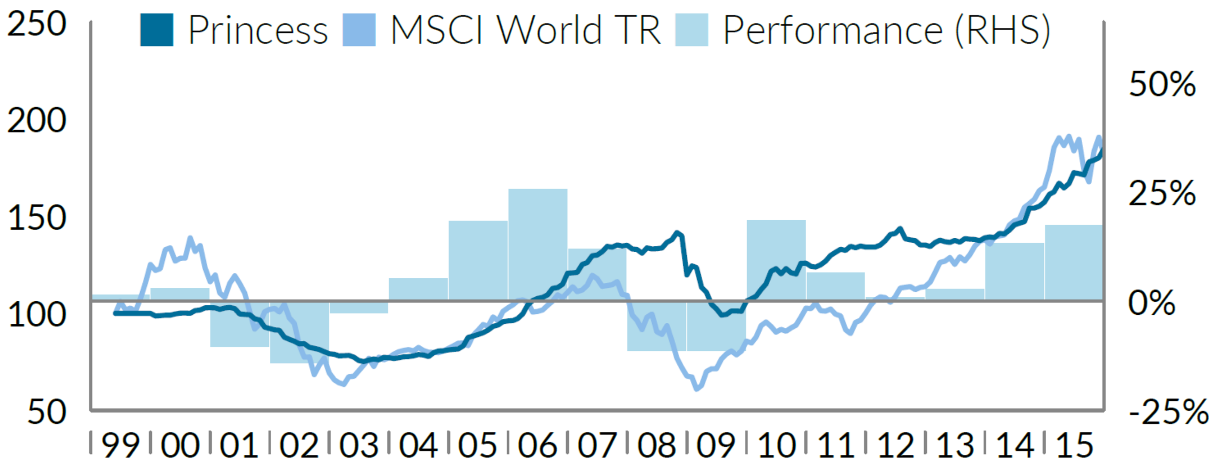
The continued successful implementation of operational and strategic initiatives at portfolio company level led to EBITDA growth and healthy capital structures, despite low growth from the broader economy. For example, the 50 largest portfolio companies, representing 64.6% of NAV, posted weighted average year-on-year revenue and earnings (EBITDA) growth of 11.8% and 17.1% respectively.

The largest contributors to NAV growth in 2015 were Princess' direct investments in VAT Vakuumventile AG, MultiPlan, Universal Services of America, Action and Hofmann Menue Manufaktur.

● VAT VAKUUMVENTILE AG

VAT is the global market leader for high-end vacuum valves, a critical component in highly complex manufacturing processes. VAT offers its clients the largest product portfolio globally, with customized solutions as well as over 1'000 standard valves covering all relevant ranges of vacuum pressures. The company was revalued mainly due to favorable market conditions and a positive market outlook. Revenues increased driven by semiconductor capex equipment spend in relation to smartphone, tablet and PC demand. The improvement in EBITDA margin derived from the product mix and the optimization of costs of goods sold through global sourcing. As a result of the positive financial performance, VAT could increase the investment multiples compared to last year. In June, Heinz Kundert, previously a VAT board member, took over as CEO, bringing to the position a wealth of experience from his previous roles in the semiconductor industry including President of SEMI-Europe and CEO of Unaxis.

Benchmarked NAV development*



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

MULTIPLAN

MultiPlan, a provider of cost containment solutions to healthcare insurers in the US, was positively revalued over the fourth quarter of 2015, as a result of its robust financial performance and a reduction of net debt. In addition, MultiPlan has continued to expand at an accelerated pace and has shifted its strategic focus to a more analytics-centric business - the better performing segment historically.

UNIVERSAL SERVICES OF AMERICA (USA)

Universal Services of America is a US security services firm which provides a diverse mix of security and facility services. Partners Group sold the business during the year, generating a return of over 2.8x cost and an IRR of over 65%. Partners Group invested in the business in 2013 and during its period of ownership worked in close partnership with the management team to complete acquisitions and to grow the company organically. During Partners Group's holding period, USA completed over 20 bolt-on acquisitions, the number of employees increased to over 44'000 from circa 27'000, while revenues rose by more than 80%. Today, USA is the fourth largest security services company in the US.

ACTION

Action, one of the largest non-food discount retailers in Europe, was written up over the last quarter of 2015, owing to the company's continued operational and financial success. In 2015 Action opened its first store in Austria and signed an agreement in principle to acquire several stores from a French retailer, and is currently developing its first local distribution center in France. As of the end of 2015, Action has a total of over 600 stores across six countries.

HOFMANN MENUE MANUFAKTUR

Hoffmann Menue Manufaktur is a producer and supplier of customized frozen food products to small business canteens and social organizations such as retirement homes, hospitals and schools in Germany. The company has over 10'000 customers and is well-positioned to benefit from secular trends such as an ageing population and the increasing trend towards outsourced catering. The company managed to further grow its revenue growth, mainly driven by the social organization segment such as schools and kindergarten. In the last quarter, Hofmann appointed a new head of sales to focus on the turnaround of the business canteens segment.

Eleven new direct investments closed

In 2015, Princess invested EUR 65.5 million in five new direct private equity, five new direct private debt and one new direct infrastructure investment, bringing the allocation to direct investments to 68.0% of NAV compared to 56.0% of NAV at the end of 2014. In total, the investment level increased to 93.5% of NAV, up from 85.9% at the start of the year. In the fourth quarter of 2015, Princess completed new direct private equity investments in Vermaat, TOUS and Pacific Bells. Furthermore, Princess deployed capital in a debt investment in Affordable Care, Inc. and an infrastructure investment in Seaborn Networks-Seabras-1.

VERMAAT

In December, Partners Group acquired Vermaat Groep B.V., the Dutch market leader in high-end catering and hospitality services. The company was bought from its founding family and Princess contributed a total of EUR 8.0 million to the transaction. Founded in 1978 as a single delicatessen store in Utrecht, Vermaat today provides outsourced catering services to eight end markets including corporates, museums and hospitals. It employs over 2'300 people and is expected to generate sales of more than EUR 130 million in 2015. Together with Vermaat's management team, Partners Group aims to develop the growth plans of the company, drawing on its long track record of investment in the food sector.

TOUS

In October, Princess invested a total of EUR 4.0 million into TOUS, a leading global jewellery and accessories brand founded in 1920 by the Tous family in Manresa (Barcelona), Spain. Recently ranked as one of Europe's 50 most valuable retail brands, TOUS is positioned in the fast growing affordable luxury segment. Led by a strong management team and operating nearly 500 retail outlets on five continents, the company reported growth of over 10% to generate EUR 371 million in sales for 2014.

PACIFIC BELLS

In October, Partners Group acquired a majority stake in restaurant businesses Pacific Bells and World Wide Wings (together, the Companies). Princess invested EUR 3.7 million in this transaction. The Companies are leading franchisees of the Taco Bell and Buffalo Wild Wings brands and operate 139 restaurants across five US states. The Companies have shared infrastructure and the founders and management teams have retained a significant stake following the transaction.

AFFORDABLE CARE, INC.

In October, Princess invested EUR 1.6 million in the debt of Affordable Care to support Berkshire Partners' acquisition. Operating in the US, the company is a dental support organization for more than 200 affiliated dental practices that focus exclusively on tooth replacement services.

SEABORN

In December, Partners Group achieved financial close on Seabras-1, the construction of the first direct subsea fiber optic cable between New York, US, and São Paulo, Brazil. This project represents an opportunity to invest in the growing telecommunications sector as demand for broadband connection between the US and Brazil is expected to increase substantially. The Seabras-1 cable network is expected to commence operations in the first half of 2017 and has already sold substantial capacity. Partners Group is providing all of the equity financing for the project, which is being developed by Seaborn Networks, a US-based telecommunication infrastructure developer, at a total project cost of USD 500 million.

Record level of distributions

In 2015, Princess received distribution proceeds of EUR 130.7 million, representing 22.0% of opening NAV. This compares to proceeds of EUR 73.3 million in 2014. 48% of the distributions came from the direct portfolio while the remainder came from the legacy fund portfolio. In the fourth quarter Princess received EUR 32.9 million from realized investments.

Princess' direct investments contributed significantly to the high level of distributions in the reporting period. For example, Universal Services of America (USA), Securitas Direct and Global Blue:

UNIVERSAL SERVICES OF AMERICA (USA)

In July, distributions to Princess mostly stemmed from the previously announced sale of its direct investment in USA (EUR 30.8 million). Partners Group sold its controlling interest in US security services provider to an affiliate of Warburg Pincus. The sale resulted in a multiple of over 2.8x and an IRR of over 65%.

SECURITAS DIRECT

In October, Partners Group realized its mezzanine investment of EUR 7.1 million in Securitas Direct, a Swedish-based provider of integrated safety and security solutions for homes and businesses. In 2011, Securitas Direct was jointly acquired by equity sponsors Hellman & Friedman and Bain Capital. During the fourth quarter of 2015, Hellman & Friedman acquired Bain Capital's stake in Securitas Direct and subsequently refinanced the company's capital structure, which triggered the repayment of the mezzanine loan. The transaction generated a multiple of 1.5x.

GLOBAL BLUE

In December, Princess received a EUR 3.0 dividend payment returning approximately 50% of invested capital from Global Blue, the world leading VAT refund provider for international travelers. The dividend was funded through the refinancing of the company's credit facilities. Partners Group continues to support Global Blue's efforts in the digitization and reorganization of IT infrastructure, with the aim of increasing the scale, effectiveness and accountability of project work. Other developments in progress include re-organizing the finance and accounting setup. The extensive remapping of internal processes is expected to enhance profitability across product lines and markets.

Total dividend of EUR 0.54 per share paid to investors

Princess paid investors a total dividend of EUR 0.54 per share via two interim dividends, or EUR 37.3 million overall in 2015. This translated to an annualized dividend yield of 5.7% based on the NAV per share as of 31 December 2015, or an annualized dividend yield of 6.9% based on the closing price of EUR 7.87 on the London Stock Exchange at the end of the year.

Princess intends to continue to pay dividends with an annual target of 5-8% of NAV per share. The Board of Directors is confident that the strong dividend yield on offer will further enhance the attractiveness of Princess to potential and existing investors alike.

Share price development

Princess' share price performance was positive over the reporting period, closing at EUR 7.87 per share. This represents a total return of 20.9% more or less in line with the positive NAV development (+17.5%) over the year 2015.

Price-to-NAV discount

The discount to NAV for Princess narrowed over the course of 2015 and stands at -17.2%, compared with -18.8% at the end of 2014, reflecting the encouraging progress with the repositioning of the portfolio.

Unfunded commitments decrease further

As of 31 December, Princess' total unfunded commitments amounted to EUR 131.8 million of which EUR 38.0 million related to Partners Group Direct Equity 2016, EUR 27.1 million related to Partners Group Direct Investments 2012, and EUR 9.4 million related to Partners Group Direct Mezzanine 2011 and other direct investments.

Unfunded commitments to Princess' legacy fund portfolio amounted to EUR 48.9 million, down from EUR 53.9 million in 2014. 24.4% of the unfunded commitments stemmed from funds with vintage year 2006 or older, which have already completed their investment period and are unlikely to call down any further capital. In line with the policy of focusing on direct transactions no new third party fund commitments were made.

PORTFOLIO ALLOCATION

Direct investments increased to 68%

At 68%, the largest allocation in the Company's portfolio as of the end of 2015 was to direct investments, up from 56% as of the end of the previous year. The allocation to primary fund investments decreased to 30% as of year-end 2015 (2014: 41%) while the portfolio's allocation to secondary investments decreased by 1% to 2%.

Increase in small- and mid-cap exposure

The allocation to small- and mid-cap investments rose by 6 percentage points in 2015 to 52% of the portfolio. The allocation to the large- and mega-large-cap buyout segment amounted to 18% as of year-end 2015 (unchanged from 2014). The share of venture capital (6%) and growth (3%) investments in the portfolio decreased to 9% at the end of 2015 from 12% at the end of 2014, reflecting realizations from the mature venture capital portfolio. The allocation of the portfolio to mezzanine stood at 7% (a 4% decrease compared to last year). The allocation of the portfolio to special situations increased by 1% to 14%.

Geographical allocation

The geographical exposure of the Princess portfolio by value at the end of 2015 was split between North America (38% against 35% in 2014), Europe (46% compared to 48% at the end of 2014) and Asia & Rest of World (16% against 17% in 2014).

Diversified portfolio by industry sectors

The Princess portfolio was broadly diversified across a range of industries. The highest allocations were to consumer discretionary (26%), industrials (19%), healthcare (17%), financials (10%) and materials (8%) sectors, which together represented 80% of the NAV as of the end of 2015.

Well-balanced split by investment year

The maturity of the Princess portfolio is further underpinned by a healthy level of diversification across investment years. Around 20% of Princess' current investments were made before 2009. These portfolio companies have been developed in the past years in readiness for exiting over the next few years.

Outlook

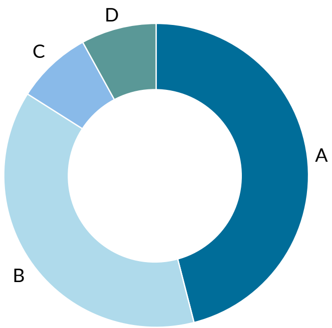
The Investment Manager remains focused on the further development of Princess' portfolio to position Princess as the leading global mid-market direct private equity fund on the London Stock Exchange.

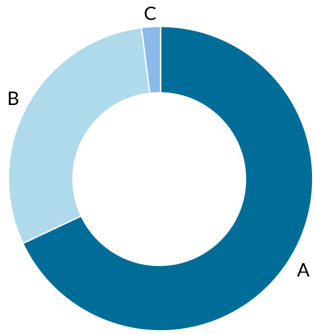
The Investment Manager will continue to search for attractive investment opportunities through its deep local networks and a targeted sourcing strategy to identify small/mid-cap deals at reasonable valuations. Given the high degree of competition and the questionable risk/return profile of some large-cap buyouts, Partners Group remains cautious in this segment. In the current market environment, the focus remains on several key investment strategies: Platform strategies aiming to pursue company growth via add-on acquisitions and cross-border expansion and the identification and further development of "category winners" that dominate attractive growth sub-segments. Finally, investing in "defensive leaders" with both growth potential and strong downside protection due to high cash flow generation and a leading position in niche markets. These strategies have already proven successful, as demonstrated by a number of the investments mentioned, which were completed during 2015.

With respect to Princess' existing investments, the focus remains on value creation at portfolio company level and the Investment Manager expects the portfolio to continue to develop favorably. Where appropriate, the Investment Manager will seek to take advantage of the exit opportunities that the current environment offers and to crystallize value through the sale of portfolio companies. Princess' mature legacy fund portfolio is also expected to continue to generate a healthy level of distributions in 2016, supporting the Company's liquidity position. Reflecting the strength of its balance sheet, Princess is well positioned to both make select new direct investments, and to maintain the high dividend yield objective of 5-8% p.a. of NAV.

In summary, the Investment Manager remains confident about the future development of the Princess portfolio, offering investors an attractive platform to gain exposure to the long-term growth potential offered by a global portfolio of high quality mid-cap private companies.

4. Portfolio composition



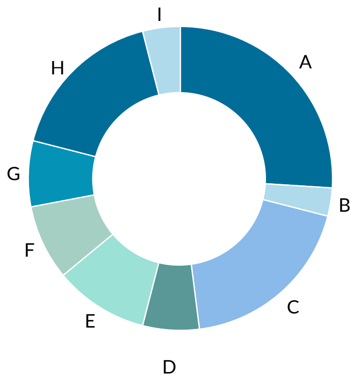


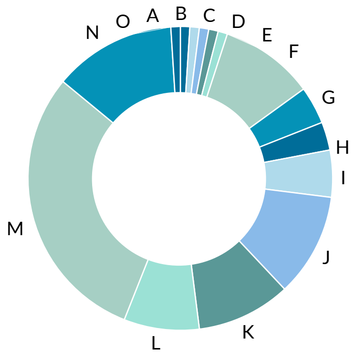
Investments by regional focus

A	Europe	46%	**C**	Rest of World	8%
B	North America	38%	**D**	Asia-Pacific	8%

Investments by transaction type

A	Direct	68%	**C**	Secondary	2%
B	Primary	30%			



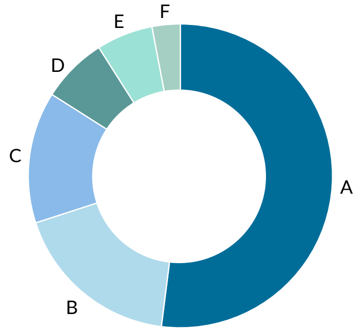


Portfolio assets by industry sector

A	Consumer discr.	26%	**F**	Materials	8%
B	Telecom	3%	**G**	Consumer staples	7%
C	Industrial	19%	**H**	Healthcare	17%
D	IT	6%	**I**	Energy	4%
E	Financial	10%			

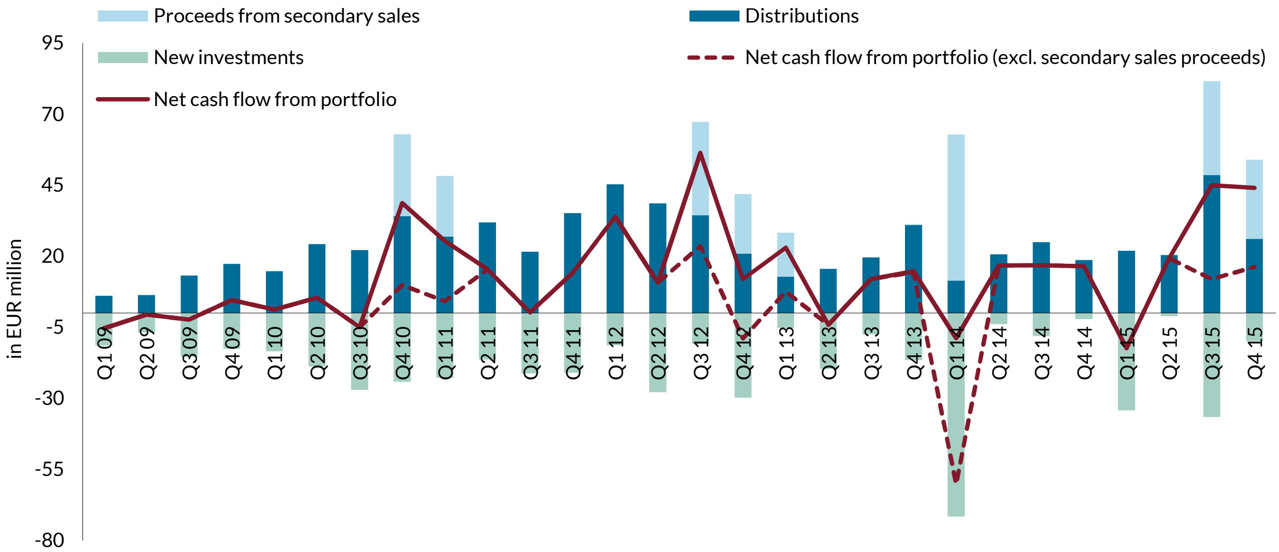
Portfolio assets by investment year

A	2000	1%	**I**	2010	5%
B	2001	1%	**J**	2011	11%
C	2003	1%	**K**	2012	10%
D	2004	1%	**L**	2013	8%
E	2006	1%	**M**	2014	30%
F	2007	10%	**N**	2015	13%
G	2008	4%	**O**	Other	1%
H	2009	3%			

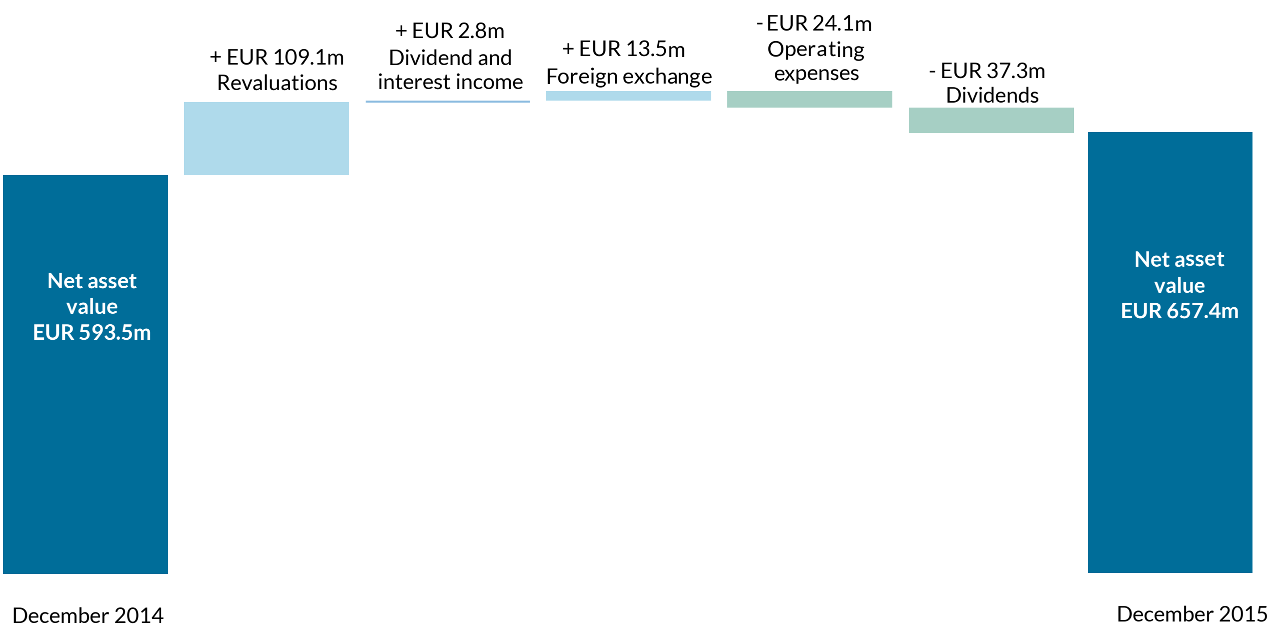


Investments by financing category

A	Small/Mid-cap	52%	**D**	Mezzanine	7%
B	Large/mega-large-cap	18%	**E**	Venture capital	6%
C	Special situations	14%	**F**	Growth	3%



Development of net cash flows



NAV development

Princess portfolio

	Top 10	Top 20	Top 50
EV/EBITDA	10.8x	10.7x	10.5x
Net debt/EBITDA	3.9x	4.1x	4.3x
Leverage	36.5%	39.1%	42.5%
Average EV	EUR 3.1bn	EUR 2.6bn	EUR 2.3bn
% of NAV	37.9%	49.5%	64.6%

Valuation metrics of the largest underlying portfolio companies*

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

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.

"Investments" refers to the value of investments (beginning of chapter).

*As per the reporting date and based on available information. Valuation and performance metrics are weighted averages based on the value of the portfolio companies in the latest valuation report; the largest portfolio companies on a look through basis exclude fully realized investments and distressed debt investments; Debt /EBITDA ratio based on net debt.

5. Portfolio overview

Direct Investments (in EUR)

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
MultiPlan	Healthcare	NAM	Large/mega-large-cap	2014	19'482'506	52'859'257	8.0%
VAT Vakuumventile AG	Industrials	WEU	Small/Mid-cap	2014	20'660'480	46'378'775	7.1%
Action	Consumer discretionary	WEU	Small/Mid-cap	2011	-2'612'523	27'134'176	4.1%
Dynacast	Materials	NAM	Small/Mid-cap	2015	21'767'700	24'791'878	3.8%
Hofmann Menue Manufaktur	Consumer staples	WEU	Small/Mid-cap	2014	14'593'373	20'110'866	3.1%
Fermaca	Energy	ROW	Special situations	2014	13'422'051	18'656'224	2.8%
KinderCare Education	Consumer discretionary	NAM	Small/Mid-cap	2015	17'834'518	17'833'803	2.7%
Fermo (Trimco International)	Industrials	APC	Small/Mid-cap	2012	n.a.	15'658'709	2.4%
Pharmaceutical developer	Healthcare	WEU	Small/Mid-cap	2013	10'897'661	10'897'661	1.7%
Caffe Nero	Consumer staples	WEU	Mezzanine	2013	7'546'667	n.a.	n.a.
Global Blue	Financials	WEU	Small/Mid-cap	2012	2'537'297	9'228'259	1.4%
Vermaat	Consumer discretionary	WEU	Small/Mid-cap	2015	7'999'609	7'999'609	1.2%
AWAS Aviation Holding	Financials	WEU	Large/mega-large-cap	2006	4'106'043	7'503'117	1.1%
Voyage Care	Healthcare	WEU	Small/Mid-cap	2014	7'487'381	7'487'381	1.1%
Kerneos	Materials	WEU	Small/Mid-cap	2014	5'443'563	7'402'583	1.1%
Education publisher 2	Consumer discretionary	NAM	Large/mega-large-cap	2013	133'150	7'306'722	1.1%
Permotio International Learning S.à r.l.	Consumer discretionary	WEU	Growth	2013	6'520'511	6'921'365	1.1%
Lancelot	Financials	NAM	Large/mega-large-cap	2013	2'914'085	6'886'270	1.0%
Plantasjen ASA	Consumer discretionary	WEU	Mezzanine	2007	2'299'729	6'607'427	1.0%
CSS Corp Technologies (Mauritius) Limited	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Varsity Brands	Consumer discretionary	NAM	Small/Mid-cap	2014	4'921'275	6'141'290	0.9%
Project Icon	Consumer discretionary	WEU	Small/Mid-cap	2011	5'375'353	5'115'879	0.8%
Essmann	Materials	WEU	Mezzanine	2007	n.a.	4'921'502	0.7%
Food company 1	Industrials	NAM	Large/mega-large-cap	2007	2'937'192	4'575'751	0.7%
CPA Global	Industrials	WEU	Special situations	2013	3'609'276	4'266'028	0.6%
Universal Hospital Services, Inc.	Healthcare	NAM	Small/Mid-cap	2007	4'002'122	4'184'634	0.6%
TOUS	Consumer discretionary	WEU	Small/Mid-cap	2015	4'026'811	4'026'811	0.6%
Partners Group Pacific Restaurant Holdings	Consumer staples	NAM	Small/Mid-cap	2015	3'818'851	3'818'851	0.6%
Strategic Partners, Inc.	Consumer discretionary	NAM	Small/Mid-cap	2012	133'149	3'720'651	0.6%
BarBri	Consumer discretionary	NAM	Small/Mid-cap	2011	3'495'852	3'495'883	0.5%
South Dakota Systems	Telecommunication services	NAM	Special situations	2014	2'890'602	3'330'353	0.5%
Seaborn Networks - Seabras-1	Telecommunication services	NAM	Special situations	2015	3'046'440	3'046'440	0.5%
Photonis	Information technology	WEU	Special situations	2011	2'282'488	2'973'629	0.5%
CapitalSpring Finance Company	Financials	NAM	Mezzanine	2013	2'427'650	2'836'896	0.4%
Information service company	Industrials	NAM	Large/mega-large-cap	2007	2'890'422	2'497'147	0.4%
ATX Networks	Consumer discretionary	NAM	Special situations	2015	2'030'011	2'206'947	0.3%
Direct marketing and sales company	Consumer discretionary	ROW	Small/Mid-cap	2007	389'873	2'200'865	0.3%
Ascensus	Financials	NAM	Special situations	2015	1'786'476	1'848'955	0.3%
Delsey Group	Consumer discretionary	WEU	Small/Mid-cap	2007	1'660'586	1'847'172	0.3%
Project Firefox	Telecommunication services	NAM	Special situations	2015	1'698'132	1'807'984	0.3%
Super A-Mart	Consumer discretionary	APC	Small/Mid-cap	2006	1'555'700	1'756'168	0.3%
Schenck Process GmbH	Industrials	WEU	Small/Mid-cap	2007	951'350	1'714'626	0.3%
Affordable Care, Inc.	Healthcare	NAM	Special situations	2015	1'603'428	1'660'651	0.3%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Freescale Semiconductor, Inc.	Information technology	NAM	Large/mega-large-cap	2006	1'560'551	1'577'444	0.2%
Megadyne	Industrials	WEU	Mezzanine	2014	n.a.	n.a.	n.a.
US entertainment company	Consumer discretionary	NAM	Large/mega-large-cap	2008	6'791'664	1'548'120	0.2%
Sabre Industries	Industrials	NAM	Mezzanine	2012	1'086'644	1'539'422	0.2%
ConvaTec Inc	Healthcare	WEU	Large/mega-large-cap	2008	660'293	1'522'042	0.2%
Labeyrie	Consumer staples	WEU	Mezzanine	2014	1'249'996	n.a.	n.a.
Quick Service Restaurant Holdings	Consumer discretionary	APC	Mezzanine	2011	n.a.	n.a.	n.a.
Project Heron	Consumer staples	NAM	Mezzanine	2013	704'536	1'322'750	0.2%
Qinterra	Energy	WEU	Mezzanine	2013	1'072'274	1'270'925	0.2%
Boyd Corporation	Materials	NAM	Special situations	2015	1'134'854	1'172'563	0.2%
Univision Communications, Inc.	Consumer discretionary	NAM	Large/mega-large-cap	2007	897'237	1'132'939	0.2%
Media and communications company	Consumer discretionary	NAM	Large/mega-large-cap	2008	2'847'914	1'081'223	0.2%
Savers, Inc.	Consumer discretionary	NAM	Mezzanine	2012	724'864	1'001'753	0.2%
Grupo SBF	Consumer discretionary	ROW	Growth	2013	1'965'278	988'423	0.2%
BSN medical	Healthcare	WEU	Special situations	2006	375'897	n.a.	n.a.
Kofola S.A.	Consumer staples	ROW	Small/Mid-cap	2008	500'882	662'315	0.1%
Medical device company 1	Healthcare	NAM	Small/Mid-cap	2008	1'081'401	584'364	0.1%
Grupo Santillana	Consumer discretionary	ROW	Growth	2010	n.a.	n.a.	n.a.
Fashion company	Consumer discretionary	NAM	Large/mega-large-cap	2007	1'352'751	461'936	0.1%
Project Sun	Industrials	WEU	Small/Mid-cap	2011	3'656'397	428'160	0.1%
Softonic	Consumer discretionary	WEU	Growth	2013	3'981'470	403'635	0.1%
Kaffee Partner AG	Industrials	WEU	Small/Mid-cap	2010	217'354	349'231	0.1%
Telecommunication company	Information technology	NAM	Large/mega-large-cap	2007	1'921'770	281'116	0.0%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
Medical diagnostic company	Healthcare	NAM	Small/Mid-cap	2008	-146'911	268'785	0.0%
Meat producer	Consumer staples	APC	Small/Mid-cap	2010	85'067	252'512	0.0%
Acteon Group, Ltd.	Industrials	WEU	Small/Mid-cap	2012	247'771	225'428	0.0%
Chronos Life Group	Financials	NAM	Special situations	2010	59'827	202'825	0.0%
Hunter Boot Ltd	Consumer discretionary	WEU	Small/Mid-cap	2012	157'861	201'297	0.0%
Service company	Industrials	NAM	Large/mega-large-cap	2007	-401'978	175'265	0.0%
Avio Holding S.p.A	Industrials	WEU	Large/mega-large-cap	2006	-377'132	n.a.	n.a.
BCH	Industrials	APC	Growth	2011	108'672	152'612	0.0%
M7	Telecommunication services	WEU	Mezzanine	2014	-147'103	146'204	0.0%
EXCO Resources, Inc.	Industrials	NAM	Large/mega-large-cap	2007	1'581'312	115'814	0.0%
Software Developer	Information technology	WEU	Growth	2009	-76'481	115'619	0.0%
Enova Foods	Consumer staples	ROW	Small/Mid-cap	2010	234'687	113'796	0.0%
AOT Bedding Super Holdings LLC	Consumer discretionary	NAM	Special situations	2005	-200'901	107'434	0.0%
Project Power Play	Industrials	NAM	Large/mega-large-cap	2011	182'484	87'573	0.0%
Project Spring	Financials	NAM	Special situations	2010	n.a.	n.a.	n.a.
CCM Pharma	Healthcare	WEU	Mezzanine	2013	-320'585	38'097	0.0%
Surgery Partners	Healthcare	NAM	Mezzanine	2009	-351'395	24'785	0.0%
Saehwa International Machinery Corporation	Industrials	APC	Growth	2010	n.a.	n.a.	n.a.

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception Residual cost	Since inception Net asset value	% of NAV
San Antonio Internacional Ltd	Industrials	ROW	Special situations	2010	397'258	0	0.0%
ET Solar Group Corp.	Industrials	APC	Growth	2008	180'367	0	0.0%
Industrial gas containment company	Industrials	NAM	Small/Mid-cap	2007	1'023'202	0	0.0%
Total direct investments					270'228'429	417'158'511	63.5%

The portfolio's holdings are ranked by percentage of net asset value. Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. The portfolio overview of Princess has been prepared on a look through basis, although the audited consolidated statement of financial position includes the valuation of certain Partners Group investment vehicles. Residual cost is the initial investment cost after receipt of distributions from such an investment until the end of the reporting period.

Fund investments (in EUR)

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Since inception Net asset value	% of NAV
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1'759'056	14'046'430	2.1%
Terra Firma Capital Partners III, L.P.	WEU	Large/mega-large-cap	2006	79'547	12'012'019	1.8%
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	1'192'044	9'840'064	1.5%
Anonymized Emerging Markets Venture Fund 2	ROW	Venture capital	2008	372'584	9'321'439	1.4%
3i Eurofund Vb	WEU	Small/Mid-cap	2006	410'794	7'793'845	1.2%
Anonymized European Buyout Fund 7	WEU	Small/Mid-cap	2007	1'160'855	6'849'245	1.0%
MatlinPatterson Global Opportunities Partners III	NAM	Special situations	2007	524'231	6'114'990	0.9%
August Equity Partners II A, L.P.	WEU	Small/Mid-cap	2007	n.a.	5'683'435	0.9%
GMT Communications Partners III, L.P.	WEU	Small/Mid-cap	2006	970'352	5'305'637	0.8%
Palamon European Equity 'C', L.P.	WEU	Small/Mid-cap	1999	0	4'596'038	0.7%
Quadriga Capital Private Equity Fund III, L.P.	WEU	Small/Mid-cap	2006	391'181	4'525'863	0.7%
Candover 2005 Fund, L.P.	WEU	Large/mega-large-cap	2005	19'791	3'955'653	0.6%
Ares Corporate Opportunities Fund II, L.P.	NAM	Special situations	2006	2'101'885	3'817'499	0.6%
INVESCO U.S. Buyout Partnership Fund II, L.P.	NAM	Small/Mid-cap	2000	2'322'696	3'656'385	0.6%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	3'566'564	0.5%
Aksia Capital III, L.P.	WEU	Small/Mid-cap	2005	9'566	3'244'009	0.5%
Fenway Partners Capital Fund II, L.P.	NAM	Small/Mid-cap	1998	434'603	3'159'282	0.5%
Sterling Investment Partners II, L.P.	NAM	Small/Mid-cap	2005	1'208'307	3'137'868	0.5%
Index Ventures Growth I (Jersey), L.P.	WEU	Growth	2008	0	3'030'606	0.5%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	293'523	3'006'136	0.5%
INVESCO Venture Partnership Fund II, L.P.	NAM	Venture capital	1999	3'112'936	2'695'863	0.4%
INVESCO Venture Partnership Fund II-A, L.P.	NAM	Venture capital	2000	1'683'529	2'657'791	0.4%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Net asset value	% of NAV
The Peninsula Fund IV, L.P.	NAM	Mezzanine	2005	449'968	2'594'551	0.4%
Draper Fisher Jurvetson Fund VII, L.P.	NAM	Venture capital	2000	0	2'373'385	0.4%
Advent International GPE VI, L.P.	WEU	Small/Mid-cap	2008	76'324	2'294'636	0.3%
SV Life Sciences Fund IV, L.P.	NAM	Venture capital	2006	293'102	2'249'149	0.3%
Advent Latin American Private Equity Fund IV, L.P.	ROW	Large/mega-large-cap	2007	78'429	2'232'396	0.3%
Levine Leichtman Capital Partners II, L.P.	NAM	Mezzanine	1998	0	1'939'003	0.3%
Patria - Brazilian Private Equity Fund III, L.P	ROW	Small/Mid-cap	2007	n.a.	n.a.	n.a.
Anonymized European Buyout Fund 3	WEU	Small/Mid-cap	2008	159'693	1'798'264	0.3%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	200'320	1'767'254	0.3%
Columbia Capital Equity Partners III (Cayman), LP	NAM	Venture capital	2000	134'279	1'629'705	0.2%
OCM Mezzanine Fund II, L.P.	NAM	Mezzanine	2005	1'593'832	1'580'528	0.2%
Vortex Corporate Development Fund, L.P.	NAM	Venture capital	2000	132'474	1'474'034	0.2%
Exxel Capital Partners VI, L.P.	ROW	Small/Mid-cap	2000	0	1'459'329	0.2%
Clayton, Dubilier & Rice Fund VIII, L.P.	NAM	Large/mega-large-cap	2009	342'943	1'410'969	0.2%
Penta CLO 1 S.A.	WEU	Special situations	2007	0	1'380'000	0.2%
Menlo Ventures IX, L.P.	NAM	Venture capital	2000	0	1'294'553	0.2%
Southern Cross Latin America PE Fund III	ROW	Small/Mid-cap	2007	4	1'293'749	0.2%
SV Life Sciences Fund II, L.P.	WEU	Venture capital	1998	0	1'269'120	0.2%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Growth	2008	318'712	1'263'310	0.2%
European Equity Partners (III), L.P.	WEU	Venture capital	1999	0	1'215'148	0.2%
Russia Partners III, L.P.	ROW	Small/Mid-cap	2007	62'204	1'180'331	0.2%
Baring Asia Private Equity Fund IV, L.P.	APC	Small/Mid-cap	2007	257'464	1'168'253	0.2%
Navis Asia Fund V, L.P.	APC	Small/Mid-cap	2007	0	1'115'102	0.2%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Since inception Net asset value	% of NAV
Sofinnova Capital VI FCPR	WEU	Venture capital	2008	49'799	949'594	0.1%
Searchlight Capital PV, L.P.	NAM	Special situations	2010	139'160	946'848	0.1%
Doughty Hanson & Co. Fund III, L.P.	WEU	Small/Mid-cap	1997	107'773	935'917	0.1%
Nmas1 Private Equity Fund II, L.P.	WEU	Small/Mid-cap	2008	53'093	923'801	0.1%
Carmel Software Fund (Cayman), L.P.	ROW	Venture capital	2000	0	922'490	0.1%
Enterprise Venture Fund I, L.P.	ROW	Growth	2008	162'485	884'912	0.1%
Perusa Partners 1, L.P.	WEU	Special situations	2008	143'718	874'134	0.1%
American Securities Partners III, L.P.	NAM	Small/Mid-cap	2001	619'969	816'034	0.1%
Hony Capital Fund 2008, L.P.	APC	Small/Mid-cap	2008	64'819	764'652	0.1%
Advent Latin American Private Equity Fund V, L.P.	ROW	Large/mega-large-cap	2009	120'585	760'441	0.1%
HitecVision V, L.P.	WEU	Small/Mid-cap	2008	33'347	737'961	0.1%
Indium IV (Mauritius) Holdings Limited	APC	Small/Mid-cap	2009	85'238	731'762	0.1%
Summit Ventures VI, L.P.	NAM	Growth	2000	0	679'088	0.1%
Segulah II, L.P.	WEU	Small/Mid-cap	1999	618'600	676'094	0.1%
ECI 9, L.P.	WEU	Small/Mid-cap	2009	88'047	672'844	0.1%
Helios Investors II, L.P.	ROW	Small/Mid-cap	2009	50'195	672'449	0.1%
Anonymized Asian Venture Fund 1	APC	Venture capital	2007	103'041	638'432	0.1%
Partners Group SPP1 Limited	NAM	Special situations	1996	2'327'054	632'262	0.1%
Montagu IV LP	WEU	Small/Mid-cap	2011	82'459	630'351	0.1%
TPG Asia V, L.P.	APC	Large/mega-large-cap	2007	194'270	626'275	0.1%
Anonymized Asian Buyout Fund 3	APC	Small/Mid-cap	2007	345'586	585'458	0.1%
Centerbridge Capital Partners II, L.P.	NAM	Special situations	2011	87'664	568'377	0.1%
AXA LBO Fund IV	WEU	Small/Mid-cap	2007	50'346	562'551	0.1%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	 Net asset value	% of NAV
Indium III (Mauritius) Holdings Limited	APC	Small/Mid-cap	2007	2'043	554'778	0.1%
Astorg V FCPR	WEU	Small/Mid-cap	2011	211'848	521'875	0.1%
European Equity Partners (IV), L.P.	WEU	Venture capital	2004	0	521'158	0.1%
CVC Capital Partners Asia Pacific III, L.P.	APC	Large/mega-large-cap	2007	286'238	513'795	0.1%
Standard Chartered IL&FS Asia Infra Growth Fund	APC	Special situations	2008	501'634	508'935	0.1%
DFJ Esprit Capital III, L.P.	WEU	Venture capital	2007	20'288	506'539	0.1%
H.I.G. Bayside Debt & LBO Fund II, L.P.	NAM	Special situations	2008	22'775	503'988	0.1%
TCW/Crescent Mezzanine Partners III, L.P.	NAM	Mezzanine	2001	3'647'197	503'188	0.1%
Marlin Equity III, L.P.	NAM	Special situations	2010	57'774	n.a.	n.a.
IDG-Accel China Capital Fund	APC	Venture capital	2008	26'470	476'180	0.1%
Baring Asia Private Equity Fund V, L.P.	APC	Small/Mid-cap	2011	73'835	475'016	0.1%
Behrman Capital IV, L.P.	NAM	Small/Mid-cap	2007	30'468	474'455	0.1%
Comvest Investment Partners IV-A, L.P.	NAM	Special situations	2010	228'505	472'108	0.1%
Affinity Asia Pacific Fund III, L.P.	APC	Large/mega-large-cap	2007	93'973	470'230	0.1%
SBCVC Fund III, L.P.	APC	Venture capital	2008	25'939	456'989	0.1%
Quadriga Capital Private Equity Fund IV L.P.	WEU	Small/Mid-cap	2012	305'284	450'318	0.1%
Value Enhancement Partners Special Sit. Fund I	WEU	Special situations	2008	161'738	447'256	0.1%
Oaktree Principal Fund V (Cayman) Ltd.	NAM	Special situations	2009	68'374	432'480	0.1%
Blackstone Communications Partners I, L.P.	NAM	Small/Mid-cap	2000	837'192	412'938	0.1%
Ventizz Capital Fund IV, L.P.	WEU	Growth	2007	0	412'037	0.1%
IDFC Private Equity (Mauritius) Fund III	APC	Special situations	2008	39'611	410'809	0.1%
GP Capital Partners V, L.P.	ROW	Large/mega-large-cap	2008	383'244	407'522	0.1%
Project GIH/Baring Asia	ROW	Small/Mid-cap	2005	147'461	405'800	0.1%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Since inception Net asset value	% of NAV
Peepul Capital Fund III, LLC	APC	Small/Mid-cap	2010	n.a.	n.a.	n.a.
Carlyle Asia Growth Partners IV, L.P.	APC	Growth	2008	82'680	400'438	0.1%
Capital Today China Growth Fund II, L.P.	APC	Venture capital	2009	18'036	395'436	0.1%
Lightspeed Venture Partners VI, L.P.	NAM	Venture capital	2000	607'007	370'523	0.1%
Anonymized US Buyout Fund 8	NAM	Large/mega-large-cap	2007	64'392	330'194	0.1%
Esprit Capital I Fund, L.P.	WEU	Growth	2000	30'650	316'612	0.0%
Southern Cross Latin America PE Fund IV	ROW	Small/Mid-cap	2010	137'496	307'873	0.0%
Archer Capital Fund 4, L.P.	APC	Small/Mid-cap	2007	46'169	306'749	0.0%
CDH Fund IV, L.P.	APC	Growth	2009	24'128	299'278	0.0%
Jiuding China Growth Fund, L.P.	APC	Growth	2010	n.a.	n.a.	n.a.
Abris CEE Mid-Market Fund, L.P.	ROW	Small/Mid-cap	2007	0	292'298	0.0%
Advent Latin American Private Equity Fund II, L.P.	ROW	Small/Mid-cap	2001	0	283'844	0.0%
Intermediate Capital Asia Pacific Fund 2008, L.P.	APC	Mezzanine	2008	146'675	266'757	0.0%
Advent Central & Eastern Europe IV, L.P.	ROW	Small/Mid-cap	2008	170'506	264'166	0.0%
AIF Capital Asia IV, L.P.	APC	Growth	2011	n.a.	n.a.	n.a.
Project Dome EU Buyout	WEU	Small/Mid-cap	2006	36'659	221'152	0.0%
Apollo European Principal Finance Fund II, L.P.	WEU	Special situations	2012	106'301	216'737	0.0%
Living Bridge 4 L.P.	WEU	Small/Mid-cap	2007	80'291	216'423	0.0%
DLJ SAP International, LLC	ROW	Small/Mid-cap	2007	61'194	214'737	0.0%
KKR China Growth Fund L.P.	APC	Growth	2010	n.a.	n.a.	n.a.
Apollo Overseas Partners (Delaware) VII, L.P.	NAM	Large/mega-large-cap	2008	104'048	198'734	0.0%
Navis Asia Fund VI, L.P.	APC	Small/Mid-cap	2009	2'088	197'932	0.0%
Project Dome Distressed	NAM	Large/mega-large-cap	2007	31'749	194'676	0.0%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Since inception Net asset value	% of NAV
EQT Infrastructure (No.1) Limited Partnership	WEU	Special situations	2008	75'220	186'688	0.0%
Quadriga Capital Private Equity Fund II, L.P.	WEU	Small/Mid-cap	1999	0	183'688	0.0%
Warburg Pincus Private Equity X, L.P.	NAM	Large/mega-large-cap	2007	0	180'506	0.0%
Valedo Partners Fund II AB	WEU	Small/Mid-cap	2011	195'629	174'452	0.0%
GP Capital Partners IV, L.P.	ROW	Large/mega-large-cap	2007	0	160'838	0.0%
Clessidra Capital Partners II	WEU	Small/Mid-cap	2008	82'361	160'173	0.0%
Permira Europe II, L.P.	WEU	Large/mega-large-cap	2000	0	157'611	0.0%
ChrysCapital V, LLC	APC	Growth	2007	0	156'917	0.0%
Catterton Partners IV Offshore, L.P.	NAM	Venture capital	1999	0	153'326	0.0%
3i India Infrastructure Fund D L.P.	APC	Special situations	2007	65'327	144'733	0.0%
Advanced Technology Ventures VI, L.P.	NAM	Venture capital	2000	0	144'381	0.0%
Unison Capital Partners III (B), L.P.	APC	Small/Mid-cap	2008	11'483	131'987	0.0%
TPG Partners III, L.P.	NAM	Large/mega-large-cap	2000	25'604	127'521	0.0%
Sun Capital Partners VI, L.P.	NAM	Special situations	2013	581'573	121'440	0.0%
STIC Korea Integrated-Tech New Growth PE Fund	APC	Growth	2009	23'729	113'438	0.0%
First Reserve Fund XI, L.P.	NAM	Special situations	2006	0	106'308	0.0%
Strategic Value Global Opportunities Fund I-A, LP	WEU	Special situations	2006	32'558	104'154	0.0%
Pacific Equity Partners Fund IV, L.P.	APC	Small/Mid-cap	2007	26'721	102'932	0.0%
Apollo European Principal Finance Fund (Feeder)	WEU	Special situations	2008	105'146	102'711	0.0%
NewMargin Growth Fund, L.P.	APC	Growth	2007	11'687	n.a.	n.a.
Bridgepoint Europe I 'D', L.P.	WEU	Small/Mid-cap	1998	1'543'718	102'486	0.0%
ICG EOS Loan Fund I Limited	WEU	Special situations	2010	0	101'067	0.0%
SBCVC Fund II-Annex, L.P.	APC	Venture capital	2007	35'235	96'149	0.0%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Since inception Net asset value	% of NAV
Lone Star Fund VII, L.P.	NAM	Special situations	2009	28'713	94'098	0.0%
Anonymized Asian Buyout Fund 6	APC	Small/Mid-cap	2007	5'857	93'918	0.0%
Vestar Capital Partners IV, L.P.	NAM	Small/Mid-cap	1999	62'150	93'665	0.0%
Providence Equity Partners IV, L.P.	NAM	Large/mega-large-cap	2000	1'021'550	90'072	0.0%
Anonymized European Buyout Fund 13	WEU	Small/Mid-cap	2007	29'589	89'937	0.0%
Lone Star Real Estate Fund II, L.P.	NAM	Special situations	2009	59'946	89'328	0.0%
Battery Ventures VI, L.P.	NAM	Venture capital	2000	0	75'505	0.0%
TRG Growth Partnership II, L.P.	APC	Growth	2007	n.a.	n.a.	n.a.
India Equity Partners Fund I, LLC	APC	Growth	2006	4	54'489	0.0%
OCM Opportunities Fund III, L.P.	NAM	Special situations	1999	0	51'286	0.0%
Carlyle Japan International Partners II, L.P.	APC	Small/Mid-cap	2006	15'411	44'674	0.0%
TPG Partners VI, L.P.	NAM	Large/mega-large-cap	2008	6'176	43'917	0.0%
Apollo Investment Fund VI, L.P.	NAM	Large/mega-large-cap	2006	4'945	41'555	0.0%
Kelso Place Special Situations Fund L.P.	WEU	Special situations	2009	2'198	40'309	0.0%
Industri Kapital 2000, L.P.	WEU	Small/Mid-cap	1999	1'419'048	33'165	0.0%
APAX Excelsior VI, L.P.	NAM	Venture capital	2000	148'523	31'252	0.0%
Coller International Partners III, L.P.	WEU	Special situations	1999	0	23'615	0.0%
William Blair Capital Partners VI, L.P.	NAM	Small/Mid-cap	1998	14'108	17'628	0.0%
Doughty Hanson & Co. European Real Estate Fund	WEU	Special situations	1999	0	17'489	0.0%
Capvis Equity II, L.P.	WEU	Small/Mid-cap	2003	1'329	14'391	0.0%
TRG Growth Partnership (Cayman), L.P.	APC	Small/Mid-cap	2005	n.a.	n.a.	n.a.
Axcel III K / S 2	WEU	Small/Mid-cap	2005	12'133	11'212	0.0%
Blackstone Mezzanine Partners, L.P.	NAM	Mezzanine	1999	194'269	9'246	0.0%

Investment	Regional focus	Financing category	Vintage year	Since inception Unfunded commitments	Net asset value	% of NAV
ICG European Fund 2006, L.P.	WEU	Mezzanine	2006	1'639'160	7'679	0.0%
CVC Capital Partners Asia Pacific II, L.P.	APC	Large/mega-large-cap	2005	7'362	6'994	0.0%
AsiaVest Opportunities Fund IV	APC	Venture capital	2004	0	1'558	0.0%
Apollo Investment Fund IV, L.P.	NAM	Large/mega-large-cap	1998	191	502	0.0%
Project Razor	APC	Small/Mid-cap	1999	0	262	0.0%
AP Investment Europe Limited	WEU	Mezzanine	2006	0	1	0.0%
T3 Partners, L.P.	NAM	Small/Mid-cap	2000	125'811	1	0.0%
Total partnership investments				45'862'354	198'666'428	30.2%

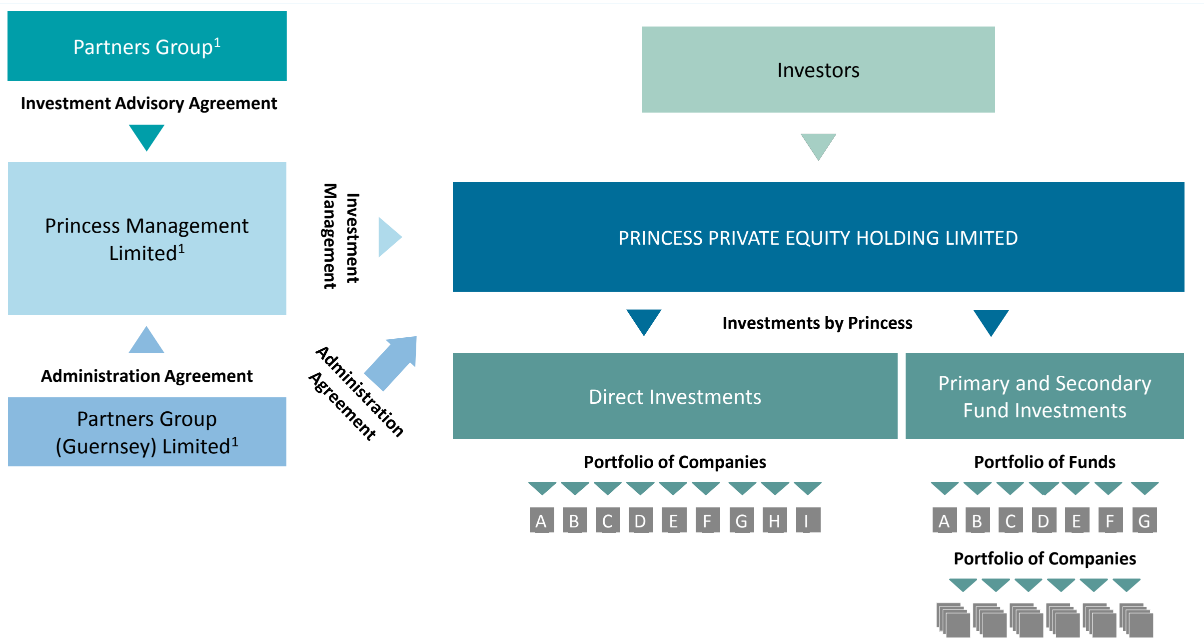
The portfolio's holdings are ranked by percentage of net asset value. Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. The portfolio overview of Princess has been prepared on a look through basis, although the audited consolidated statement of financial position includes the valuation of certain Partners Group investment vehicles. Remaining net asset value is the net asset value of primary and secondary investments after receipt of distributions from such investments until the end of the reporting period.

6. 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 25 January 2016, in accordance with the requirements of DTR 6.4.2, Princess confirmed that the United Kingdom is its Home Member State.

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 (the "Investment Advisor"), which is a global private markets investment management firm with over EUR 46 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

7. Facts and figures

Company	Princess Private Equity Holding Limited
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5-8% p.a. on 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 Ltd. Numis Securities Ltd.
Listing	London Stock Exchange
Management fee	1.5% p.a.
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey Company, Authorized closed-ended fund in Guernsey
Trading information	ISIN: GG00B28C2R28 WKN: A0M5MA Valor: 3493187 Trading symbol: PEY Bloomberg: PEY LN Reuters: PEY.L
Voting rights	Each ordinary registered share represents one voting right

8. Board of Directors

Brian Human

Brian Human (Chairman) (British, born 1948) has been a Director of the Company since November 2003 and an independent Director since December 2007. He gained a Bachelor of Arts (Econ) degree from Rhodes University, South Africa. Brian has been in the finance industry since graduating in 1971. He emigrated to England in 1973, joining first Midland Bank and then Grindlays Bank, which was acquired by the ANZ Bank in 1992 and then by Standard Chartered Bank in 2000. He has worked in Thailand, Hong Kong and Australia as well as England, Jersey and Guernsey. Prior to joining Princess in November 2003 he was head of risk management for Standard Chartered Bank (Jersey) Limited, and his previous posts include managing director of ANZ Grindlays Bank (Jersey) Limited, managing director of ANZ Bank Guernsey Limited, Senior Manager Credit ANZ Bank London, Senior Manager Business Banking ANZ Melbourne and general manager of Thailand-based General Finance and Securities Limited.

Richard Battey

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

Henning von der Forst

Henning von der Forst (German, born 1955) was, until his retirement at the end of 2015 a member of the Executive Board of Directors and Chief Investment Officer of Nuernberger Insurance Group for 24 years and was a member of the Supervisory Board of various Nuernberger Group participations, real estate and investment companies. Furthermore, he was on the Board of Fürst Fugger Privatbank KG, Augsburg from 2005 until 2012. Prior to this, Henning worked as a marketing manager at SBCI Swiss Bank Corporation Investment Banking and as head of treasury and finance at VIAG Aktiengesellschaft (E.on today). He holds a master's degree in business administration from the University of Münster.

Fergus Dunlop

Fergus Dunlop (British, born 1958) is a Non-Executive Director of Schroder Oriental Income Limited. Between 2002 and 2007 Mr Dunlop joint-owned and managed an advisory business in Munich for institutional investors. From 1997 to 2001 he worked in institutional sales with Mercury Asset Management (later Merrill Lynch, now BlackRock) in Frankfurt. From 1987 to 1997 he was with SGWarburg/Mercury in London, where he managed a joint venture with Munich Re. Fergus holds a master's degree in management from Oxford University.

Urs Wietlisbach

Urs Wietlisbach (Swiss, born 1961) co-founded Partners Group in 1996. He is an executive member of Partners Group Holding AG's board of directors and chairman of the markets committee, based in Zug. He was initially responsible for the firm's partnership investment activities and instrumental in building Partners Group's private equity funds portfolio and a global industry network. Later, he also focused on business development responsibilities, first in Europe, and subsequently in the USA and the Asia-Pacific region. Prior to founding Partners Group, he was an Executive Director at Goldman Sachs & Co. where, after assignments in London and New York, he was appointed head of the firm's institutional clients business in Switzerland. Previously, he was a relationship manager for multinational corporate clients at Credit Suisse in New York and Zurich. He holds a master's degree in business administration from the University of St. Gallen (HSG).

9. Directors' report

Directors
B. Human (Chairman)
R. Battey
F. Dunlop
H. von der Forst
U. Wietlisbach

Secretary
Dexion Capital (Guernsey) Limited

Registered Office
Tudor House
St. Peter Port
Guernsey
GY1 1BT

The Directors present their report and audited consolidated financial statements for the period from 1 January to 31 December 2015.

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

Principal Activity
The principal activity of the Group is the holding of investments for the purpose of capital appreciation and income generation. The Investment Manager of the Company is Princess Management Limited (the "Investment Manager" or "Designated Manager") and the Investment Advisor is Partners Group AG (the "Investment Advisor"), a Swiss limited liability company. The majority of the Board is independent of the Investment Manager and the Investment Advisor.

Investment Objectives and Investment Policy
The Company's investment objective is to provide shareholders with long-term capital growth and an attractive dividend yield through investment in a diversified portfolio of private equity and private debt investments which may be classified as private market investments, with a specific focus on direct investments. Under the Company's investment policy, as approved at the Annual General Meeting dated 12 May 2011, investments may include, inter alia:

- Direct investments: interests in (typically unlisted) assets and operating companies (whether held directly or indirectly) and may include equity, debt or other kinds of securities.
- Fund investments: interests in private investment funds acquired from other investors (secondary investments) or through a commitment to a new fund (primary investments). Private investment funds may include vehicles focusing on buyouts, mezzanine funding, venture capital and special situations such as distressed or turnaround situations, private real estate, private infrastructure investments, PIPE (private investments in public equity) transactions and leveraged debt.
- Listed private equity: interests in vehicles listed on public stock exchanges that invest in private investment transactions or funds.

To achieve the investment objective, the Company intends to continue to pursue a relative value investment strategy designed to systematically identify and invest in private equity, private debt and listed private equity that the Investment Manager and the Investment Advisor believe offer superior value at a given point in time.

The Investment Manager has complete discretion as to asset allocation within the private investment market and may at any time determine that up to 100% of the Company's assets may be invested in any particular private market segment.

Review of Performance
An outline of the performance, investment activity and developments in the portfolio can be found in the audited consolidated statement of comprehensive income and statement of financial position.

Monitoring Performance
At each board meeting the Directors consider a number of performance indicators to assess the Company's success in achieving its investment objectives. These include:

- Price and NAV developments
- Net cash flow
- Capital calls and distributions
- IRR reports at the underlying investment level
- Unfunded commitments
- Risk management and adherence to investment guidelines
- Corporate governance

Principal Risks and Uncertainties

The Board is responsible for managing and overseeing risk and reviews and assesses quarterly the risks which it considers apply to the Company. These risks encompass all risks to which the Company may be exposed, including the recent macro environment and uncertainties in respect of the valuation of unquoted investments as well as the cash flow modeling employed by the Company. The Directors have included the Statement of Principal Risks described in the Corporate Governance Report. Notes 4 and 18 of the audited consolidated financial statements provide further comment on certain other risks connected with the investments and financial assets / liabilities held by the Company and how they are managed, together with.

Share Capital

Although the Shareholders granted to the Directors authorization to make market acquisitions of ordinary shares, the Company purchased and redeemed / canceled no shares (31 December 2014: 167'667 shares) resulting in the Company's issued and paid up share capital as at 31 December 2015 being 69'151'168 ordinary shares of EUR 0.001 each (31 December 2014: 69'151'168 ordinary shares of EUR 0.001 each).

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

Shareholder Information

The net asset value and the net asset value per share are calculated (in Euro) every month at the last Business Day of each month by Partners Group (Guernsey) Limited acting as Administrator.

Calculations are made in accordance with International Financial Reporting Standards ("IFRS") which require the Company's direct investments and fund investments to be valued at fair value, are announced by the Company on its website and are submitted to a regulatory information service approved by the UK Listing Authority as soon as practicable after the end of the relevant period.

Dividends

Dividends of EUR 0.27 per share each were paid on 19 June 2015 and 18 December 2015. Previously, dividends of EUR 0.27 each were paid on 18 June 2014 and 17 December 2014.

Results

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

Directors, Directors' Interests and Directors' Remuneration Report

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

R. Battey: 20'000 shares
F. Dunlop: 8'000 shares
B. Human: 2'000 shares
U. Wietlisbach: 194'000 shares

Messrs. Battey, Wietlisbach and Human were re-elected at the 2015 annual general meeting.

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

No contract or arrangement existed in the period in which any of the Directors, other than Mr. Wietlisbach, had a material interest. Mr. Wietlisbach is a Director of and Shareholder in Partners Group Holding AG, the beneficial owner of both the Investment Manager and the Administrator.

No Director had a service contract with the Company other than Mr. Human who had a part time employment contract with the Company which ended in March 2008. Directors' remuneration is presented in the notes to these audited consolidated financial statements and is shown below. Mr. Wietlisbach does not receive a fee for the provision of his services as a director of the Board. Directors' remuneration split as follows in EUR:

(31.12.2015 / 31.12.2014)
R. Battey (52'000 / 52'000)
F. Dunlop (46'000 / 46'000)
B. Human (57'500 / 57'500)
H. von der Forst (46'000 / 46'000)

Length of Service

Each of the Directors was first appointed to the Board on the dates shown below:

R. Battey: 28 May 2009
F. Dunlop: 28 May 2009
B. Human: 19 November 2003
H. von der Forst: 14 November 2012
U. Wietlisbach: 24 June 1999

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and officers' liability in relation to their acts on behalf of the Company. Suitable insurance is in place and due for renewal on 7 December 2016.

Investment Management Arrangements

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

Significant Events

At the Annual General Meeting held on 15 May 2015 the audited consolidated financial statements of the Company for the period ended 31 December 2014 together with the report of the Directors and Independent Auditors were received and adopted. Also on that date, the Shareholders approved granting the Directors (a) the ability to allot equity securities for cash or sell treasury shares for cash and (b) the general power to allot equity shares for cash or sell treasury shares for cash. Also at that meeting, the Shareholders authorized the Company to make market acquisitions of ordinary shares up to a maximum number of 14.99% of the ordinary shares in issuance at the date of the meeting, and this authority was still valid as at 31 December 2015.

Substantial Interest

The European Union Transparency Directive came into force on 20 January 2007. The directive requires substantial shareholders to make relevant holding notifications to the Company and the UK Financial Conduct Authority (formerly UK Financial Services Authority). The Company must then disseminate this information to the wider market. Those shareholders who have declared accordingly that they held above 5% of ordinary shares, as at the period end were:

Bayer-Pensionskasse VVaG - 7.56%
Brewin Dolphin Limited - 5.03%
CCLA Investment Management Limited -5.05%
CVP / CAP Coop - 5.07%
Deutsche Asset Management Investmentgesellschaft - 8.70%
Société Générale Option Europe - 5.31%
Vega Invest Fund Plc - 8.56%
Witan Investment Trust plc - 5.20%

This information has been prepared based on disclosures made by Shareholders to the Company in accordance with stock exchange rules.

Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

So far as the Board of Directors are aware, there is no relevant audit information of which the Group and Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information. The Directors confirm that they have complied with the above requirements in preparing the audited consolidated financial statements. The Directors of the Group and Company have elected to prepare audited consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2015 as the parent of the Group in accordance with Section 244(5) of The Companies (Guernsey) Law, 2008. They are not required to prepare individual accounts for Princess Private Equity Holding Limited in accordance with Section 243 of The Companies (Guernsey) Law 2008 for the financial period.

To the best of our knowledge and belief:

- The annual report includes information detailed in the Chairman's report, the Investment Manager's report, the Directors' report and the notes to the audited consolidated financial statements, which includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces as required by DTR 4.1.8 and DTR 4.1.11; and
- The audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

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

The Directors, having taken advice from the Audit, Risk & Management Engagement Committee, consider that the report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

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

Going Concern

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

Corporate Governance

The Company's statement on corporate governance can be found in the Corporate governance statement on pages 37 to 45 of these financial statements. The Corporate governance statement forms part of the Directors' Report and is incorporated into it by cross-reference.

Company Secretary

The secretary of the Company as at 31 December 2015 was Dexion Capital (Guernsey) Limited.

Independent Auditors

At a general meeting held on 15 May 2015, PricewaterhouseCoopers CI LLP were re-appointed Independent Auditors of the Company for the period ended 31 December 2015, and the Directors were authorized to fix their remuneration.

R. Battey
Director

F. Dunlop
Director

7 March 2016

10. Corporate governance statement

Corporate governance report

The Directors have determined to report against the Association of Investment Companies (the "AIC") Code of Corporate Governance for Guernsey companies ("AIC Code"), dated February 2015, and to follow AIC's Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code and AIC Guide are available on the AIC website www.theaic.co.uk. In assessing the Board's corporate governance practice for 2015, the Directors confirm that throughout the period the Company complied with the provisions of the AIC Guide.

The Company has complied with the relevant provisions of the UK Corporate Governance Code (the "UK Code") as issue by the Financial Reporting Council and dated September 2014, except as set out below:

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

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

The Guernsey Financial Services Commission has a standing Code of Corporate Governance for the Finance Sector that was issued in 2011 (the "Guernsey Code"). In the introduction to the Guernsey Code it states that "Companies which report against the UK Corporate Governance Code or the AIC Code are also deemed to comply with the Code". As a company listed on the London Stock Exchange the Company is subject to the Disclosure Rules and Transparency Rules and the UK Code but uses the AIC Code instead as it is a member of AIC and considers this appropriate for a member company. As an AIC member domiciled in Guernsey which reports against the AIC Code, the Company is not required to report separately against the Guernsey Code.

Rules concerning the appointment and replacement of directors are contained in the Company's Articles of Incorporation and are discussed below.

AIFM Directive

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

The Board

The Board consists of five directors all of whom are non-executive. The independent Chairman of the Board is Mr. Human, who was appointed on 28 May 2009 and is responsible for leading meetings of the Board to ensure that they are efficient and effective. Mr. Human has no other significant business commitments which need to be disclosed and the Board is satisfied that he has sufficient time available to discharge fully his responsibilities as Chairman of the Company. For the purposes of assessing compliance with the AIC Code, the Board considers all of the Directors (other than Mr. Wietlisbach) as independent of the Investment Manager and the Investment Advisor and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

Mr. Human was appointed Managing Director pursuant to a service contract dated 20 March 2007 until March 2008, during which time he was a part time employee of the Company. Mr. Human was formerly employed on a part time basis by Partners Group Global Opportunities Limited, a company which also retains the services of the Investment Advisor, but this employment ceased in December 2007 and the Board now regards Mr. Human as independent. Further, the Board considers Mr. Human independent at the time of his appointment as Chairman.

Mr. Wietlisbach was not considered as independent during the reporting period as he is a Director of and shareholder in Partners Group Holding AG, the beneficial owner of the Investment Manager and the Administrator.

The Board has a breadth of experience relevant to the Company and a balance of skills, experience and age. The Board recognizes the importance of diversity and notes that it continues to evaluate applicants to fill vacant positions without prejudice. Applicants are assessed on their broad range of skills, expertise and industry knowledge, and business and other experience.

Directors are appointed for a fixed term of no more than three years. The appointment may be renewed for a further period if both the respective Director and the Board believe that a renewal is in the interest of the Company.

The renewal shall always be subject to an assessment of the independence of the Director in question and their continued satisfactory performance. In view of the long-term nature of the Company's investments, the Board believes that a stable board composition is fundamental to run the Company properly. The Board has not stipulated a maximum term of any directorship. Directors retire by rotation, with both Messrs. Human and Wietlisbach being subject to re-election on an annual basis, as the latter has been a member of the Board of Directors since November 2003. Therefore Mr. Wietlisbach together with Mr. von der Forst and Mr. Human will stand for re-election at the 2016 Annual General Meeting. The Board continues to be satisfied with the performance of all the Directors, with Mr. Wietlisbach being able to provide additional insight into the private markets industry and in particular both investor relations and investment activity.

As the Company is not a FTSE 350 company, Directors are not subject to annual election by the shareholders nor is the external audit contract put out to tender at least every ten years.

Details relating to each Director's remuneration are disclosed in the Directors' report.

Directors' Duties and Responsibilities

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

The Directors have adopted a schedule of matters reserved for the Board as part of the London Stock Exchange listing process. This includes strategic discussions, monitoring of the share price (and associated premium or discount), approval of accounts, approval of dividends and the monitoring, evaluation, appointment and removal of service providers. The consent of the Board is required if the Investment Manager wishes to borrow more than 20% of the value of the Company assets or take a control position, in an underlying investment (excluding investments in pooling vehicles).

The Board confirms that it has considered and authorized any conflicts or potential conflicts of interest in accordance with the Company's existing procedures.

Board Meetings

The Board considers agenda items laid out in the Notice and Agenda which are formally circulated to the Board in advance of any meeting as part of the board papers. Such items include but are not limited to; investment performance, share price performance, review of marketing and shareholder communication. The Directors may request any Agenda items to be added that they consider appropriate for Board discussion. In addition, each Director is required to inform the Board of any potential or actual conflict of interest prior to Board discussion. Board meetings are attended by representatives of the Investment Manager and the Investment Advisor. The Company's corporate brokers also attend to assist the Directors in understanding the views of major shareholders about the Company. Below is a summary of the Director attendance at Board meetings held in 2015, compared against those for which they were eligible:

R. Battey (4/4)
F. Dunlop (4/4)
B. Human (4/4)
H. von der Forst (4/4)
U. Wietlisbach (4/4)

During the period no ad hoc meetings were held.

Committee of the Board

The Board has established an Audit & Management Engagement Committee which was renamed, on 16 November 2015 to the Audit, Risk & Management Engagement Committee (AR&ME Committee), which meets at least four times a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored. It provides a forum through which the Company's external auditors may report to the Board. Furthermore it ensures that any reports issued by the Board present a fair, balanced and understandable assessment of the Company's position and prospects. The AR&ME Committee reviews the annual, half yearly and quarterly accounts, results, announcements, internal control systems and procedures and accounting policies of the Company, together with the recommendation to appoint Independent Auditors.

The Board recognizes the importance of a sound risk management solution to safeguard Company's assets, protect the interests of the shareholders and meet its responsibilities as a listed company.

The AR&ME Committee's requirements for ensuring appropriate internal controls are in place and monitors the risks and their potential impact on the Company.

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

- identify and appraise all risks related to achieving the Company's objectives including all investment, regulatory, reputational, operational and financial risk; manage and control risk appropriately rather than eliminate it;
- ensure the appropriate internal controls are embedded within the business processes and form part of the Company's culture which emphasizes clear management responsibility and accountabilities;
- respond quickly to evolving risks within the Company and the external business environment; and
- include procedures for reporting any control failings or weaknesses to the appropriate level of management together with the details of corrective action.

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

- The AR&ME Committee carries out each year an evaluation of the external auditors as to its independence from the Group and Company and relevant officers of the Group and Company in all material respects, and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the AR&ME Committee recommends to the Board the continuation, removal or replacement, of the external auditors. The external auditors may provide audit related services such as regulatory and statutory reporting and may also provide assistance on tax and regulatory matters given its knowledge of the Group's and Company's business. Such services will however be assessed on a case-by-case basis so that the best placed adviser is retained. Where the auditors are engaged to provide additional services, different teams are utilized by the auditors in providing these services.
- The AR&ME Committee gives careful consideration before appointing the auditors to provide other services. These other services are generally limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group's and Company's business is necessary. The external auditors did not provide any non-audit services during the year;
- The external auditors' report to the directors and the AR&ME Committee confirming their independence in accordance with International Standards on Auditing. In addition to the steps taken by the board to safeguard auditor objectivity, PricewaterhouseCoopers CI LLP operates a five-year rotation policy for audit engagement leaders on listed companies such as Princess;
- PricewaterhouseCoopers CI LLP have remained in place as auditors for a considerable number of years and the audit contract has not been put out to tender in the last 10 years. Their performance is reviewed annually by the AR&ME Committee; and
- As part of its review the AR&ME Committee notes that the audit engagement leader was rotated in 2013. Although PricewaterhouseCoopers CI LLP follows a five-year rotation policy, the current audit engagement leader's five-year term will end in 2016 as a result of his prior involvement as a key audit team member in the prior year audits of the Group and Company.

Although the Directors believe that the Company and the Group have a robust framework of internal control in place, this can only provide reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

The AR&ME approach their risk review covering qualitative and quantitative matters.

On a quarterly basis the AR&ME review the principal risks faced by the Company and the Group, covering investment risk, strategic risk, regulatory risk, reputational risk, operational risk, financial risk and market abuse. For each of these risks the AR&ME has evaluated how these risks could arise, assigned responsibility to control such risks and determined the current likelihood and impact of the risk occurring. The AR&ME make decisions and request additional reporting based on these findings.

Also, they receive, on a quarterly basis, from the Investment Advisor an assessment of the performance of the investments which it monitors based on the Investment Advisor's internal rating system.

On an annual basis the Board of Directors meet with the internal audit team of Partners Group Holding AG to discuss the upcoming audit plan, covering those assigned to Partners Group Holding AG and its affiliated entities, and the material results or findings of any reports for the previous period that affect the Company and the Group. Additionally the Board of Directors is provided with a copy of the Internal Controls report produced by PricewaterhouseCoopers AG under the International Standard on Assurance Engagement 3402 "Assurance reports on controls at a service organisation". This information allows the Board of Directors to manage and control the services delegated to Partners Group and to seek clarification or updates

Also, on an annual basis the Committee reviews certain quantitative reports covering foreign currency exchange, interest rate risk, liquidity risk, market price risk and counterparty risk as disclosed in the notes to the consolidated financial statements.

The Board reviewed the Risk Management and Internal Control Systems on 7 March 2016. Good stewardship must not inhibit sensible risk taking, which is critical to growth, and while no cost-effective management system which allows such risk taking can be perfect, and monitoring systems will continue to evolve, the review confirmed that the systems of risk management and internal controls were robust and effective.

Statement of Principal Risks

The Board is responsible for managing and overseeing risk and reviews and assesses quarterly the risks which it considers apply to the Company. These risks encompass all risks to which the Company may be exposed and are generally ranked by a risk index, taking into account likelihood and impact.

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

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

The risks are split into three main sections; external (covering regulatory and reputational risk), investment (covering investment and strategic risk) and operational (covering operational risk, financial risk and market abuse).

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

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

Key risk	Assessment	Potential impact	Control exercised by the Board
Risk of investments becoming highly illiquid.	Stable This risk was assessed as stable, although the IPO market fell slightly.	Inability to realize investments.	Quarterly review of investment report, investment activity report and funding report by Investment Manager. Regular monitoring of cash flow receipts and unfunded commitments.
Loss from exposure to foreign exchange denominated hedged or un-hedged positions.	Increasing This risk was assessed as increasing, as there has been is significant currency volatility during the period.	Decrease of net asset value outside of the control of the Investment Manager.	Quarterly review of foreign exchange exposure report and assessment of hedging strategy, as applicable.
Company's shares trade at a large discount.	Decreasing This risk was assessed as decreasing as the discount has decreased over the past two years.	Lack of demand from shareholders and prospects.	Quarterly review of corporate broker report. Analyze cash receipts and unfunded commitments considering dividend expectations of shareholders as well.
Insufficient cash to fund existing commitments.	Decreasing This risk was assessed as decreasing as the Company continues to receive distributions and realize investment portfolio assets as appropriate.	Company defaults on investments.	Quarterly review of investment report, investment activity report and funding report by investment manager. Receive cash flow from Partners Group.
Key service provider not executing prescribed roles under instruction of the Board.	Decreasing This risk was assessed as decreasing as service provider personnel are stable and due to the close relationship with the Board.	Instructions are not executed in a timely manner.	Review of open item list at board or committee meetings, compliance report and updates from internal auditor from Partners Group Holding AG.

Below is a summary of the Director attendance at AR&ME Committee meetings held in 2015, compared against those for which they were eligible:

R. Battey (4/4)
F. Dunlop (4/4)
B. Human (4/4)

With the exception of Mr. von der Forst, who resigned on 30 June 2014 from the AR&ME Committee and Mr. Wietlisbach, the AR&ME Committee is composed of all the members of the Board, and has been chaired by Mr. Battey following his appointment on 28 May 2009. Although Mr. Human is independent Chairman of the Company, he is also a member of the AR&ME Committee.

The AR&ME Committee has determined that the continuing appointment of the Investment Manager on the terms of the Investment Management Agreement is in the interests of Shareholders as a whole, given the global reach, access to leading private equity houses and expertise of the Investment Manager and through the Investment Manager to the Investment Advisor.

The Board undertakes an annual evaluation of its own performance and the performance of its committee and individual Directors, to ensure that they continue to act effectively and efficiently and to fulfill their respective duties, and to identify any training requirements. During this evaluation the Directors also reconfirmed that they continue to be able to allocate sufficient time to the Company in order to discharge their responsibilities. A full corporate governance review has been undertaken since the publication of the previous financial statements, which was facilitated by the Company Secretary. There were no matters of significance raised within the findings of the review and, as mentioned within this report, the non-independent director is considered to be Mr. Wietlisbach.

The Board has undertaken an annual review of the effectiveness of the Company's and the Group's system of internal controls and the safeguarding of shareholders' investments and the Company's assets. There were no significant matters raised within the findings of the review.

The Directors acknowledge that the Administrator has appropriate systems, controls and processes that are used in the production of the consolidated financial statements and that these are re-evaluated at the end of the financial reporting period through the approval of the relevant financial statements. Given the size and nature of the Company, it is not deemed necessary to form a separate remuneration or nomination committee. The Board, as a whole, will also consider new Board appointments.

In determining the process for the identification of suitable candidates to fill open positions within the Board of Directors, the Board recognizes the importance of diversity and that it is a much wider issue than gender. The Board expects that its members should collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Company's business.

The significant areas considered by the AR&ME Committee and discussed with the external auditors during the year were:

- Unquoted investments: reports from the Investment Manager are received on a quarterly basis on the portfolio development and the impact on the Direct and Indirect Investments, together with the significant unobservable valuation inputs for the level 3 investments. The AR&ME Committee was content after due challenge and debate with the assumptions and judgments applied in relation to the Investment Manager's recommendations adopted by the Directors in respect of the valuation of unquoted investments.
- Presumed risk of fraud and management override of controls: The AR&ME Committee considered the presumed risks of fraud as defined by auditing standards and was content that there were no issues arising.
- Financial statements: the presentation of the financial statements is considered, and in particular, the disclosures in connection with International Financial Reporting Standards. The AR&ME Committee is satisfied with the presentation of the audited consolidated financial statements of the Group.

Viability Statement

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meets its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as detailed above. The Directors consider this is an appropriate period to assess the viability of an investment company for the purposes of giving assurance to shareholders.

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

The three year plan review is underpinned by the regular Board of Directors briefings provided by the Investment Manager, including discussions around liquidity reporting and risk management reports undertaken by the Board of Directors in its normal course of business. These reviews consider both the market opportunity and the associated risks, principally the ability to realize investments at their fair value and secure new investments while maintaining sufficient working capital. These risks are considered within the Board of Directors' risk appetite framework.

Based on the Company's processes for monitoring, anticipating and managing cash flow, operating costs, share price discount, the Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, gearing, counterparty exposure and liquidity risk, the Directors have concluded that there is a reasonable expectation that the company will continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2018.

Shareholder Communication

The Directors place great importance on shareholder communication while the Investment Manager and the Investment Advisor also carry out a program of regular meetings with shareholders and potential investors. The Company publishes a monthly report with key financial data and issues affecting the portfolio, and publishes quarterly financial statements as well as unaudited semi-annual and audited annual accounts. Conference calls are arranged on a quarterly basis at which the Investment Advisor provides an in-depth review of developments in the portfolio and gives a market overview. In order to ensure that the Directors are aware of shareholders' views and concerns, at least one independent Director attends these quarterly conference calls. In addition the brokers also present a summary of shareholders' sentiment at the quarterly board meetings. These initiatives in combination assist the Board to develop a balanced understanding of the issues and concerns of major shareholders. In addition the Directors propose a separate resolution on each substantial issue tabled at the annual general meeting, including the approval of the financial statements, and publish on the Company's website, shortly after the Annual General Meeting, details of the valid proxies received, votes for and against and withheld in relation to each resolution. Regular news releases are also published.

R. Battey
Director

F. Dunlop
Director

7 March 2016

11. Independent auditors' report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRINCESS PRIVATE EQUITY HOLDING LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Princess Private Equity Holding Limited (the "Group") which comprise the consolidated statement of financial position as of 31 December 2015 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2015, and of its financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Key figures, the Chairman's report, the Market overview, the Investment manager's report, the Portfolio composition, the Portfolio overview, the Structural overview, the Facts and figures, the Board of Directors, the Directors' report and the Corporate governance statement.

In our opinion:

- the information given in the Directors' report is consistent with the financial statements and;
- the information given in the Corporate governance statement set out on pages 37 to 45 of the financial statements with respect to internal control and risk management systems is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the directors' statement set out on page 36 in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern;
- the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit;
- the part of the Corporate governance statement relating to the Group's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Roland C Mills

For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
7 March 2016

12. Audited consolidated financial statements

Audited consolidated statement of comprehensive income

for the period from 1 January 2015 to 31 December 2015

In thousands of EUR	Notes	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Net income from financial assets at fair value through profit or loss		**139'083**	**103'248**
Private equity		*122'383*	*86'472*
Interest & dividend income	20	842	811
Revaluation	9,21	100'218	63'340
Net foreign exchange gains / (losses)	9,22	21'323	22'321
Private debt		*11'981*	*12'448*
Interest income (including PIK)	20	1'924	2'313
Revaluation	9,21	4'810	4'560
Net foreign exchange gains / (losses)	9,22	5'247	5'575
Private real estate		*802*	*1'738*
Revaluation	9,21	781	1'713
Net foreign exchange gains / (losses)	9,22	21	25
Private infrastructure		*3'917*	*2'590*
Revaluation	9,21	3'251	2'047
Net foreign exchange gains / (losses)	9,22	666	543
Net income from short-term investments		**(10)**	**-**
Interest income	20	(10)	-
Net income from cash & cash equivalents and other income		**(638)**	**111**
Interest income / (expense)	20	51	(33)
Net foreign exchange gains / (losses)	22	(689)	144
Total net income		**138'435**	**103'359**
Operating expenses		**(20'434)**	**(12'718)**
Management fees	23	(10'712)	(9'333)
Incentive fees	15,23	(11'913)	(7'654)
Administration fees	23	(314)	(288)
Service fees	23	(250)	(250)
Other operating expenses		(1'349)	(917)
Revaluation of other long-term receivables	21	(9)	-
Other net foreign exchange gains / (losses)	22	4'113	5'724
Other financial activities		**(16'795)**	**(19'271)**
Setup expenses - credit facilities	14	(231)	(571)
Interest expense - credit facilities	14,20	131	(364)
Other finance cost		533	691
Net gains / (losses) from hedging activities	10,21	(17'228)	(19'027)
Surplus / (loss) for period		**101'206**	**71'370**

In thousands of EUR	Notes	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Other comprehensive income for period; net of tax		-	-
Total comprehensive income for period		**101'206**	**71'370**
Weighted average number of shares outstanding		69'151'168.00	69'168'769.45
Basic surplus per share for period		1.46	1.03
Diluted surplus per share for period		1.46	1.03
The Euro earnings per share is calculated by dividing the surplus / (loss) for period by the weighted average number of shares outstanding			

Audited consolidated statement of financial position

As at 31 December 2015

In thousands of EUR	Notes	31.12.2015	31.12.2014
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	9	512'404	406'628
Private debt	9	72'376	74'954
Private real estate	9	14'064	15'862
Private infrastructure	9	15'765	12'436
Other long-term receivables		2'935	2'646
Non-current assets		**617'544**	**512'526**
Other short-term receivables		1'477	558
Deferred receivables on investments	16	-	56'512
Hedging assets	10	1'300	-
Cash and cash equivalents	11	59'766	45'348
Current assets		**62'543**	**102'418**
TOTAL ASSETS		**680'087**	**614'944**
EQUITY AND LIABILITIES			
Share capital	12	69	69
Retained earnings		171'219	70'013
Reserves	12	486'098	523'440
Total equity		**657'386**	**593'522**
Other long term payables		-	209
Liabilities falling due after one year		**-**	**209**
Hedging liabilities	10	-	5'794
Accruals and other short-term payables		22'701	15'419
Liabilities falling due within one year		**22'701**	**21'213**
TOTAL EQUITY AND LIABILITIES		**680'087**	**614'944**

Audited consolidated statement of changes in equity

for the period from 1 January 2015 to 31 December 2015

In thousands of EUR	Share capital	Treasury shares	Retained earnings	Reserves	Total
Balance at the beginning of period	69	-	70'013	523'440	593'522
Dividend paid during period	-	-	-	(37'342)	(37'342)
Other comprehensive income for period; net of tax	-	-	-	-	-
Surplus / (loss) for period	-	-	101'206	-	101'206
Equity at end of period	**69**	**-**	**171'219**	**486'098**	**657'386**

for the period from 1 January 2014 to 31 December 2014

In thousands of EUR	Share capital	Treasury shares	Retained earnings	Reserves	Total
Balance at the beginning of period	69	(432)	(1'357)	561'832	560'112
Dividend paid during period	-	-	-	(37'343)	(37'343)
Other comprehensive income for period; net of tax	-	-	-	-	-
Treasury shares cancelled	-	432	-	(432)	-
Share buyback and cancellation	-	-	-	(617)	(617)
Surplus / (loss) for period	-	-	71'370	-	71'370
Equity at end of period	**69**	**-**	**70'013**	**523'440**	**593'522**

Audited consolidated statement of cash flows

for the period from 1 January 2015 to 31 December 2015

In thousands of EUR	Notes	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Operating activities			
Surplus / (loss) for period before interest expense		101'075	71'734
Adjustments:			
Net foreign exchange (gains) / losses	22	(30'681)	(34'332)
Investment revaluation	21	(109'060)	(71'660)
Revaluation of other long-term receivables	21	9	-
Net (gain) / loss on interest	20	(2'807)	(2'732)
Net (gain) / loss on dividends	20	-	(359)
Revaluation on forward hedges	10	17'228	19'027
(Increase) / decrease in receivables		59'435	49'278
Increase / (decrease) in payables		7'378	5'818
Realized gains / (losses) from forward hedges	10	(24'323)	(12'889)
Purchase of private equity investments	9	(81'851)	(56'927)
Purchase of private debt investments	9	132	(23'843)
Purchase of private real estate investments	9	(169)	(323)
Purchase of private infrastructure investments	9	(98)	(4'765)
Distributions from and proceeds from sales of private equity investments	9	97'616	53'009
Distributions from and proceeds from sales of private debt investments	9	13'381	17'915
Distributions from and proceeds from sales of private real estate investments	9	2'769	2'184
Distributions from and proceeds from sales of private infrastructure investments	9	686	186
Purchase of short-term investments		-	(75'000)
Sale of short-term investments		-	75'000
Interest & dividends received		1'930	2'082
Net cash from / (used in) operating activities		**52'650**	**13'403**
Financing activities			
Interest paid - credit facilities	14	(201)	-
Dividends paid	12	(37'342)	(37'343)
Share buyback and cancellation	12	-	(617)
Net cash from / (used in) financing activities		**(37'543)**	**(37'960)**
Net increase / (decrease) in cash and cash equivalents		**15'107**	**(24'557)**
Cash and cash equivalents at beginning of period	11	**45'348**	**69'761**
Effects of foreign currency exchange rate changes on cash and cash equivalents	22	(689)	144
Cash and cash equivalents at end of period	11	**59'766**	**45'348**

Notes to the audited consolidated financial statements

for the period from 1 January 2015 to 31 December 2015

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 1BT. 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 premium main market of the London Stock Exchange, where they have been listed since 1 November 2007.

On 19 September 2012 the Company announced the sale of a limited portfolio of mainly large cap buyout fund positions in the secondary market. The aim of the transaction is to accelerate the phased transition of the portfolio towards global direct investments.

2 Basis of preparation

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

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

The Directors of the Company have elected to prepare consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2015 as the parent of the Group in accordance with Section 244(5) of The Companies (Guernsey) Law, 2008. They are not required to prepare individual accounts for Princess Private Equity Holding Limited in accordance with Section 243 of The Companies (Guernsey) Law 2008 for the financial period.

3 Principal accounting policies

The following accounting policies have been applied consistently, except where otherwise noted, in dealing with items which are considered material in relation to the Group's audited consolidated financial statements.

From 1 January 2015 the following existing revised IFRS and interpretations to existing standards were required to be adopted. The Group has consequently adopted all relevant and below mentioned standards since 1 January 2015.

Annual improvements 2010 - 2012 (effective 1 January 2015)
Annual improvements 2011 - 2013 (effective 1 January 2015)
Annual improvements 2012 - 2014 (effective 1 January 2015)

The Directors of the Company have assessed the impact of implementing these amendments and concluded that these standards and new interpretations did not affect the Group's results of operations or financial position in either of the periods presented.

The following standards, interpretations and amendments to published standards that are mandatory for future accounting periods, but where early adoption is permitted now, have not been duly adopted.

IFRS 9 (effective 1 January 2018) - Financial instruments
IFRS 15 (effective 1 January 2018) - Revenue from contracts with customers
IFRS 10, IFRS 12 and IAS 28 (Amendment effective 1 January 2016) - Clarifications and interpretations to requirements when accounting for investment entities

The Directors of the Company are in the process of assessing the impact of these standards and believe that these new accounting standards and interpretations will not significantly affect the Group's results of operations or financial position. The Directors of the Company do, however, believe that these standards may require additional disclosures.

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

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

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

As a result, the Group does not consolidate any entities other than the Subsidiaries, as these entities provide services to the Company which relate to the Company's investment activities.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated on consolidation.

A list of the Group's subsidiaries is set out in a subsequent note. The consolidation is performed using the purchase method. All Group companies have 31 December as the end of their reporting periods.

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

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

Foreign currency translation
(a) Functional and presentation currency

Items included in the audited financial statements of each of the Group's entities are measured using the currency of the economic environment in which the entity operates (the "Functional Currency") that most faithfully represents the economic effect of the underlying transactions, events and conditions. The audited consolidated financial statements are presented in Euros, which is the Company's Functional and the Company and Group's presentation Currency.

(b) Transactions and balances

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

Financial assets and financial liabilities at fair value through profit or loss
(a) Classification

The Group classifies its investments in private equity, private debt, private real estate, private infrastructure and private resources, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Directors of the Company at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the short-term.

Where the Group has hedged the value of non-Functional Currency investments against the Functional Currency the Group does not use hedge accounting as defined in IAS 39. Derivative financial instruments are classified as financial assets and liabilities held for trading. They are initially recognized in the audited consolidated statement of financial position at fair value and are subsequently remeasured to fair value. As a result, the realized gains/lossess and the unrealized changes in fair value are recognized in the audited consolidated statement of comprehensive income under the heading "Other financial activities". The fair values of various derivative instruments used for hedging purposes, if any, are disclosed in the notes.

Financial assets and financial liabilities at fair value through profit or loss at inception consist of interests which are acquired by the Group (including all related securities) in (typically unlisted) direct private equity investments ("Direct Investments") and all other types of investments, which comprise of investments in other investment vehicles ("Indirect Investments"). These are managed and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is used by the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

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

(b) Recognition and derecognition

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

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

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

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

(c) Measurement

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

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

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

(d) Fair value estimation

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

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

Short-term investments
Short-term investments consist of investments in treasury bills and money-market funds with a stated maturity between 3 and 12 months at the date of acquisition. Short-term investments are initially recognized at fair value and subsequently measured at fair value through profit or loss.

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

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

Other short-term and long-term receivables
Other short-term receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets unless the maturities are more than 12 months after the end of the reporting period where they are classified as non-current assets. Other short-term and long-term receivables are stated at the contractual amount less impairment, if any, as this is a reasonable approximation of fair value.

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

Deferred receivables on investments
Deferred receivables on investments meet the definition of a financial asset as they are a contractual right for a specified amount at a specified date. Initially deferred receivables on investments which represent a financial asset are recognized at fair value. Subsequently these are measured at amortized cost using the effective interest method. They are classified as assets falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as non-current assets. A deferred receivable on investments is derecognized when the obligation under the asset is received or discharged.

Accruals and other short-term payables
Accruals and other short-term payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are classified as liabilities falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as liabilities falling due after one year. Accruals and other short-term payables are stated at the carrying amount as this is a reasonable approximation of fair value.

Borrowings
Borrowings consist of credit facilities and loans received either from financial institutions or from related parties. Such borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. In the audited consolidated statement of financial position borrowings are classified as liabilities falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as liabilities falling due after one year.

Deferred payments

Deferred payments meet the definition of a financial liability as they are a contractual obligation for a specified amount at a specified date. Initially deferred payments which represent a financial liability are recognized at fair value. Subsequently these are measured at amortized cost using the effective interest method. They are classified as liabilities falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as liabilities falling due after one year. A deferred payment is derecognized when the obligation under the liability is paid or discharged.

Equity

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

4 Critical accounting estimates and judgments

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

Unquoted investments

For the valuation of such investments the Investment Manager reviews the latest information provided by underlying investments and other business counterparties, which frequently does not coincide with the valuation date, and applies widely recognized market and income valuation methods to such information such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation as well as market prices to estimate a fair value as at the end of the reporting period. In order to determine the underlying assumptions of such methods significant judgment is required. The areas of such judgment include, but are not limited to:

- Selection of the valuation technique;
- Selection of a set of comparable listed companies;
- Selection of performance measures of such listed companies in order to determine comparable trading multiples;
- Determination of adjustments to comparable trading multiples based on qualitative factors;
- Determination of future cash flows;
- Determination of applicable discount rates considering own and counterparties' credit risk;
- Selection of recent transactions for the sales comparison method;
- Determination of applicable capitalization rates for the income method; and
- Determination of applicable discount rates considering own and counterparties' credit risk.

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

As part of the continuous evaluation of the fair value of the underlying unquoted investments, the fair value assessment procedures are determined by the Investment Manager independent of the Investment Advisor's investment committee. In addition, the Investment Manager is also responsible for ensuring that these procedures are adhered to during the assessment of the fair values.

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

- An underlying investment's most recent reporting information including a detailed analysis of underlying company performance and investment transactions with the Indirect Investments between the latest available reporting of the underlying investment and the end of the reporting period of the Group;
- Review of a Direct Investment's most recent accounting and cash flow reports and models, including data supplied by both the sponsor and the company and any additional available information between the date of these reports and the end of the reporting period of the Group;
- Review of recent transaction prices and merger and acquisition activity for similar Direct Investments;
- Review of the Indirect Investment's application of generally accepted accounting principles and the valuation method applied for its underlying investments such as discounted cash flow and multiple analysis, which are based on available information; and
- Review of current market environment and the impact of it on the Direct and Indirect Investments.

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

Cash flow modeling

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

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

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

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

There is uncertainty in the estimates and judgment in the cash flow modeling assumptions concerning the future and as such the Investment Manager, on instruction from the Governing Body, continuously compares these assumptions against actual developments and adjusts and reports the cash flow model accordingly, including the short term credit facility.

5 Expenses

Management fees

Under the Investment Management Agreement ("IMA") between the Company and Investment Manager the Company pays, in arrears, to the Investment Manager quarterly management fees. The quarterly management fees are calculated as 0.375% of the higher of the sum of Private Equity Net Assets which is the higher of (i) the net asset value of the Company and (ii) the value of the assets less any temporary investments of the Company, plus the amount of the unfunded commitment of the Company or the Net Assets of the Group at the end of the quarter.

Administration fees

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

Service fees

For the services provided, the Company shall pay the Investment Manager a quarterly compensation of EUR 62'500 excluding VAT, if any, including any overhead, travel, out-of-pocket, IT and other infrastucture expenses in connection with the provision of services under the Investor Relations Agreement.

Incentive fees

In accordance with the IMA, the Investment Manager is entitled to receive a share of the realized profits of the Company, otherwise referred to as incentive fees ("Incentive Fees"). In accordance with the IMA, Incentive Fees are calculated on each reporting date, taking into account the required performance conditions and distribution arrangements of the Company.

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

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

Incentive Fees are calculated on an annual basis based on the value of each direct and secondary investment as measured at the reporting date, whether or not such investments are made through a pooling vehicle. This calculation is performed separately for each direct and secondary investment.

The foreign currency exchange fluctuations are included in this calculation.

The change in Incentive Fees is accounted for on an accruals basis and is presented separately in the audited consolidated statement of comprehensive income.

During the reporting period EUR 4'872'484 in Incentive Fees were paid (2014: EUR 660'000).

6 Taxation

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

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

7 Dividends

The Board of Directors of Princess Private Equity Holding Limited declared a dividend of EUR 0.27 paid on 19 June 2015 and EUR 0.27 on 18 December 2015 on each Ordinary Share which together amounted to EUR 37.3 million (2014: EUR 37.3 million).

8 Segment calculation

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

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

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

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

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

In thousands of EUR	**01.01.2015 31.12.2015**	**01.01.2014 31.12.2014**
Private equity		
Interest & dividend income	842	811
Revaluation	100'218	63'340
Net foreign exchange gains / (losses)	21'323	22'321
Total net income private equity	**122'383**	**86'472**
Segment result private equity	**122'383**	**86'472**
Private debt		
Interest income (including PIK)	1'924	2'313
Revaluation	4'810	4'560

In thousands of EUR	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Net foreign exchange gains / (losses)	5'247	5'575
Total net income private debt	**11'981**	**12'448**
Segment result private debt	**11'981**	**12'448**
Private real estate		
Revaluation	781	1'713
Net foreign exchange gains / (losses)	21	25
Total net income private real estate	**802**	**1'738**
Segment result private real estate	**802**	**1'738**
Private infrastructure		
Revaluation	3'251	2'047
Net foreign exchange gains / (losses)	666	543
Total net income private infrastructure	**3'917**	**2'590**
Segment result private infrastructure	**3'917**	**2'590**
Non attributable		
Interest & dividend income	41	(33)
Net foreign exchange gains / (losses)	(689)	144
Total net income non attributable	**(648)**	**111**
Segment result non attributable	**(21'082)**	**(12'607)**
Other financial activities not allocated	(16'795)	(19'271)
Surplus / (loss) for the financial period	**101'206**	**71'370**

9 Financial assets at fair value through profit or loss

9.1 PRIVATE EQUITY

In thousands of EUR	31.12.2015	31.12.2014
Balance at beginning of period	406'628	317'049
Purchase of Direct and Indirect Investments	81'851	56'927
Distributions from and proceeds from sales of Direct and Indirect Investments	(97'616)	(53'009)
Revaluation	100'218	63'340
Foreign exchange gains / (losses)	21'323	22'321
Balance at end of period	**512'404**	**406'628**

The movement in unrealized gains/losses on financial assets at fair value through profit or loss still held at the end of the reporting period amounts to EUR 100'382'483 (2014: EUR 89'169'306).

The balance at the beginning of the period includes investments classified as level 1 in accordance with IFRS 13 with a fair value of EUR 1'964'734 (2014: EUR 2'231'628). The balance at the end of the period includes investments classified as level 1 in accordance with IFRS 13 with a fair value of EUR 12'118'535 (2014: EUR 1'964'734). During the reporting period, EUR 10'877'097 were transferred out of level 3 into level 1 (2014: nil).

9.2 PRIVATE DEBT

In thousands of EUR	31.12.2015	31.12.2014
Balance at beginning of period	74'954	57'882
Purchase of Direct and Indirect Investments	(132)	23'843
Distributions from and proceeds from sales of Direct and Indirect Investments	(13'381)	(17'915)
Accrued cash and PIK interest	1'307	1'327
Interest received	(429)	(318)
Revaluation	4'810	4'560
Foreign exchange gains / (losses)	5'247	5'575
Balance at end of period	**72'376**	**74'954**

The movement in unrealized gains/losses on financial assets at fair value through profit or loss still held at the end of the reporting period amounts to EUR -2'799'542 (2014: EUR 4'918'767).

9.3 PRIVATE REAL ESTATE

In thousands of EUR	31.12.2015	31.12.2014
Balance at beginning of period	15'862	15'985
Purchase of Direct and Indirect Investments	169	323
Distributions from and proceeds from sales of Direct and Indirect Investments	(2'769)	(2'184)
Revaluation	781	1'713
Foreign exchange gains / (losses)	21	25
Balance at end of period	**14'064**	**15'862**

The movement in unrealized gains/losses on financial assets at fair value through profit or loss still held at the end of the reporting period amounts to EUR 413'556 (2014: EUR 1'737'734).

9.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	31.12.2015	31.12.2014
Balance at beginning of period	12'436	5'267
Purchase of Direct and Indirect Investments	98	4'765
Distributions from and proceeds from sales of Direct and Indirect Investments	(686)	(186)
Revaluation	3'251	2'047
Foreign exchange gains / (losses)	666	543
Balance at end of period	**15'765**	**12'436**

The movement in unrealized gains/losses on financial assets at fair value through profit or loss still held at the end of the reporting period amounts to EUR 3'915'671 (2014: EUR 2'590'265).

10 Foreign exchange forward / option contracts

In thousands of EUR	31.12.2015	31.12.2014
Foreign exchange forward contracts		
Unrealized gains / (losses)	7'094	(6'138)
Realized gains / (losses)	(24'323)	(12'889)
Total gains / (losses) from forward contracts	**(17'229)**	**(19'027)**

All contracts captured in the table below may be settled on a gross basis.

Open foreign exchange forward/option contracts	Volume of currency sold (in thousands)	Volume of currency bought (in thousands)	Value date	Fair value at (in thousands of EUR)
As at 31.12.2015				
Foreign exchange forward contract	USD 60'000	EUR 56'177	18.02.2016	970
Foreign exchange forward contract	USD 56'000	EUR 52'384	18.02.2016	858
Foreign exchange forward contract	USD 41'000	EUR 37'195	17.03.2016	-528
As at 31.12.2014				
Foreign exchange forward contract	USD 208'100	EUR 166'101	19.03.2015	-5'794

11 Cash and cash equivalents

In thousands of EUR	31.12.2015	31.12.2014
Cash at banks	29'747	6'348
Cash equivalents	30'019	39'000
Total cash and cash equivalents	**59'766**	**45'348**

12 Share capital, Treasury shares and Reserves

12.1 CAPITAL

In thousands of EUR	31.12.2015	31.12.2014
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).

During the reporting period, the Company has not purchased or cancelled any of its own shares (2014: Purchased 98'667 of its own shares at an average price of EUR 6.25 and 167'667 shares have been cancelled).

12.2 TREASURY SHARES

In thousands of EUR	31.12.2015	31.12.2014
Share buyback for cancellation	**-**	**-**

Treasury shares are recognized at cost and presented separately within equity. The Company may hold treasury shares in relation to the approved share buyback program until such shares are cancelled in the share register. In 2014, 69'000 shares bought back during the previous reporting period were cancelled. At the end of the reporting period the Company did not hold any treasury shares (2014: nil). The Company's outstanding share capital consists of 69'151'168 shares as at the end of the reporting period (2014: 69'151'168).

12.3 RESERVES

In thousands of EUR	31.12.2015	31.12.2014
Distributable reserves		
Distributable reserves at beginning of reporting period	523'440	561'832
Dividend payment	(37'342)	(37'343)
Treasury shares cancelled	-	(432)
Share buyback and cancellation	-	(617)
Total distributable reserves at end of reporting period	**486'098**	**523'440**

At the annual general meeting held in May 2015, the shareholders renewed the authority granted to the Directors to purchase up to 14.99 per cent of the issued share capital of the Company. During the reporting period the Company did not buy back shares. As disclosed in the table above, no shares were cancelled during the reporting period and no shares were held as treasury shares at the end of the reporting period.

13 Commitments to Direct and Indirect Investments

In thousands of EUR	31.12.2015	31.12.2014
Unfunded commitments translated at the rate prevailing at end of period	131'804	165'038

14 Short-term credit facilities

On 12 November 2013, the Company renewed a multi-currency revolving credit facility with Lloyds TSB Bank plc for EUR 50m, which ends on the 26 July 2017.

In relation to the interest charged, on drawn amounts, this 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, EURIBOR. In addition there is a commitment fee of 0.90% per annum calculated on the daily undrawn amounts plus a fee of EUR 450’000 paid over three years and a monitoring fee in the amount of EUR 25’000 per annum.

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 350m and a total asset ratio (total debt plus current liabilities as a percentage of restricted net asset value) not greater than 25%.

During the reporting period, all amounts drawn down were repaid on which interest of EUR 175'655 and monitoring fee of EUR 25'000 have been recognized through the audited consolidated statement of comprehensive income (2014: nil).

In thousands of EUR	31.12.2015	31.12.2014
Short term credit facility		
Balance at beginning of period	-	-
Increase during period	32'000	-
(Decrease) during period	(32'000)	-
Balance at end of period	**-**	**-**

15 Incentive fees

In thousands of EUR	31.12.2015	31.12.2014
Balance at beginning of period	11'406	4'413
Change in incentive fees attributable to Investment Manager	11'913	7'654
Incentive fees paid/payable	(4'872)	(660)
Balance at end of period	**18'447**	**11'407**
Incentive fees accrued	27'034	14'333
Incentive fees rebates accrued	(8'587)	(2'927)
Total net incentive fees	**18'447**	**11'406**

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

16 Project Alexander

In September 2012, a company within the Group entered into a sale and purchase agreement, relating to Project Alexander, with a single third party buyer (the "Buyer") to sell 17 limited partnership interests ("Investments") held by the Group.

The transaction was settled in five installments between 30 September 2012 and 2 October 2015. As of 31 December 2015, all amounts relating to the transaction have been received from the Buyer.

The amounts relating to the transaction were initially recognized in the audited consolidated statement of financial position as financial assets at fair value and were then measured at amortized cost using the effective interest method and have been recognized as receivables in the audited consolidated statement of financial position.

In thousands of EUR	**31.12.2015**	**31.12.2014**
Deferred receivables on investments	-	56'512

17 Earnings per share and net assets per share

Basic earnings per share are calculated by dividing the surplus or loss for the financial period attributable to the shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares, if any. There were no dilutive effects on the Company's shares during 2015 and 2014.

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

In thousands of EUR	**31.12.2015**	**31.12.2014**
Net assets of the Group	657'386	593'522
Outstanding shares at the end of the reporting period	69'151'168.00	69'151'168.00
Net assets per share at period-end	**9.51**	**8.58**

18 Financial risk management

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

18.1 FOREIGN CURRENCY EXCHANGE RISK

The Group holds assets and liabilities denominated in currencies other than its Functional Currency. The value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The main currency risk for the Group results from assets and liabilities held in other currencies where a change of exchange rates can have a material impact on the value of assets and liabilities. The Investment Manager's hedging committee meets on a quarterly basis to review the foreign currency exchange rate risk and decides on the use of derivative financial instruments such as foreign currency exchange forward and option contracts to hedge certain exposures at its discretion. Furthermore, the Investment Advisor's risk management committee reviews the foreign currency exchange risk on a monthly basis and proposes changes to the actual hedging positions if necessary.

The annual volatility uses cross-currency rates from 1 January 2001 to the respective period end and based on the assumption that the non-Functional Currency fluctuates by the annual volatility, shows below the amount by which the value of those applicable net assets and the corresponding results would fluctuate either higher or lower. The foreign currency exposures below are presented net of any foreign currency hedging instruments outstanding as at the end of the respective period.

The Group has used the volatility analysis since 1 January 2001 as this provides an analysis of long term trends.

In thousands of EUR	**31.12.2015**	**31.12.2014**
Net assets denominated in AUD	84	85
Net assets denominated in CHF	25'929	11'719
Net assets denominated in GBP	13'370	14'301
Net assets denominated in JPY	-	-
Net assets denominated in SEK	689	666
Net assets denominated in USD	110'637	104'731
Net assets denominated in NOK	6'620	6'344
Applicable annual volatility AUD	9.52%	9.49%
Applicable annual volatility CHF	6.88%	5.82%
Applicable annual volatility GBP	7.96%	7.91%
Applicable annual volatility SEK	5.68%	5.76%
Applicable annual volatility USD	10.37%	10.30%
Applicable annual volatility NOK	7.16%	6.96%
Fluctuation of net assets and corresponding results depending on above mentioned volatility	**14'842**	**13'088**

18.2 INTEREST RATE RISK

The Group may invest in interest-bearing mezzanine and senior debt investments that are exposed to cash flow interest rate risk due to changes in market interest rates. The interest on mezzanine and senior debt investments is partially based on LIBOR and EURIBOR rates. A decrease in the market interest rates can lead to a decrease in interest income of the Group. The overall interest rate risk is considered to be limited as only a small part of the portfolio depends on variable interest rates.

Cash and cash equivalents are only short-term and therefore interest rate exposure is limited. At 31 December 2015 there were no term deposits (2014: nil).

As part of the Investment Manager's continuous monitoring of liquidity it analyses the interest rates quoted against the general market to ensure that these are competitive and takes action as appropriate.

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

A change of 25 basis points in interest rates at the reporting date would have resulted in either an increase or a (decrease) in surplus or loss by the amounts stated below. This analysis assumes that all other variables in particular foreign currency rates remain constant and is performed on the same basis for the previous reporting period.

The table 'Variable Rate Instruments' presents the exposure of the Group to variable rate instruments at the end of each period presented. The tables 'Sensitivity Analysis Reporting Period' and 'Sensitivity Analysis Previous Reporting Period' present the sensitivity of the Group's variable rate instruments to movement in interest rates as at the end of each period, respectively.

18.3 VARIABLE RATE INSTRUMENTS

In thousands of EUR	31.12.2015	31.12.2014
Mezzanine and senior debt instruments	29'756	31'330
Cash and cash equivalents	29'747	6'348
Total variable rate instruments	**59'503**	**37'678**

18.4 SENSITIVITY ANALYSIS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	149	(149)

18.5 SENSITIVITY ANALYSIS PREVIOUS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	94	(94)

18.6 CREDIT RISK

Whilst the Group intends to diversify its portfolio of investments, the Group's investment activities may result in credit risk relating to investments in which the Group has direct or indirect (through underlying investments and investments in subsidiaries) exposure. A negative credit development or a default of an investment in which the Group has direct or indirect exposure will lead to a lower net asset value and to lower dividend and interest income from assets within the private debt operating segment or where the Group holds a direct interest.

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

Derivative counterparties and cash transactions are limited to high credit quality financial institutions with a minimal rating of P-1 (Moody's). The Investment Manager ensures that surplus cash is invested in temporary investments. In addition, where the Group holds significant amounts of cash the Investment Manager may seek to diversify this exposure across multiple financial institutions.

In addition Partners Group AG regularly conducts a concentration risk analysis on the underlying investments and has concluded that no action needs to be taken.

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

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

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

As at 31 December 2015, and excluding the effect of foreign currency exchange rates, 1 mezzanine investment with a fair value of EUR 4'266'028 has incurred unrealized losses on mezzanine or senior debt investments (2014: nil).

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

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

18.7 RATING OF MEZZANINE AND SENIOR DEBT INVESTMENTS

In thousands of EUR	**31.12.2015**	**31.12.2014**
Too early	-	-
With issues	-	-
On plan	29'756	31'330
Above plan	-	-
Outperformer	-	-
Total	**29'756**	**31'330**

18.8 DURATION OF CREDIT RISK REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Cash and cash equivalents	59'766	-	-
Other short-term receivables	1'477	-	-
Other long-term receivables	2'935	-	-
Mezzanine and senior debt instruments	29'756	-	-

As at the end of the reporting period, the Group held cash and cash equivalents of EUR 29'747'230 (2014: EUR 6'281'127) with an international Swiss based banking group which at that date had a rating of A1 (Moody's), and nil (2014: EUR 67'034) with a Swiss based bank which at that date had a rating of Aaa (Moody's). Further cash and cash equivalents at the end of the reporting period of EUR 30'018'612 were held as fixed deposits at a United States of America based bank which at that date had a rating of Baa1 (Moody's) (2014: EUR 39'000'000 were held as fixed deposit at a Swiss based bank which at that date had a rating of Aaa (Moody's)). As at the end of the reporting period, the Group has no deferred receivables on investments (2014: EUR 56'511'554 with a counterparty affiliated with an international Swiss based banking group which at that date had a rating of A1 (Moody's)).

18.9 DURATION OF CREDIT RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Cash and cash equivalents	45'348	-	-
Other short-term receivables	558	-	-
Deferred receivables on investments	56'512	-	-
Mezzanine and senior debt instruments	31'330	-	-

18.10 LIQUIDITY RISK

Liquidity risk arises where the Group may not be able to meet the obligations as and when these fall due for settlement.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

As the unfunded commitments can be drawn at any time, the Group's over-commitment strategy could result in periods in which the Group has inadequate liquidity to fund its investments or to pay other amounts payable by the Group. The liquidity risk arising from the over-commitment strategy is managed through the use of quantitative models by the Investment Advisor's internal risk committee on a quarterly basis. If the risk committee concludes that there is a risk of insufficient liquidity to fund investments, actions are taken into consideration such as entering into a credit facility, reducing the amount of listed private equity, if any, or the selling of investments on the secondary market.

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

The table 'Overcommitment Strategy' presents the Group's exposure at the end of each period presented. The tables 'Liquidity Risk Reporting Period' and 'Liquidity Risk Previous Reporting Period' present the maturity bands of the Group's assets and liabilities at the end of each period, respectively.

18.11 OVERCOMMITMENT STRATEGY

In thousands of EUR	31.12.2015	31.12.2014
Unfunded commitments to Direct and Indirect Investments	(131'804)	(165'038)
Liabilities falling due after one year	-	(209)
Liabilities falling due within one year	(22'701)	(15'419)
Hedging liabilities	-	(5'794)
Hedging assets	1'300	-
Current assets	61'243	45'906
Other long-term receivables	2'935	2'646
Current deferred receivables on investments	-	56'512
Total	**(89'027)**	**(81'396)**

18.12 LIQUIDITY RISK REPORTING PERIOD

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Unfunded commitments to Direct and Indirect Investments	(131'804)	-	-
Liabilities falling due within one year	(22'701)	-	-
Hedging assets	1'300	-	-
Current assets	61'243	-	-
Other long-term receivables	-	-	2'935
Undrawn credit facility	50'000	-	-
Total	**(41'962)**	**-**	**2'935**

18.13 LIQUIDITY RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Unfunded commitments to Direct and Indirect Investments	(165'038)	-	-
Liabilities falling due within one year	(15'419)	-	-
Hedging liabilities	(5'794)	-	-
Other long term payables	-	-	(209)
Current assets	45'906	-	-
Other long-term receivables	-	-	2'646
Deferred receivables on investments	-	56'512	-
Undrawn credit facility	50'000	-	-
Total	**(90'345)**	**56'512**	**2'437**

18.14 CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base so as to retain investor, creditor and market confidence with regards to the investment objectives of the Group. The Group's capital is represented by the Equity of the Company. The Board of Directors also monitors and manages where appropriate the level of discount between the market price of its equity and the Group's net asset value per share in open market transactions.

As a result of the outstanding credit facility agreement, the Group is required to meet certain covenants as described in the Short-term credit facilities note. The Group monitors compliance with these externally imposed restrictions and during the Reporting Period and the Previous Reporting Period there were no breaches with respect to these covenants.

18.15 MARKET PRICE RISK

Financial assets at fair value through profit or loss held directly or indirectly bear a risk of loss of capital. The Investment Manager moderates this through a careful selection of investments within specified limits. The Group's investments are monitored on a regular basis by the Investment Manager and are reviewed on a quarterly basis by the Board of Directors. The Group checks its performance against the Cambridge Associates' Private Equity Performance Index (that is calculated based on quarterly cash flows from the Europe all private equity data in Euros and the United States all private equity data in US dollars that have both been given equal weighting) which it uses as its primary benchmark, given the current weighting of the portfolio. The Group checks on a regular basis the weightings of the index, its composition, price development and volatility.

The annual volatility of the benchmark is shown for the period from 1 January 2001 to the relevant period end by using the quarterly data. Under the assumption that financial assets at fair value through profit or loss fluctuate with the annual volatility the value and the result of such assets, if any, would be impacted by the values shown which could be either higher or lower.

18.16 MARKET PRICE RISK

In thousands of EUR	31.12.2015	31.12.2014
Financial assets at fair value through profit or loss	614'609	509'880
Total assets subject to market risk	**614'609**	**509'880**
Annual expected volatility	10.49%	10.83%
Potential impact on audited consolidated financial statements	**64'472**	**55'220**

18.17 OFFSETTING FINANCIAL INSTRUMENTS

As at 31 December 2015 and 2014 the Group was subject to master netting arrangements (typically one per counterparty) with one or more derivative counterparties as specified in the tables below. All of the derivative assets and liabilities of the Group are held with these counterparties. No margin balance is maintained by the Group for the purpose of providing collateral on derivative positions. The following tables present the Group's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

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

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

- Failure by a party to make payment when due;

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

18.18 OFFSETTING REPORTING PERIOD

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

	A	B	C=A-B	D		E=C-D
31.12.2015	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set-off in the audited consolidated statement of financial position	Net amounts of financial liabilites presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position		Net amount
Derivative Liabilities				Financial Instruments	Cash/(Bank Overdrafts)	
Counterparty A	528	-	528	-	-	528

Financial assets subject offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C=A-B	D		E=C-D
31.12.2015	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set-off in the audited consolidated statement of financial position	Net amounts of financial assets presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position		Net amount
Derivative Assets				Financial Instruments	Cash/(Bank Overdrafts)	
Counterparty B	970	-	970	-	-	970
Counterparty C	858	-	858	-	-	858

18.19 OFFSETTING PREVIOUS REPORTING PERIOD

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

	A	B	C=A-B	D		E=C-D
31.12.2014	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set-off in the audited consolidated statement of financial position	Net amounts of financial liabilites presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position		Net amount
Credit Facility Drawn				Financial Instruments	Cash/(Bank Overdrafts)	
Counterparty A	5'794	-	5'794	-	-	5'794

18.20 STRUCTURED ENTITIES

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

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

All Indirect Investments held by the Group are considered by the Directors of the Company to be structured entities as determined by IFRS 12. Income generated from such Indirect Investments is accounted for within the line item Revaluation in the audited consolidated statement of comprehensive income. The tables 'Structured Entities Reporting Period' and 'Structured Entities Previous Reporting Period' below disclose the risk concentration with respect to geographic region and investment strategy of the underlying Indirect Investments. The net asset values of each line represent the fair value of the respective Indirect Investments as well as the maximum exposure to loss resulting from such investments. Such Indirect Investments are included within the line item financial assets at fair value through profit or loss in the audited consolidated statement of financial position.

18.21 STRUCTURED ENTITIES REPORTING PERIOD

NAV in thousands of EUR	31.12.2015
Region & Strategy	
North America	
Buyout	51'621
Special situations	211'067
Venture capital	16'199
Western Europe	
Buyout	113'500
Real estate	14'064
Special situations	8'589
Venture capital	14'663
Rest of World	
Buyout	26'639
Venture capital	13'806

18.22 STRUCTURED ENTITIES PREVIOUS REPORTING PERIOD

NAV in thousands of EUR	31.12.2014
Region & Strategy	
Asia-Pacific	
Buyout	19
North America	
Buyout	32'074
Special situations	132'672
Venture capital	23'318
Western Europe	
Buyout	110'099
Real estate	15'862
Special situations	12'726
Venture capital	10'731
Rest of World	
Buyout	29'299
Venture capital	13'600

19 Fair value measurement

IFRS 13 - Fair value measurement requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as observable prices or firm broker quotes) or indirectly (that is, derived from observable prices including discount adjustments to quoted prices in the case of regulatory restrictions to sell such securities) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination to what constitutes "observable" requires significant judgment by the responsible entity. The responsible entity considers the observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below analyse within the fair value hierarchy the Group's financial assets measured at fair value at the end of the respective period.

In the event that the Group holds any quoted investments including any shares received as a result of an IPO or listed private market investments these are valued based on quoted market prices in active markets and therefore classified in level 1.

The Directors have assessed that any derivatives used for hedging and short-term investments valued based on market dealer quotes, can be redeemed at the value stated and are therefore classified in level 2.

Level 3 comprises unquoted investments where the Investment Manager reviews the latest information provided by underlying investments and other business partners, which may not coincide with the reporting date of the Group or the valuation date of the investments, and applies widely recognized valuation methods to value such investments as detailed in the note on critical accounting estimates and judgments.

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

The tables 'Fair Value Estimation Reporting Period' and 'Fair Value Estimation Previous Reporting Period' present the Group's classification of investments in each of the three levels as described above.

19.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives used for hedging	-	1'300	-	1'300
Financial assets at fair value through profit or loss - equity securities	12'119	-	530'114	542'233
Financial assets at fair value through profit or loss - debt investments	-	-	72'376	72'376
Total assets	**12'119**	**1'300**	**602'490**	**615'909**
Liabilities				
Total liabilities	**-**	**-**	**-**	**-**

The Directors of the Company have determined that any of the Group's transfers between levels 1, 2 and 3 are deemed to have happened at the end of the respective reporting period.

19.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through profit or loss - equity securities	1'965	-	432'961	434'926
Financial assets at fair value through profit or loss - debt investments	-	-	74'954	74'954
Total assets	**1'965**	**-**	**507'915**	**509'880**
Liabilities				
Total liabilities	**-**	**(5'794)**	**-**	**(5'794)**

19.3 FINANCIAL STATEMENT LINE ITEMS NOT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

All assets and liabilities presented in the audited consolidated statement of financial position, except for those presented in the tables above, are presented at either amortized cost or their face value, both of which are deemed to be a reasonable approximation of their fair values.

- Cash and cash equivalents as well as bank overdrafts are measured at values that would be reflective of level 1 prices in accordance with the fair value hierarchy presented above. These include cash in hand, deposits held with banks, other short-term investments in active markets and bank overdrafts.
- Other receivables are measured at values that would be reflective of level 2 prices in accordance with the fair value hierarchy presented above. These include contractual amounts for settlement of trades and other obligations due to the Group.
- Accruals and other short-term payables represent the contractual amounts and obligations due by the Group for settlement of trades and expenses and are measured at values that would be reflective of level 2 prices in accordance with the fair value hierarchy presented above, except for incentive fee accruals due by the Group which are reflective of level 3 prices in accordance with such hierarchy.
- Deferred payments and deferred receivables are measured at values that would be reflective of level 2 prices in accordance with the fair value hierarchy presented above. These consist of payments for financial assets purchased and receivables for financial assets sold for which it was agreed with the contractual counterparty to defer one or more payment installments.
- Borrowings include credit facilities and loan granted to the Group and are measured at values that would be reflective of level 2 prices in accordance with the fair value hierarchy presented above.

- Other long-term receivables are measured at values that would be reflective of level 3 prices in accordance with the fair value hierarchy presented above. They include amounts received in the form of distributions from underlying investments that are held through special purpose vehicles that could be subject to corporate taxation in jurisdictions different to that of the Group.
- Equity is a residual amount calculated by subtracting the total liabilities of the Group from the total assets of the Group. As the lowest level of input that is significant to the fair value measurement of the inputs into this equation is level 3 in accordance with the fair value hierarchy presented above, the values at which equity is measured would be reflective of level 3 prices in accordance with such hierarchy.

19.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

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

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

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

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

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

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

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

When applying the income method the Investment Advisor compares a Direct real estate Investment's net operating income to capitalization rates recently observed in the market to determine the present value. The Investment Advisor determines comparable assets based on, but not limited to, size, development stage and property type. The capitalization rates from recent sales of comparable properties might be subject to adjustment for general qualitative differences which include, but are not limited to, quality of property, tenant mix and access to public transportation. The indicated fair value of the Direct real estate Investment is determined by applying the relevant capitalization rate to the Direct real estate Investment's net operating income. The income method is most appropriate for income generating Direct real estate Investments where the net operating income is known and similar properties have recently traded in the market.

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

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

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

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

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

With regards to Direct real estate debt Investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for Direct equity Investments would not result in a meaningful disclosure with added value for the reader of these audited consolidated financial statements. The reasons for this conclusion include, but are not limited to the fact that the income generated from Direct real estate Investments is linked to a reference rate such as LIBOR or EURIBOR (hence eliminating potential valuation changes resulting from fluctuation in interest rates) and the fact that Direct real estate Investments are valued using a waterfall approach as described above. The risk resulting from investing into a Direct real estate debt Investment is assessed by evaluating the gross asset value of the property. Provided that the results of such valuation provide sufficient evidence that the gross asset value exceeds the debt balance (i.e. the equity has a positive value), there is no indication that the Group as a lender would not be able to recover the full amount initially invested, plus any accrued cash and/or PIK interest, hence carrying such Direct real estate debt Investments at this value. Should a significant unobservable valuation input into the determination of gross asset value be changed in either direction, the value of a respective Direct real estate debt Investment would not fluctuate proportionately. Any fluctuation in gross asset value of the property would only have an impact on the value of a Direct real estate debt Investment if the results of such a valuation would provide sufficient evidence that the gross asset value of the property is not sufficient to fully cover the outstanding debt instrument, which the Group is invested in. With regards to Direct real estate equity Investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for Direct equity Investments would not result in a meaningful disclosure with added value for the reader of these audited consolidated financial statements. The reasons for this conclusion include, but are not limited to, the fact that variations in property location, quality and business plan result in comparisons across properties that are not meaningful. Unobservable inputs for a specific region will vary greatly based on the property's micro location, building finishes and amenities and leasing strategy. One-to-one comparisons are not possible even for buildings that are physically close to each other due to the differences in property features and occupancy.

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

19.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.12.2015	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
Fair value in thousands of EUR						
Direct Investments						
Direct equity Investments	159'865	Market comparable companies	Enterprise value to EBITDA multiple	8.00x - 14.21x (10.80x)	14'030	-14'030
	8'587	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	97	-97
	410	Recent financing/transaction	Recent transaction price	n/a	n/a	n/a
Direct debt Investments	19'152	Market comparable companies	Enterprise value to EBITDA multiple	7.50x - 12.40x (9.68x)	n/a	n/a
	6'338	Discounted cash flow	Discount factor	11.00% - 11.00% (11.00%)	n/a	n/a
	4'266	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
Indirect Investments						
	404'949	Adjusted reported net asset value	Reported net asset value	n/a	20'247	-20'247
	-1'077	Adjusted reported net asset value	Fair value adjustments	n/a	-54	54

19.6 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

Type of security	Fair value at 31.12.2014	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
Fair value in thousands of EUR						
Direct Investments						
Direct equity Investments	114'020	Market comparable companies	Enterprise value to EBITDA multiple	4.20x - 13.50x (10.51x)	11'688	-11'688
	6'918	Market comparable companies	Price to book ratio	1.06x - 1.10x (1.07x)	909	-909
Direct debt Investments	22'243	Market comparable companies	Enterprise value to EBITDA multiple	7.80x - 13.58x (10.38x)	n/a	n/a
	3'851	Broker quotes	Bid quotes for an inactive market	n/a	n/a	n/a
	5'236	Market comparable companies	Price to book ratio	1.06x - 1.06x (1.06x)	n/a	n/a
Indirect Investments						
	357'418	Adjusted reported net asset value	Reported net asset value	n/a	17'871	-17'871
	-1'764	Adjusted reported net asset value	Fair value adjustments	n/a	-88	8

20 Dividend and interest income and expense

In thousands of EUR	31.12.2015	31.12.2014
Interest income		
From financial assets at fair value through profit or loss	2'766	2'765
From cash and cash equivalents	51	(33)
From short-term investments	(10)	-
Dividend income		
From financial assets at fair value through profit or loss	-	359
Total dividend and interest income	**2'807**	**3'091**
Interest expense		
Interest expense - credit facilities	131	(364)
Total interest expense	**131**	**(364)**
Net result from dividends and interest	**2'938**	**2'727**

21 Revaluation and realized gains and (losses)

In thousands of EUR	31.12.2015	31.12.2014
On financial assets at fair value through profit or loss	109'060	71'660
On option and forward hedges	(17'228)	(19'027)
On other long-term receivables	(9)	-
Total revaluation and realized gains and (losses)	**91'823**	**52'633**

22 Foreign exchange gains and (losses)

In thousands of EUR	31.12.2015	31.12.2014
On financial assets at fair value through profit or loss	27'257	28'464
On payables and receivables	4'113	5'724
On cash and cash equivalents	(689)	144
Total foreign exchange gains and (losses)	**30'681**	**34'332**

23 Related party transactions

A related party to the Group, is an entity which has the ability to, directly or indirectly, control the Group, or vice versa, or to exercise significant influence over the Group in making financial and operating decisions or is a member of the key management team, including their immediate families, of the Group. Entities are also related where they are members of the same group. In this regard the following are considered related parties in the context of these financial statements; all entities owned and controlled by Partners Group Holding AG, all entities advised by Partners Group AG, and the Board of Directors and key management of each entity within the Group.

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

23.1 TRANSACTIONS

In thousands of EUR	31.12.2015	31.12.2014
Management fee expenses:		
Princess Management Limited	10'712	9'333
Administration fee expenses:		
Partners Group (Guernsey) Limited	314	288
Service fee expenses:		
Princess Management Limited	250	250
Incentive fee expenses:		
Princess Management Limited	7'041	7'654
Incentive fee paid:		
Princess Management Limited	4'872	660
Reimbursement of fees due to investments:		
From affiliated entities	4'932	4'484
Other expenses to related parties:		
Partners Group AG	18	79
Directors fee expenses:	**203**	**202**
Invested amounts and distributions to/from Partners Group advised products (investment side), net.	**34'014**	**46'975**

Commitments made to funds or limited partnerships advised by Partners Group amounting to EUR 49'842'649 (2014: EUR 37'111'000).

23.2 PERIOD-END BALANCES

In thousands of EUR	31.12.2015	31.12.2014
Other short-term receivables:		
Fermaca	2'920	2'623
Accruals and other short-term payables:		
Princess Management Limited	(3'735)	(2'589)
Partners Group (Guernsey) Limited	-	(3)
Accrued incentive fee:		
Princess Management Limited	(18'447)	(11'407)
Commitments to Partners Group advised products (investment side)	**490'328**	**441'449**
Fair value of investments advised by Partners Group or related parties	**379'638**	**267'182**

24 Number of employees

As at 31 December 2015 and 2014 no persons were employed by the Group.

25 Pension scheme

The Group does not operate a pension scheme.

26 Group enterprises- significant subsidiaries

Princess Private Equity Subholding Limited
Incorporated in Guernsey
Ownership interest as at 31 December 2015 and 31 December 2014: 100%
Activity: Investment holding company

Princess Direct Investments, L.P. Inc.
Incorporated in Guernsey
Ownership interest as at 31 December 2015 and 31 December 2014: 100%
Activity: Investment holding company

27 Events after the reporting date

The Board of Directors is of the opinion that no events took place between the end of the reporting period and the approval of these consolidated financial statements that would require disclosure in or adjustments to the amounts recognized in these audited consolidated financial statements.

28 Approval of these financial statements

The Directors of the Company approved these consolidated financial statements on 7 March 2016.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Registered Office
Princess Private Equity Holding Limited
Tudor House
Le Bordage
St. Peter Port
Guernsey, GY1 1BT
Channel Islands
Phone +44 (0)1481 711 690
Facsimile +44 (0)1481 730 947

Email: princess@princess-privateequity.net
Info: www.princess-privateequity.net

Registered number: 35241

Trading Information

Listing	London Stock Exchange
ISIN	GG00B28C2R28
WKN	A0M5MA
Valor	3493187
Trading symbol	PEY
Bloomberg	PEY LN
Reuters	PEY.L
Joint corporate brokers	JPMorgan Cazenove / Numis Securities Limited

Investment Manager
Princess Management Limited
Guernsey, Channel Islands

Investor Relations
George Crowe
Phone: +44 (0)207 575 2771
E-mail: george.crowe@partnersgroup.com

Administrator
Partners Group (Guernsey) Limited
Guernsey, Channel Islands

Independent Auditors
PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey, GY1 4ND
Channel Islands

20151231 362 E A Cv 2016-03-07 12:18