



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

# INTERIM REPORT 2019

For the period from 1 January 2019 to 31 March 2019



## Princess Private Equity Holding Limited

Princess Private Equity Holding Limited ("Princess" or the "Company") is an investment holding company domiciled in Guernsey that invests in private equity and private debt. The Company, advised by Partners Group, mainly invests directly 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 2018	31 March 2019
Total fund size	753'654'265	<b>795'991'191</b>
NAV per share	10.90	<b>11.51</b>
Total dividend per share	0.56	<b>0.00</b>
Share price	8.40	<b>9.63</b>
Discount	-22.9%	<b>-16.3%</b>
Cash and cash equivalents	26'496'950	<b>19'794'600</b>
Credit line used	35'000'000	<b>0</b>
Value of investments	758'633'349	<b>790'113'016</b>
Unfunded commitments	93'775'304	<b>79'435'719</b>
Investment level	100.7%	<b>99.3%</b>
Net current assets	-4'979'085	<b>5'878'174</b>
Over-commitment ratio	13.1%	<b>9.2%</b>
Over-commitment ratio incl. credit line	11.1%	<b>3.0%</b>

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 5.6% in the first quarter of 2019

The net asset value ("NAV") of Princess Private Equity Holding Limited ("Princess") closed the reporting period at EUR 11.51 per share, representing a total return of 5.6% in the first three months of this year.

Valuation developments (+6.5%) were the main driver of NAV growth, while currency effects (+0.2%) had only a marginal impact on performance. Amongst the largest contributors to Princess' positive NAV development over the first quarter were GlobalLogic, Action, Foncia, Permotio and Vishal Mega Mart:

### ● GLOBALLOGIC

GlobalLogic, a global provider of software product engineering services, reported double-digit growth in both its revenue and EBITDA for the twelve months ended 31 December 2018. The robust financial performance was driven by a number of new customer contracts in addition to increased sales to existing clients.

### ● ACTION

Princess' largest holding, Action, a European non-food discount retailer also reported strong financial results. Revenue for the year ended 31 December 2018 grew by 23.3% year on year to EUR 4.2 billion, driven by new store openings and strong like-for-like sales growth. The company opened 230 new stores in 2018, bringing the total store base to 1'325 stores. EBITDA strengthened by 16.3% to EUR 450.0 million over the same period.

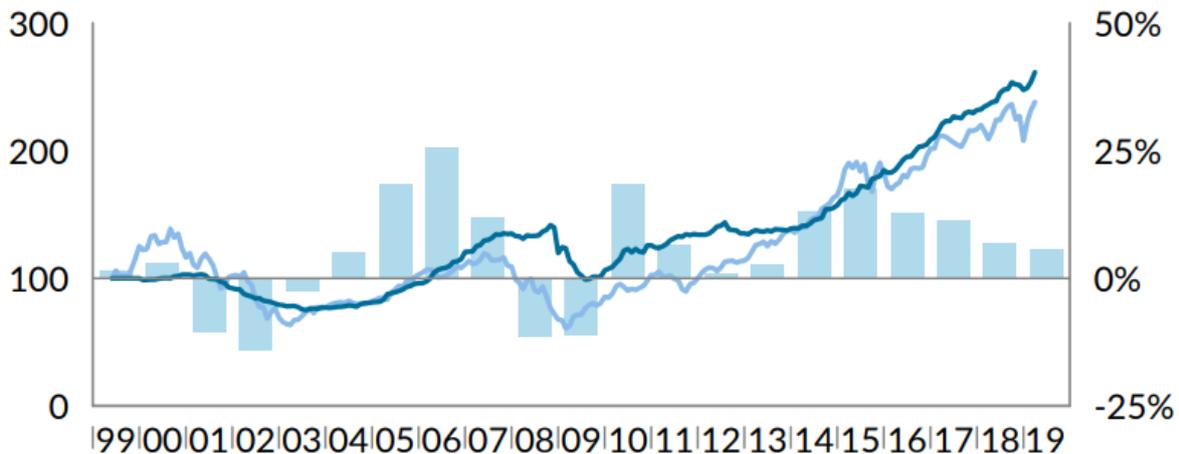
### ● FONCIA

Foncia, a France-based provider of property management and real estate services, continued to deliver solid financial results. EBITDA increased by 17% to EUR 191 million, mainly as a result of Foncia's acquisition strategy and a robust performance across all service lines. Going forward Partners Group remains focused on working closely with Foncia's management team to implement a new IT system and aims to digitalize all business functions over the next three years.

### ● PERMOTIO INTERNATIONAL LEARNING

EUR 8.0 million was invested in an add-on investment in Permotio International Learning, an investment vehicle formed to create a leading international schools group through a 'buy and build' strategy. The group has a healthy pipeline of acquisitions and is in exclusivity over six transactions. In January 2019, Permotio acquired Colegio Pedro de

NAV PERFORMANCE (SINCE INCEPTION)\*



■ Princess ■ MSCI World TR ■ Performance (RHS)

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

Valdivia, a Chile-based school group that educates approximately 6'250 students, and Montessori Academy of Broward, a US-based school of over 650 students. With these two additions, Permotio has built a group educating over 30'000 children in 39 schools across Europe, Central America, the US, the Middle East and Asia. The group was one of the top contributors to Princess' NAV performance during the reporting period. EBITDA for the twelve months ended 31 January 2019 increased by 70.5% to EUR 46.9 million, supported by M&A activity, as well as like-for-like growth from higher student enrolments and fee increases.

### ● VISHAL MEGA MART

Following the November 2018 acquisition of Vishal Mega Mart, an India-based franchisor and operator of value-focused hypermarket stores, the company reported robust financial performance and was consequently written up over the first quarter of 2019. For the last twelve months ended 28 February 2019, Vishal's revenue exhibited robust growth, primarily attributed to strong same-store-sales growth and continued roll out of new franchisee stores. The total number of franchisee stores currently stand at over 300. Meanwhile, the company continued to grow EBITDA strongly in line with revenue growth and with cost synergies.

### Distribution activity (first three months)

Investment	Exit (full or partial)	Strategy	Amount (EUR million)
Agiliti	Full	Equity	10.6
Ceridian HCM	Partial	Equity	3.2
Legacy fund portfolio			13.9
Other			4.2
<b>Total distributions for the first three months 2019</b>			<b>31.9</b>

### Distribution activity

Distributions from Princess' underlying portfolio totaled EUR 31.9 million for the first three months of 2019. EUR 18.0 million stemmed from direct investments with the balance of EUR 13.9 million from Princess' legacy fund portfolio, which continues to generate a high volume of exits from mature underlying portfolio companies.

The largest full exit this quarter was:

### ● AGILITI

Princess received distributions of EUR 10.6 million from Universal Hospital Services (UHS) following a merger with NASDAQ-listed Federal Street Acquisition Corp. The combined entity, known as Agiliti Health, was valued at approximately USD 1.7 billion. The merger valuation was reflected in Princess' net asset value as of 31 December 2018 and represented an uplift of 27% to the previous carrying value. The investment generated a return of 2.6x invested capital since July 2007.

### Investment activity (first three months)

Investment	Strategy	Amount (EUR million)
Permotio International Learning (Follow-on)	Equity	8.0
Other		2.1
<b>Total investments for the first three months 2019</b>		<b>10.1</b>

### Investment activity

In the first quarter of the year, Princess invested a total of EUR 10.1 million. The largest investment was an add-on of EUR 8.0 million in Permotio International Learning (discussed in more detail above).

### Share price development and dividend

Princess' share developed positively over the first quarter of 2019, recovering from the negative impact of the market volatility in the fourth quarter of 2018. The share price closed the reporting period at EUR 9.63 representing a total return of +14.6%.

### Liquidity and unfunded commitments

At the end of the reporting period, Princess' net liquidity position stood at EUR 5.9 million. The Company's revolving credit facility was repaid, with the full balance of EUR 50 million available as of quarter-end. The Company's investment level stood at 99.3% of NAV at quarter-end.

Total unfunded commitments at 31 March 2019 amounted to EUR 79.4 million. EUR 50.9 million of commitments related to Partners Group's direct investment programs, while commitments to third party funds amounted to EUR 28.5 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 during the second half of 2018, and an accompanying increase in Princess' investment level, investment activity is expected to slow over the coming months. However, Partners Group, in its capacity as investment advisor to Princess, remains focused on selectively assessing new investment opportunities. Quality assets trade for near-record multiples, mainly driven by high volumes of dry powder. In such an environment the Investment Advisor's focus remains on the identification of companies which offer opportunities for value creation. This value creation may take the form of platform building, where value can potentially be created through add-on investments to an existing portfolio company with a goal to build a resilient market leader. Next to platform investments, the Investment Advisor also concentrates on finding 'category winners' that are leaders in terms of growth potential, or niche leaders, not only with value creation potential but also with strong defensive capabilities. An active approach to value creation is therefore of increasing importance, and a greater proportion of future investment returns is expected to be generated from operational improvements.

With investment activity anticipated to slow in the short-term, the Investment Advisor remains focused on driving value creation in Princess' existing portfolio companies, while continuing to explore opportunities to realize assets from Princess' direct portfolio where value creation objectives have been achieved.

Partners Group

Investment Advisor

## 2. Market overview

### Macroeconomic activity

As growth concerns continued to linger and the decline in energy prices eased inflationary pressures, central banks in the US, Eurozone and Japan changed towards a more dovish stance, stirring a sharp rebound in public equity and credit markets.

While Partners Group had expected global growth to decelerate after a strong first half of 2018, the sudden onset and scope of easing came as a surprise. In this context, it is worth highlighting that weaknesses were rather local in nature: China slowing as a result of deleveraging (exacerbated by some weakness stemming from the trade conflict), regulatory change impacting the German car industry, political turmoil pushing Italy into technical recession, France's yellow vest movement and Brexit uncertainty weighing on business investments.

### Private equity buyout activity

For the first quarter of 2019, aggregate global private equity buyout activity registered a volume of USD 101.8 billion, representing a 20.1% decrease compared to the first quarter last year. Similarly, the number of transactions declined by 14.3% to 1'129, according to Preqin. Buyout activity continued to be driven by large-cap and upper mid-cap investments with deal value of more than USD 1 billion, which accounted for 76.9% of the global aggregate.

North America accounted for 65.8% of total deal value and continued to dominate global buyout deal activity. For the first quarter of 2019, aggregate deal value remained relatively constant at USD 67 billion across 618 transactions, compared to the first quarter of 2018. The largest deal announced in the region and globally was the merger agreement in which Fiserv, a US-based financial technology provider to banks, acquired First Data Corporation, a US-based payment processor that is backed by KKR. The transaction was valued at USD 22 billion in an all-stock deal and represents the largest ever acquisition in the digital payments industry.

Private equity buyout activity in Europe was USD 19.9 billion, down significantly by 60.5% from the first quarter of last year. Of the 396 deals announced in the region, the largest was the USD 3.4 billion take-private of UK-based satellite communications company Inmarsat by a consortium including Apax Partners, Warburg Pincus, Ontario Teachers' Pension Plan and CPP Investment Board.

In Asia, buyout deal count dropped by 23.6% to 55 transactions during the first quarter, while aggregate deal value declined slightly by 2.6% to USD 7.4 billion. The largest transaction in the region was the KRW 1.3 trillion (USD 1.1 billion) carve-out of Germany-based industrial gases group Linde's South Korean assets, acquired by Korea-based private equity firm IMM.

### Private equity exit activity

Global private equity exit activity for the first quarter of 2019 was USD 43.1 billion across 422 transactions, representing a year-on-year decline of 26.6% and 12.8%, respectively, according to Preqin. The most prevalent exit strategy continued to be trade sales, which accounted for 51.6% of total exit value.

North America remained the leader in global private equity exit activity, representing 61.9% of total activity. Aggregate exit value in the region dropped by 21.2% year on year to USD 26.7 billion across 236 transactions. The largest exit announced was the USD 3.3 billion sale of Tallgrass Energy, a US-based midstream energy infrastructure company, to a group of investors that include Blackstone Infrastructure Partners, international energy company Enagás and Singapore sovereign wealth fund GIC.

In Europe, aggregate exit value dampened by 63.9% year on year to USD 7.3 billion across 137 transactions. The largest exit in the region was the sale of eFront, a France-based alternative investment management and software solutions provider, from private equity firm Bridgepoint to BlackRock. The transaction valued the company at USD 1.3 billion.

Aggregate exit value in Asia increased significantly by 170% year on year, to USD 8.1 billion recorded in the first quarter of 2019. Of the 30 transactions, the largest exit in the region was from the listing of Alibaba-backed home improvement chain, Beijing Easyhome Furnishing Chain Store Group on the Shenzhen Stock Exchange at CNY 36.3 billion (USD 5.4 billion). The transaction was executed via a reverse merger, with China-based commercial retailing business Wuhan Zhongshang Commercial Group issuing 6 billion shares priced at CNY 6.18 that resulted in the backdoor listing.

## IPO activity

While IPO market activity is historically low during first quarters, the first three months of 2019 was unusually quiet as a number of factors collided. The combination of geopolitical tensions, trade issues among the US, China and Europe, as well as uncertainty surrounding Brexit, have slowed down IPO activity in all regions. Compared to the first quarter of 2018, the number of IPOs globally declined by 40% to 205, while IPO proceeds dropped by 71% to USD 14.6 billion, according to Ernst and Young.

In the US, the longest government shutdown in US history (from 22 December 2018 to 25 January 2019) sent the IPO markets into near hibernation in the first two months of 2019. While IPO activity recovered quickly in March, IPO proceeds and deal count decreased significantly year on year, by 82% and 57% to USD 3.0 billion and 20 IPOs, respectively, compared to the first quarter last year. Healthcare companies had an early start and were able to price their IPOs in early February 2019, and accounted for 70% of the IPOs and 40% by proceeds in the US. The largest IPO was the USD 753 million listing of Alight, a provider of integrated, cloud-based human capital solutions, on the NASDAQ.

IPO activity in the EMEIA (Europe, Middle East, India and Africa) region continued to dampen over the first quarter of 2019, due to the risk of a hard Brexit, looming trade issues between the US and European Union relating to the automotive sector, as well as slower growth and faltering economic conditions in Europe's largest economies. The EMEIA exchanges hosted 42 IPOs that raised USD 1.4 billion in proceeds, representing year-on-year decrease of 65% and 93%, respectively. The largest IPO in the region was the INR 47.5 billion (USD 690.3 million) listing of India's real estate investment trust, Embassy Office Parks REIT, on the National Stock Exchange of India.

The Asia-Pacific region continued to dominate global IPO activity during the first quarter of 2019, despite the prevailing geopolitical uncertainty and ongoing trade tensions between China and the US, accounting for 61% by deal count and 54% by proceeds globally. Along with other regions, the number of IPOs in the Asia-Pacific decreased by 24% year on year to 126, while IPO proceeds dropped by 35% to USD 7.8 billion. The largest IPO in the region was the CNY 2.2 billion (USD 325 million) listing of Qingdao Rural Commercial Bank on the Shenzhen Stock Exchange. The company is a provider of various banking products and services in China.

## Fundraising activity

Private equity fundraising activity during the first quarter of 2019 increased by 9.8% year on year, to USD 105.2 billion. As a result of more capital concentrated among a small number of mega-funds, the total number of funds that held a final close shrunk to 257. The largest fund that held its final close during the period was Thoma Bravo Fund XIII, with a fund size of USD 12.6 billion.

North America-focused funds continued to dominate the fundraising activity during the quarter, with USD 66.9 billion raised across 162 funds. The largest fund that held its final closing was the abovementioned Thoma Bravo Fund XIII, accounting for 18.8% of aggregate capital in the region.

Europe-focused funds saw a year-on-year drop of 50.6% in its fundraising activity, with USD 21.9 billion raised across 49 funds during the first quarter of 2019. The largest fund that closed in the region was Astorg VII, with a fund size of EUR 4.0 billion (USD 4.6 billion).

Asia-focused funds reported a total of USD 14.9 billion raised across 34 funds. Comparing the first-quarter performance for the past five years, this represented the fifth consecutive decline in the number of funds closed, as well as the second lowest in quarterly capital raised. The largest fund that held its final closing was TPG Asia VII, which reached a fund size of USD 4.6 billion.

## Outlook

It is broadly expected that the second half of 2019 should see some respite, supported by more lenient financial condition and rising wage growth. As such, Partners Group expects that the late-stage expansion should continue and acknowledge these downside risks. In the US, rising wages should gradually lift inflation, eventually leading to a continuation of the US Federal Reserve's rate hiking cycle. Volatility is expected to pick up, a typical feature of late-stage expansions and elevated valuations.

As a result, Partners Group's investment focus remains unchanged and looks for assets that are resilient with high growth prospects through value-creation initiatives and strong governance. Partners Group continues to focus on sub-sectors of the market that benefit from transformative trends. Given current elevated entry valuations, Partners Group prudently assumes multiple contraction in the underwriting for a large majority of investment opportunities over the holding period.

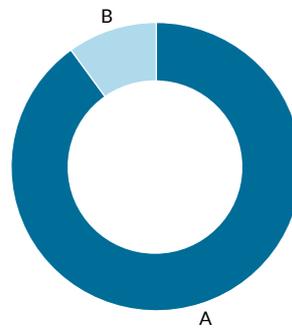
*Sources: Preqin "Q1 2019 Private Capital Fundraising, Deals/Exits"; Preqin "Q1 2019 Quarterly Update: Private Equity & Venture Capital"; Ernst & Young "Global IPO trends: Q1 2019"; UBS "2019 Secondary Market Survey and Outlook"; Campbell Lutyens "2019 Secondary Market Overview"; Partners Group Research*

### 3. Portfolio composition



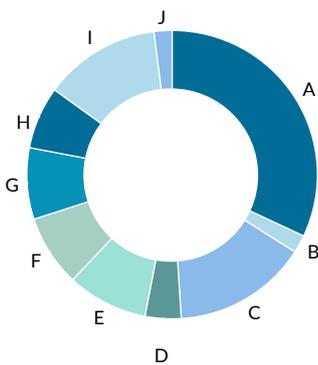
Investments by regional focus

<b>A</b> Europe	51%	<b>C</b> Rest of World	8%
<b>B</b> North America	34%	<b>D</b> Asia-Pacific	7%



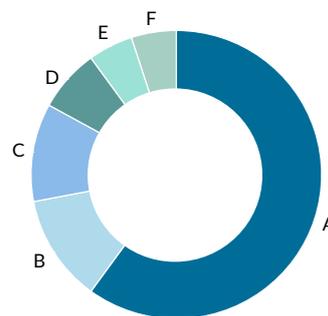
Investments by transaction type

<b>A</b> Direct	90%	<b>B</b> Funds	10%
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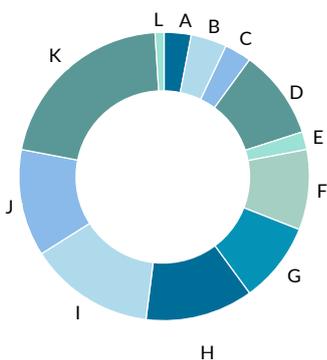
Portfolio assets by industry sector

<b>A</b> Consumer discr.	32%	<b>F</b> Financial	8%
<b>B</b> Telecom	2%	<b>G</b> Industrial	8%
<b>C</b> IT	15%	<b>H</b> Materials	7%
<b>D</b> Energy	4%	<b>I</b> Healthcare	13%
<b>E</b> Consumer staples	9%	<b>J</b> Utilities	2%



Investments by financing category

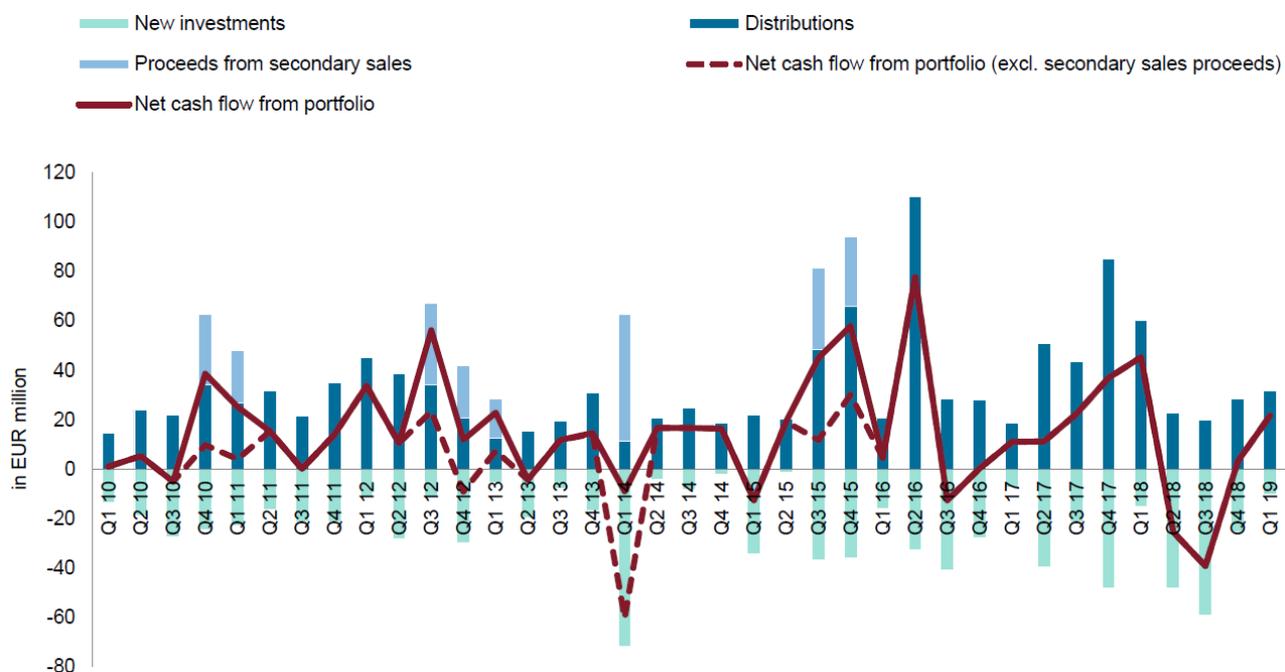
<b>A</b> Small/Mid-cap	60%	<b>D</b> Growth	7%
<b>B</b> Special situations	12%	<b>E</b> Venture capital	5%
<b>C</b> Large/mega-large-cap	11%	<b>F</b> Mezzanine	5%

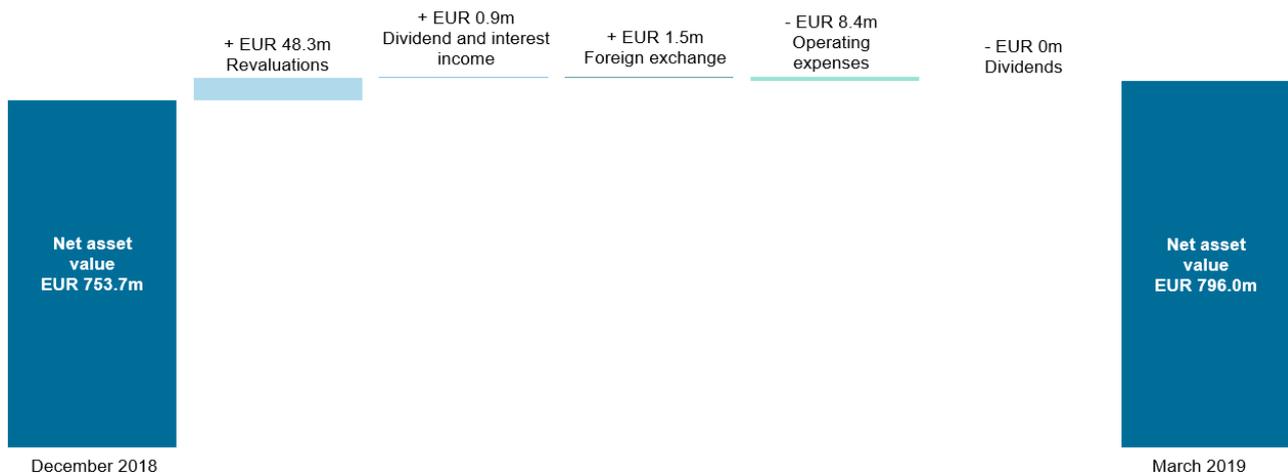


### Investments by investment year

<b>A</b>	Pre 2007	3%	<b>G</b>	2014	9%
<b>B</b>	2007	4%	<b>H</b>	2015	12%
<b>C</b>	2008	3%	<b>I</b>	2016	14%
<b>D</b>	2011	10%	<b>J</b>	2017	12%
<b>E</b>	2012	2%	<b>K</b>	2018	21%
<b>F</b>	2013	9%	<b>L</b>	Other	1%

### DEVELOPMENT OF NET CASH FLOWS





## NAV DEVELOPMENT

	Top 10	Top 20	Full sample
EV/EBITDA	13.9x	13.8x	13.3x
Net debt/EBITDA	4.8x	5.1x	5.1x
Leverage	37.6%	39.3%	40.2%
Weighted average EV	EUR 3.1bn	EUR 3.0bn	EUR 2.7bn

## 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 (full sample represents 43 companies; 74.4% 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	
<b>Action</b>	Consumer discretionary	WEU	Small/Mid-cap	2011	0	69'249'557	8.7%
<b>Permotio International Learning SarL</b>	Consumer discretionary	WEU	Growth	2013	43'039'807	69'070'207	8.7%
<b>Form Technologies</b>	Materials	NAM	Small/Mid-cap	2015	23'831'386	35'922'532	4.5%
<b>Foncia</b>	Financials	WEU	Small/Mid-cap	2016	19'469'878	32'079'715	4.0%
<b>GlobalLogic Inc.</b>	Information technology	NAM	Small/Mid-cap	2018	22'916'289	30'726'605	3.9%
<b>Fermaca</b>	Energy	ROW	Special situations	2014	13'001'045	28'441'614	3.6%
<b>KinderCare Education</b>	Consumer discretionary	NAM	Small/Mid-cap	2015	9'535'534	26'689'563	3.4%
<b>Hearthside Food Solutions</b>	Consumer staples	NAM	Small/Mid-cap	2018	20'559'536	20'756'615	2.6%
<b>Techem Metering GmbH</b>	Industrials	WEU	Large/mega-large-cap	2017	19'244'061	20'626'228	2.6%
<b>Ammega (Megadyne - Ammeraal Beltech)</b>	Industrials	WEU	Small/Mid-cap	2018	19'119'061	19'952'876	2.5%
<b>Envision Healthcare Holdings, Inc.</b>	Healthcare	NAM	Mezzanine	2018	18'797'501	19'639'544	2.5%
<b>Hofmann Menue Manufaktur</b>	Consumer staples	WEU	Small/Mid-cap	2013	5'146'706	19'239'537	2.4%
<b>Vishal Mega Mart</b>	Consumer discretionary	APC	Small/Mid-cap	2018	14'146'816	17'021'262	2.1%
<b>Cerba HealthCare</b>	Healthcare	WEU	Small/Mid-cap	2017	11'825'265	16'120'336	2.0%
<b>MultiPlan, Inc. (2016)</b>	Healthcare	NAM	Large/mega-large-cap	2016	4'657'179	15'167'922	1.9%
<b>PCI Pharma Services</b>	Healthcare	NAM	Small/Mid-cap	2016	10'608'305	14'937'059	1.9%
<b>SRS Distribution, Inc.</b>	Materials	NAM	Small/Mid-cap	2018	14'838'820	14'894'325	1.9%
<b>United States Infrastructure Corporation</b>	Utilities	NAM	Small/Mid-cap	2017	11'714'291	14'495'698	1.8%
<b>Civica</b>	Information technology	WEU	Small/Mid-cap	2013	11'698'544	13'866'729	1.7%
<b>Global Blue</b>	Financials	WEU	Small/Mid-cap	2012	834'111	13'466'502	1.7%
<b>CPA Global</b>	Information technology	WEU	Large/mega-large-cap	2017	10'446'141	13'462'053	1.7%
<b>Vermaat</b>	Consumer discretionary	WEU	Small/Mid-cap	2015	4'114'052	12'398'071	1.6%
<b>Caffe Nero</b>	Consumer staples	WEU	Mezzanine	2013	7'195'101	n.a.	n.a.
<b>Ceridian HCM</b>	Industrials	NAM	Large/mega-large-cap	2007	0	11'060'967	1.4%
<b>IDEMIA</b>	Information technology	WEU	Large/mega-large-cap	2016	10'530'976	10'056'700	1.3%
<b>Guardian Early Learning Group</b>	Consumer discretionary	APC	Small/Mid-cap	2016	8'696'044	9'976'617	1.3%
<b>Pacific Bells</b>	Consumer staples	NAM	Small/Mid-cap	2015	6'249'644	9'117'640	1.1%
<b>STADA Arzneimittel AG</b>	Healthcare	WEU	Large/mega-large-cap	2017	6'225'411	8'769'403	1.1%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		
					Residual cost	Net asset value	% of NAV
<b>Amann Girschbach</b>	Healthcare	WEU	Small/Mid-cap	2018	8'325'090	8'556'453	1.1%
<b>Voyage Care</b>	Healthcare	WEU	Small/Mid-cap	2014	8'072'702	8'072'702	1.0%
<b>Hortifruti</b>	Consumer staples	ROW	Small/Mid-cap	2016	5'634'803	7'078'746	0.9%
<b>Trimco International Holdings Ltd</b>	Industrials	APC	Small/Mid-cap	2012	6'190'178	6'525'037	0.8%
<b>SHL</b>	Information technology	WEU	Small/Mid-cap	2018	6'412'190	6'394'854	0.8%
<b>Springer Science+Business Media</b>	Consumer discretionary	WEU	Special situations	2010	5'528'236	n.a.	n.a.
<b>CSS Corporate Technologies</b>	Telecommunication services	APC	Small/Mid-cap	2013	n.a.	n.a.	n.a.
<b>S. TOUS, S.L.</b>	Consumer discretionary	WEU	Small/Mid-cap	2015	3'860'372	5'721'779	0.7%
<b>Key Retirement Group</b>	Financials	WEU	Small/Mid-cap	2017	3'535'466	5'358'688	0.7%
<b>Polyconcept</b>	Consumer discretionary	NAM	Small/Mid-cap	2016	3'466'944	5'244'003	0.7%
<b>SPi Global</b>	Information technology	APC	Small/Mid-cap	2017	4'659'269	5'180'659	0.7%
<b>Logoplaste</b>	Materials	WEU	Special situations	2016	4'618'953	n.a.	n.a.
<b>Prosol</b>	Consumer staples	WEU	Special situations	2017	4'610'944	5'031'104	0.6%
<b>Seabras-1</b>	Telecommunication services	NAM	Special situations	2015	5'118'812	4'921'620	0.6%
<b>European Sports Rights Company</b>	Consumer discretionary	WEU	Special situations	2006	4'478'693	4'654'357	0.6%
<b>Cegid Group SA</b>	Information technology	WEU	Special situations	2016	3'644'516	n.a.	n.a.
<b>ADT Corporation</b>	Information technology	NAM	Large/mega-large-cap	2016	2'839'861	3'794'097	0.5%
<b>Aavas Financiers Limited</b>	Financials	APC	Small/Mid-cap	2016	253'190	3'259'051	0.4%
<b>BarBri</b>	Consumer discretionary	NAM	Small/Mid-cap	2011	1'687'620	3'038'857	0.4%
<b>Photonis Holding S.A.S.</b>	Information technology	WEU	Special situations	2011	1'531'687	2'746'771	0.3%
<b>CapitalSpring Finance Company</b>	Financials	NAM	Mezzanine	2013	2'147'558	2'563'647	0.3%
<b>eResearch Technology, Inc.</b>	Information technology	NAM	Special situations	2016	1'566'614	2'558'791	0.3%
<b>Total fifty direct investments</b>					414840646	710'768'281	89.3%

The portfolio's holdings are ranked by percentage of net asset value. Some names and figures (marked "n.a.") may not be disclosed for confidentiality reasons. Furthermore, some investments have been made through Partners Group pooling vehicles at no additional fees. The portfolio overview of Princess has been prepared on a look through basis, although the unaudited consolidated statement of financial position includes the valuation of certain Partners Group investment vehicles. 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	
<b>Anonymized Emerging Markets Venture Fund 2</b>	ROW	Venture capital	2008	53'440	10'106'142	1.3%
<b>Ares Corporate Opportunities Fund III, L.P.</b>	NAM	Special situations	2008	857'853	6'948'125	0.9%
<b>3i Eurofund Vb</b>	WEU	Small/Mid-cap	2006	287'195	6'895'271	0.9%
<b>Partners Group Global Real Estate 2008, L.P.</b>	WEU	Special situations	2008	1'759'056	4'272'321	0.5%
<b>Anonymized European Buyout Fund 7</b>	WEU	Small/Mid-cap	2007	1'026'787	3'569'717	0.4%
<b>Pitango Venture Capital Fund III</b>	ROW	Venture capital	2000	0	3'203'271	0.4%
<b>INVESCO Venture Partnership Fund II-A, L.P.</b>	NAM	Venture capital	2000	1'629'932	2'966'871	0.4%
<b>SV Life Sciences Fund IV, L.P.</b>	NAM	Venture capital	2006	129'321	2'873'399	0.4%
<b>Patria - Brazilian Private Equity Fund III, L.P.</b>	ROW	Small/Mid-cap	2007	n.a.	n.a.	n.a.
<b>Index Ventures Growth I (Jersey), L.P.</b>	WEU	Growth	2008	0	2'385'102	0.3%
<b>MatlinPatterson Global Opportunities Partners III</b>	NAM	Special situations	2007	205'063	2'203'781	0.3%
<b>Terra Firma Capital Partners III, L.P.</b>	WEU	Large/mega-large-cap	2006	79'547	1'737'515	0.2%
<b>Innisfree PFI Secondary Fund</b>	WEU	Special situations	2007	28'986	1'684'009	0.2%
<b>Summit Partners Europe Private Equity Fund, L.P.</b>	WEU	Growth	2008	2'069	1'516'072	0.2%
<b>Exxel Capital Partners VI, L.P.</b>	ROW	Small/Mid-cap	2000	0	1'410'466	0.2%
<b>Sterling Investment Partners II, L.P.</b>	NAM	Small/Mid-cap	2005	1'099'284	1'393'888	0.2%
<b>Ares Corporate Opportunities Fund II, L.P.</b>	NAM	Special situations	2006	2'034'969	1'246'743	0.2%
<b>Alinda Infrastructure Parallel Fund II, L.P.</b>	NAM	Special situations	2008	236'817	1'159'239	0.1%
<b>Advent Latin American Private Equity Fund IV, L.P.</b>	ROW	Large/mega-large-cap	2007	0	1'024'797	0.1%
<b>Russia Partners III, L.P.</b>	ROW	Small/Mid-cap	2007	106'445	955'518	0.1%
<b>Total twenty fund investments</b>				9'662'595	60'045'270	7.5%

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

## 5. Structural overview

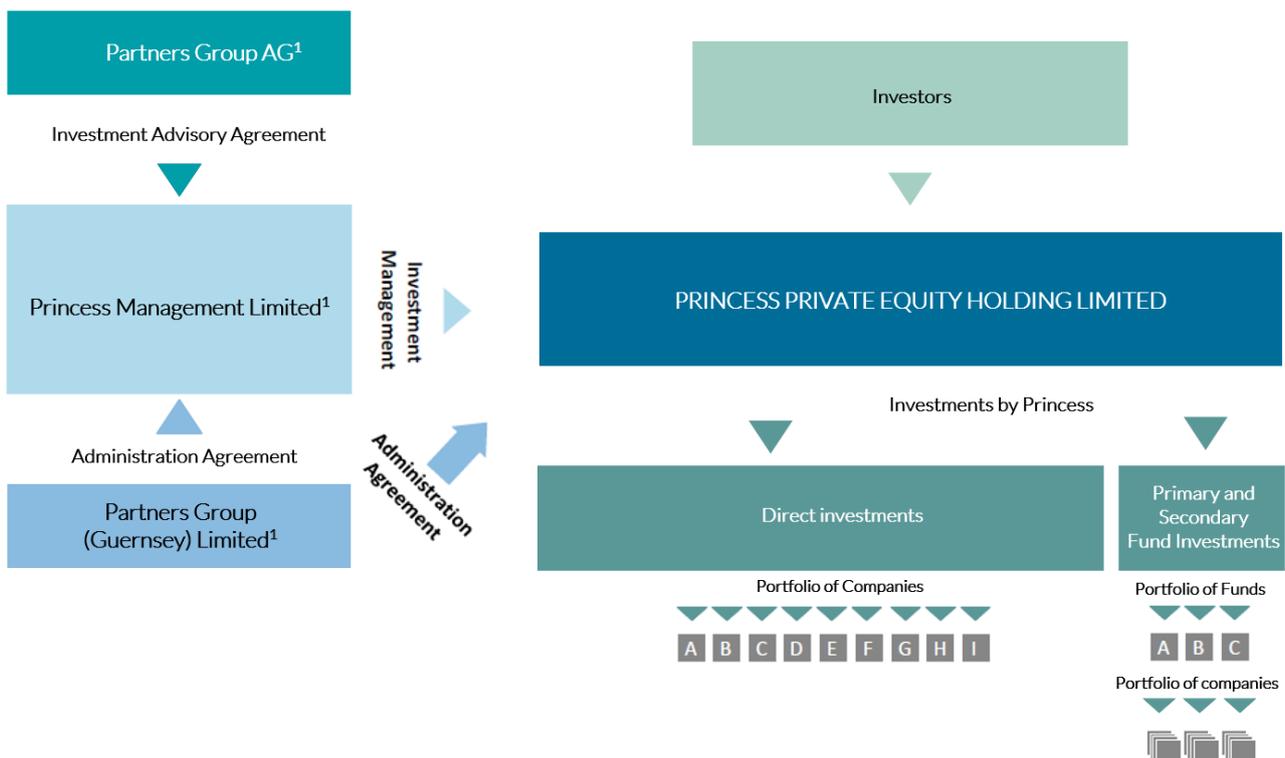
Princess Private Equity Holding Limited is a Guernsey registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity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

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

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

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

The Investment Manager is permitted to delegate some or all of its obligations and has entered into an advisory agreement with Partners Group AG (the "Investment Advisor"), which is a global private markets investment management firm with EUR 73 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.



<sup>1</sup> 100% owned by Partners Group Holding AG

## 6. Company information

<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 opening 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
<b>Management fee</b>	1.5% p.a.: Of the higher of NAV or value of Princess' assets less any temporary investments plus unfunded commitments
<b>Securities</b>	Fully paid-up ordinary registered shares
<b>Structure</b>	Guernsey company, Authorised closed-ended fund in Guernsey
<b>Trading information</b>	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
<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 2019 to 31 March 2019

In thousands of EUR	Notes	01.01.2019 31.03.2019	01.01.2018 31.03.2018
<b>Net income from financial assets at fair value through profit or loss</b>		<b>55'846</b>	<b>16'219</b>
<i>Private equity</i>		51'549	15'716
Interest & dividend income		66	7'946
Revaluation	6	46'814	11'740
Withholding tax on direct private equity investments	6	(119)	-
Net foreign exchange gains / (losses)	6	4'788	(3'970)
<i>Private debt</i>		3'021	630
Interest income (including PIK)		875	552
Revaluation	6	759	1'194
Withholding tax on direct private debt investments	6	-	(18)
Net foreign exchange gains / (losses)	6	1'387	(1'098)
<i>Private real estate</i>		36	(18)
Revaluation	6	36	(18)
<i>Private infrastructure</i>		1'240	(109)
Revaluation	6	840	262
Net foreign exchange gains / (losses)	6	400	(371)
<b>Net income from cash &amp; cash equivalents and other income</b>		<b>(4)</b>	<b>249</b>
Net foreign exchange gains / (losses)		(4)	249
<b>Total net income</b>		<b>55'842</b>	<b>16'468</b>
<b>Operating expenses</b>		<b>(7'490)</b>	<b>(4'989)</b>
Management fees		(2'968)	(2'727)
Incentive fees	11	(4'773)	(1'635)
Administration fees		(94)	(91)
Service fees		(63)	(63)
Other operating expenses		(291)	(239)
Other net foreign exchange gains / (losses)		699	(234)
<b>Other financial activities</b>		<b>(6'015)</b>	<b>2'190</b>
Setup expenses - credit facilities	10	(97)	(143)
Interest expense - credit facilities	10	(148)	-
Other finance cost		(27)	(102)
Net gains / (losses) from hedging activities		(5'743)	2'432
Other income		-	3
<b>Surplus / (loss) for period</b>		<b>42'337</b>	<b>13'669</b>

In thousands of EUR	Notes	01.01.2019 31.03.2019	01.01.2018 31.03.2018
Other comprehensive income for period; net of tax		-	-
<b>Total comprehensive income for period</b>		<b>42'337</b>	<b>13'669</b>
Weighted average number of shares outstanding		69'151'168.00	69'151'168.00
Basic surplus / (loss) per share for period		0.61	0.20
Diluted surplus / (loss) per share for period		0.61	0.20

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 2019

In thousands of EUR	Notes	31.03.2019	31.12.2018
<b>ASSETS</b>			
Financial assets at fair value through profit or loss			
Private equity	6,14	669'510	639'341
Private debt	6,14	90'262	89'563
Private real estate	6,14	4'272	4'788
Private infrastructure	6,14	26'068	25'114
Other long-term receivables		2'850	2'798
<b>Non-current assets</b>		<b>792'962</b>	<b>761'604</b>
Other short-term receivables		6'142	17'779
Hedging assets	14	-	1'578
Cash and cash equivalents	7	19'795	26'497
<b>Current assets</b>		<b>25'937</b>	<b>45'854</b>
<b>TOTAL ASSETS</b>		<b>818'899</b>	<b>807'458</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	8	69	69
Reserves	8	371'306	371'306
Retained earnings		424'616	382'279
<b>Total equity</b>		<b>795'991</b>	<b>753'654</b>
Short-term credit facilities	10	-	35'000
Hedging liabilities	14	2'633	-
Accruals and other short-term payables		20'275	18'804
<b>Liabilities falling due within one year</b>		<b>22'908</b>	<b>53'804</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>818'899</b>	<b>807'458</b>

**Unaudited consolidated statement of changes in equity**

for the period from 1 January 2019 to 31 March 2019

In thousands of EUR	Share capital	Retained earnings	Reserves	Total
Balance at the beginning of period	69	382'279	371'306	753'654
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	42'337	-	42'337
<b>Equity at end of period</b>	<b>69</b>	<b>424'616</b>	<b>371'306</b>	<b>795'991</b>

for the period from 1 January 2018 to 31 March 2018

In thousands of EUR	Share capital	Retained earnings	Reserves	Total
Balance at the beginning of period	69	331'945	410'031	742'045
Other comprehensive income for period; net of tax	-	-	-	-
Surplus / (loss) for period	-	13'669	-	13'669
<b>Equity at end of period</b>	<b>69</b>	<b>345'614</b>	<b>410'031</b>	<b>755'714</b>

**Unaudited consolidated statement of cash flows**

for the period from 1 January 2019 to 31 March 2019

In thousands of EUR	Notes	01.01.2019 31.03.2019	01.01.2018 31.03.2018
<b>Operating activities</b>			
Surplus / (loss) for the period before interest expense		42'485	13'669
Adjustments:			
Net foreign exchange (gains) / losses		(7'270)	5'424
Investment revaluation		(48'449)	(13'178)
Withholding tax on direct investments		119	18
Net (gain) / loss on interest		(930)	(634)
Net (gain) / loss on dividends		(11)	(7'864)
Revaluation on forward hedges		5'743	(2'432)
(Increase) / decrease in receivables		12'291	(9'855)
Increase / (decrease) in payables		1'525	(1'690)
Realized gains / (losses) from forward hedges		(1'532)	5'746
Purchase of private equity investments	6	(4'872)	(11'219)
Purchase of private debt investments	6	134	202
Purchase of private real estate investments	6	24	33
Distributions from and proceeds from sales of private equity investments	6	26'223	49'281
Distributions from and proceeds from sales of private debt investments	6	1'421	238
Distributions from and proceeds from sales of private real estate investments	6	528	728
Distributions from and proceeds from sales of private infrastructure investments	6	286	-
Interest & dividends received		795	8'371
<b>Net cash from / (used in) operating activities</b>		<b>28'510</b>	<b>36'838</b>
<b>Financing activities</b>			
Net increase / (decrease) in credit facilities	10	(35'000)	-
Interest paid - credit facilities	10	(208)	-
<b>Net cash from / (used in) financing activities</b>		<b>(35'208)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(6'698)</b>	<b>36'838</b>
<b>Cash and cash equivalents at beginning of period</b>	7	<b>26'497</b>	<b>97'416</b>
Effects of foreign currency exchange rate changes on cash and cash equivalents		(4)	249
<b>Cash and cash equivalents at end of period</b>	7	<b>19'795</b>	<b>134'503</b>

## Notes to the unaudited consolidated financial statements

for the period from 1 January 2019 to 31 March 2019

### 1 Organization and business activity

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

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

### 2 Basis of preparation

The condensed interim consolidated financial information has been prepared in accordance with IAS 34 - Interim Financial Reporting. The condensed interim consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies adopted in the preparation of the of the condensed interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2018.

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

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

The Directors of the Company 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 2019:

Bayer-Pensionskasse VVaG - 7.56%

Brewin Dolphin Limited - 5.03%

Canaccord Genuity Group Inc – 5.02%

CCLA Investment Management Limited - 5.05%

CVP / CAP Coop - 5.07%

Deutsche Asset Management Investmentgesellschaft - 7.66%

Rathbone Brothers - 5.26%

Societe Generale Option Europe - 5.31%

### 4 Dividends

No interim dividend was declared in the first quarter of 2019 (Total dividend in 2018: EUR 38.7 million).

## 5 Segment calculation

In thousands of EUR	01.01.2019 31.03.2019	01.01.2018 31.03.2018
<b>Private equity</b>		
Interest & dividend income	66	7'946
Revaluation	46'814	11'740
Withholding tax on direct private equity investments	(119)	-
Net foreign exchange gains / (losses)	4'788	(3'970)
<b>Total net income private equity</b>	<b>51'549</b>	<b>15'716</b>
<b>Segment result private equity</b>	<b>51'549</b>	<b>15'716</b>
<b>Private debt</b>		
Interest income (including PIK)	875	552
Revaluation	759	1'194
Withholding tax on direct private debt investments	-	(18)
Net foreign exchange gains / (losses)	1'387	(1'098)
<b>Total net income private debt</b>	<b>3'021</b>	<b>630</b>
<b>Segment result private debt</b>	<b>3'021</b>	<b>630</b>
<b>Private real estate</b>		
Revaluation	36	(18)
<b>Total net income private real estate</b>	<b>36</b>	<b>(18)</b>
<b>Segment result private real estate</b>	<b>36</b>	<b>(18)</b>
<b>Private infrastructure</b>		
Revaluation	840	262
Net foreign exchange gains / (losses)	400	(371)
<b>Total net income private infrastructure</b>	<b>1'240</b>	<b>(109)</b>
<b>Segment result private infrastructure</b>	<b>1'240</b>	<b>(109)</b>
<b>Non attributable</b>		
Net foreign exchange gains / (losses)	(4)	249
<b>Total net income non attributable</b>	<b>(4)</b>	<b>249</b>
<b>Segment result non attributable</b>	<b>(7'494)</b>	<b>(4'740)</b>
Other financial activities not allocated	(6'015)	2'190
<b>Surplus / (loss) for the financial period</b>	<b>42'337</b>	<b>13'669</b>

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

### 6.1 PRIVATE EQUITY

In thousands of EUR	31.03.2019	31.12.2018
Balance at beginning of period	639'341	525'538
Purchase of Direct and Indirect Investments	4'872	132'398
Distributions from and proceeds from sales of Direct and Indirect Investments	(26'223)	(83'830)
Accrued cash and PIK interest	37	(4)
Revaluation	46'814	57'219
Withholding tax on direct private equity investments	(119)	-
Foreign exchange gains / (losses)	4'788	8'020
<b>Balance at end of period</b>	<b>669'510</b>	<b>639'341</b>

### 6.2 PRIVATE DEBT

In thousands of EUR	31.03.2019	31.12.2018
Balance at beginning of period	89'563	100'711
Purchase of Direct and Indirect Investments	(134)	20'963
Distributions from and proceeds from sales of Direct and Indirect Investments	(1'421)	(37'860)
Accrued cash and PIK interest	108	332
Revaluation	759	2'620
Withholding tax on direct private debt investments	-	(18)
Foreign exchange gains / (losses)	1'387	2'815
<b>Balance at end of period</b>	<b>90'262</b>	<b>89'563</b>

### 6.3 PRIVATE REAL ESTATE

In thousands of EUR	31.03.2019	31.12.2018
Balance at beginning of period	4'788	7'816
Purchase of Direct and Indirect Investments	(24)	(262)
Distributions from and proceeds from sales of Direct and Indirect Investments	(528)	(2'511)
Revaluation	36	(255)
<b>Balance at end of period</b>	<b>4'272</b>	<b>4'788</b>

## 6.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	31.03.2019	31.12.2018
Balance at beginning of period	25'114	19'520
Distributions from and proceeds from sales of Direct and Indirect Investments	(286)	(357)
Revaluation	840	5'080
Foreign exchange gains / (losses)	400	871
<b>Balance at end of period</b>	<b>26'068</b>	<b>25'114</b>

## 7 Cash and cash equivalents

In thousands of EUR	31.03.2019	31.12.2018
Cash at banks	19'795	26'497
<b>Total cash and cash equivalents</b>	<b>19'795</b>	<b>26'497</b>

## 8 Share capital, treasury shares and reserves

### 8.1 CAPITAL

In thousands of EUR	31.03.2019	31.12.2018
<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) (2018: 200'100'000 Ordinary shares of EUR 0.001 each).

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

### 8.2 RESERVES

In thousands of EUR	31.03.2019	31.12.2018
<b>Distributable reserves</b>		
Distributable reserves at beginning of reporting period	371'307	410'031
Dividend payment	-	(38'725)
<b>Total distributable reserves at end of reporting period</b>	<b>371'307</b>	<b>371'306</b>

## 9 Short-term credit facilities

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

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

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

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

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

## 10 Short-term credit facilities

In thousands of EUR	31.03.2019	31.12.2018
<b>Short term credit facility</b>		
Balance at beginning of period	35'000	-
Increase in credit facility	-	43'000
Decrease in credit facility	(35'000)	(8'000)
<b>Balance at end of period</b>	<b>-</b>	<b>35'000</b>

## 11 Incentive fees

In thousands of EUR	31.03.2019	31.12.2018
Balance at beginning of period	13'362	11'070
Change in incentive fees attributable to General Partner	4'773	11'062
Incentive fees paid/payable	(1'384)	(8'770)
<b>Balance at end of period</b>	<b>16'751</b>	<b>13'362</b>

## 12 Commitments to Direct and Indirect Investments

In thousands of EUR	31.03.2019	31.12.2018
Unfunded commitments translated at the rate prevailing at end of period	79'436	93'775

## 13 Earnings per share and net assets per share

Basic earnings per share are calculated by dividing the surplus or loss for the financial period attributable to the shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares, if any. There were no dilutive effects on the Group's shares during 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	31.03.2019	31.12.2018
Net assets of the Group	795'991	753'654
Outstanding shares at the end of the reporting period	69'151'168.00	69'151'168.00
<b>Net assets per share at end of period</b>	<b>11.51</b>	<b>10.90</b>

## 14 Fair value measurement

### 14.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Derivatives used for hedging	-	-	-	-
Financial assets at fair value through profit or loss - equity securities	11'426	1'764	686'660	699'850
Financial assets at fair value through profit or loss - debt investments	-	-	90'262	90'262
<b>Total assets</b>	<b>11'426</b>	<b>1'764</b>	<b>776'922</b>	<b>790'112</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	(2'633)	-	(2'633)
<b>Total liabilities</b>	<b>-</b>	<b>(2'633)</b>	<b>-</b>	<b>(2'633)</b>

### 14.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Short-term investments	-	-	17'660	17'660
Derivatives used for hedging	-	1'578	-	1'578
Financial assets at fair value through profit or loss - equity securities	10'215	1'889	657'139	669'243
Financial assets at fair value through profit or loss - debt investments	-	-	89'563	89'563
<b>Total assets</b>	<b>10'215</b>	<b>3'467</b>	<b>764'362</b>	<b>778'044</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 14.3 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

Level 3 investments may consist of direct and indirect equity and debt investments. Level 3 indirect investments are generally valued at the indirect investments' net asset values last reported by the indirect investments' governing bodies. When the reporting date of such net asset values does not coincide with the Group's reporting date, the net asset values are adjusted

as a result of cash flows to/from an indirect investment between the most recently available net asset value reported, and the end of the 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 debt investments is linked to a reference rate such as LIBOR or EURIBOR (hence eliminating potential valuation changes resulting from fluctuation in interest rates) and the fact that direct real estate 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.

## 14.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.03.2019	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
<b>Direct Investments</b>						
Direct equity investments	350'488	Market comparable companies	Enterprise value to EBITDA multiple	8.30x - 19.25x (14.03x)	32'493	(32'493)
	22'753	Discounted cash flow	Discount factor	12.00% - 12.00% (12.00%)	122	(122)
	481	Exit price	Recent transaction price	n/a	n/a	n/a
	2'539	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
Direct debt investments	9'551	Discounted cash flow	Discount factor	8.36% - 8.36% (8.36%)	156	(156)
	24'883	Broker quotes	Indicative quotes for an inactive market	n/a	n/a	n/a
	18'013	Recent financing/ transaction	Recent transaction price	n/a	n/a	n/a
<b>Indirect Investments</b>						
	346'961	Adjusted reported net asset value	Reported net asset value	n/a	17'348	(17'348)
	1'253	Adjusted reported net asset value	Fair value adjustments	n/a	63	(63)

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

## 14.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

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

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



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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