



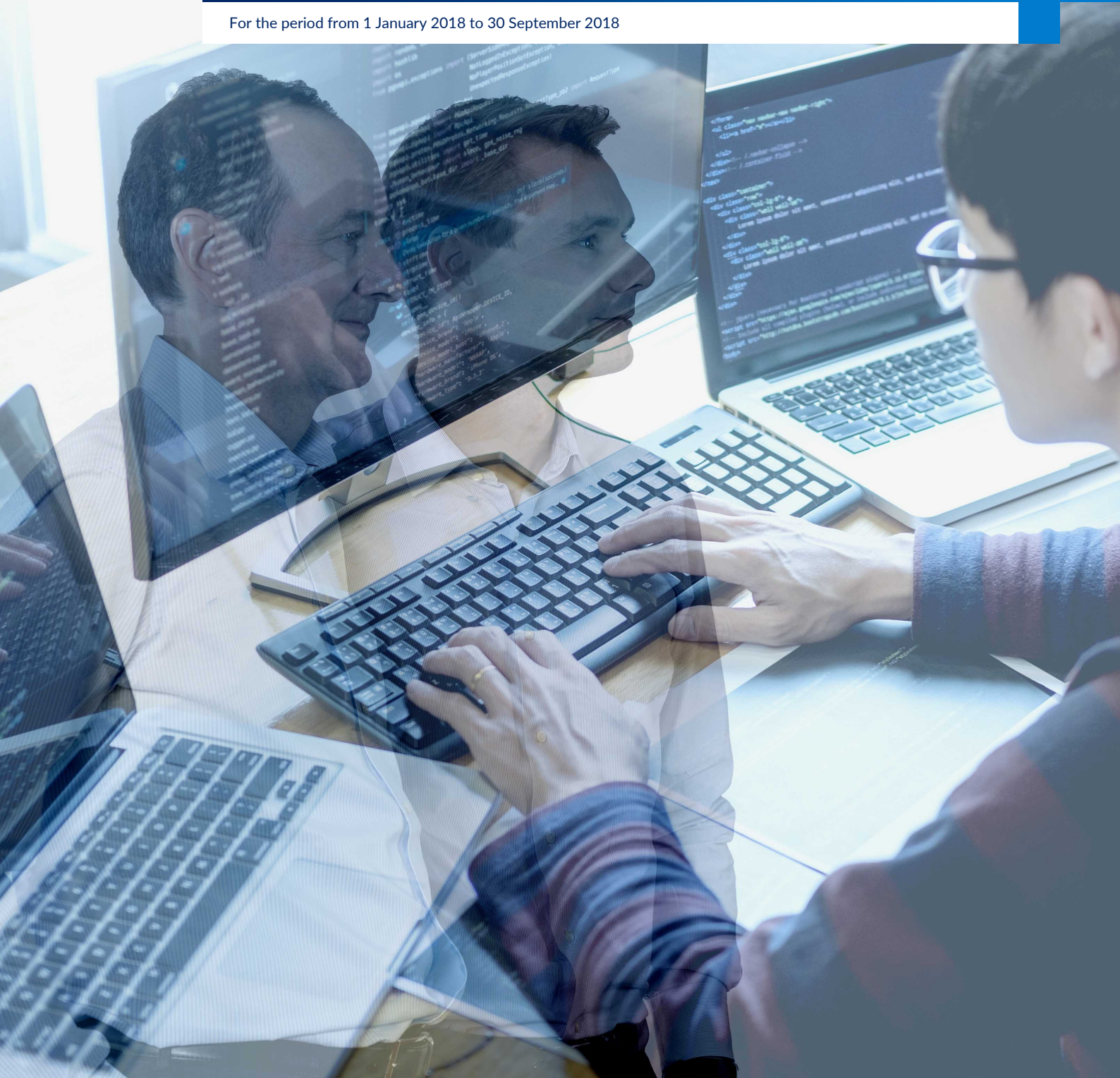
Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

INTERIM REPORT 2018

For the period from 1 January 2018 to 30 September 2018



Princess Private Equity Holding Limited

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

Princess aims to provide Shareholders with long-term capital growth as well as an attractive dividend yield. The shares are traded on the Main Market of the London Stock Exchange.

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

Cover image is for illustrative purposes only.

Key figures

In EUR	31 December 2017	30 September 2018
Total fund size	742'045'291	791'292'423
NAV per share	10.73	11.44
Total dividend per share	0.56	0.28
Share price	10.58	10.45
Discount	-1.4%	-8.7%
Cash and cash equivalents	97'415'855	31'603'591
Credit line used	0	0
Value of investments	653'584'982	773'951'383
Unfunded commitments	119'213'044	95'247'878
Investment level	88.1%	97.8%
Net current assets	88'460'309	17'341'040
Over-commitment ratio	4.1%	9.8%
Over-commitment ratio incl. credit line	-2.6%	3.5%

Past performance is not indicative of future results. There is no assurance that similar investments will be made nor that similar results will be achieved.

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

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

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1. Investment Advisor's report

NAV total return of 9.3% in the first nine months of 2018

The net asset value ("NAV") of Princess Private Equity Holding Limited ("Princess") continued to develop positively and closed the reporting period at EUR 11.44 per share, a capital increase of 6.6% in the first nine months of the year. Princess paid a first interim dividend of EUR 0.28 per share in July 2018, and thus achieved a total return of +9.3% over the first three quarters of 2018.

Valuation developments (+11.9%) were responsible for the bulk of NAV growth, while currency effects (+0.1%) had only a marginal impact on performance. The largest contributors to Princess' NAV growth over the third quarter were the direct investments in Action, Permotio International Learning ("Permotio") and Ceridian Corporation:

● ACTION

Action, the European non-food discount retailer, continued to expand its operations over the third quarter of 2018. For the twelve months ended 31 July 2018, revenue as well as EBITDA grew year on year, driven mainly by new store openings and strong like-for-like sales growth. Action opened nearly 100 stores in the first seven months of the year. Action's strategy continues to focus on strengthening its unique customer value proposition, international business expansion and the development of a scalable business model.

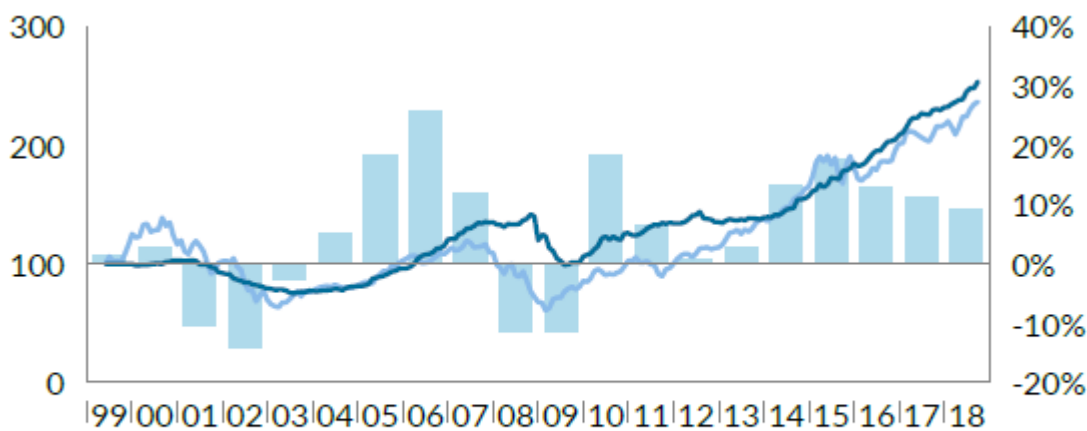
● PERMOTIO

Permotio International Learning, an investment vehicle formed to create a leading international schools group through a 'buy and build' strategy, was positively revalued on the back of strong financial performance. For the twelve months ended 30 June 2018, revenue increased by 53.6% year on year to EUR 158.7 million, mainly driven by add-on acquisitions which included the Middle East-based Nibras, US-based Kehoe France, Tenby schools in Malaysia, Claremont in UK and St. Jude in Costa Rica. Meanwhile, EBITDA grew 92.4% over the same period to EUR 40.0 million, primarily attributable to the aforementioned add-on investments and strict operational control by the group's management team.

● CERIDIAN CORPORATION

Ceridian Corporation, a global human capital management (HCM) software provider, experienced a positive revaluation over the quarter. Following the company's listing on the New York Stock Exchange in April 2018 its stock price increased by 26.6% over the third quarter of 2018, to USD 42.03. Meanwhile, the company reported solid financial performance for the three months ended 30 June 2018: revenue strengthened by 13.8% year on year to USD 179.3 million,

NAV PERFORMANCE (SINCE INCEPTION)*



■ Princess ■ MSCI World TR ■ Performance (RHS)

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

while adjusted EBITDA grew by 48.7% to USD 33.6 million. The robust results were primarily attributable to higher revenue from Dayforce, Ceridian's primary HCM platform, which increased by 41.2% over the same period, to USD 106.3 million.

Distribution activity (first nine months)

Investment	Exit (full or partial)	Strategy	Amount (EUR million)
Trimco International	Full	Equity	19.7
Varsity Brands	Full	Equity	13.0
VAT Group AG	Full	Equity	12.7
Action	Partial	Equity	8.2
Black Knight Financial Services	Partial	Equity	5.2
Megadyne	Refinancing	Debt	1.6
Legacy fund portfolio			32.0
Other			10.9
Total distributions for the first nine months 2018			103.3

Distribution activity

Distributions from Princess' underlying portfolio totaled EUR 103.3 million for the first nine months of 2018. EUR 71.3 million stemmed from direct investments with the balance of EUR 32.0 million from Princess' legacy fund portfolio, which continues to generate a high volume of exits from mature underlying portfolio companies.

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

● VARSITY BRANDS

In July, Princess received proceeds of EUR 10.3 million from the sale of Varsity Brands, a US-based manufacturer and distributor of sports and affinity products, to Bain Capital. The proceeds represent a multiple of 3.4x invested capital. Partners Group acquired Varsity Brands in December 2014, attracted by its leading market position across three business segments. The company has a highly diversified business profile across its product offerings, customer base, distribution channels and supplier base. Moreover, Varsity Brands has a strong free cash flow profile due to high operating margins, low capital expenditure, stable working capital and low effective tax rates.

Investment activity (first nine months)

Investment	Strategy	Amount (EUR million)
Megadyne - Ammeraal Beltech	Equity	31.4
GlobalLogic	Equity	23.7
Techem	Equity	21.3
Hearthside Food Solutions	Equity	17.9
SRS Distribution	Equity	14.1
Amann Girrbach	Equity	8.6
SHL	Equity	6.3
Trimco International	Equity	5.7
Other		2.8
Total investments for the first nine months 2018		131.8

Investment activity

In the first nine months of the year, Princess invested a total of EUR 131.8 million, of which, EUR 129.0 million was invested in eight new direct equity investments (Megadyne - Ammeraal Beltech, GlobalLogic, Techem, Hearthside Food Solutions, SRS Distribution, Amann Girrbach, SHL and Trimco).

The largest new investments this quarter were:

● MEGADYNE – AMMERAAL BELTECH

Princess invested EUR 31.4 million in the acquisition of global power transmission belt manufacturer Megadyne Group, following the July acquisition of Ammeraal Beltech, a global leader in lightweight process and conveyor belting. Following the acquisitions of Megadyne and Ammeraal, Partners Group supported a combination of the companies, which have highly complementary product and service offerings. The merger is underpinned by strong industrial and operating logic and is expected to benefit both companies and their clients, by creating a global leader in the wider belting industry with a full-service provider across specialist industrial transmission belting and lightweight conveyor belting. The combined company has the potential to become a clear market consolidator in a fragmented industry dominated by small- and medium-sized companies.

● GLOBALLOGIC

Princess invested EUR 23.7 million in GlobalLogic, a global provider of software product engineering services (PES). Founded in 2000 and headquartered in San Jose, California, the company's core business is software product development, serving well-known brands across diverse sectors. GlobalLogic differentiates itself from its competitors by developing its business model to specialize on key industry verticals including communication, medical technology and industrial. This specialization has equipped GlobalLogic with a better understanding of transformational technologies driving change in each industry, and positioned the company

as an industry thought-leader among its customers. Going forward, Partners Group will work closely with GlobalLogic to improve pricing discipline and capture higher price increases in the future, expand internationally by investing in underserved geographies with high expansion potential, target new clients by leveraging Partners Group's extensive platform of service vendors and general partner relationships, and apply business-to-business key account management best practices to accelerate cross-selling.

● TECEM

Princess invested EUR 21.3 million to fund the acquisition of Techem, a global market leader in the provision of heat and water cost allocation services. Founded in 1952 and headquartered in Eschborn, Germany, Techem provides cost allocation services to approximately 410,000 customers, including landlords and property managers as well as tenants, across 11 million commercial and residential units in over 20 countries. The company benefits from regulatory-driven demand: the Energy Efficiency Directive introduced in Europe in 2012 is currently in the process of being implemented throughout the EU, creating high potential for increased penetration across Europe. In addition, the long-term contractual nature of its business provides Techem with stable cash flows and good revenue visibility as typical contracts for cost allocation devices have tenures between 5 and 10 years. The company also has a proven track record of growth and resilience, having achieved non-cyclical, uninterrupted adjusted EBITDA growth and margin improvement over the past ten years, including during the 2008 global financial crisis.

Share price development and dividend

Princess' share price total return was +1.6% over the first nine months of 2018. The Company paid a first interim dividend for 2018 of EUR 0.28 per share in June 2018. Together with the second interim dividend for 2017 of EUR 0.28 per share, this translates into a dividend yield of 5.4% on the share price as of reporting end. A second interim dividend for 2018 of EUR 0.28 was declared in October, with a payment date of 14 December 2018.

Liquidity and unfunded commitments

During the first nine months of 2018, Princess' net liquidity position decreased to EUR 17.3 million, while the Company's investment level increased to 97.8% of NAV. The Company's EUR 50 million revolving credit facility remained undrawn as of period end.

Total unfunded commitments at 30 September 2018 amounted to EUR 95.2 million. EUR 57.8 million of commitments related to Partners Group's direct investment programs, while commitments to third party funds amounted to EUR 37.4 million (predominantly pre-crisis vintages which, in the Investment Advisor's view, are unlikely to be called in full). In line with the strategy to focus on direct investments, no new third party fund commitments will be made.

Outlook

Following an active period for new investments, Princess' investment activity is likely to slow in the coming quarters. Partners Group, in its capacity as Investment Advisor to Princess, remains focused on selectively assessing investment opportunities with significant long-term value. Given the current environment of global geo-political risks, inflation pressures within the US and potential rate hikes in the UK, monetary tightening may result in increased volatility. Identifying assets that can weather these conditions becomes key. In this environment, the Investment Advisor remains focused on capitalizing on secular tailwinds with low risk of asset disruption and actively driving value creation with a long-term approach.

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

Partners Group

Investment Advisor

2. Market overview

Macroeconomic activity

The global economy appears to remain on a solid growth path during the third quarter of 2018. Growth in the US has picked up since the beginning of 2018, fueled by tax cuts and supportive fiscal and business spending. Consumer confidence is at a multi-decade high, buoyed by a vibrant labor market and rising incomes. As inflation and wage growth are gradually accelerating, the US Federal Reserve (Fed) raised the target rate to 2.0-2.25%.

While financial conditions across the Eurozone remain highly accommodative and government spending is supportive overall, the trade disputes with the US seem to have had a bigger impact on confidence in the Eurozone than in the US. Regional divergence has become more pronounced as Italy's economy is fragile while Germany's economy remains buoyant. Across the region, inflationary pressure is still low and monetary tightening should be very gradual. The ongoing uncertainty around the UK's exit from the European Union has added an additional layer of complexity to the region's outlook. While this has had little effect on the mainland, the UK has fallen from being the best-performing G8 country to being the laggard as Brexit uncertainty has impacted investment and spending in the country.

In Asia, China has experienced a moderate slowdown in GDP growth, largely on the back of policy tightening. This is evidenced by fewer investments in infrastructure, a clampdown on the shadow banking industry and increasing leverage levels. The devaluation of the Chinese renminbi should mitigate the impact of US trade tariffs, with monetary and fiscal easing providing further support to the economy.

Private equity buyout activity

Global private equity buyout deals in the third quarter decreased in value by 21.3% year on year to USD 92.9 billion, while the number of deals rose by 7.3% to 1,205, according to Preqin. Buyout activity continued to be driven by large-cap and upper mid-cap investments with a transaction value of more than USD 1 billion, accounting for 66.8% of the global aggregate.

North America comprised 55.1% of total deal value and continued to dominate global buyout deal activity. Third-quarter buyout activity in the region increased 44.2% year on year to USD 51.2 billion across 637 transactions. The largest deal announced in the region and globally was the USD 6.9 billion take-private of Dun & Bradstreet, a commercial data and analytics provider, by a group of investors led by Cannae Holdings, CC Capital and Thomas H Lee Partners.

Private equity buyout activity in Europe increased by 16.7% to USD 23.1 billion across 430 transactions. The largest deal was Ireland-headquartered Arysta LifeScience, a global provider of crop protection solutions, which was acquired by its competitor UPL Corporation for USD 4.2 billion. The transaction was backed by Abu Dhabi Investment Authority and TPG Capital.

Buyout activity in Asia saw an uptick in deal count (from 39 to 69), but was characterized by smaller transaction value. During the third quarter, total deal value in the region declined significantly by 59.8% compared to the third quarter of 2017 and totaled USD 13.0 billion, accounting for 14.0% of the global aggregate. The largest transaction announced in the region was the CNY 15.5 billion (USD 2.3 billion) acquisition of New Classics Media Corporation, a film and television production company in China, by a consortium including Carlyle Group, Shanghai Xuanting Entertainment Information Technology and Trustbridge Partners.

Private equity exit activity

During the third quarter of 2018, global private equity exit activity increased by 4.4% year on year to USD 84.6 billion across 484 transactions, according to Preqin. Trade sales remained the most prevalent exit strategy, accounting for 71.7% of aggregate exit value.

North America remained the leader in global private equity exit activity, recording USD 51.6 billion in exit value across 234 transactions. The largest exit announced in the region and globally was the sale of insurance claims service provider Sedgwick Claims Management Services by KKR and Stone Point Capital to Carlyle Group. The transaction valued the company at USD 6.7 billion.

In Europe, 184 exits were completed during the quarter with an aggregate value of USD 19.8 billion. The largest exit in the region was the GBP 2.0 billion (USD 2.6 billion) sale of Cognita Schools, a global private schools group, by global investment firms Bregal Investments and KKR to private investment firm Jacobs Holding.

In the Asia-Pacific region, aggregate exit value stood at USD 7.1 billion across 34 transactions. The largest exit in the region was the KRW 2.3 trillion (USD 2.0 billion) sale of South Korea-based insurance company Orange Life Insurance, by owners KDB Capital, Korea Teachers' Pension Fund and MBK Partners, to financial holding company Shinhan Financial Group.

IPO activity

The third quarter of 2018 was the quietest period of the year in terms of global IPO activity, as geopolitical tensions and trade issues between the US, the European Union and China continue. Compared to the third quarter of 2017, the number of IPOs globally declined by 22.0% to 302 while IPO proceeds decreased by 9.0% to USD 47.1 billion, according to Ernst and Young.

IPO activity in the US for the period increased year on year in terms of proceeds (+150.0%) and deal count (+31.0%) to USD 11.9 billion across 47 transactions, mainly attributed to strong investor confidence and a steady stream of private equity- and venture capital-backed IPOs. Healthcare and technology companies dominated the IPO activity in the country, accounting for 53.8% of total proceeds and 63.8% of total deal count. The largest IPO was the USD 1.7 billion listing of Elanco Animal Health, a manufacturer and marketer of animal health products, on the New York Stock Exchange.

IPO activity in the EMEIA (Europe, Middle East, India and Africa) region decreased significantly on the back of US trade uncertainties and the looming deadline for Brexit. The stock exchanges in the region registered 63 IPOs that raised a total of USD 2.6 billion, representing year-on-year decreases of 48.0% and 85.0%, respectively. The largest IPO by proceeds in the region was the USD 395 million listing of Tritax Eurobox, an investment trust focused on investing in continental European logistics real estate assets, on the London Stock Exchange.

The Asia-Pacific region continued to dominate the global IPO activity during the third quarter of 2018. Despite a year-on-year decrease in deal count by 16.0% to 180, total IPO proceeds increased significantly by 78.0% to USD 31.9 billion, mainly supported by three mega IPOs listed on the Hong Kong Stock Exchange. The largest IPO in the region and globally in the past two years was the USD 6.9 billion listing of telecommunications tower operator China Tower on the Hong Kong Stock Exchange.

Fundraising activity

While global private equity fundraising activity during the third quarter of 2018 decreased by 15.4% year on year to USD 121.3 billion, it crossed the USD 100 billion mark for the first time this year, according to Preqin. The number of funds that held a final close dropped significantly by 39.7% year on year, as a small number of large funds accounted for most of the capital raised. The largest fund that held its final close during the period was Carlyle Partners VII, with a fund size of USD 18.5 billion. Meanwhile, private equity dry powder reached a record of USD 1.1 trillion as of September 2018.

North America-focused funds dominated fundraising activity this quarter, with 126 funds raising USD 81.6 billion, with the abovementioned Carlyle Partners VII contributing 22.7% of aggregate capital in the region.

Europe-focused funds secured USD 10.5 billion in investor commitments across 39 funds, contributing 8.7% of total fundraising volume during the third quarter of 2018.

Asia-focused funds reported a total of USD 25.4 billion in investor demand. The largest of the 36 funds that held its final closing during the period was Hillhouse Fund IV, which reached a fund size of USD 10.6 billion.

Outlook

According to Partners Group's base case macroeconomic projection, expansion is expected to continue, albeit at a slightly more modest pace. Following a strong year for the US economy, impact of trade concerns on business and consumer confidence, tighter financial conditions and a fading fiscal stimulus should translate into milder growth rates. However, these should be sufficient to show the first signs of inflationary pressure and wage growth across the country. Partners Group believes the US Federal Reserve will raise its target rate above current market and analyst expectations.

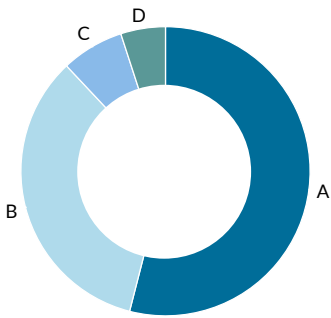
Despite some cooling in GDP expansion, Partners Group's outlook for the Eurozone is centered around modest growth with relatively muted inflation and continued accommodative monetary policy, as a number of existing obstacles evolve (Brexit, Italian fiscal debt). Partners Group expects growth in the Eurozone to resume at levels below its US counterpart, and unemployment to continue to fall gradually.

Rising interest rates in the US, coupled with the potential effects of trade conflicts, structural challenges in Europe and divergence in emerging markets, should raise volatility in capital markets. This is typical for the later stages of the expansion, especially in a market where elevated valuations are based on a low risk-free rate. Partners Group continues to expect valuations to come down in light of higher US inflation and rising interest rates, and incorporate this into the underwriting assumptions across asset classes.

Partners Group maintains its cautious investment outlook and continues to seek defensive assets that benefit from structural or transformative trends. Platform expansion through add-on acquisitions remains a preferred investment theme and complements our initiatives to create value at the operational level.

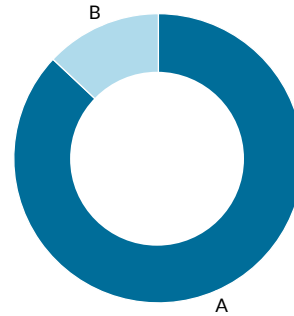
Sources: Preqin "Q3 2018 Buyout Deals and Exits"; Preqin "Q3 2018 Private Capital Fundraising Update"; Ernst & Young "Global IPO trends: Q3 2018"; Greenhill Cogent; Partners Group Research

3. Portfolio composition



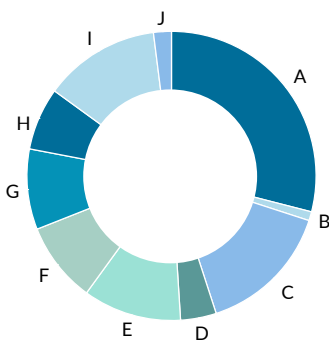
Investments by regional focus

A Europe	54%	C Rest of World	7%
B North America	34%	D Asia-Pacific	5%



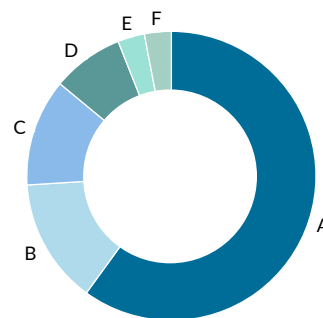
Investments by transaction type

A Direct	87%	B Primary	13%
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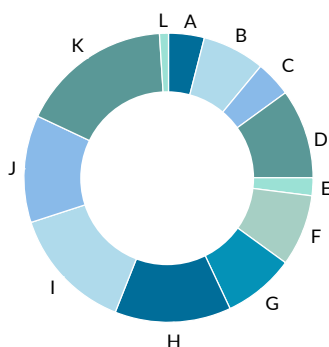
Portfolio assets by industry sector

A Consumer discr.	29%	F Financial	9%
B Utilities	1%	G Consumer staples	9%
C IT	15%	H Materials	7%
D Energy	4%	I Healthcare	13%
E Industrial	11%	J Telecom	2%



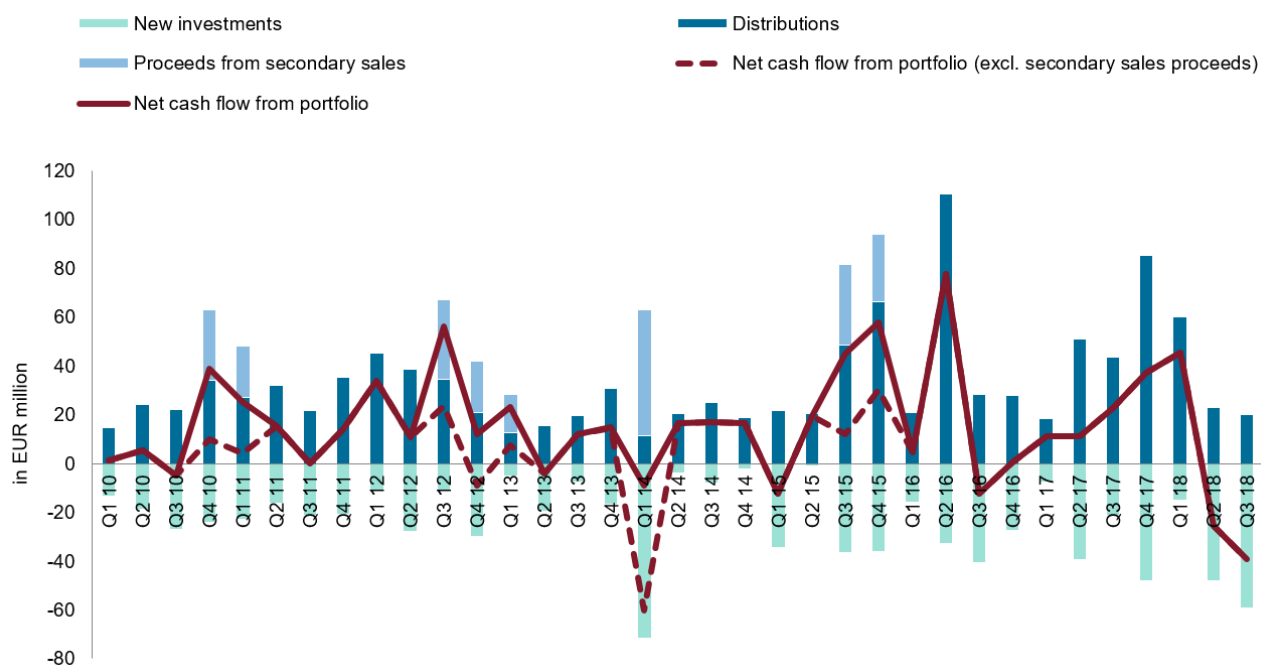
Investments by financing category

A Small/Mid-cap	60%	D Growth	8%
B Special situations	14%	E Mezzanine	3%
C Large/mega-large-cap	12%	F Venture capital	3%



Investments by investment year

A	Pre 2007	4%	G	2014	8%
B	2007	7%	H	2015	13%
C	2008	4%	I	2016	14%
D	2011	10%	J	2017	12%
E	2012	2%	K	2018	17%
F	2013	8%	L	Other	1%



DEVELOPMENT OF NET CASH FLOWS



NAV DEVELOPMENT

	Top 10	Top 20	Full sample
EV/EBITDA	14.0x	13.6x	13.0x
Net debt/EBITDA	5.5x	5.7x	5.4x
Leverage	41.2%	43.7%	43.4%
Weighted average EV	EUR 3.0bn	EUR 2.9bn	EUR 2.5bn

VALUATION METRICS OF DIRECT EQUITY 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. Weighted average figures for a sample of direct equity investments based on available information. Valuation metrics include all direct equity investments valued based on EV/EBITDA (sample represents 47 companies; 72.8% of NAV).

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

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

4. Portfolio overview

Fifty largest direct investments (in EUR)

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
Action	Consumer discretionary	WEU	Small/Mid-cap	2011	0	64'028'832	8.1%
Permotio International Learning SarL	Consumer discretionary	WEU	Growth	2013	30'979'095	54'508'648	6.9%
Form Technologies	Materials	NAM	Small/Mid-cap	2015	23'040'258	38'088'572	4.8%
Megadyne - Ammeraal Beltech	Industrials	WEU	Small/Mid-cap	2018	31'437'776	31'437'776	4.0%
Foncia	Financials	WEU	Small/Mid-cap	2016	19'469'878	27'783'015	3.5%
KinderCare Education	Consumer discretionary	NAM	Small/Mid-cap	2015	9'218'984	25'321'173	3.2%
Fermaca	Energy	ROW	Special situations	2014	12'569'451	24'477'034	3.1%
GlobalLogic Inc.	Information technology	NAM	Small/Mid-cap	2018	23'901'163	23'901'163	3.0%
Techem Metering GmbH	Industrials	WEU	Large/mega-large-cap	2017	21'263'882	21'263'882	2.7%
Hofmann Menue Manufaktur	Consumer staples	WEU	Small/Mid-cap	2013	5'146'706	19'024'821	2.4%
IDEMIA	Information technology	WEU	Large/mega-large-cap	2016	16'828'254	18'537'980	2.3%
Hearthside Food Solutions	Consumer staples	NAM	Small/Mid-cap	2018	18'069'874	18'069'874	2.3%
Global Blue	Financials	WEU	Small/Mid-cap	2012	834'111	14'424'667	1.8%
SRS Distribution, Inc.	Materials	NAM	Small/Mid-cap	2018	14'346'217	14'346'217	1.8%
MultiPlan, Inc. (2016)	Healthcare	NAM	Large/mega-large-cap	2016	4'502'575	14'127'970	1.8%
Vermaat	Consumer discretionary	WEU	Small/Mid-cap	2015	7'918'968	13'935'582	1.8%
Cerba HealthCare	Healthcare	WEU	Small/Mid-cap	2017	11'327'126	13'589'722	1.7%
Ceridian HCM	Industrials	NAM	Large/mega-large-cap	2007	2'102'832	13'162'699	1.7%
PCI Pharma Services	Healthcare	NAM	Small/Mid-cap	2016	10'039'203	13'113'472	1.7%
Civica	Information technology	WEU	Small/Mid-cap	2013	11'320'538	12'729'246	1.6%
United States Infrastructure Corporation	Utilities	NAM	Small/Mid-cap	2017	11'325'413	12'496'475	1.6%
Caffe Nero	Consumer staples	WEU	Mezzanine	2013	7'250'410	n.a.	n.a.
CPA Global	Information technology	WEU	Large/mega-large-cap	2017	10'104'008	11'129'595	1.4%
Pacific Bells	Consumer staples	NAM	Small/Mid-cap	2015	6'042'175	8'795'395	1.1%
Pharmaceutical developer	Healthcare	WEU	Small/Mid-cap	2013	10'202'108	8'693'842	1.1%
Amann Girrbach	Healthcare	WEU	Small/Mid-cap	2018	8'625'266	8'625'266	1.1%
Guardian Early Learning Group	Consumer discretionary	APC	Small/Mid-cap	2016	8'321'572	8'294'031	1.0%
Universal Hospital Services, Inc.	Healthcare	NAM	Small/Mid-cap	2007	3'746'082	8'280'379	1.0%
Voyage Care	Healthcare	WEU	Small/Mid-cap	2014	7'808'304	7'024'371	0.9%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		
					Residual cost	Net asset value	% of NAV
STADA Arzneimittel AG	Healthcare	WEU	Large/mega-large-cap	2017	6'225'411	6'714'645	0.8%
Trimco International Holdings Ltd	Industrials	APC	Small/Mid-cap	2012	5'984'683	6'439'814	0.8%
SHL	Information technology	WEU	Small/Mid-cap	2018	6'202'177	6'212'859	0.8%
Springer Science+Business Media	Consumer discretionary	WEU	Special situations	2010	5'728'926	n.a.	n.a.
CSS Corporate Technologies	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.
S. TOUS, S.L.	Consumer discretionary	WEU	Small/Mid-cap	2015	3'959'816	5'375'646	0.7%
Hortifruti	Consumer staples	ROW	Small/Mid-cap	2016	4'544'307	5'268'073	0.7%
Logoplaste	Materials	WEU	Special situations	2016	4'710'522	n.a.	n.a.
Seabras-1	Telecommunication services	NAM	Special situations	2015	4'945'400	5'096'421	0.6%
Prosol	Consumer staples	WEU	Special situations	2017	4'713'557	4'951'648	0.6%
SPI Global	Information technology	APC	Small/Mid-cap	2017	4'504'596	4'951'562	0.6%
Polyconcept	Consumer discretionary	NAM	Small/Mid-cap	2016	3'351'853	4'924'341	0.6%
Key Retirement Group	Financials	WEU	Small/Mid-cap	2017	3'419'672	4'914'500	0.6%
ADT Corporation	Information technology	NAM	Large/mega-large-cap	2016	3'076'686	4'866'640	0.6%
European Sports Rights Company	Consumer discretionary	WEU	Special situations	2006	4'512'433	4'675'303	0.6%
CEVA Santé Animale	Healthcare	WEU	Special situations	2014	3'925'030	4'183'844	0.5%
Cegid Group SA	Information technology	WEU	Special situations	2016	3'704'627	n.a.	n.a.
Education publisher 2	Consumer discretionary	NAM	Large/mega-large-cap	2013	0	3'436'024	0.4%
Aavas Financiers Limited	Financials	APC	Small/Mid-cap	2016	1'010'225	n.a.	n.a.
BarBri	Consumer discretionary	NAM	Small/Mid-cap	2011	1'761'394	2'920'372	0.4%
Photonis Holding S.A.S.	Information technology	WEU	Special situations	2011	1'586'807	2'584'939	0.3%
Total fifty largest direct investments					405'715'319	662'025'934	83.7%

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. Residual cost is the initial investment cost after receipt of distributions from such an investment until the end of the reporting period. Negative residual costs (receipt of distributions > initial investment cost) will result in an amount of zero.

Twenty largest fund investments (in EUR)

Investment	Regional focus	Financing category	Vintage	Since inception		% of NAV
				Unfunded commitments	Net asset value	
Anonymized Emerging Markets Venture Fund 2	ROW	Venture capital	2008	600'436	9'450'570	1.2%
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	846'098	8'648'525	1.1%
3i Eurofund Vb	WEU	Small/Mid-cap	2006	333'335	6'558'948	0.8%
Anonymized European Buyout Fund 7	WEU	Small/Mid-cap	2007	1'026'787	6'465'468	0.8%
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1'759'056	5'373'708	0.7%
Index Ventures Growth I (Jersey), L.P.	WEU	Growth	2008	0	4'308'158	0.5%
Terra Firma Capital Partners III, L.P.	WEU	Large/mega-large-cap	2006	79'547	3'847'049	0.5%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	3'670'255	0.5%
Patria - Brazilian Private Equity Fund III, L.P.	ROW	Small/Mid-cap	2007	n.a.	n.a.	n.a.
INVESCO Venture Partnership Fund II-A, L.P.	NAM	Venture capital	2000	1'575'823	2'638'398	0.3%
SV Life Sciences Fund IV, L.P.	NAM	Venture capital	2006	125'028	2'630'688	0.3%
MatlinPatterson Global Opportunities Partners III	NAM	Special situations	2007	198'256	2'430'997	0.3%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Growth	2008	2'069	1'650'657	0.2%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	28'037	1'613'866	0.2%
Sterling Investment Partners II, L.P.	NAM	Small/Mid-cap	2005	1'062'791	1'418'974	0.2%
Exxel Capital Partners VI, L.P.	ROW	Small/Mid-cap	2000	0	1'363'790	0.2%
Ares Corporate Opportunities Fund II, L.P.	NAM	Special situations	2006	1'967'415	1'285'439	0.2%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	231'371	1'278'059	0.2%
August Equity Partners II A, L.P.	WEU	Small/Mid-cap	2007	n.a.	1'203'980	0.2%
Russia Partners III, L.P.	ROW	Small/Mid-cap	2007	30'695	1'002'698	0.1%
Total twenty largest partnership investments				10'489'916	69'576'717	8.8%

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

5. Structural overview

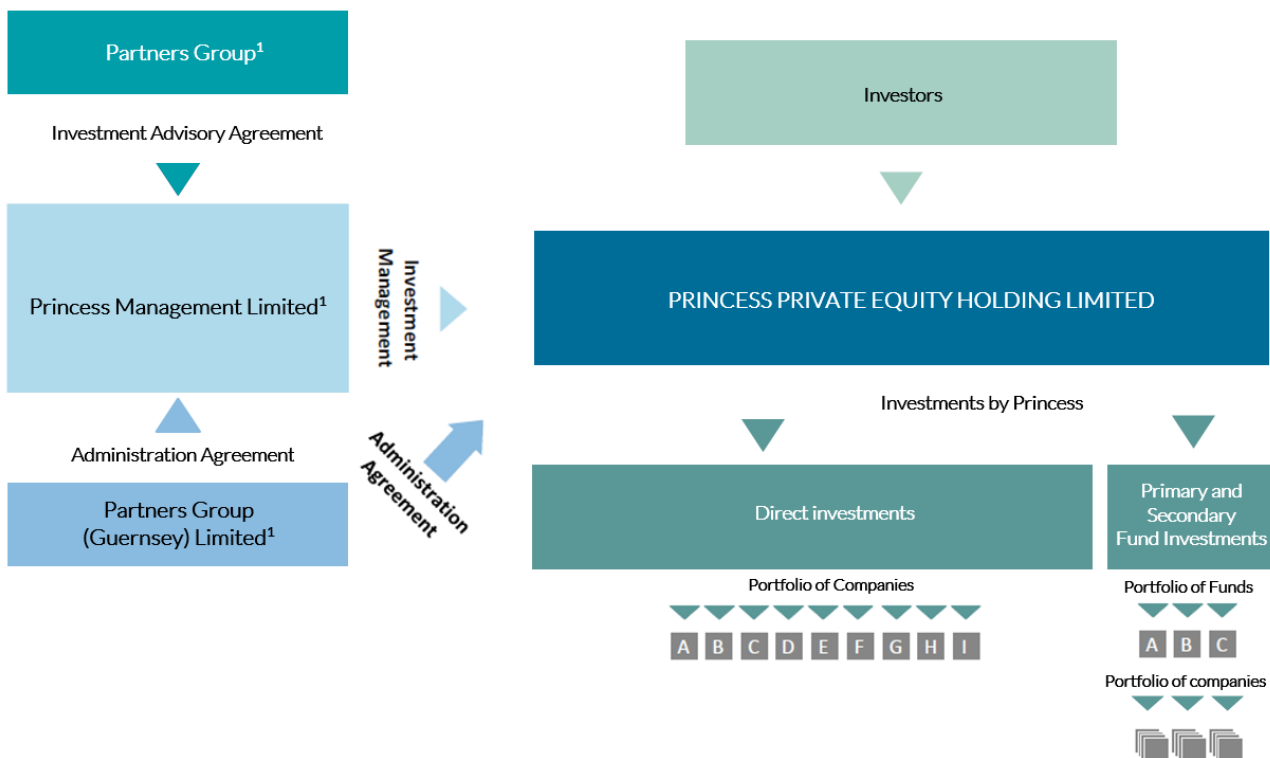
Princess Private Equity Holding Limited is a Guernsey registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity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

On 6 September 2017, the Company announced the intention to introduce an additional market quote in Sterling (trading symbol: PEYS) for its existing ordinary shares on the London Stock Exchange, alongside the Company's existing Euro market quote. The purpose of the introduction of the Sterling quote was to broaden the potential ownership of the Company's ordinary shares. Following the introduction of the Sterling quote, which was admitted for trading on 8

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

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

The Investment Manager is permitted to delegate some or all of its obligations and has entered into an advisory agreement with Partners Group (the "Investment Advisor"), which is a global private markets investment management firm with EUR 67.1 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 AG

6. Company information

Company	Princess Private Equity Holding Limited
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5-8% p.a. on NAV
Incentive fee	No incentive fee on primary investments; 10% incentive fee per secondary investment; 15% incentive fee per direct investment; subject in each case to a 8% p.a. preferred return (with catch-up)
Incorporation	1999
Joint corporate brokers	JPMorgan Cazenove Numis Securities Ltd.
Listing	London Stock Exchange
Management fee	1.5% p.a.: Of the higher of NAV or value of Princess' assets less any temporary investments plus unfunded commitments
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey company, Authorised closed-ended fund in Guernsey
Trading information	ISIN (Euro and Sterling Quote): GG00B28C2R28 WKN (Euro and Sterling Quote): A0M5MA Trading symbol (Euro Quote): PEY Bloomberg (Euro Quote): PEY LN Reuters (Euro Quote): PEY.L Trading symbol (Sterling Quote): PEYS Bloomberg (Sterling Quote): PEYS LN Reuters (Sterling Quote): PEYS.L
Voting rights	Each ordinary registered share represents one voting right

7. Unaudited consolidated financial statements

Unaudited consolidated statement of comprehensive income

for the period from 1 January 2018 to 30 September 2018

In thousands of EUR	Notes	01.07.2018 30.09.2018	01.01.2018 30.09.2018	01.07.2017 30.09.2017	01.01.2017 30.09.2017
Net income from financial assets at fair value through profit or loss		34'127	96'032	8'270	68'427
<i>Private equity</i>		31'091	85'676	8'581	71'915
Interest & dividend income		194	8'190	298	688
Revaluation	6	29'974	72'474	16'149	93'980
Net foreign exchange gains / (losses)	6	923	5'012	(7'866)	(22'753)
<i>Private debt</i>		2'263	6'522	(144)	(1'272)
Interest income (including PIK)		521	1'623	528	1'390
Revaluation	6	1'233	2'830	932	2'856
Withholding tax on direct private debt investments	6	-	(18)	-	-
Net foreign exchange gains / (losses)	6	509	2'087	(1'604)	(5'518)
<i>Private real estate</i>		(125)	(133)	(69)	(591)
Revaluation	6	(125)	(133)	(69)	(590)
Net foreign exchange gains / (losses)	6	-	-	-	(1)
<i>Private infrastructure</i>		898	3'967	(98)	(1'625)
Revaluation	6	799	3'401	444	153
Net foreign exchange gains / (losses)	6	99	566	(542)	(1'778)
Net income from cash & cash equivalents and other income		(64)	583	(94)	(231)
Interest income		-	-	(1)	(1)
Net foreign exchange gains / (losses)		(64)	583	(93)	(230)
Total net income		34'063	96'615	8'176	68'196
Operating expenses		(6'643)	(19'636)	(3'929)	(14'970)
Management fees		(2'811)	(8'125)	(2'759)	(8'522)
Incentive fees	10	(3'604)	(10'340)	(599)	(4'668)
Administration fees		(96)	(281)	(93)	(275)
Service fees		(63)	(188)	(63)	(188)
Other operating expenses		(175)	(660)	(223)	(844)
Other net foreign exchange gains / (losses)		106	(42)	(192)	(473)
Other financial activities		(1'217)	(8'370)	4'644	17'154
Setup expenses - credit facilities		(115)	(341)	(115)	(367)
Other finance cost		(42)	(271)	(62)	(176)
Net gains / (losses) from hedging activities		(1'060)	(7'761)	4'821	17'697
Other income		-	3	-	-
Surplus / (loss) for period		26'203	68'609	8'891	70'380

In thousands of EUR	Notes	01.07.2018 30.09.2018	01.01.2018 30.09.2018	01.07.2017 30.09.2017	01.01.2017 30.09.2017
Other comprehensive income for period; net of tax		-	-	-	-
Total comprehensive income for period		26'203	68'609	8'891	70'380
Weighted average number of shares outstanding		69'151'168.00	69'151'168.00	69'151'168.00	69'151'168.00
Basic surplus / (loss) per share for period		0.38	0.99	0.13	1.02
Diluted surplus / (loss) per share for period		0.38	0.99	0.13	1.02

The Euro earnings per share is calculated by dividing the surplus / (loss) for the financial period by the weighted average number of shares outstanding.

Unaudited consolidated statement of financial position

As at 30 September 2018

In thousands of EUR	Notes	30.09.2018	31.12.2017
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	6,13	645'832	525'538
Private debt	6,13	99'616	100'711
Private real estate	6,13	5'374	7'816
Private infrastructure	6,13	23'130	19'520
Other long-term receivables		2'755	2'644
Non-current assets		776'707	656'229
Other short-term receivables		1'386	2'199
Hedging assets	13	-	2'166
Cash and cash equivalents	7	31'604	97'416
Current assets		32'990	101'781
TOTAL ASSETS		809'697	758'010
EQUITY AND LIABILITIES			
Share capital	8	69	69
Reserves	8	390'669	410'031
Retained earnings		400'554	331'945
Total equity		791'292	742'045
Hedging liabilities	13	1'612	-
Accruals and other short-term payables		16'793	15'965
Liabilities falling due within one year		18'405	15'965
TOTAL EQUITY AND LIABILITIES		809'697	758'010

Unaudited consolidated statement of changes in equity

for the period from 1 January 2018 to 30 September 2018

In thousands of EUR	Share capital	Retained earnings	Reserves	Total
Balance at the beginning of period	69	331'945	410'031	742'045
Dividend paid during the period	-	-	(19'362)	(38'724)
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	68'609	-	68'609
Equity at end of period	69	400'554	390'669	791'292

for the period from 1 January 2017 to 30 September 2017

In thousands of EUR	Share capital	Retained earnings	Reserves	Total
Balance at the beginning of period	69	254'083	448'756	702'908
Dividend paid during the period	-	-	(19'362)	(38'724)
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	70'380	-	70'380
Equity at end of period	69	324'463	429'394	753'926

Unaudited consolidated statement of cash flows

for the period from 1 January 2018 to 30 September 2018

In thousands of EUR	Notes	01.01.2018 30.09.2018	01.01.2017 30.09.2017
Operating activities			
Surplus / (loss) for the period before interest expense		68'609	70'380
Adjustments:			
Net foreign exchange (gains) / losses		(8'206)	30'753
Investment revaluation		(78'572)	(96'399)
Withholding tax on direct investments		18	-
Net (gain) / loss on interest		(1'928)	(2'028)
Net (gain) / loss on dividends		(7'885)	(49)
Revaluation on forward hedges		7'761	(17'697)
(Increase) / decrease in receivables		817	7'014
Increase / (decrease) in payables		671	(1'230)
Realized gains / (losses) from forward hedges		(3'983)	16'103
Purchase of private equity investments	6	(117'024)	(39'414)
Purchase of private debt investments	6	(2'032)	(21'819)
Purchase of private real estate investments	6	234	152
Distributions from and proceeds from sales of private equity investments	6	74'253	92'891
Distributions from and proceeds from sales of private debt investments	6	8'245	1'548
Distributions from and proceeds from sales of private real estate investments	6	2'075	1'661
Distributions from and proceeds from sales of private infrastructure investments	6	357	671
Interest & dividends received		9'557	1'690
Net cash from / (used in) operating activities		(47'033)	44'227
Financing activities			
Dividends paid	8	(19'362)	(19'362)
Net cash from / (used in) financing activities		(19'362)	(19'362)
Net increase / (decrease) in cash and cash equivalents		(66'395)	24'865
Cash and cash equivalents at beginning of period	7	97'416	65'751
Effects of foreign currency exchange rate changes on cash and cash equivalents		583	(230)
Cash and cash equivalents at end of period	7	31'604	90'386

Notes to the unaudited consolidated financial statements

for the period from 1 January 2018 to 30 September 2018

1 Organization and business activity

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

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

2 Basis of preparation

The condensed interim consolidated financial information has been prepared in accordance with IAS 34 - Interim Financial Reporting. The condensed interim consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2017, 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 2017.

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

Annual improvements 2014-2016 (effective 1 January 2018) Amendments to IFRS 1 and IAS 28
IFRS 15 (effective 1 January 2018) - Revenue from Contracts with Customers
IFRS 9 (effective 1 January 2018) - Financial Instruments

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.

On adoption of IFRS 9 the Group's investment portfolio will continue to be classified as fair value through profit and loss. Other financial assets which are held for collection will continue to be measured at amortized cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Group's unaudited financial statements.

3 Shareholders above 5% of ordinary shares issued

In accordance with DTR 5.1.2R of the Financial Conduct Authority Handbook the following shareholders advised holdings above the 5% threshold until 30 September 2018:

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 - 7.66%

Rathbone Brothers - 5.26%

Societe Generale Option Europe - 5.31%

Canaccord Genuity Group Inc - 5.02%

4 Dividends

The Board of Directors of Princess Private Equity Holding Limited declared its first interim dividend for the year of EUR 0.28 per ordinary share, which was paid on 13 July 2018, amounted to EUR 19.4 million (Total dividend in 2017: EUR 38.7 million).

5 Segment calculation

In thousands of EUR	01.01.2018 30.09.2018	01.01.2017 30.09.2017
Private equity		
Interest & dividend income	8'190	688
Revaluation	72'474	93'980
Net foreign exchange gains / (losses)	5'012	(22'753)
Total net income private equity	85'676	71'915
Segment result private equity	85'676	71'915
Private debt		
Interest income (including PIK)	1'623	1'390
Revaluation	2'830	2'856
Withholding tax on direct private debt investments	(18)	-
Net foreign exchange gains / (losses)	2'087	(5'518)
Total net income private debt	6'522	(1'272)
Segment result private debt	6'522	(1'272)
Private real estate		
Revaluation	(133)	(590)
Net foreign exchange gains / (losses)	-	(1)
Total net income private real estate	(133)	(591)
Segment result private real estate	(133)	(591)
Private infrastructure		
Revaluation	3'401	153
Net foreign exchange gains / (losses)	566	(1'778)
Total net income private infrastructure	3'967	(1'625)
Segment result private infrastructure	3'967	(1'625)
Non attributable		
Interest & dividend income	-	(1)
Net foreign exchange gains / (losses)	583	(230)
Total net income non attributable	583	(231)
Segment result non attributable	(19'053)	(15'201)
Other financial activities not allocated	(8'370)	17'154
Surplus / (loss) for the financial period	68'609	70'380

6 Financial assets at fair value through profit or loss

6.1 PRIVATE EQUITY

In thousands of EUR	30.09.2018	31.12.2017
Balance at beginning of period	525'538	539'374
Purchase of Direct and Indirect Investments	117'024	70'224
Distributions from and proceeds from sales of Direct and Indirect Investments	(74'253)	(167'278)
Reclassification of investments	-	2'417
Accrued cash and PIK interest	37	25
Revaluation	72'474	106'572
Foreign exchange gains / (losses)	5'012	(25'796)
Balance at end of period	645'832	525'538

6.2 PRIVATE DEBT

In thousands of EUR	30.09.2018	31.12.2017
Balance at beginning of period	100'711	78'194
Purchase of Direct and Indirect Investments	2'032	34'524
Distributions from and proceeds from sales of Direct and Indirect Investments	(8'245)	(7'585)
Reclassification of investments	-	(2'417)
Accrued cash and PIK interest	219	372
Revaluation	2'830	4'013
Withholding tax on direct private debt investments	(18)	-
Foreign exchange gains / (losses)	2'087	(6'390)
Balance at end of period	99'616	100'711

6.3 PRIVATE REAL ESTATE

In thousands of EUR	30.09.2018	31.12.2017
Balance at beginning of period	7'816	11'397
Purchase of Direct and Indirect Investments	(234)	(252)
Distributions from and proceeds from sales of Direct and Indirect Investments	(2'075)	(2'608)
Revaluation	(133)	(720)
Foreign exchange gains / (losses)	-	(1)
Balance at end of period	5'374	7'816

6.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	30.09.2018	31.12.2017
Balance at beginning of period	19'520	21'847
Distributions from and proceeds from sales of Direct and Indirect Investments	(357)	(671)
Revaluation	3'401	357
Foreign exchange gains / (losses)	566	(2'013)
Balance at end of period	23'130	19'520

7 Cash and cash equivalents

In thousands of EUR	30.09.2018	31.12.2017
Cash at banks	31'604	97'416
Total cash and cash equivalents	31'604	97'416

8 Share capital, treasury shares and reserves

8.1 CAPITAL

In thousands of EUR	30.09.2018	31.12.2017
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) (2017: 200'100'000 Ordinary shares of EUR 0.001 each).

During the reporting period, the Company has not purchased or cancelled any of its own shares (2017: nil).

8.2 RESERVES

In thousands of EUR	30.09.2018	31.12.2017
Distributable reserves		
Distributable reserves at beginning of reporting period	410'031	448'756
Dividend payment	(19'362)	(38'725)
Total distributable reserves at end of reporting period	390'669	410'031

9 Short-term credit facilities

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

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

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

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

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

10 Incentive fees

In thousands of EUR	30.09.2018	31.12.2017
Balance at beginning of period	11'070	19'448
Change in incentive fees attributable to General Partner	10'340	6'030
Incentive fees paid/payable	(8'646)	(14'408)
Balance at end of period	12'764	11'070

11 Commitments to Direct and Indirect Investments

In thousands of EUR	30.09.2018	31.12.2017
Unfunded commitments translated at the rate prevailing at end of period	95'248	119'213

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 2018 and 2017.

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

In thousands of EUR	30.09.2018	31.12.2017
Net assets of the Group	791'292	742'045
Outstanding shares at the end of the reporting period	69'151'168.00	69'151'168.00
Net assets per share at end of period	11.44	10.73

13 Fair value measurement

13.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives used for hedging	-	-	-	-
Financial assets at fair value through profit or loss - equity securities	674	13'067	660'595	674'336
Financial assets at fair value through profit or loss - debt investments	-	1'971	97'645	99'616
Total assets	674	15'038	758'240	773'952
Liabilities				
Derivatives used for hedging	-	(1'612)	-	(1'612)
Total liabilities	-	(1'612)	-	(1'612)

13.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives used for hedging	-	2'166	-	2'166
Financial assets at fair value through profit or loss - equity securities	13'311	-	539'563	552'874
Financial assets at fair value through profit or loss - debt investments	-	-	100'711	100'711
Total assets	13'311	2'166	640'274	655'751
Liabilities				
Derivatives used for hedging	-	-	-	-
Total liabilities	-	-	-	-

13.3 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

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

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

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

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

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

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

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

When applying the income method the Investment Advisor compares a direct real estate investment's net operating income to capitalization rates recently observed in the market to determine the present value. The Investment Advisor determines comparable assets based on, but not limited to, size, development stage and property type. The capitalization rates from recent

sales of comparable properties might be subject to adjustment for general qualitative differences which include, but are not limited to, quality of property, tenant mix and access to public transportation. The indicated fair value of the direct real estate investment is determined by applying the relevant capitalization rate to the direct real estate investment's net operating income. The income method is most appropriate for income generating direct real estate investments where the net operating income is known and similar properties have recently traded in the market.

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

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

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

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

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

With regards to direct real estate debt investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. The reasons for this conclusion include, but are not limited to the fact that the income generated from direct real estate investments is linked to a reference rate such as LIBOR or EURIBOR (hence eliminating potential valuation changes resulting from fluctuation in interest rates) and the fact that direct real estate investments are valued using a waterfall approach as described above. The risk resulting from investing into a direct real estate debt investment is assessed by evaluating the gross asset value of the property. Provided that the results of such valuation provide sufficient evidence that the gross asset value exceeds the debt balance (i.e. the equity has a positive value), there is no indication that

the Group as a lender would not be able to recover the full amount initially invested, plus any accrued cash and/or PIK interest, hence carrying such direct real estate debt investments at this value. Should a significant unobservable valuation input into the determination of gross asset value be changed in either direction, the value of a respective direct real estate debt investment would not fluctuate proportionately. Any fluctuation in gross asset value of the property would only have an impact on the value of a direct real estate debt investment in if the results of such a valuation would provide sufficient evidence that the gross asset value of the property is not sufficient to fully cover the outstanding debt instrument, which the Group is invested in. With regards to direct real estate equity investments, the Investment Advisor is of the opinion that a sensitivity analysis as performed below for direct equity investments would not result in a meaningful disclosure with added value for the reader of these consolidated financial statements. The reasons for this conclusion include, but are not limited to, the fact that variations in property location, quality and business plan result in comparisons across properties that are not meaningful. Unobservable inputs for a specific region will vary greatly based on the property's micro location, building finishes and amenities and leasing strategy. One-to-one comparisons are not possible even for buildings that are physically close to each other due to the differences in property features and occupancy. A sensitivity analysis has not been presented for direct investments that have been acquired within the last three months of the financial period and where the acquisition cost was deemed to be fair value in accordance with IFRS 13 as it is the view of the Investment Advisor that insufficient time has passed to determine a reliable sensitivity range based on valuation inputs that would be considered appropriate by market participants.

13.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 30.09.2018	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
Direct Investments						
Direct equity investments	242'693	Market comparable companies	Enterprise value to EBITDA multiple	8.40x - 17.80x (13.55x)	23'002	(23'002)
	19'582	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	108	(108)
	5	Exit price	Recent transaction price	n/a	n/a	n/a
	84'260	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
	177	Market comparable companies	Enterprise value to sales multiple	0.70x - 0.70x (0.70x)	31	(31)
Direct debt investments	9'167	Market comparable companies	Enterprise value to EBITDA multiple	12.00x - 12.00x (12.00x)	n/a	n/a
	36'014	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
Indirect Investments						
	367'402	Adjusted reported net asset value	Reported net asset value	n/a	18'370	(18'370)
	(1'060)	Adjusted reported net asset value	Fair value adjustments	n/a	(53)	53

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

13.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

Type of security	Fair value at 31.12.2017	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
Direct Investments						
Direct equity investments	196'398	Market comparable companies	Enterprise value to EBITDA multiple	5.00x - 17.60x (13.05x)	17'808	(17'808)
	15'496	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	132	(132)
	5	Exit price	Recent transaction price	n/a	n/a	n/a
	26'605	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
Direct debt investments	11'099	Market comparable companies	Enterprise value to EBITDA multiple	6.59x - 13.00x (11.76x)	n/a	n/a
	40'062	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
Indirect Investments						
	348'954	Adjusted reported net asset value	Reported net asset value	n/a	17'448	(17'448)
	1'655	Adjusted reported net asset value	Fair value adjustments	n/a	83	(83)

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

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Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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