



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

## INTERIM REPORT 2016

Unaudited consolidated financial statements for the period from 1 January 2016 to 31 March 2016



## 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 main market of the London Stock Exchange.

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

Cover image is for illustrative purposes only.

## Key figures

In EUR	31 December 2015	31 March 2016
Net asset value (NAV)	657'386'211	<b>658'711'084</b>
NAV per share	9.51	<b>9.53</b>
Total dividend per share (year to date)	0.54	<b>0.00</b>
Share price	7.87	<b>7.12</b>
Discount	-17.2%	<b>-25.3%</b>
Cash and cash equivalents	59'765'660	<b>55'774'242</b>
Credit line used	0	<b>0</b>
Value of investments	614'608'591	<b>612'936'375</b>
Unfunded commitments	131'803'757	<b>121'858'291</b>
Investment level	93.5%	<b>93.1%</b>
Net current assets	42'777'620	<b>45'774'709</b>
Commitment ratio	13.5%	<b>11.6%</b>
Gross commitment ratio	5.9%	<b>4.0%</b>

Past performance is not indicative of future results.

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# 1. Investment Manager's report

## Realization activity continues in 2016

The net asset value (NAV) of Princess Private Equity Holding Limited (Princess) increased by 0.2% over the first quarter of 2016 to end the reporting period at EUR 9.53 per share.

Valuation developments were the primary contributor to NAV growth (+1.7%), as the portfolio's underlying companies continued to show strong operational improvements despite a low-growth economic environment. Currency effects (-0.9%) negatively impacted the NAV performance over the reporting period.

Over the past quarter, the 50 largest portfolio companies, representing 67.7% of NAV, achieved double-digit weighted average year-on-year revenue and earnings (EBITDA) growth of 14.0% and 17.4% respectively. The largest contributors to Princess' NAV growth over the reporting period were the direct investments in MultiPlan, Action and VAT Group AG:

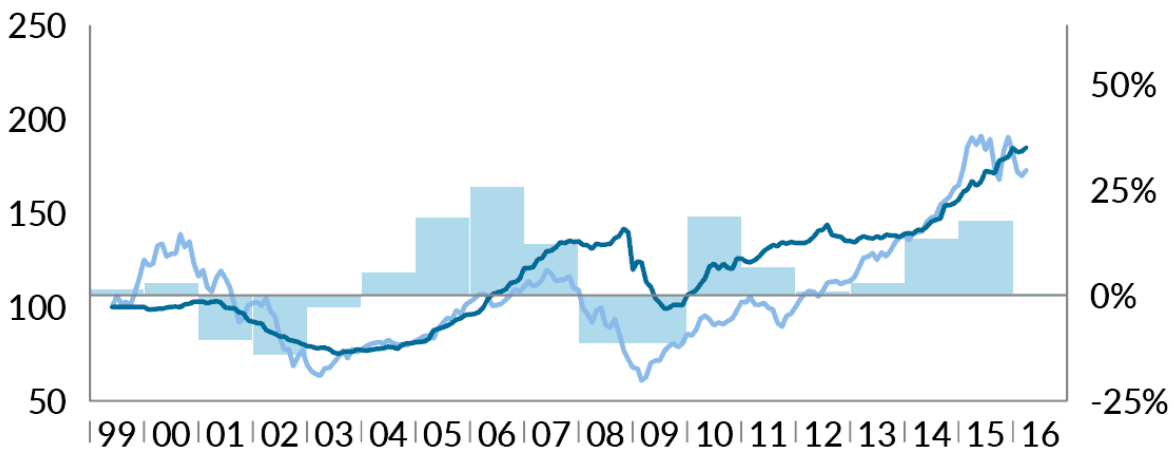
### ● MULTIPLAN

MultiPlan, a provider of cost containment solutions to healthcare insurers in the US, was positively revalued over the first quarter. The company showed a solid financial performance, increasing earnings and continuing to deleverage.

### ● ACTION

Action, one of Western Europe's largest non-food discount retailers, based in the Netherlands, reported positive financial performance: net sales grew to EUR 2 billion in 2015 (+32% compared to 2014) while EBITDA rose by 36%. Action successfully expanded the number of stores with a particular focus on France where the number of stores more than doubled. Action now operates 655 stores in six countries. This year, Action plans to continue its store expansion, with a focus on France and Germany.

## NAV PERFORMANCE (SINCE INCEPTION)\*



■ Princess ■ MSCI World TR ■ Performance (RHS)



### ● VAT GROUP AG

VAT Group AG is the global market leader for high-end vacuum valves, a critical component in highly complex manufacturing processes. The company's mission critical products are used for advanced vacuum-based manufacturing processes which are at the forefront of technological developments. In the last year VAT increased its EBITDA by 22% to CHF 127 million, while also enhancing its EBITDA margin from 28.5% to 30.8%. The outstanding performance was predominantly achieved through successful value creation initiatives such as the optimization of the supply chain and the accelerated growth and diversification of the business.

After the end of the reporting period, Partners Group announced the successful initial public offering (IPO) of VAT Group AG on the SIX Swiss Stock Exchange on the 14 April 2016. Princess received net proceeds of approximately EUR 28.0 million and retains an ongoing exposure of approximately EUR 38.0 million.

### Share price development

Princess' share price performance was negative over the reporting period, closing at EUR 7.12 per share. This represents a total return of -9.5% for the first quarter of 2016 as equity markets endured a volatile start to the year and discounts widened across the listed private equity sector.

### Investment activity

During the first three months, Princess invested in one new direct equity investment (Guardian Early Learning Group) as well as three new direct debt investments (Coopération Pharmaceutique Française, ADB Airfield Solutions and Essmann).

Overall new investment activity including third party funds amounted to EUR 17.0 million with the investment level decreasing slightly to 93.1% of NAV, from 93.9% at the beginning of the year.

### ● GUARDIAN EARLY LEARNING GROUP

In March, Princess invested EUR 7.7 million in Guardian Early Learning Group, an early childhood education group in Australia. Founded in 2004, Guardian today owns 71 early learning centers that provide more than 10'000 families and their children with high-quality early learning and care on a daily basis. In addition to its local community centers, Guardian is Australia's leading provider of company-sponsored childcare centers, providing the staff of some of the country's leading corporations with on- or near-site care for their children. Guardian is an attractive investment oppor-

tunity given the strong underlying demand for childcare in Australia. Early childhood has been proven to be a crucial stage in a child's learning and development, and innovators like Guardian provide an essential service to society. Post-acquisition, Partners Group will draw on its experience in the childcare and education sectors to support the expansion of Guardian's network of centers.

### ● COOPÉRATION PHARMACEUTIQUE FRANÇAISE

In February, Princess provided EUR 3.6 million of debt financing to Coopération Pharmaceutique Française in support of Charterhouse Capital Partners' acquisition of the company. Based in France, the company manufactures and distributes a wide range of over-the-counter pharmaceutical products such as cough and cold remedies, as well as accessories including thermometers. Partners Group's investment in Coopération Pharmaceutique Française is based on the company's diversified portfolio of brands as well as supportive demographic trends, such as France's aging population.

### ● ADB AIRFIELD SOLUTIONS

In February, Princess also invested EUR 1.0 million in the junior debt financing of ADB Airfield Solutions, in conjunction with the company's acquisition of Swedish competitor Safegate, with the aim of creating the leading global player in its sector. Headquartered in Belgium, ADB Airfield Solutions is a provider of airfield ground lighting used to signal, control and monitor the takeoff and landing of planes. The company's geographical diversification across 175 countries and large installed base of more than 2'000 airports underpin the credit quality of the investment. ADB is ideally positioned for further growth thanks to the increase in global air traffic volume, the development of airport infrastructure in emerging markets and the increased penetration of LED-based products.

### Distribution activity continues

Overall distribution proceeds to Princess from exited investments totaled EUR 20.7 million for the first quarter of 2016, compared to EUR 21.2 million in the corresponding period last year.

The main contributor to distributions over the reporting period was Princess' legacy fund portfolio, which continued to record a high number of exits from mature underlying portfolio companies. The largest distribution contributor from Princess' direct investment portfolio was Action. Following

the company's EUR 1.1 billion all-senior debt refinancing, Princess received a dividend payment of EUR 6.0 million. This represented Action's third recapitalization since Partners Group's investment in 2011, supported by strong EBITDA growth over this period.

### Continuing decrease of unfunded commitments

As of 31 March 2016, Princess' total unfunded commitments amounted to EUR 121.9 million of which EUR 74.9 million is related to Partners Group's direct investment programs.

Unfunded commitments to Princess' legacy fund portfolio amounted to EUR 47.0 million. In line with the policy of focusing on direct transactions no new third party fund commitments will be made.

### Outlook

The current market environment continues to be characterized by elevated valuations and sluggish global growth. Against this backdrop transformative growth becomes the main focus. Instead of competing in the large-cap or core segments of private markets at elevated prices, Partners

Group aims to identify companies and assets that are best positioned to benefit from sectorial and transformative growth trends across various regions. Platform strategies also help to mitigate the impact of high valuations, by acquiring a company which is then used as a platform for the acquisition and integration of small or lower mid-market business at lower multiples.

The exit environment remains supportive which should underpin further realizations from Princess' mature portfolio. Market valuations have risen to record levels, driving up exit multiples and thus higher returns. Potential buyers in the current market include both private equity funds and a diverse group of trade buyers, while IPOs can also be an attractive option for mid-cap companies which are on a large-cap growth trajectory, such as VAT Group AG.

Overall, Partners Group remains confident about the prospects for Princess and believes that the Company's portfolio of high growth mid-cap companies will continue to enhance shareholder value.

## 2. Market overview

### Macroeconomic activity

The start of the first quarter of 2016 was clouded by market volatility and uncertainty, brought about by growth concerns and the fear of the US Federal Reserve (Fed) further raising interest rates. Market correction was commonplace across various regions and markets. Even though the rate of job creation in the US dipped over the quarter, it remains strong and bears testament to the resilience of the US economy. Buoyed by a rising labor participation rate, the US unemployment rate improved to 4.9%. In the Eurozone, economic growth stabilized at 1.6% on a year-on-year basis, while inflation dipped into negative territory. In a bid to boost weak inflation, the European Central Bank (ECB) reiterated its commitment to its quantitative easing program, on top of additional measures introduced in March 2016. Credit growth remained robust, with the January 2016 Euro area bank lending survey showing further improvements in borrowing conditions for businesses and increased loan demand across all loan categories. Meanwhile, in the emerging markets, the slump in commodity prices continued to take its toll on the economies of Brazil and Russia, currently beset by high inflation and whose currencies remained volatile. The Russian economy continued to suffer from international sanctions, while Brazil continues to feel the fallout from political and corruption scandals.

Elsewhere, in the financial markets, there was a marked disparity across emerging markets: Chinese equities were down by 5% over the quarter, while Russia and Brazilian markets gained 7% and 14%, respectively. Performance in developed markets was mixed: European equities shed 7.8% while the S&P 500 index climbed 0.8%. The US dollar weakened by 4.7% to close the quarter at 1.138 against the euro.

### Private equity buyout activity

At USD 44 billion, the aggregate value of private equity-backed buyout deals in the first quarter of 2016 was 56.4% lower than the same period in 2015, according to Preqin. The number of deals, however, declined by only 3.3% to 44. Large-cap investments with transactions over USD 1 billion continued to dominate the global buyout scene, accounting for 56% of aggregate value. North America remained the most active region in terms of deal value, representing 64% of aggregate deal value.

Buyout deal activity in North America slowed significantly over the year, having decreased by 58.3% year on year to USD 28.1 billion, capturing 64% of the global total. The largest deal announced in the region and globally was the USD 15 billion announced merger of Apollo Global Management and Koch Industries-backed home security companies ADT Security Services and Protection 1.

In Europe, aggregate deal value registered a drop of 42.2% to USD 10.4 billion in the first three months of 2016. The largest deal announced in the region was the GBP 1.3 billion acquisition of Priory Group by Acadia Healthcare, another behavioral healthcare service provider headquartered in the US, which is backed by Waud Capital and Bain Capital.

Similarly, in the Asia-Pacific region, buyout activity declined by 46.4% over the year to USD 4.5 billion. Having hosted three of the top ten deals in the previous quarter, the largest of which was the USD 9 billion take-private of Chinese internet security company Qihoo, none of the top-ten deals of the first quarter were announced in this region during the first three months of 2016.

### Private equity exit activity

Global private equity exit activity in the first quarter of 2016 declined 39.8% year on year in terms of aggregate value and 14.7% in terms of number of transactions to USD 62 billion and 343, respectively, according to Preqin. Of the four common exit routes (trade sales, sale to GP, IPO and restructuring), trade sales remained the most prevalent route, representing 63.0% of global exit volume during the quarter. The largest private equity exit during the period was the already mentioned merger of ADT Security Services and Protection 1, while Bain Capital's USD 3.1 billion sale of European foodservice distributor Brakes Group to Sysco Corporation, another foodservice distributor in North America, was the second largest global exit.

### IPO activity

Global IPO activity during the traditionally quiet first quarter cooled considerably in the first quarter of 2016, with a total of 167 listings and USD 12.1 billion worth of capital raised, according to Ernst & Young. This represented a year-on-year decline of 39% in deal count and a 70% drop in total capital raised, and was the weakest first quarter since 2009. The weakness was evident across all major regions. Among the regions, Asia-Pacific remained the most prolific, with 102



deals raising USD 6.6 billion. Financial-sponsored activity was also subdued over the quarter, with private equity and venture capital-backed listings raising only USD 2.0 billion and representing just 6% of the total number of listings and 17% of global IPO proceeds, respectively.

Buffeted by market volatility and oil price fluctuations, US stock exchanges hosted only ten deals, which raised USD 753 million, representing year-on-year declines of 71% and 88%, respectively. The largest IPO that took place in the US was the USD 158.4 million listing of Chinese immunotherapy company BeiGene on the NASDAQ, according to Fortune.

Within the EMEIA region (Europe, Middle East, India and Africa), a total of USD 4.7 billion was raised from 51 IPOs - declines of 76% and 43%, respectively, compared with the same period last year. This represented the least quarterly capital raised since the third quarter of 2012 and the lowest quarterly number of listings since the first quarter of 2009. British retail bank Metro Bank emerged as the region's largest IPO, raising USD 613 million on the London Stock Exchange.

Reflecting a trend seen in recent quarters, the Asia-Pacific region claimed the title for hosting the biggest number of IPOs and raising the largest amount of capital, accounting for 61% of total number of deals and 54% of total value of deals in the first quarter of 2016. However, on a year-on-year basis, the number of new listings fell by 31% to 102 and the amount of capital raised declined 55% to USD 6.6 billion. The largest IPO to close in the region, and also in the world, was the USD 1.7 billion listing of commercial lender China Zheshang Bank on the Hong Kong Stock Exchange.

### Secondary market activity

In 2016, the secondary market is anticipated to remain active, with deal flow continuing to be strongly influenced by active portfolio management and GP-led transactions.

Greenhill Cogent, a secondary market advisor, maintains that while private equity distributions remained at record levels alongside the bull market in the last few years, a potential gradual slowdown in the pace of distributions may swing investors' allocation to the asset class closer to longer-term or mandated targets. As such, this creates an environment that requires investors to actively manage their portfolios and to adhere to their mandated allocations by tapping into the secondary market to reduce their private equity exposure. GP-led transactions are likewise anticipated to grow as secondary buyers find differentiated ways to create win-win solutions for sellers.

Further, as portfolio companies require longer holding periods, and with private equity funds having longer lifetimes, some investors face an administrative burden in managing their portfolios, especially those who do not have the scale and resources to maintain relationships with several investment managers.

With these factors influencing deal flow, the secondary market is anticipated to remain robust and diverse in terms of quality. Pricing is expected to continue to be associated with the quality of the assets being offered, but recent volatility in public markets has also softened pricing expectations from sellers overall.

### Fundraising activity

Aggregate private equity fundraising in the first quarter of 2016 recorded a 6.0% year-on-year increase to USD 71 billion, according to Preqin. A total of 151 private equity funds held a final closing during the quarter, a marked decline as compared to 202 funds a year ago. In terms of geographical breakdown, North American funds were the most active with 88 funds raising USD 38 billion, followed by European and Asian funds, which attracted USD 28 billion and USD 3.4 billion, respectively. Having set records in the previous quarter, the number of private equity funds on the road continued to grow with 1'685 funds targeting an aggregate of USD 476 billion. The largest global funds to close over the quarter were Advent Global Private Equity VIII, with a final size of USD 13 billion, and Partners Group Secondary 2015, with a program size of USD 2.5 billion.

Despite being the most active region, North American funds collected 39.3% less commitments compared with a year ago, raising USD 38 billion across 88 funds in the first quarter of 2016. The largest US-focused fund that closed during the quarter was BDT Capital Partners Fund II, with a final size of USD 6.2 billion.

In Europe, 37 funds raised an aggregate of USD 28 billion, representing significant year-on-year growth of 60.9%. The largest Europe-focused fund to have its final close during the quarter was Investindustrial Fund VI, with a program size of EUR 2 billion.

Fundraising activity in Asia remained difficult, with USD 3.4 billion raised across 14 funds, a significant decline from the USD 9.5 billion collected by 18 funds in the first quarter of 2015. None of the top ten largest funds to hold a final close in the first quarter were from this region.

## Outlook

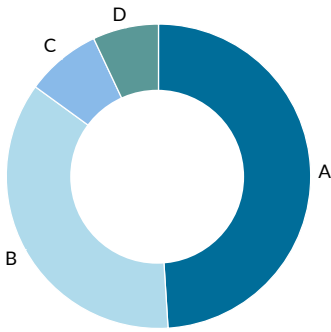
Despite continued improvement in US economic data - the US continued to outperform the rest of the developed markets - the Fed has adopted dovish rhetoric to reassure markets. The frequency and magnitude of future rate hikes should continue to drive market reactions over the coming quarters. In addition, the Fed has maintained its flexible approach on future rate hike guidance, which should allow it to speed up or slow down the pace of future hikes as needed. In January 2016, the International Monetary Fund (IMF) revised downward its 2016 US GDP growth forecast from 2.8% to 2.6% and projected the same rate of growth for 2017. In the Eurozone, the IMF has forecast overall GDP growth of 1.7% for 2016 and 2017, with Spain expected to grow by 2.7%, followed by Germany at 1.7% and 1.3% for both France and Italy. Unemployment rates in the Eurozone have also improved, albeit with a similar divergence across countries. The collective strength of Eurosceptic parties continued to impede effective policy-making and governments will have to press on with much-needed structural reforms if they are to stimulate economic growth. The risk of a Brexit is also weighing on the Eurozone as a UK exit from the EU would raise questions about the long-term sustainability of the Union.

Meanwhile, in the emerging markets, the currencies of Brazil and Russia appeared to have bottomed out and the worst seemed to be over, with the recent stabilization of global commodity prices. The Chinese renminbi held steady over the quarter, alongside stable domestic property prices. China, however, continues to face the challenge of coping with slower economic growth, as it switches from an investment-led growth model to a consumption-based one.

In this environment of tepid economic growth and increasing market volatility, Partners Group firmly believes that the search for growth-focused investment opportunities must go beyond sectors or regions and into the specific trends that are transforming industries and consumer habits.

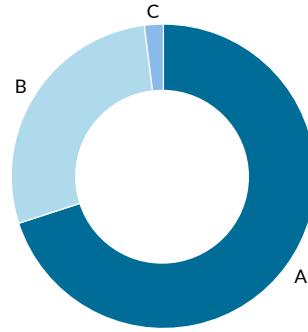
Sources: Preqin "Q1 2016 Private Equity-Backed Buyout Deals and Exits" (April 2016); Preqin "Q1 2016 Private Capital Fundraising Update" (April 2016); Ernst & Young "EY Global IPO Trends - 2016 Q1" (March 2016); Partners Group Research

### 3. Portfolio composition



Investments by regional focus

<b>A</b> Europe	49%	<b>C</b> Rest of World	8%
<b>B</b> North America	36%	<b>D</b> Asia-Pacific	7%



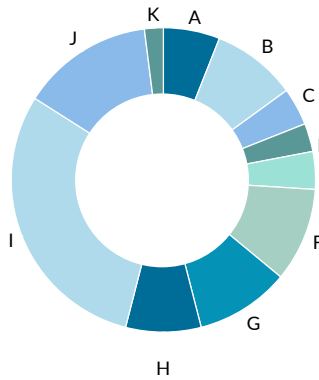
Investments by transaction type

<b>A</b> Direct	70%	<b>C</b> Secondary	2%
<b>B</b> Primary	28%		



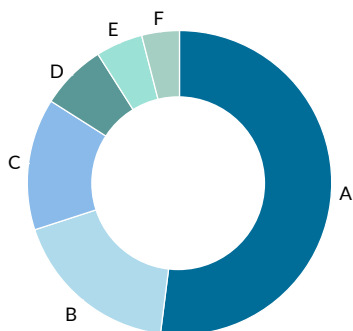
Portfolio assets by industry sector

<b>A</b> Consumer discr.	27%	<b>F</b> Materials	8%
<b>B</b> Telecom	3%	<b>G</b> Consumer staples	7%
<b>C</b> Industrial	19%	<b>H</b> Healthcare	18%
<b>D</b> IT	5%	<b>I</b> Energy	4%
<b>E</b> Financial	9%		



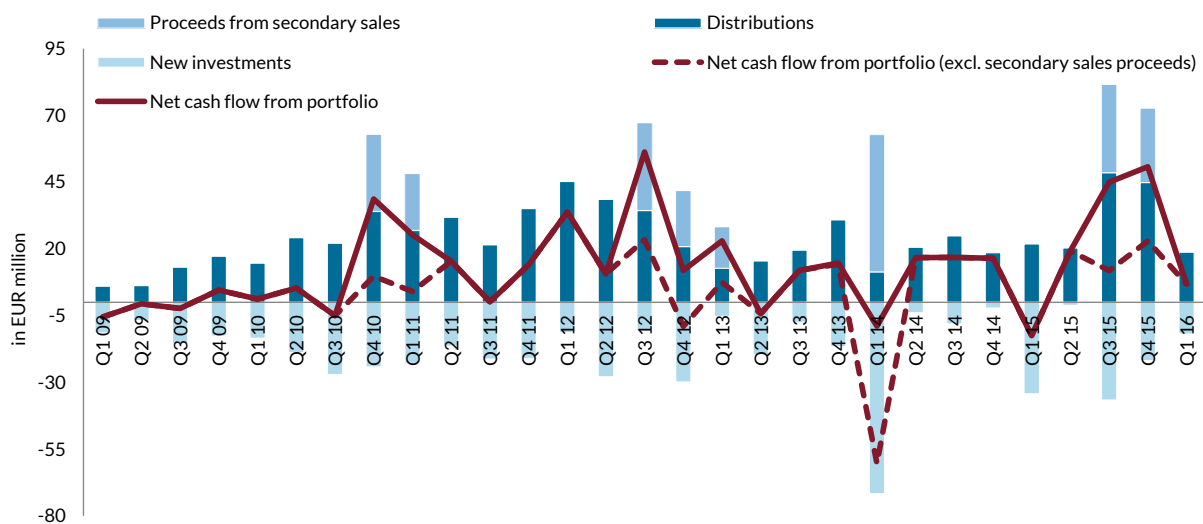
Portfolio assets by investment year

<b>A</b> Pre 2007	6%	<b>G</b> 2012	10%
<b>B</b> 2007	9%	<b>H</b> 2013	8%
<b>C</b> 2008	4%	<b>I</b> 2014	30%
<b>D</b> 2009	3%	<b>J</b> 2015	14%
<b>E</b> 2010	4%	<b>K</b> 2016	2%
<b>F</b> 2011	10%		



### Investments by financing category

<b>A</b> Small/Mid-cap	52%	<b>D</b> Mezzanine	7%
<b>B</b> Large/mega-large-cap	18%	<b>E</b> Venture capital	5%
<b>C</b> Special situations	14%	<b>F</b> Growth	4%



### DEVELOPMENT OF NET CASH FLOWS



## NAV DEVELOPMENT

	Top 10	Top 20	Top 50
EV/EBITDA	11.0x	10.7x	10.7x
Net debt/EBITDA	3.9x	4.1x	4.3x
Leverage	34.8%	38.9%	41.4%
Average EV	EUR 2.8bn	EUR 2.7bn	EUR 2.4bn
% of NAV	39.5%	52.5%	67.7%

## VALUATION METRICS OF THE LARGEST UNDERLYING PORTFOLIO COMPANIES\*

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

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

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

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

## 4. Portfolio overview

Fifty largest direct investments (in EUR)

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
<b>MultiPlan 2014</b>	Healthcare	NAM	Large/mega-large-cap	2014	18'579'777	56'587'476	8.6%
<b>VAT</b>	Industrials	WEU	Small/Mid-cap	2014	20'390'820	48'897'394	7.4%
<b>Action</b>	Consumer discretionary	WEU	Small/Mid-cap	2011	-8'626'593	26'821'098	4.1%
<b>Dynacast</b>	Materials	NAM	Small/Mid-cap	2015	20'762'014	24'146'766	3.7%
<b>Hofmann Menue Manufaktur</b>	Consumer staples	WEU	Small/Mid-cap	2014	14'593'373	21'129'315	3.2%
<b>Fermaca</b>	Energy	ROW	Special situations	2014	12'803'655	18'820'186	2.9%
<b>KinderCare Education</b>	Consumer discretionary	NAM	Small/Mid-cap	2015	18'031'550	18'031'550	2.7%
<b>Fermo (Trimco International)</b>	Industrials	APC	Small/Mid-cap	2012	n.a.	15'892'673	2.4%
<b>Permotio International Learning S.à r.l.</b>	Consumer discretionary	WEU	Growth	2013	12'682'136	13'364'218	2.0%
<b>Pharmaceutical developer</b>	Healthcare	WEU	Small/Mid-cap	2013	10'395'572	12'868'311	2.0%
<b>Global Blue</b>	Financials	WEU	Small/Mid-cap	2012	2'526'136	10'570'947	1.6%
<b>Caffe Nero</b>	Consumer staples	WEU	Mezzanine	2013	6'893'939	n.a.	n.a.
<b>Kerneos</b>	Materials	WEU	Small/Mid-cap	2014	5'443'563	8'909'001	1.4%
<b>Vermaat</b>	Consumer discretionary	WEU	Small/Mid-cap	2015	7'999'609	7'999'609	1.2%
<b>Guardian Early Learning Group</b>	Consumer discretionary	APC	Small/Mid-cap	2016	7'726'708	7'726'708	1.2%
<b>Education publisher 2</b>	Consumer discretionary	NAM	Large/mega-large-cap	2013	127'015	7'707'911	1.2%
<b>AWAS Aviation Holding</b>	Financials	WEU	Large/mega-large-cap	2006	4'106'043	7'357'585	1.1%
<b>Voyage Care</b>	Healthcare	WEU	Small/Mid-cap	2014	6'962'314	6'962'313	1.1%
<b>Plantasjen ASA</b>	Consumer discretionary	WEU	Mezzanine	2007	2'342'383	6'898'566	1.0%
<b>Varsity Brands</b>	Consumer discretionary	NAM	Small/Mid-cap	2014	4'694'536	6'291'654	1.0%
<b>Lancelot</b>	Financials	NAM	Large/mega-large-cap	2013	2'779'824	6'236'494	0.9%
<b>CSS Corp Technologies (Mauritius) Limited</b>	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.
<b>Essmann</b>	Materials	WEU	Mezzanine	2007	n.a.	5'049'864	0.8%
<b>Project Icon</b>	Consumer discretionary	WEU	Small/Mid-cap	2011	5'375'353	4'044'780	0.6%
<b>TOUS</b>	Consumer discretionary	WEU	Small/Mid-cap	2015	4'026'811	4'026'811	0.6%
<b>Universal Hospital Services, Inc.</b>	Healthcare	NAM	Small/Mid-cap	2007	3'817'731	3'991'834	0.6%
<b>CPA Global</b>	Industrials	WEU	Special situations	2013	3'348'163	3'897'439	0.6%
<b>Partners Group Pacific Restaurant Holdings</b>	Consumer staples	NAM	Small/Mid-cap	2015	3'642'904	3'642'904	0.6%



Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
<b>Cooperation Pharmaceutique Francaise SAS</b>	Healthcare	WEU	Special situations	2015	3'582'000	n.a.	n.a.
<b>Strategic Partners, Inc.</b>	Consumer discretionary	NAM	Small/Mid-cap	2012	127'015	3'549'759	0.5%
<b>Food company 1</b>	Industrials	NAM	Large/mega-large-cap	2007	2'004'739	3'548'460	0.5%
<b>BarBri</b>	Consumer discretionary	NAM	Small/Mid-cap	2011	3'334'787	3'343'618	0.5%
<b>Seabras-1</b>	Telecommunication services	NAM	Special situations	2015	3'086'475	3'086'475	0.5%
<b>South Dakota Systems</b>	Telecommunication services	NAM	Special situations	2014	2'694'664	3'053'739	0.5%
<b>CapitalSpring Finance Company</b>	Financials	NAM	Mezzanine	2013	2'285'896	2'772'494	0.4%
<b>Photonis</b>	Information technology	WEU	Special situations	2011	2'119'567	2'764'442	0.4%
<b>Information service company</b>	Industrials	NAM	Large/mega-large-cap	2007	2'516'361	2'393'047	0.4%
<b>Delsey Group</b>	Consumer discretionary	WEU	Small/Mid-cap	2007	1'660'586	2'121'943	0.3%
<b>ATX Networks</b>	Consumer discretionary	NAM	Special situations	2015	1'888'146	2'090'641	0.3%
<b>Schenck Process GmbH</b>	Industrials	WEU	Small/Mid-cap	2007	951'350	1'857'689	0.3%
<b>Ascensus</b>	Financials	NAM	Special situations	2015	1'657'623	1'763'768	0.3%
<b>Project Firefox</b>	Telecommunication services	NAM	Special situations	2015	1'595'635	1'746'660	0.3%
<b>Super A-Mart</b>	Consumer discretionary	APC	Small/Mid-cap	2006	1'566'356	1'673'345	0.3%
<b>Affordable Care, Inc.</b>	Healthcare	NAM	Special situations	2015	1'488'606	1'567'707	0.2%
<b>Megadyne</b>	Industrials	WEU	Mezzanine	2014	n.a.	n.a.	n.a.
<b>Labeyrie</b>	Consumer staples	WEU	Mezzanine	2014	1'249'996	n.a.	n.a.
<b>ConvaTec Inc</b>	Healthcare	WEU	Large/mega-large-cap	2008	629'871	1'531'326	0.2%
<b>Direct marketing and sales company</b>	Consumer discretionary	ROW	Small/Mid-cap	2007	371'911	1'504'437	0.2%
<b>Quick Service Restaurant Holdings</b>	Consumer discretionary	APC	Mezzanine	2011	n.a.	n.a.	n.a.
<b>Freescale Semiconductor, Inc.</b>	Information technology	NAM	Large/mega-large-cap	2006	1'488'652	1'458'139	0.2%
<b>Total fifty largest direct investments</b>					273314701	439'448'655	66.7%

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

**Fifty largest fund investments (in EUR)**

Investment	Regional focus	Financing category	Vintage year	Since inception		% of NAV
				Unfunded commitments	Net asset value	
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1'759'056	13'871'531	2.1%
Terra Firma Capital Partners III, L.P.	WEU	Large/mega-large-cap	2006	79'547	11'246'547	1.7%
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	1'137'122	9'715'473	1.5%
Anonymized Emerging Markets Venture Fund 2	ROW	Venture capital	2008	263'273	9'092'655	1.4%
Anonymized European Buyout Fund 7	WEU	Small/Mid-cap	2007	1'160'855	7'245'115	1.1%
3i Eurofund Vb	WEU	Small/Mid-cap	2006	406'024	6'548'169	1.0%
MatlinPatterson Global Opportunities Partners III	NAM	Special situations	2007	412'320	5'695'663	0.9%
August Equity Partners II A, L.P.	WEU	Small/Mid-cap	2007	n.a.	5'283'909	0.8%
Palamon European Equity 'C', L.P.	WEU	Small/Mid-cap	1999	0	4'593'860	0.7%
Quadriga Capital Private Equity Fund III, L.P.	WEU	Small/Mid-cap	2006	391'181	3'975'062	0.6%
Ares Corporate Opportunities Fund II, L.P.	NAM	Special situations	2006	2'005'045	3'641'615	0.6%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	3'601'869	0.5%
GMT Communications Partners III, L.P.	WEU	Small/Mid-cap	2006	917'326	3'521'810	0.5%
Aksia Capital III, L.P.	WEU	Small/Mid-cap	2005	9'566	3'245'437	0.5%
Fenway Partners Capital Fund II, L.P.	NAM	Small/Mid-cap	1998	414'580	3'013'724	0.5%
Index Ventures Growth I (Jersey), L.P.	WEU	Growth	2008	0	3'004'291	0.5%
Sterling Investment Partners II, L.P.	NAM	Small/Mid-cap	2005	1'152'637	2'944'786	0.4%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	275'592	2'914'511	0.4%
Candover 2005 Fund, L.P.	WEU	Large/mega-large-cap	2005	19'791	2'778'200	0.4%
The Peninsula Fund IV, L.P.	NAM	Mezzanine	2005	429'237	2'570'299	0.4%
INVESCO Venture Partnership Fund II-A, L.P.	NAM	Venture capital	2000	1'605'963	2'535'338	0.4%
Advent International GPE VI, L.P.	WEU	Small/Mid-cap	2008	67'601	2'240'679	0.3%
SV Life Sciences Fund IV, L.P.	NAM	Venture capital	2006	279'598	2'145'524	0.3%
Advent Latin American Private Equity Fund IV, L.P.	ROW	Large/mega-large-cap	2007	0	2'099'243	0.3%
INVESCO Venture Partnership Fund II, L.P.	NAM	Venture capital	1999	2'969'513	1'955'591	0.3%
Levine Leichtman Capital Partners II, L.P.	NAM	Mezzanine	1998	0	1'866'097	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	1'854'532	0.3%
Draper Fisher Jurvetson Fund VII, L.P.	NAM	Venture capital	2000	0	1'817'969	0.3%
Project Skylight	WEU	Special situations	2007	0	1'801'160	0.3%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	185'372	1'674'590	0.3%
OCM Mezzanine Fund II, L.P.	NAM	Mezzanine	2005	1'520'400	1'536'437	0.2%
Clayton, Dubilier & Rice Fund VIII, L.P.	NAM	Large/mega-large-cap	2009	325'879	1'487'948	0.2%

Investment	Regional focus	Financing category	Vintage year	Since inception		% of NAV
				Unfunded commitments	Net asset value	
Exxel Capital Partners VI, L.P.	ROW	Small/Mid-cap	2000	0	1'392'093	0.2%
Penta CLO 1 S.A.	WEU	Special situations	2007	0	1'380'000	0.2%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Growth	2008	288'833	1'293'189	0.2%
European Equity Partners (III), L.P.	WEU	Venture capital	1999	0	1'284'976	0.2%
SV Life Sciences Fund II, L.P.	WEU	Venture capital	1998	0	1'210'648	0.2%
Doughty Hanson & Co. Fund III, L.P.	WEU	Small/Mid-cap	1997	102'808	1'153'713	0.2%
Baring Asia Private Equity Fund IV, L.P.	APC	Small/Mid-cap	2007	245'602	1'136'257	0.2%
Russia Partners III, L.P.	ROW	Small/Mid-cap	2007	59'338	1'125'949	0.2%
INVECO U.S. Buyout Partnership Fund II, L.P.	NAM	Small/Mid-cap	2000	2'215'682	1'091'740	0.2%
Sofinnova Capital VI FCPR	WEU	Venture capital	2008	49'799	971'817	0.1%
Southern Cross Latin America PE Fund III	ROW	Small/Mid-cap	2007	4	930'442	0.1%
Searchlight Capital PV, L.P.	NAM	Special situations	2010	127'221	924'201	0.1%
Columbia Capital Equity Partners III (Cayman), LP	NAM	Venture capital	2000	128'092	904'152	0.1%
Enterprise Venture Fund I, L.P.	ROW	Growth	2008	162'485	884'912	0.1%
Nmas1 Private Equity Fund II, L.P.	WEU	Small/Mid-cap	2008	53'093	881'461	0.1%
Navis Asia Fund V, L.P.	APC	Small/Mid-cap	2007	0	816'952	0.1%
Hony Capital Fund 2008, L.P.	APC	Small/Mid-cap	2008	61'832	776'055	0.1%
<b>Total fifty largest fund investments</b>				<b>43'468'026</b>	<b>184'107'969</b>	<b>27.9%</b>

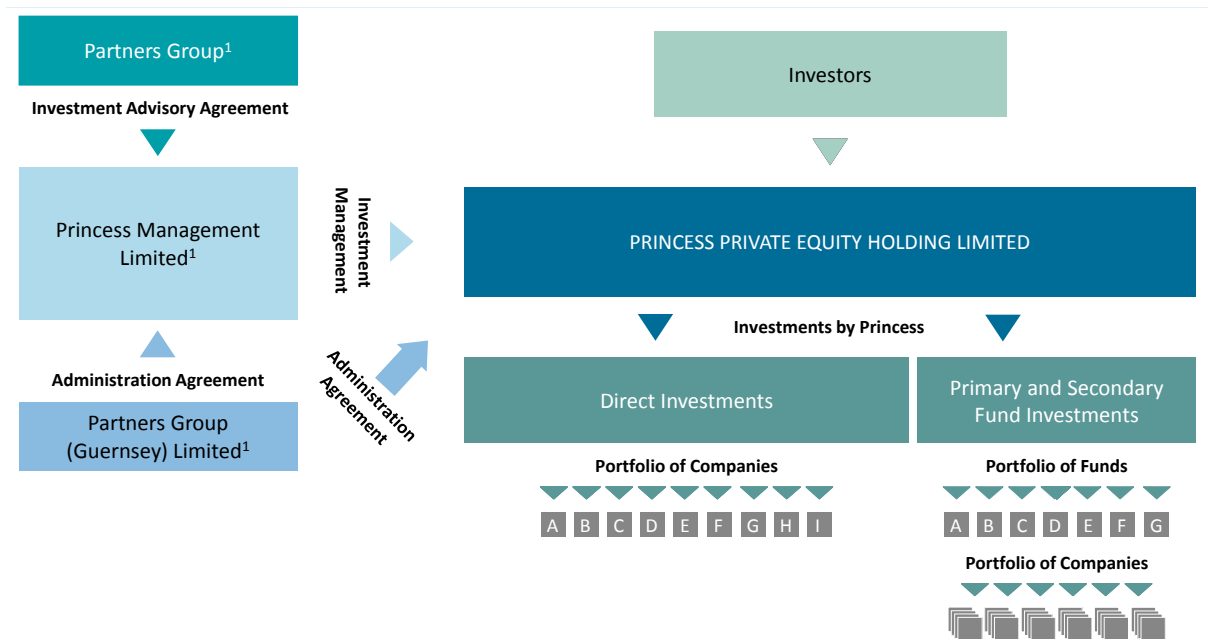
The portfolio's holdings are ranked by percentage of net asset value. Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. The portfolio overview of Princess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

## 5. Structural overview

Princess Private Equity Holding Limited is a Guernsey-registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity partnerships. The convertible bond was converted into shares in December 2006. Concurrently, the investment guidelines were amended and the reporting currency changed from the US dollar to euro. The Princess shares were introduced for trading on the Frankfurt Stock Exchange (trading symbol: PEY1) on 13 December 2006 and on the London Stock Exchange (trading symbol: PEY) on 1 November 2007. Princess consolidated all trading activity to the London Stock Exchange on 6 December 2012 and ceased being listed on the Frankfurt Stock Exchange.

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

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

## 6. Facts and figures

<b>Company</b>	Princess Private Equity Holding Limited
<b>Currency denomination</b>	Euro
<b>Dividends</b>	Princess intends to pay a dividend of 5-8% p.a. on NAV
<b>Incentive fee</b>	No incentive fee on primary investments; 10% incentive fee per secondary investment; 15% incentive fee per direct investment; subject in each case to a 8% p.a. preferred return (with catch-up)
<b>Incorporation</b>	1999
<b>Joint corporate brokers</b>	JPMorgan Cazenove Numis Securities Ltd.
<b>Listing</b>	London Stock Exchange Main Market
<b>Management fee</b>	1.5% p.a.
<b>Securities</b>	Fully paid-up ordinary registered shares
<b>Structure</b>	Guernsey Company, Authorized closed-ended fund in Guernsey
<b>Trading information</b>	ISIN: GG00B28C2R28 WKN: AOM5MA Valor: 3493187 Trading symbol: PEY Bloomberg: PEY LN Reuters: PEY.L
<b>Voting rights</b>	Each ordinary registered share represents one voting right

## 7. Unaudited consolidated financial statements

### Unaudited consolidated statement of comprehensive income

for the period from 1 January 2016 to 31 March 2016

In thousands of EUR	Notes	01.01.2016 31.03.2016	01.01.2015 31.03.2015
<b>Net income from financial assets at fair value through profit or loss</b>		<b>(144)</b>	<b>57'565</b>
<i>Private equity</i>		990	46'968
Interest & dividend income		-	682
Revaluation	6	9'791	21'652
Net foreign exchange gains / (losses)	6	(8'801)	24'634
<i>Private debt</i>		(1'087)	7'792
Interest income (including PIK)		979	487
Revaluation	6	814	653
Net foreign exchange gains / (losses)	6	(2'880)	6'652
<i>Private real estate</i>		(126)	1'306
Revaluation	6	(125)	1'284
Net foreign exchange gains / (losses)	6	(1)	22
<i>Private infrastructure</i>		79	1'499
Revaluation	6	475	748
Net foreign exchange gains / (losses)	6	(396)	751
<b>Net income from cash &amp; cash equivalents and other income</b>		<b>(113)</b>	<b>354</b>
Interest income		(31)	51
Net foreign exchange gains / (losses)		(82)	303
<b>Total net income</b>		<b>(257)</b>	<b>57'919</b>
<b>Operating expenses</b>		<b>(4'646)</b>	<b>(1'901)</b>
Management fees		(2'557)	(2'607)
Incentive fees	10	(1'555)	(4'682)
Administration fees		(83)	(74)
Service fees		(63)	(63)
Other operating expenses		(255)	(553)
Revaluation of other long-term receivables		(3)	(8)
Other net foreign exchange gains / (losses)		(130)	6'086
<b>Other financial activities</b>		<b>6'228</b>	<b>(18'914)</b>
Setup expenses - credit facilities	9	(114)	(113)
Interest expense - credit facilities	9	-	84
Other finance cost		(11)	173
Net gains / (losses) from hedging activities		6'353	(19'058)
<b>Surplus / (loss) for period</b>		<b>1'325</b>	<b>37'104</b>



In thousands of EUR	Notes	01.01.2016 31.03.2016	01.01.2015 31.03.2015
Other comprehensive income for period; net of tax		-	-
<b>Total comprehensive income for period</b>		<b>1'325</b>	<b>37'104</b>
Weighted average number of shares outstanding		69'151'168.00	69'151'378.20
Basic surplus / (loss) per share for period		0.02	0.54
Diluted surplus / (loss) per share for period		0.02	0.54
The Euro earnings per share is calculated by dividing the surplus / (loss) for the financial period by the weighted average number of shares outstanding.			

**Unaudited consolidated statement of financial position**

As at 31 March 2016

In thousands of EUR	Notes	31.03.2016	31.12.2015
<b>ASSETS</b>			
Financial assets at fair value through profit or loss			
Private equity	6	507'515	512'404
Private debt	6	77'251	72'376
Private real estate	6	13'893	14'064
Private infrastructure	6	14'344	15'765
Other long-term receivables		2'798	2'935
<b>Non-current assets</b>		<b>615'801</b>	<b>617'544</b>
Other short-term receivables		7'420	1'477
Hedging assets		2'588	1'300
Cash and cash equivalents	7	55'774	59'766
<b>Current assets</b>		<b>65'782</b>	<b>62'543</b>
<b>TOTAL ASSETS</b>		<b>681'583</b>	<b>680'087</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	8	69	69
Retained earnings		172'544	171'219
Reserves	8	486'098	486'098
<b>Total equity</b>		<b>658'711</b>	<b>657'386</b>
Accruals and other short-term payables		22'872	22'701
<b>Liabilities falling due within one year</b>		<b>22'872</b>	<b>22'701</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>681'583</b>	<b>680'087</b>

**Unaudited consolidated statement of changes in equity**

for the period from 1 January 2016 to 31 March 2016

In thousands of EUR	Share capital	Treasury shares	Retained earnings	Reserves	Total
Balance at the beginning of period	69	-	171'219	486'098	657'386
Other comprehensive income for period; net of tax	-	-	-	-	-
Share buyback and cancellation	-	-	-	-	-
Surplus / (loss) for period	-	-	1'325	-	1'325
<b>Equity at end of period</b>	<b>69</b>	<b>-</b>	<b>172'544</b>	<b>486'098</b>	<b>658'711</b>

for the period from 1 January 2015 to 31 March 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
Other comprehensive income for period; net of tax	-	-	-	-	-
Share buyback and cancellation	-	-	-	-	-
Surplus / (loss) for period	-	-	37'104	-	37'104
<b>Equity at end of period</b>	<b>69</b>	<b>-</b>	<b>107'117</b>	<b>523'440</b>	<b>630'626</b>

**Unaudited consolidated statement of cash flows**

for the period from 1 January 2016 to 31 March 2016

In thousands of EUR	Notes	01.01.2016 31.03.2016	01.01.2015 31.03.2015
<b>Operating activities</b>			
Surplus / (loss) for the period before interest expense		1'325	37'020
Adjustments:			
Net foreign exchange (gains) / losses		12'290	(38'448)
Investment revaluation		(10'955)	(24'337)
Revaluation of other long-term receivables		3	8
Net (gain) / loss on interest		(948)	(1'220)
Revaluation on forward hedges		(6'353)	19'058
(Increase) / decrease in receivables		(5'966)	246
Increase / (decrease) in payables		198	4'130
Realized gains / (losses) from forward hedges		5'065	(28'276)
Purchase of private equity investments	6	(5'274)	(34'004)
Purchase of private debt investments	6	(6'711)	164
Purchase of private real estate investments	6	45	(402)
Purchase of private infrastructure investments	6	-	(132)
Distributions from and proceeds from sales of private equity investments	6	11'153	16'231
Distributions from and proceeds from sales of private debt investments	6	35	4'225
Distributions from and proceeds from sales of private real estate investments	6	-	403
Distributions from and proceeds from sales of private infrastructure investments	6	1'500	-
Interest & dividends received		683	941
<b>Net cash from / (used in) operating activities</b>		<b>(3'910)</b>	<b>(44'393)</b>
<b>Financing activities</b>			
Net increase / (decrease) in credit facilities	9	-	8'000
Interest paid - credit facilities	9	-	(134)
<b>Net cash from / (used in) financing activities</b>		<b>-</b>	<b>7'866</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(3'910)</b>	<b>(36'527)</b>
<b>Cash and cash equivalents at beginning of period</b>	7	<b>59'766</b>	<b>45'348</b>
Effects of foreign currency exchange rate changes on cash and cash equivalents		(82)	303
<b>Cash and cash equivalents at end of period</b>	7	<b>55'774</b>	<b>9'124</b>

## Notes to the unaudited consolidated financial statements

for the period from 1 January 2016 to 31 March 2016

### 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 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 condensed interim consolidated financial information has been prepared in accordance with IAS 34 - Interim Financial Reporting. The condensed interim consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies adopted in the preparation of the of the condensed interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2015.

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

IFRS 9 (effective 1 January 2018) - Financial instruments

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

IAS 7 (Amendment effective 1 January 2017) - Statement of Cash Flows

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

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

In accordance with DTR 5.1.2R of the Financial Conduct Authority Handbook the following shareholders advised holdings above the 5% threshold until 31 March 2016:

Shareholder name	Threshold exceeded	Date of exceeding the threshold	Number of shares held at date of exceeding threshold	Number of shares in issue at date of exceeding threshold	% of ordinary shares in issue at date of exceeding threshold
Deutsche Asset Management Investmentgesellschaft mbH	5.00%	19 April 2007	609'590	7'010'000	8.70%
Vega Invest Fund plc	5.00%	11 October 2007	600'000	7'010'000	8.56%
Bayer-Pensionskasse VVaG	5.00%	25 April 2007	530'000	7'010'582	7.56%
CVP/CAP Coop Personalversicherung	5.00%	31 December 2008	3'551'206	70'100'000*	5.07%
Societe Generale Option Europe	5.00%	20 October 2010	3'724'557	70'100'000*	5.31%
CCLA Investment Management Ltd	5.00%	10 July 2013	3'504'750	69'400'990*	5.05%
Brewin Dolphin Ltd	5.00%	24 July 2014	3'459'832	69'151'168*	5.03%
Witan Investment Trust plc	5.00%	27 February 2015	3'600'000	69'151'168*	5.20%

\*The Extraordinary Shareholder Meeting of the holders of ordinary shares in Princess Private Equity Holding Limited on 12 October 2007 agreed on a 1 to 10 share split according to which each ordinary share was subdivided into 10 ordinary shares. The share split became effective after close of trading on 12 October 2007.

### 4 Dividends

No interim dividend was declared in the first quarter of 2016 (Total dividend in 2015: EUR 37.3 million).



## 5 Segment calculation

In thousands of EUR	01.01.2016 31.03.2016	01.01.2015 31.03.2015
<b>Private equity</b>		
Interest & dividend income	-	682
Revaluation	9'791	21'652
Net foreign exchange gains / (losses)	(8'801)	24'634
<b>Total net income private equity</b>	<b>990</b>	<b>46'968</b>
<b>Segment result private equity</b>	<b>990</b>	<b>46'968</b>
<b>Private debt</b>		
Interest income (including PIK)	979	487
Revaluation	814	653
Net foreign exchange gains / (losses)	(2'880)	6'652
<b>Total net income private debt</b>	<b>(1'087)</b>	<b>7'792</b>
<b>Segment result private debt</b>	<b>(1'087)</b>	<b>7'792</b>
<b>Private real estate</b>		
Revaluation	(125)	1'284
Net foreign exchange gains / (losses)	(1)	22
<b>Total net income private real estate</b>	<b>(126)</b>	<b>1'306</b>
<b>Segment result private real estate</b>	<b>(126)</b>	<b>1'306</b>
<b>Private infrastructure</b>		
Revaluation	475	748
Net foreign exchange gains / (losses)	(396)	751
<b>Total net income private infrastructure</b>	<b>79</b>	<b>1'499</b>
<b>Segment result private infrastructure</b>	<b>79</b>	<b>1'499</b>
<b>Non attributable</b>		
Interest & dividend income	(31)	51
Net foreign exchange gains / (losses)	(82)	303
<b>Total net income non attributable</b>	<b>(113)</b>	<b>354</b>
<b>Segment result non attributable</b>	<b>(4'759)</b>	<b>(1'547)</b>
Other financial activities not allocated	6'228	(18'914)
<b>Surplus / (loss) for the financial period</b>	<b>1'325</b>	<b>37'104</b>

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

### 6.1 PRIVATE EQUITY

In thousands of EUR	31.03.2016	31.12.2015
Balance at beginning of period	512'404	406'628
Purchase of Direct and Indirect Investments	5'274	81'851
Distributions from and proceeds from sales of Direct and Indirect Investments	(11'153)	(97'616)
Revaluation	9'791	100'218
Foreign exchange gains / (losses)	(8'801)	21'323
<b>Balance at end of period</b>	<b>507'515</b>	<b>512'404</b>

### 6.2 PRIVATE DEBT

In thousands of EUR	31.03.2016	31.12.2015
Balance at beginning of period	72'376	74'954
Purchase of Direct and Indirect Investments	6'711	(132)
Distributions from and proceeds from sales of Direct and Indirect Investments	(35)	(13'381)
Accrued cash and PIK interest	265	1'307
Interest received	-	(429)
Revaluation	814	4'810
Foreign exchange gains / (losses)	(2'880)	5'247
<b>Balance at end of period</b>	<b>77'251</b>	<b>72'376</b>

### 6.3 PRIVATE REAL ESTATE

In thousands of EUR	31.03.2016	31.12.2015
Balance at beginning of period	14'064	15'862
Purchase of Direct and Indirect Investments	(45)	169
Distributions from and proceeds from sales of Direct and Indirect Investments	-	(2'769)
Revaluation	(125)	781
Foreign exchange gains / (losses)	(1)	21
<b>Balance at end of period</b>	<b>13'893</b>	<b>14'064</b>

## 6.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	31.03.2016	31.12.2015
Balance at beginning of period	15'765	12'436
Purchase of Direct and Indirect Investments	-	98
Distributions from and proceeds from sales of Direct and Indirect Investments	(1'500)	(686)
Revaluation	475	3'251
Foreign exchange gains / (losses)	(396)	666
<b>Balance at end of period</b>	<b>14'344</b>	<b>15'765</b>

## 7 Cash and cash equivalents

In thousands of EUR	31.03.2016	31.12.2015
Cash at banks	15'774	29'747
Cash equivalents	40'000	30'019
<b>Total cash and cash equivalents</b>	<b>55'774</b>	<b>59'766</b>

## 8 Share capital, treasury shares and reserves

### 8.1 CAPITAL

In thousands of EUR	31.03.2016	31.12.2015
<b>Issued and fully paid</b>		
69'151'168 Ordinary shares of EUR 0.001 each out of the bond conversion	69	69
<b>Total issued and fully paid shares</b>	<b>69</b>	<b>69</b>

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

During the reporting period, the Company has not purchased or cancelled any of its own shares.

### 8.2 TREASURY SHARES

In thousands of EUR	31.03.2016	31.12.2015
<b>Share buyback for cancellation</b>	<b>-</b>	<b>-</b>

### 8.3 RESERVES

In thousands of EUR	31.03.2016	31.12.2015
<b>Distributable reserves</b>		
Distributable reserves at beginning of reporting period	486'098	523'440
Dividend payment	-	(37'342)
<b>Total distributable reserves at end of reporting period</b>	<b>486'098</b>	<b>486'098</b>

### 9 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 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 previous 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.

In thousands of EUR	31.03.2016	31.12.2015
<b>Short term credit facility</b>		
Balance at beginning of period	-	-
Increase during period	-	32'000
(Decrease) during period	-	(32'000)
<b>Balance at end of period</b>	<b>-</b>	<b>-</b>

### 10 Incentive fee

In thousands of EUR	31.03.2016	31.12.2015
Balance at beginning of period	18'447	11'406
Change in incentive fees attributable to General Partner	1'555	11'913
Incentive fees paid/payable	(935)	(4'872)
<b>Balance at end of period</b>	<b>19'067</b>	<b>18'447</b>

## 11 Commitments to Direct and Indirect Investments

In thousands of EUR	31.03.2016	31.12.2015
Unfunded commitments translated at the rate prevailing at end of period	121'858	131'804

## 12 Earnings per share and net assets per share

Basic earnings per share are calculated by dividing the surplus or loss for the financial period attributable to the shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares, if any. There were no dilutive effects on the Group's shares during 2016 and 2015.

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

In thousands of EUR	31.03.2016	31.12.2015
Net assets of the Group	658'711	657'386
Outstanding shares at the end of the reporting period	69'151'168.00	69'151'168.00
<b>Net assets per share at period-end</b>	<b>9.53</b>	<b>9.51</b>

## 13 Fair value measurement

### 13.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Derivatives used for hedging	-	2'588	-	2'588
Financial assets at fair value through profit or loss - equity securities	10'243	-	525'509	535'752
Financial assets at fair value through profit or loss - debt investments	-	-	77'251	77'251
<b>Total assets</b>	<b>10'243</b>	<b>2'588</b>	<b>602'760</b>	<b>615'591</b>
<b>Liabilities</b>				
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**13.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD**

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
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
<b>Total assets</b>	<b>12'119</b>	<b>1'300</b>	<b>602'490</b>	<b>615'909</b>
<b>Liabilities</b>				
<b>Total liabilities</b>	-	-	-	-

**13.3 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS**

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

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

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

The Group utilizes comparable trading multiples in arriving at the valuation for the direct investments. Comparable companies multiple techniques assume that the valuation of unquoted direct investments can be assessed by comparing performance measure multiples of similar quoted assets for which observable market prices are readily available. The Investment Advisor determines comparable public companies based on industry, size, development stage, strategy, etc. Subsequently the most appropriate performance measure for determining the valuation of the relevant direct investment is selected (these include but are not limited to EBITDA, price/earnings ratio for earnings or price/book ratio for book values). Trading multiples for each

comparable company identified are calculated by dividing the market capitalization of the comparable company by the defined performance measure. The relevant trading multiples might be subject to adjustment for general qualitative differences such as liquidity, growth rate or quality of customer base between the valued direct investment and the comparable company set. The indicated fair value of the direct investment is determined by applying the relevant adjusted trading multiple to the identified performance measure of the valued company.

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

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

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

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

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

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

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

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

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

With regards to direct real estate debt investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. The reasons for this conclusion include, but are not limited to the fact that the income generated from direct real estate investments is linked to a reference rate such as LIBOR or EURIBOR (hence eliminating potential valuation changes resulting from fluctuation in interest rates) and the fact that direct real estate investments are valued using a waterfall approach as described above. The risk resulting from investing into a direct real estate debt investment is assessed by evaluating the gross asset value of the property. Provided that the results of such valuation provide sufficient evidence that the gross asset value exceeds the debt balance (i.e. the equity has a positive value), there is no indication that the Group as a lender would not be able to recover the full amount initially invested, plus any accrued cash and/or PIK interest, hence carrying such direct real estate debt investments at this value. Should a significant unobservable valuation input into the determination of gross asset value be changed in either direction, the value of a respective direct real estate debt investment would not fluctuate proportionately. Any fluctuation in gross asset value of the property would only have an impact on the value of a direct real estate debt investment in if the results of such a valuation would provide sufficient evidence that the gross asset value of the property is not sufficient to fully cover the outstanding debt instrument, which the Group is invested in. With regards to direct real estate equity investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. The reasons for this conclusion include, but are not limited to, the fact that variations in property location, quality and business plan result in comparisons across properties that are not meaningful. Unobservable inputs for a specific region will vary greatly based on the property's micro location, building finishes and amenities and leasing strategy. One-to-one comparisons are not possible even for buildings that are physically close to each other due to the differences in property features and occupancy. A sensitivity analysis has not been presented for direct investments that have been acquired within the last three months of the financial period and where the acquisition cost was deemed to be fair value in accordance with IFRS 13 as it is the view of the Investment Advisor that insufficient time has passed to determine a reliable sensitivity range based on valuation inputs that would be considered appropriate by market participants.



## 13.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.03.2016	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
<b>Direct Investments</b>						
Direct equity Investments	165'859	Market comparable companies	Enterprise value to EBITDA multiple	8.00x - 15.00x (10.89x)	14'319	-14'319
	9'291	Recent financing	Recent transaction price	n/a	n/a	n/a
Direct debt Investments	20'918	Market comparable companies	Enterprise value to EBITDA multiple	7.50x - 12.40x (9.47x)	n/a	n/a
	7'527	Broker quotes	Bid quotes for an inactive market	n/a	n/a	n/a
	6'176	Recent financing	Recent transaction price	n/a	n/a	n/a
<b>Indirect Investments</b>						
	394'812	Adjusted reported net asset value	Reported net asset value	n/a	19'741	-19'741
	-1'890	Adjusted reported net asset value	Fair value adjustments	n/a	-95	95

## 13.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.12.2015	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
<b>Direct Investments</b>						
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
<b>Indirect Investments</b>						
	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

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# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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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