



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Annual Report 2021

Audited consolidated financial statements for the period from 1 January 2021 to 31 December 2021



Princess Private Equity Holding Limited

Princess Private Equity Holding Limited ("Princess" or the "Company") is an investment holding company domiciled in Guernsey that mainly invests in private companies in the middle and upper middle market. Princess is a direct investor with a small legacy fund portfolio that is in run-off. The Company is managed by Partners Group AG ("Partners

Group"). 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. The charts and figures detailed in the Chairman's report, Private Equity market overview, Investment Manager's report, ESG report, Portfolio composition, Portfolio overview, Structural overview, Company information, and Board of Directors have not been audited. 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 2020	31 December 2021
Total fund size	923,334,182	1,055,014,221
NAV per share	13.35	15.26
Total dividend per share	0.435	0.67
Share price	11.75	14.45
Discount	-12.0%	-5.3%
Cash and cash equivalents	31,514,763	40,158,933
Credit line used	0	25,000,000
Value of investments	903,416,996	1,051,241,219
Unfunded commitments	106,623,004	116,599,553
Investment level	97.8%	99.6%
Net current assets	19,917,187	3,773,003

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.

Investment level: as per reporting date, calculated as value of investments divided by total fund size.

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

Table of contents

1	Chairman's report	5
2	Private equity market overview	6
3	Investment Manager's report	8
4	Environmental, Social, and Governance ("ESG")	12
5	Portfolio composition	16
6	Portfolio overview	19
7	Structural overview	24
8	Company information	25
9	Board of Directors	26
10	Directors' report	28
	10.1 Directors	28
	10.2 Governance and regulatory matters	34
	10.3 Committees	40
	10.4 Corporate matters	42
11	Independent Auditor's report	44
12	Audited consolidated financial statements	53

1. Chairman's report

Dear Valued Investor,

As Chairman of the Board of Princess Private Equity Holding Limited ("Princess" or "the Company"), I am pleased to present the 2021 Annual Report and audited consolidated financial statements.

During 2021 we have seen an extraordinary comeback since the early shocks of the pandemic, with most of our portfolio companies having successfully navigated COVID-19 disruptions. Princess' net asset value ("NAV") developed positively and closed the reporting period at EUR 15.26 per share, representing a 14.3% increase from the previous year. The Company's NAV total return for the year, including the increased dividend of EUR 0.67 per share, stood at 19.4%. Princess' share price total return was 29.3%, reflecting both the positive NAV return and a significant reduction in the discount of the Company's share price to NAV, which closed the reporting period at 5.3%, compared to a discount of 12.0% at the end of December 2020.

However since the year end, and as a result of the effect on market sentiment of the Russia - Ukraine conflict, we have seen the actual share price weaken to levels recorded at the start of 2021 and the discount widen, in line with our peer group, to levels close to 20%.

Dividends paid to shareholders in 2021 amounted to EUR 0.67 per share (2020: EUR 0.435 per share), in line with previous guidance to distribute 5% of opening NAV for each financial year, via semi-annual payments. The total dividend of EUR 46.3 million was almost ten times covered by record portfolio distributions. For 2022, the Board intends to maintain the level of distributing 5% of opening NAV via semi-annual payments in June and December.

In an active year of realizations, Princess received record distributions of EUR 462.5 million, equivalent to 50.1% of opening NAV. The main contributor remained the direct portfolio, accounting for EUR 446.9 million. The remaining balance was received from the Company's mature legacy fund portfolio.

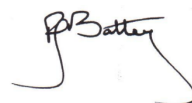
In the course of 2021, Partners Group, the Investment Manager of Princess, remained highly selective in its investment process, deploying a total EUR 342.4 million on behalf of the Company. Besides new direct investments, the substantial amount includes add-on investments in portfolio companies to finance mergers and acquisitions ("M&A") activity and to further drive value creation initiatives through entrepreneurial governance. Princess also invested EUR 135 million in senior loans for liquidity management purposes.

Although 2021 has been a remarkable year for Princess, various constraints continue to unfold. As consumers and businesses adjust to a new normal after the pandemic, the conflict between Russia and Ukraine increases the level of geopolitical risk. Princess has very limited exposure to the region, through negligible positions in the legacy fund portfolio which is in wind down. Together with the Company's Investment Manager, we are closely monitoring the situation, taking into account potential supply chain disruptions and second order effects.

My fellow Directors and I would like to take this opportunity to thank investors for the confidence they have shown in Princess during these times of increasing economic volatility. With the significantly positive NAV development over the past year and the strong momentum for exits of Princess' mature portfolio companies, despite increasing macroeconomic uncertainty, I believe that Princess is well placed to continue creating value for its shareholders over the years to come and we will continue to work with Partners Group to achieve this goal.

Richard Battey

Chairman



2. Private equity market overview

Private equity buyout activity

Global private equity buyout transactions started to show signs of moderation in the final quarter of 2021. Registering a total volume of USD 195.1 billion, transaction value increased by a nominal 1.0% compared to the same period in 2020, which was at an improved state following the rollout of pandemic-led government stimulus packages and central banks' liquidity injections globally. The number of transactions also increased by a marginal 0.7% year-on-year to 2,238 in the fourth quarter, according to Preqin. Buyout activity was once again driven by large-cap and upper mid-cap transactions with value above USD 1 billion, which accounted for 73% of the global aggregate transaction value. However, growth in transaction volume was much higher in the upper small-cap transaction segment (USD 250-499 million).

North America continued to account for the majority of global buyout transaction activity, generating 53.4% of total transaction value during the quarter. On a year-on-year basis, however, overall buyout activity in the region declined by 5.1% to USD 104.1 billion in aggregate value across 1,311 transactions. In November, Hellman & Friedman and Bain Capital announced the region's largest transaction for the quarter, with a USD 17 billion buyout of Athenahealth, a US-based provider of network-enabled services for healthcare and point-of-care mobile apps. This is the second time the company has been acquired in the past three years, the first being in 2019 by Veritas Capital and Evergreen Coast Capital.

Private equity buyout activity in Europe reached 614 transactions and concluded at USD 52.4 billion in the fourth quarter of 2021, about 5.2% higher than the same period in 2020. The largest transaction completed during the fourth quarter was Clayton Dubilier & Rice's USD 9.6 billion take-private buyout of WM Morrison Supermarkets, the fourth-largest supermarket and grocery operator in the UK, which has been listed on the London Stock Exchange since 1967. Another notable transaction was CVC Capital Partners' acquisition of Unilever's tea business, ekaterra, for USD 5.0 billion. This was part of the fast-moving consumer goods ("FMCG") giant's strategy to divest its low-growth portfolio of food assets, following the sale of its frozen-foods business to Permira in 2006 and its spreads business to KKR in 2019.

Meanwhile, aggregate buyout transaction value in Asia grew by 19.2% year-on-year to USD 31 billion across 202 transactions, whereas the average transaction size grew by a nominal 0.2% over the period. The largest transaction announced in the region was the USD 6.6 billion bailout of

Huarong International Financial by a consortium of five state firms, including China Insurance Investment's Rongxin Fund, China Cinda Asset Management, China Life, and a unit of Industrial and Commercial Bank of China. Huarong International is a state-owned asset management company in China, with a focus on distressed debt management. Its shares were suspended from trading for nine months and this was only lifted in January 2022.

Private equity exit activity

Global private equity exit activity for the fourth quarter of 2021 grew by 17.1% year-on-year to USD 234.6 billion across 775 transactions, according to Preqin. This represents a quarter-on-quarter increase of 20.1% in value compared with the previous quarter, with the most prevalent exit strategies during the quarter continuing to be trade sales (50% of total exit value) and secondary sales (35%).

North America continued to contribute the highest share of global private equity exits for the quarter, representing 64.0% of total activity. Aggregate exit value in the region increased by a robust 33.5% to USD 150.2 billion, with the number of exits increasing by 22.7% over the same period to 438 transactions. The largest exit over the quarter was the aforementioned Athenahealth transaction, while another notable exit in the region was the USD 6.7 billion take-private of Nasdaq-listed Arena Pharmaceuticals, a drug maker for treatments for gastroenterology, dermatology, and cardiology, by COVID-19 vaccine developer Pfizer. This was the latest transaction Pfizer undertook this year to expand its treatment pipeline, having just acquired immune-oncology company Trillium Therapeutics in November 2021.

In Europe, aggregate exit volumes declined 32.5% on a year-on-year basis, bringing in USD 44.7 billion in realization proceeds across 187 exits during the quarter. The largest exit in the region was the USD 7.3 billion trade sale of Inmarsat Global, a UK-based provider of inflight broadband services to airlines, which was sold to Viasat. The cash and stock transaction valued Inmarsat at ten times 2021 EBITDA and was a step up from the previous USD 6.1 billion buyout by Apax Partners, Warburg Pincus, and two Canadian pension funds in 2019.

Meanwhile, exit value in Asia more than doubled in the fourth quarter of 2021, increasing by 137.9% year-on-year to USD 24.5 billion. Out of the 94 transactions recorded, the largest completed exit in the region was MBK Partners' USD 3.6 billion sale of Accordia Golf, Japan's largest golf course operator, to Fortress Investment Group, SoftBank Group's affiliated investment fund. Accordia had previously been taken private off the Tokyo Stock Exchange by MBK Partners, in 2017.

Fundraising activity

Global private equity fundraising volume in the final quarter of 2021 declined by approximately 32% year-on-year to USD 264.1 billion across 541 funds, according to Preqin. The amount of capital raised also declined on a quarter-on-quarter basis (-8.6%), being the second consecutive quarterly decrease in global fundraising activity since June 2021. The largest private equity fund that held its final close during the quarter was Summit Partners Growth Equity Fund XI, with a fund size of USD 8.4 billion.

North America continued to account for the majority of fundraising activity during the quarter, with 327 funds closed and USD 172.3 billion raised, 28.9% lower than the prior-year period and accounting for approximately 80% of the total capital raised globally. The largest private equity fund in the region that held its final close was the aforementioned USD 8.4 billion Summit Partners Growth Equity Fund XI, which followed two other 2020 vintage growth equity funds from the same manager with more than USD 2.2 billion in capital raised.

In Europe specifically, regionally focused funds saw a year-on-year drop of 34.6% in fundraising activity, with USD 51.8 billion raised across 89 funds. The largest private equity fund that closed in the region was Permira Growth Opportunities II, with a fund size of USD 4.0 billion. The fund exceeded its initial target of USD 2.5 billion and more than surpassed its USD 1.7 billion 2019-vintage predecessor fund.

Asia-focused fundraising ended the quarter at a total of USD 20.9 billion, declining by 61.2% year-on-year in terms of capital raised. The number of funds closed also decreased by 71.7% year-on-year. Of the 70 funds that closed, the largest was MBK Partners Special Situations II, which raised USD 1.8 billion. The fund is the largest special situations fund managed by an Asia-based investment firm since Ares SSG's USD 1.9 billion SSG Capital Partners V fund in 2019, according to Preqin.

IPO activity

Initial public offering ("IPO") markets in 2021 proved to be the most active in the last two decades, having benefited from rebounding economies, alongside COVID-19 vaccine rollouts, as well as rolling liquidity from government stimulus programs. A total of 621 IPOs raised a collective USD 112.2 billion in the final quarter of the year, according to Ernst & Young. This represents a year-on-year increase of 16% by transaction number and 9% by proceeds accordingly. Notably, the technology sector continued to lead over the period, representing more than one-fourth of all IPO activity.

In the US, IPO markets remained strong, with 94 companies raising proceeds of USD 38.2 billion collectively. This represents a year-on-year increase of 25% by both transaction number and proceeds. The largest IPO in the region - and globally - was the USD 13.7 billion listing of Rivian Automotive, a designer and manufacturer of electric vehicles and related accessories. Cornerstone investors in the listing include asset manager T. Rowe Price and e-commerce giant Amazon, where the latter recently acquired a 20% stake in the company.

IPO activity in the Europe, Middle East, and Africa ("EMEA") region continued to rally strongly in the final quarter of 2021, registering year-on-year growth rates of 29% by number of listings and 81% by proceeds. The 189 IPOs raised USD 30.4 billion collectively, with the largest listing in the region being the USD 2.3 billion Stockholm IPO of Swedish automaker Volvo Cars. Chinese carmaker Geely, which acquired the company from Ford in 2010 for USD 1.8 billion, remains its largest shareholder.

In the Asia-Pacific region, IPO markets registered 9% year-on-year growth by transaction numbers in the fourth quarter, while proceeds declined by 19%. This was spread across 322 listings which raised a total of USD 41.5 billion. The largest IPO in the region was the USD 3.5 billion listing of Chinese biotech firm BeiGene, making it the first biotech firm to be listed on the Nasdaq, HKEX, and the Shanghai STAR Market. The listing attracted the backing of investors, including Singapore's GIC, Rock Springs Capital, T. Rowe Price, and Chinese alternative asset manager CPE. IPO activity, however, started to slow down in the region during the quarter, partly as a result of China's tightened cybersecurity review requirements for certain IPO aspirants, alongside US guidelines mandating Chinese firms trading in the US to prepare for additional disclosures and audit requirements.

Sources: Bloomberg; Preqin "Q4 2021 Private Capital Fundraising, Deals/Exits"; Ernst & Young "2021 EY Global IPO Trends Report"; Partners Group Research.

3. Investment Manager’s report

Positive NAV development in 2021

During 2021, markets recovered momentum supported by record amounts of monetary and fiscal stimulus and record low interest rates. Despite strong catch-up tailwinds and the release of pent-up demand as companies and individuals continued to adjust to life with COVID-19, the economic recovery was uneven across sectors, with several periods of volatility throughout the year. In this environment, the NAV of Princess increased by +19.4% on a total return basis, closing the year at EUR 15.26 (2020: EUR 13.35) per share. Share price total return over the same period was 29.3%, reflecting a narrowing to 5.3% of the Company's discount to NAV.

Portfolio developments (+25.9%) were the main driver of NAV growth in 2021, while currency movements were negative (-0.3%). Among the largest contributors to Princess' NAV growth in 2021 were the investments in SRS Distribution ("SRS"), United States Infrastructure Corporation ("USIC"), and PCI Pharma Services ("PCI").

● SRS DISTRIBUTION

SRS, a US distributor of roofing products, was among the largest performance drivers. The value of SRS has been written up following a period of strong financial performance. SRS acquired Arrowhead Building Supply, a distributor of residential and commercial roofing, siding, and other related products in May. Arrowhead Building Supply is one of the largest independent roofing distributors in the Midwest and is expected to make an excellent addition to the footprint SRS has in the region.

● UNITED STATES INFRASTRUCTURE CORPORATION

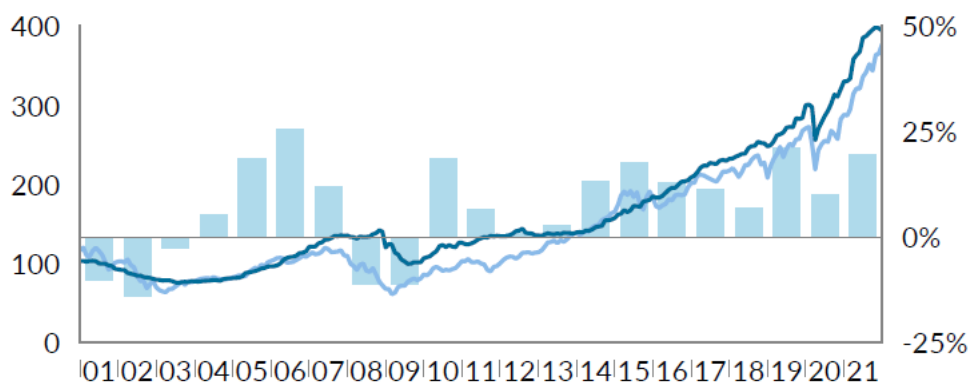
USIC, a US-based provider of underground utility locating services, was positively revalued over the third quarter of 2021 on the back of continued robust financial performance. The company's revenue and adjusted EBITDA for the last 12-month period increased driven by sustained positive developments across locate volumes and new contract renewal rates and pricing.

● PCI PHARMA SERVICES

PCI, a global provider of outsourced pharmaceutical services based in the US, was written up on the back of strong performance across the clinical services as well as the manufacturing and development business segments. The uplift in revenue and EBITDA over the last 12-month period was mainly driven by the organic growth of the business. Strong organic growth along with earlier bolt-on acquisitions has enabled the company to expand its clinical business - which led to higher EBITDA margins - as well as extend its reach to new geographical regions and to new clients, primarily in the small- to mid-sized pharmaceutical space.

Further, PCI acquired Lyophilization Services of New England ("LSNE"), a premier contract development and manufacturing organization ("CDMO") in the US. LSNE will expand PCI's breadth of services as a global CDMO, and further bolster PCI's manufacturing and development business segment, while complementing its existing clinical and commercial packaging expertise.

NAV PERFORMANCE*



■ Princess ■ MSCI World TR ■ Performance (RHS)

*Last twenty years, as per reporting date. The Princess performance is calculated on a total return basis.

Investment activity

Partners Group's thematic sourcing approach enabled the firm to secure a number of notable direct investments in 2021, deploying a record EUR 342.4 million on behalf of Princess (2020: EUR 64.6 million). Towards the end of the year and following an active period for realizations, EUR 135 million was allocated to a related fund that invests in floating rate senior loans for liquidity management purposes. The capital will be strategically used when targeting deployment into direct investments. Partners Group's thematic sourcing approach continues to generate a broad near-term pipeline of investment opportunities to redeploy liquidity into.

Total investments for 2021

Investment	Strategy	Amount (EUR million)
Foncia II	Equity	40.8
DiversiTech	Equity	24.4
International Schools Partnership II	Equity	13.4
Telepass	Equity	13.3
Breitling	Equity	12.7
PCI Pharma Services	Equity	11.2
Idera Inc.	Equity	10.9
Careismatic Brands	Equity	10.2
BluSky	Equity	9.4
Wedgewood Pharmacy	Equity	8.3
WM Morrison Supermarkets	Equity	8.1
Apex Logistics	Equity	7.7
Reedy Industries	Equity	6.6
Axia Women's Health	Equity	6.2
Ecom Express Private Limited	Equity	4.8
Senior loans		135.0
Other		19.4
Total investments for 2021		342.4

The largest new investments in the second half of the year were:

● DIVERSITECH

Princess invested EUR 24.4 million in DiversiTech, the market-leading manufacturer and supplier of parts and accessories for heating, ventilation, and air conditioning ("HVAC") equipment in the US. The company serves over 6,000 customers through a broad product portfolio. As a majority owner, Partners Group will work closely with DiversiTech's management on a value creation plan, with initiatives including accelerating new product development, expanding through M&A, and bolstering internal manufacturing capabilities.

● BREITLING

EUR 12.7 million was invested in leading Swiss watchmaker Breitling. Partners Group acquired a significant minority stake in the company. Breitling benefits from attractive macro and sectoral growth trends, especially in Asia, where rising disposable incomes among the middle classes are increasing demand for premium products, including watches.

● BLUSKY

EUR 9.4 million was invested in BluSky Restoration Contractors ("BluSky"), a leading US provider of restoration services for commercial, industrial, healthcare, and multifamily real estate. BluSky has more than 900 employees serving 5,000-plus customers across the country. BluSky provides essential services for customers that experience water, fire, wind, or environmental damage or biological contamination at their buildings. Key value creation initiatives will include branch expansion into new markets, growing national accounts, expanding service capabilities, partnering with customers on environmental, social, and governance ("ESG") and workplace safety initiatives, and pursuing acquisitions.

● APEX LOGISTICS

EUR 7.7 million was invested in Apex Logistics ("Apex"), a globally integrated logistics solutions provider. Partners Group closed the acquisition of a 24.9% stake in Apex from majority shareholder Kuehne+Nagel, one of the world's leading logistics companies. Founded in 2001 and headquartered in Hong Kong and Shanghai, Apex is a leading player in the China cross-border freight-forwarding market, with a growing international presence and significant potential for further expansion. Partners Group and Kuehne+Nagel will work closely to implement a transformational value creation plan for Apex together with the company's management team. Key initiatives include establishing new freight-forwarding routes; identifying new growth verticals, such as healthcare; and M&A.

● REEDY INDUSTRIES

EUR 6.6 million was invested in Reedy Industries ("Reedy"), a leading provider of commercial HVAC services. Reedy combines technical expertise and financial resources with a local high-touch delivery model, to act as a strategic partner for servicing complex equipment with high costs of failure or downtime. Partners Group will draw on its extensive experience transforming leading route-based commercial and facility services businesses to support Reedy's customer-centric value creation plan. Key initiatives will include geographic expansion to a multiregional footprint with well-known hubs and local customer relationships, growing strategic accounts, expanding service capabilities, and partnering with customers on sustainability and energy efficiency solutions.

Distribution activity

Princess benefited from a supportive environment for realizations, receiving substantial portfolio distributions of EUR 462.5 million (2020: EUR 178.2 million), equivalent to 50.1% of opening NAV. The main driver was the direct portfolio, accounting for EUR 446.9 million (2020: EUR 152.1 million), including proceeds from the exits of GlobalLogic, Cerba HealthCare, and Foncia, as well as from the sale of a minority stake in International Schools Partnership ("ISP"). The remaining balance was received from the Company's mature legacy fund portfolio.

Total distributions for 2021

Investment	Type	Strategy	Amount (EUR million)
International Schools Partnership	Partial exit	Equity	121.3
GlobalLogic	Full exit	Equity	108.0
Foncia	Partial exit	Equity	58.5
Cerba HealthCare	Full exit	Equity	30.8
Pacific Bells	Full exit	Equity	17.2
SPI Global	Full exit	Equity	16.3
Idera Inc.	Partial exit	Equity	14.0
Confidential Investment	Full exit	Equity	13.2
Hortifruti	Full exit	Equity	9.7
Education publisher 2	Full exit	Equity	8.7
BarBri	Full exit	Equity	7.7
CSS Corporate Technologies	Full exit	Equity	6.3
SRS Distribution, Inc.	Dividend	Equity	6.1
Other			44.7
Total distributions for 2021			462.5

The largest distributions in the second half of the year were:

● INTERNATIONAL SCHOOLS PARTNERSHIP

EUR 121.3 million was received from ISP, following an agreement for OMERS, the defined benefit pension plan for municipal employees in the Province of Ontario, to acquire a minority stake in the business. Partners Group formed UK-headquartered ISP in 2013 with the intention of creating a leading international school group through a buy-and-build strategy, capitalizing on the opportunities for consolidation in the K-12 school market. Today, ISP is the fifth-largest K-12 international school group globally, operating 50 schools across 15 countries and serving more than 45,000 pupils. As part of the transaction, Princess reduced its exposure to ISP but re-invested EUR 15.1 million to participate in the future growth of the business.

● GLOBALLOGIC

Princess received EUR 108.0 million from the sale of GlobalLogic, a leader in design-led digital engineering services, to Japanese conglomerate Hitachi. The transaction assessed GlobalLogic at an enterprise value of USD 9.5 billion. During its holding period, Partners Group worked with the company on several transformational value creation initiatives to drive

growth. Key initiatives included increasing the size of the company's top accounts and introducing a more targeted sales strategy in certain customer segments, including the development of a private equity-focused sales channel. GlobalLogic also completed four strategic acquisitions, including three in Europe. Additionally, Partners Group enhanced GlobalLogic's focus on ESG initiatives, helping it establish a dedicated ESG function focused on refining and implementing its ESG strategy going forward.

● FONCIA

The Company received total distributions of EUR 58.5 million from Foncia, a European leader in residential property management services, with EUR 48.8 million stemming from the transaction which Partners Group closed regarding the sale of a 25% stake in Foncia to TA Associates, a global private equity firm. Partners Group acquired Foncia in 2016 and since then has accelerated the company's growth and market leadership position in France and internationally. As part of the transaction, Princess reduced its exposure to Foncia but re-invested EUR 40.8 million to participate in the future growth of the business.

● PACIFIC BELLS

Princess received during the year EUR 17.2 million, of which EUR 16.4 million stemmed from the sale of Pacific Bells, a leading franchisee of the Taco Bell brand in the US. Since Partners Group acquired Pacific Bells in 2015, it has worked with the company's management team to meaningfully grow EBITDA and headcount, as well as almost triple the number of stores from 86 at the time of investment. In the last six years, Pacific Bells has also entered new markets, including in Wisconsin, California, Mississippi, Tennessee, and Alabama; introduced new energy efficiency projects; and optimized operating processes.

● STRAIVE (FORMERLY SPI GLOBAL)

EUR 16.3 million was received from the sale of Straive, a leading global provider of technology-driven content and data solutions. Partners Group acquired a majority stake in Straive, then known as SPI Global, in August 2017, on behalf of its clients. Under Partners Group's ownership, Straive was transformed from a provider of primarily content services into a technology-driven content, data, and EdTech solutions company. Straive's organic growth was supplemented by three strategic bolt-on acquisitions. Other major initiatives included the development of proprietary technology and software products, as well as the deepening of strategic customer relationships.

Share price development and dividend

Princess' share price increased by 17.8% on a total return basis during the second half of the year, resulting in a total return of 29.3% during 2021. The Company paid a total dividend of EUR 0.67 per share (2020: EUR 0.435) in line with its previously announced objective to distribute 5% of opening NAV for each financial year, via semi-annual payments, in June and December.

Liquidity and unfunded commitments

Princess' net liquidity position decreased to EUR 3.8 million (2020: EUR 19.9 million), funded by drawings of EUR 25 million from the Company's EUR 80 million revolving credit facility for bridging purposes, which is expected to be repaid following receipt of delayed proceeds from realizations. In addition to the remaining undrawn credit facility, Princess maintains a liquidity buffer of senior loans, which can be sold if required to generate liquidity. As of year-end, Princess held EUR 135 million of its investment portfolio in senior loans.

Total unfunded commitments at 31 December 2021 amounted to EUR 116.6 million (2020: EUR 106.6 million), of which EUR 71.8 million are considered "active" and are expected to be called over the next three to four years. The remaining commitments are to funds which have completed their investment periods and are therefore not anticipated to be called in full. In line with the strategy to focus on direct investments, no new third-party fund commitments were made.

Outlook

Consumers and businesses continue to adjust to a new normal after the pandemic. The strength of the recovery has started easing from exceptionally strong levels as government support measures have run out and pent-up demand is being released. Certain constraints, however, are still unfolding. Supply constraints are proving to be stickier than initially thought. Labor shortages and delivery delays are limiting output in select industries. Commodity prices are running high. The COVID-19 pandemic and its repercussions are blurring the economic picture, making forecasting and policy decisions highly challenging. In Partners Group's economic base case, we expect modest mid-term growth, higher inflation, and a relatively accommodative policy backdrop. We expect nominal rates to rise and real rates to remain low. But the scope for policy error is immense.

Central banks, and the US Federal Reserve in particular, face a narrow and ever-shrinking runway to achieve their goal of moderately higher inflation combined with a smooth landing for the economy. After living through a period of highly benign financial market conditions that saw valuations rise to record highs, the macroeconomic environment is tightening. Investors should brace themselves for more volatile times. Broad market return expectations need to adjust to this changing tide.

Furthermore, the invasion of Russia into the Ukraine adds a new layer of complexity. Princess has negligible exposure to the region through legacy fund investments; hence its portfolio assets will likely be impacted through higher energy costs and capital market developments, and indirectly via second order effects (e.g. confidence and private demand). Though in incipient stage, Partners Group is working closely with the management teams of the portfolio companies to take all appropriate measures to keep employees safe and mitigate risks. Our experienced teams and our strong, strategic boards remain focused on providing genuine value as we navigate through these times.

As economic uncertainty continues to rise, corporate fundamentals remain solid. While the initial recovery has been strong, we believe there are still clouds on the horizon. With downside risks to growth dominating, we maintain strong conviction in our strategy of transformational investing, which combines thematic sourcing with a hands-on value creation approach. The core of our investment strategy remains unchanged: we focus on fundamental operational strength, resilience, and value creation opportunities in segments of the economy that benefit from transformative trends. We will maintain the same disciplined approach to manage Princess' diversified portfolio and remain confident in its ability to cope with short-term headwinds.

Partners Group
Investment Manager
Zug, 21 March 2022

4. Environmental, Social, and Governance ("ESG")

The Company shares and is aligned with the purpose, culture, and values adopted by Partners Group in their charter and as given in their Corporate Sustainability Report, both of which are available at their website: www.partnersgroup.com/en/sustainability/.

Partners Group aims to deliver sustainable performance across economic cycles through a focus on stakeholder impact. As a global private markets firm, the industry, economy, and society have grown into a complex and interconnected system with many different stakeholder interests to consider. Over the years, Partners Group, as Investment Manager to Princess, has developed a systematic approach to addressing the interests of its stakeholders by embedding ESG factors into its investment and business processes. Partners Group aspires to be known for transformative and impactful engagements with its portfolio companies in the ESG areas that are most material from its perspective, as well as in areas of high societal importance that benefit all stakeholders. The Investment Manager also aims to increase Princess' assets' value by considering ESG risks and capitalizing on ESG opportunities that allow its investments to have an impact that goes beyond its ownership period.

Partners Group's ESG vision, objectives, and strategy

Partners Group's ESG vision is to maintain its global leadership position in building sustainable businesses. The Investment Manager will act as a role model in responsible investing and continuously raise ESG standards for its industry. It will operate as a sustainable business itself and outperform public markets ownership by building sustainable businesses in its portfolio through its entrepreneurial governance approach.

The Investment Manager to Princess works to achieve its vision by pursuing three key objectives:

● EMBED ESG INTO THE STRATEGY, DIRECTION, AND GOALS OF PORTFOLIO COMPANIES

Value is created through impactful engagements with its portfolio companies on the most material topics for their business, as well as on topics of high importance to its stakeholders, such as diversity and inclusion and climate change.

● HOLD ITSELF AND ITS INVESTMENT PARTNERS ACCOUNTABLE BY CREATING TRANSPARENCY THROUGHOUT THE INVESTMENT PROCESS

Partners Group cares for and earns the trust of its stakeholders by being reliable and transparent about both its successes and shortcomings.

● ESTABLISH ITSELF AS A LEADER IN INTEGRATING AND QUANTIFYING IMPACT IN ITS PROCESS

Partners Group drives the development of impact management in its industry and expands its values across private markets/portfolio companies, not only focusing on products and services but also including the positive impact of ESG projects. Partners Group leverages its expertise to create bespoke solutions for its clients who want to invest their resources to drive positive social and environmental impact.

Partners Group translates this vision and objectives into action by using its governance rights to work with portfolio companies on those areas where ESG is best positioned to add and protect value. Furthermore, the Investment Manager continuously develops tools and processes that ensure a systematic and scalable approach.

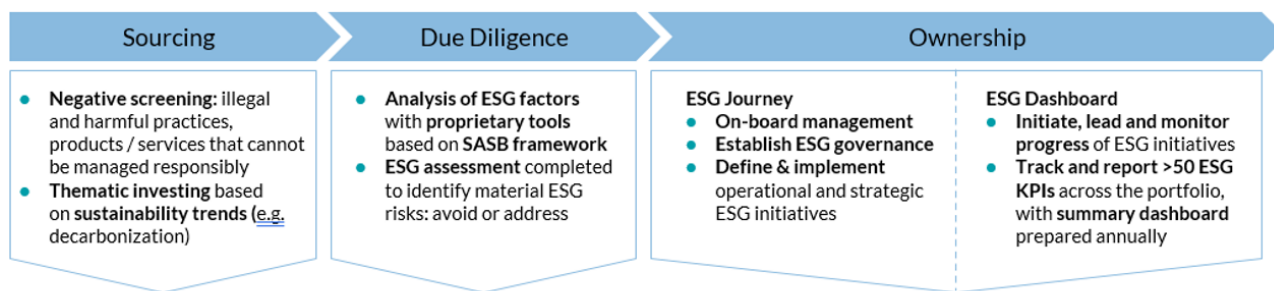
Governance structure and ESG & Sustainability team

At Partners Group, oversight for ESG integration lies with the most senior levels of the organization. At Board level, the Investment Oversight Committee assesses the quality and consistency of the investment process, including the approach to ESG integration and risk management. The committee acts as an advisor to the Global Investment Committee, which is responsible for making all in-/divestment recommendations. All recommendations made by the Global Investment Committee are informed by their Responsible Investment Screening Framework and their ESG Due Diligence Assessment.



On 1 July 2021, André Frei, former Co-CEO of Partners Group, took over the role of Chairman of Sustainability of Partners Group. In this role he is responsible for the firm's overall sustainability strategy, coordinating corporate sustainability and portfolio-level ESG efforts, in interaction with the Partners Group's Executive Committee. Furthermore, Partners Group has a dedicated ESG & Sustainability team located in Asia, Europe, and the US. This team is the nexus between the senior-level guidance for Partners Group's sustainability objectives and their implementation and integration through the investment teams who are responsible for investment sourcing, execution, and implementation of value creation plans during ownership. The day-to-day management of ESG integration is therefore well embedded within their investment platform and shared by professionals across all teams. Their ESG Due Diligence Assessment is carried out by investment professionals, with findings flagged directly to the investment committees. More detailed ESG work, including their ESG engagements and value creation initiatives with portfolio companies and assets, is led by the ESG & Sustainability team. In addition, they draw upon the expertise of their Operating Directors and Entrepreneurial Governance team, as well as several other teams across the firm, to support the ESG engagement activities and further inform their approach to ESG integration.

Partners Group's ESG integration throughout the lifecycle



Responsible Investment Framework

Products / services	Practices
SEEK Eligible active direct investments in renewable energy infrastructure	ENCOURAGE Invested in a company that reduced its paper consumption by 4% base through a 30% waste digitization initiative
WEIGH Considered an investment that had a majority renewable energy but some exposure to coal	WEIGH Invested in a company that didn't seem to have appropriate anti-bribery policy but had a perfect track record on these topics
EXCLUDE Excluded an investment into a manufacturer of tobacco products	EXCLUDE/ENGAGE Invested in a retailer lacking a supply chain audit program, subsequently established one during ownership
EXCLUDE Excluded investments in companies producing cluster bombs or landmines	EXCLUDE/ENGAGE Declined an investment in company primarily facilitating bribery/corruption

ESG Due Diligence

- Proprietary ESG Due Diligence Tool
- Collaboration with external consultants for specific ESG risks
- UN SDG impact assessed where applicable¹

ESG Journey & ESG Dashboard

Sustainability risks and opportunities are embedded at every step of the investment process

For illustrative purposes only.

Case studies

Techem Metering

Techem Metering ("Techem"), a leading sub-metering service provider headquartered in Germany, provides cost allocation services to approximately 420,000 customers, including landlords and property managers as well as tenants, across 11.9 million commercial and residential units in 20 countries. The company's energy services business segment offers cost allocation services in connection with the sub-metering of heating and water consumption, additional energy efficiency solutions to monitor energy and water usage, as well as supplementary products and services that include installation, testing, and maintenance of smoke detectors and *Legionella* bacteria analysis.

During due diligence, Partners Group identified a series of ESG risks and opportunities to address during the ownership period. This included developing a waste management concept in line with regulation, a health and safety approach for the entire company, and an approach to managing the company's carbon footprint; these approaches were key to the sustainability of the business. They have been working on these topics since the acquisition. In 2021, the company continued improving its waste management concept, which is to collect and dispose of the over five million measurement devices replaced every year, on top of the company's municipal waste from its office operations.

In an effort to improve health and safety beyond Techem, Partners Group started rolling out additional health and safety clauses in contracts with suppliers in Germany, France, Belgium, and Poland. In addition, they completed an assessment on Techem's performance on health and safety compared to industry benchmarks focusing on Germany, as it is Techem's largest market, and identified opportunities for future improvement. Partners Group has since then initiated similar assessments for Techem's international offices.

Finally, at Techem, Partners Group piloted what they call the "Climate Change Sweep". This is a systematic approach to identify and manage climate change-related impacts, risks, and opportunities at their portfolio companies. The result of the initiative is to define specific actions that the portfolio companies can take during the ownership period to reduce their carbon emissions and fortify their business models against climate-related risks. It involves a rigorous footprinting exercise that measures Scope 1, 2, and 3 emissions, as well as a physical and transition risk assessment. The majority of Techem's total

emissions are generated in the Techem Solutions business area for the supply of heat and electricity, as the energy sources are mostly natural gas (approximately 62%), but also heating oil, biogas, or wood chips. To this end, Techem committed to define a climate roadmap by 2022 and set a target date for climate neutrality. Furthermore, in order to make more customers aware of sustainable solutions, Techem will in future show the product carbon footprint (CO₂ per kWh of heat) for new Techem supply solutions as well as the CO₂ emissions on invoices for customers.

Building on the ESG work they conducted with Techem since acquisition in the aforementioned topics, in 2020 Partners Group hired a sustainability specialist who, together with others, initiated a detailed sustainability materiality assessment across the company, including workshops with senior management to set the baseline for Techem's sustainability strategy. In 2021, Techem published the company's first sustainability report detailing how it addresses climate change, waste disposal, health and safety, and other key material factors.

United States Infrastructure Corporation

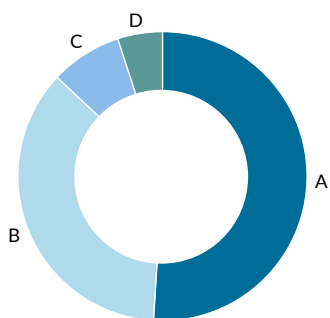
USIC is the leading provider of infrastructure-locating services in the US, serving approximately 1,000 customers across six utility end markets, including cable, telecoms, electric, gas, and water. Their 9,000 field technicians ("techs") are on the road each day conducting locates on tight deadlines. Retaining a talented workforce, protecting techs' safety on the road, and managing fuel usage for USIC's fleet of over 9,000 trucks are material issues that directly impact the business. These have been Partners Group's top ESG priorities for USIC since acquisition.

Given the business model, employee health and safety was a key ESG topic identified during due diligence as critical to the business, so this is where Partners Group started USIC's ESG journey. By adopting a zero-tolerance safety program for all USIC operations, Partners Group has had a material impact on employee safety. Since the beginning of their ownership period, they have eliminated over one-third of all motor vehicle accidents, reducing collisions per million miles from 9.0 in 2017 to 5.3 in 2020. Furthermore, they have also driven down the rate of injuries in the field by nearly 50%, moving lost time incident rate from 8.1 to 4.3.

While keeping employees safe at work is essential, Partners Group also knows that it is simply not enough to attract and retain a talented workforce. They have become acutely aware of how USIC's technicians feel day-to-day, working predominantly alone and at-times in high-risk environments. Therefore, the ESG & Sustainability team has expanded their focus from health and safety to employee well-being more broadly, which is a key focus area for the investment over the next three years.

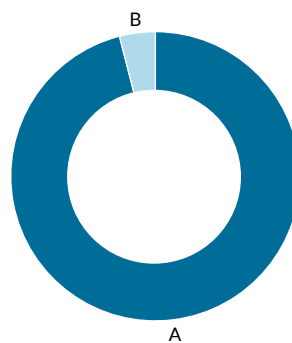
Digitization has also helped drive ESG improvement and create value. Over the past years, USIC's IT team has custom-built new features for its proprietary TicketPro¹ software system that provides USIC employees with a list of their locations each day. This tool optimizes field operations while also managing key ESG impacts, including carbon emissions, driver safety, and employee retention. This innovative and customized software, which is embedded into USIC's core technology platform, improves the company's optimal routing capability that organizes the techs' daily schedules based on the most efficient driving routes, conserving fuel and reducing emissions, while also minimizing the techs' time on the road and risk of accidents. Due to this initiative, USIC could reduce mileage per ticket by 4.4% on average and has saved over 400 tons of CO₂ since 2020.

5. Portfolio composition



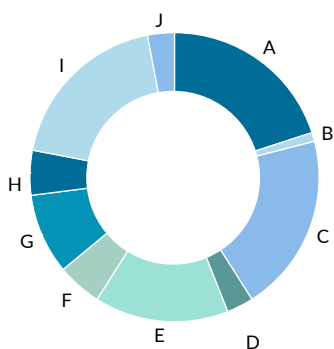
Investments by regional focus

A North America	51%	C Asia-Pacific	8%
B Europe	36%	D Rest of World	5%



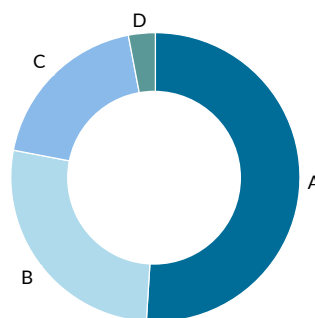
Investments by transaction type

A Direct	96%	B Funds	4%
-----------------	-----	----------------	----



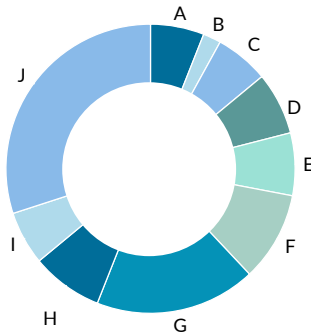
Portfolio assets by industry sector

A Healthcare	20%	F Materials	5%
B Telecommunication services	1%	G Financial	9%
C Consumer discretionary	20%	H Consumer staples	5%
D Energy	3%	I Industrial	19%
E IT	15%	J Utilities	3%



Investments by financing category

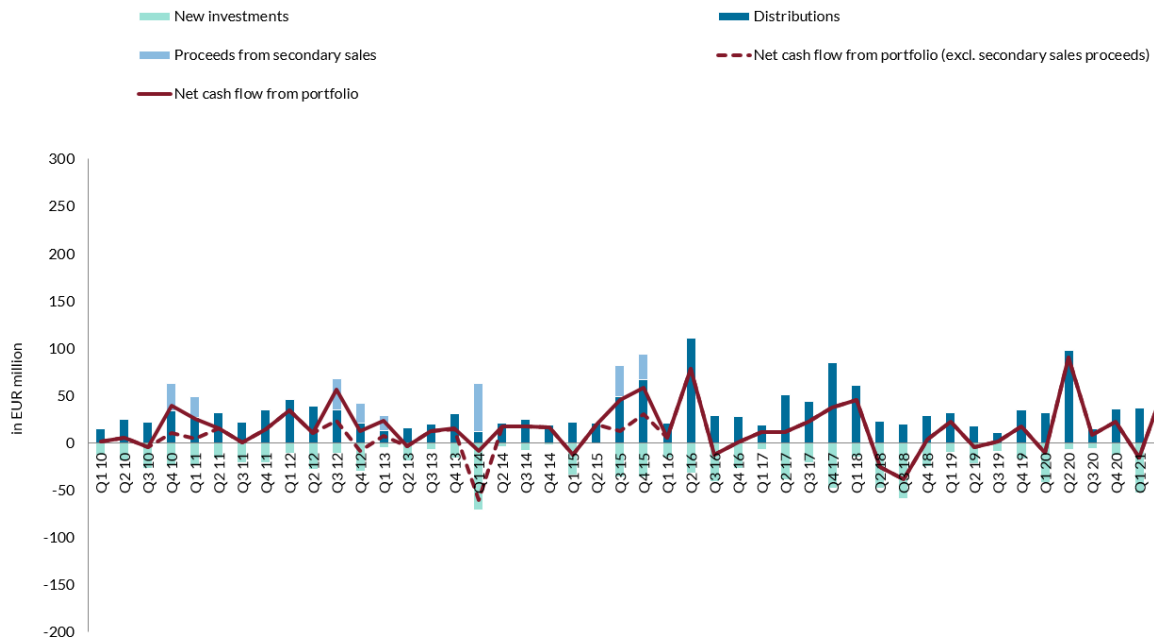
A Buyout Small/Mid-cap	51%	C Special situations	19%
B Buyout Large/Mega-cap	27%	D Venture capital	3%



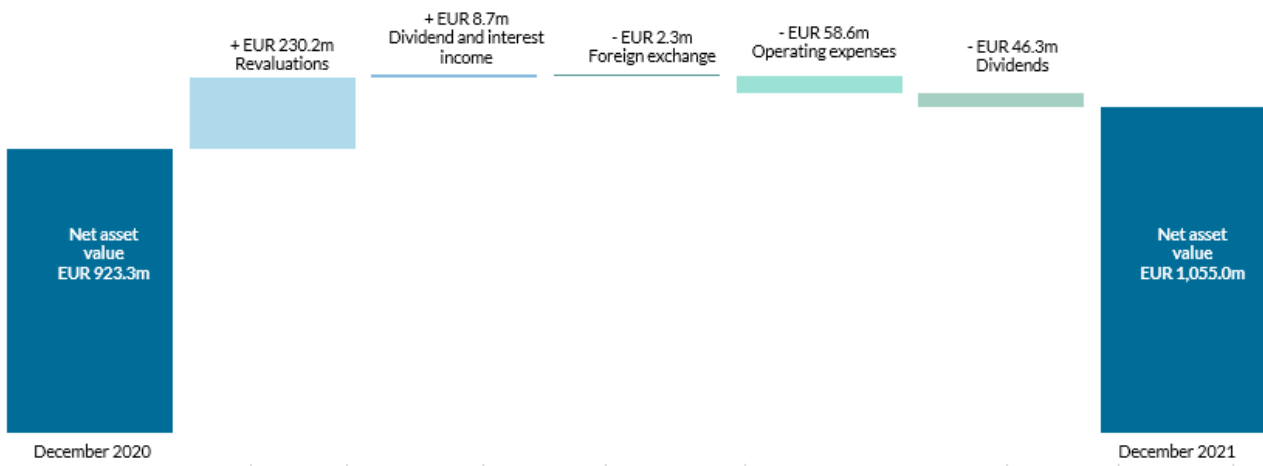
Investments by investment year

A Pre 2013	6%	F 2017	10%
B 2013	2%	G 2018	18%
C 2014	6%	H 2019	8%
D 2015	7%	I 2020	6%
E 2016	7%	J 2021	30%

Development of net cash flows



NAV development



6. 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	
SRS Distribution, Inc.	Materials	NAM	Buyout Small/Mid-cap	2018	8,171,403	43,315,325	4.1%
Foncia	Financials	WEU	Buyout Large/Mega-cap	2021	40,796,837	40,796,837	3.9%
Ammega (Megadyne - Ammeraal Beltech)	Industrials	WEU	Buyout Small/Mid-cap	2018	25,912,844	39,734,291	3.8%
PCI Pharma Services	Healthcare	NAM	Buyout Small/Mid-cap	2016	0	39,483,458	3.7%
KinderCare Education	Consumer discretionary	NAM	Buyout Small/Mid-cap	2015	12,264,042	39,145,934	3.7%
Vishal Mega Mart	Consumer discretionary	APC	Buyout Small/Mid-cap	2018	13,977,229	37,332,500	3.5%
Techem Metering GmbH	Industrials	WEU	Buyout Large/Mega-cap	2017	19,244,061	34,722,457	3.3%
Civica	Information technology	WEU	Buyout Small/Mid-cap	2013	11,994,608	25,607,516	2.4%
EyeCare Partners	Healthcare	NAM	Buyout Small/Mid-cap	2020	17,735,271	25,378,154	2.4%
Fermaca	Energy	ROW	Special situations	2014	15,159,905	25,215,069	2.4%
United States Infrastructure Corporation	Utilities	NAM	Buyout Small/Mid-cap	2017	7,741,295	24,713,352	2.3%
DiversiTech	Industrials	NAM	Buyout Large/Mega-cap	2021	24,172,868	24,172,868	2.3%
CPA Global (Clarivate merger)	Information technology	WEU	Buyout Large/Mega-cap	2017	10,721,321	23,819,422	2.3%
Form Technologies	Industrials	NAM	Buyout Small/Mid-cap	2015	28,093,524	21,269,689	2.0%
Hearthside Food Solutions	Consumer staples	NAM	Buyout Large/Mega-cap	2018	20,297,306	21,010,225	2.0%
Galderma	Healthcare	WEU	Buyout Large/Mega-cap	2020	10,204,136	18,258,172	1.7%
Idera Inc.	Information technology	NAM	Buyout Small/Mid-cap	2019	4,330,156	18,058,296	1.7%
eResearch Technology, Inc.	Information technology	NAM	Buyout Large/Mega-cap	2016	13,544,407	17,839,218	1.7%
Hofmann Menue Manufaktur	Consumer staples	WEU	Buyout Small/Mid-cap	2014	5,146,706	17,617,701	1.7%
Voyage Care	Healthcare	WEU	Buyout Small/Mid-cap	2014	8,284,541	17,374,814	1.6%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
STADA Arzneimittel AG	Healthcare	WEU	Buyout Large/Mega-cap	2017	6,225,411	15,934,607	1.5%
Guardian Childcare & Education	Consumer discretionary	APC	Buyout Small/Mid-cap	2016	9,950,525	15,811,578	1.5%
International Schools Partnership II	Consumer discretionary	WEU	Buyout Small/Mid-cap	2021	15,834,850	15,806,361	1.5%
Apex International Corporation	Consumer discretionary	APC	Buyout Large/Mega-cap	2021	8,024,053	n.a.	n.a.
IDEMIA	Information technology	WEU	Buyout Large/Mega-cap	2016	10,594,395	14,294,843	1.4%
Axel Springer SE	Consumer discretionary	WEU	Buyout Large/Mega-cap	2019	9,175,000	14,149,604	1.3%
Pharmaceutical developer	Healthcare	WEU	Buyout Small/Mid-cap	2013	10,417,824	14,140,374	1.3%
Telepass	Industrials	WEU	Special situations	2021	12,737,870	14,004,195	1.3%
Breitling	Consumer discretionary	WEU	Buyout Large/Mega-cap	2021	12,710,299	12,710,299	1.2%
Blue River PetCare, LLC	Healthcare	NAM	Buyout Small/Mid-cap	2019	5,705,281	12,300,266	1.2%
AlliedUniversal	Industrials	NAM	Buyout Large/Mega-cap	2020	9,570,164	11,810,959	1.1%
Careismatic Brands	Consumer discretionary	NAM	Buyout Small/Mid-cap	2012	11,056,277	11,159,432	1.1%
Confluent Health	Healthcare	NAM	Buyout Small/Mid-cap	2019	4,183,988	11,000,051	1.0%
Convex Group Limited	Financials	NAM	Buyout Small/Mid-cap	2019	8,764,495	10,958,440	1.0%
Wedgewood Pharmacy	Healthcare	NAM	Buyout Small/Mid-cap	2021	8,571,209	10,791,796	1.0%
BluSky	Industrials	NAM	Buyout Small/Mid-cap	2021	9,647,171	9,647,171	0.9%
Global Blue	Financials	WEU	Buyout Small/Mid-cap	2012	5,078	9,405,762	0.9%
Rovensa	Materials	WEU	Buyout Large/Mega-cap	2020	6,719,339	8,388,108	0.8%
Envision Healthcare	Healthcare	NAM	Special situations	2020	16,959,635	n.a.	n.a.
WM Morrison Supermarkets PLC	Consumer staples	WEU	Buyout Large/Mega-cap	2021	8,171,128	8,171,128	0.8%
Trimco Joint-investment 2018	Industrials	APC	Buyout Small/Mid-cap	2018	3,376,220	7,813,657	0.7%
Reedy Industries	Industrials	NAM	Buyout Small/Mid-cap	2021	6,823,930	6,892,461	0.7%
Axia Women's Health	Healthcare	NAM	Buyout Small/Mid-cap	2021	6,500,567	6,657,728	0.6%

Investment	Industry sector	Regional focus	Financing category	Investment year	Since inception		% of NAV
					Residual cost	Net asset value	
Polyconcept	Consumer discretionary	NAM	Buyout Small/Mid-cap	2016	3,422,725	6,584,841	0.6%
Seabras-1	Telecommunication services	NAM	Special situations	2020	7,907,774	6,437,020	0.6%
TOUS	Consumer discretionary	WEU	Buyout Small/Mid-cap	2015	3,656,862	6,403,775	0.6%
Ecom Express Private Limited	Industrials	APC	Buyout Small/Mid-cap	2021	n.a.	n.a.	n.a.
Schleich GmbH	Consumer discretionary	WEU	Buyout Small/Mid-cap	2019	3,201,462	6,143,647	0.6%
Key Group	Financials	WEU	Buyout Small/Mid-cap	2017	3,630,536	5,895,919	0.6%
SHL	Information technology	WEU	Buyout Small/Mid-cap	2018	7,311,795	5,644,744	0.5%
Total fifty direct investments					528,648,323	833,824,064	78.8%

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 audited consolidated statement of financial position includes the valuation of certain Partners Group investment vehicles. Residual cost is the initial investment cost after receipt of distributions from such an investment until the end of the reporting period. 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	52,759	20,245,937	1.9%
INVESCO Venture Partnership Fund II-A, L.P.	NAM	Venture capital	2000	1,609,143	3,108,962	0.3%
Index Ventures Growth I (Jersey), L.P.	WEU	Venture capital	2008	0	1,943,807	0.2%
Sterling Investment Partners II, L.P.	NAM	Buyout Small/Mid-cap	2005	675,435	1,932,533	0.2%
Anonymized European Buyout Fund 7	WEU	Buyout Small/Mid-cap	2007	904,645	1,906,932	0.2%
Innisfree PFI Secondary Fund	WEU	Special situations	2007	29,747	1,694,581	0.2%
Exxel Capital Partners VI, L.P.	ROW	Buyout Small/Mid-cap	2000	0	1,392,227	0.1%
Summit Partners Europe Private Equity Fund, L.P.	WEU	Venture capital	2008	195,833	1,184,928	0.1%
Russia Partners III, L.P.	ROW	Buyout Small/Mid-cap	2007	105,087	1,043,705	0.1%
Pitango Venture Capital Fund III	ROW	Venture capital	2000	0	921,326	0.1%
Partners Group Global Real Estate 2008, L.P.	WEU	Special situations	2008	1,759,056	753,361	0.1%
Searchlight Capital PV, L.P.	NAM	Special situations	2010	31,408	614,318	0.1%
Valedo Partners Fund II AB	WEU	Buyout Small/Mid-cap	2011	22,624	564,144	0.1%
HitecVision V, L.P.	WEU	Special situations	2008	13,409	561,069	0.1%
Peepul Capital Fund III, LLC	APC	Buyout Small/Mid-cap	2010	n.a.	n.a.	n.a.
Vortex Corporate Development Fund, L.P.	NAM	Venture capital	2000	126,621	548,154	0.1%
Alinda Infrastructure Parallel Fund II, L.P.	NAM	Special situations	2008	207,723	533,242	0.1%

Investment	Regional focus	Financing category	Vintage	Since inception		% of NAV
				Unfunded commitments	Net asset value	
Helios Investors II, L.P.	ROW	Buyout Small/Mid-cap	2009	8,396	526,363	0.0%
Ares Corporate Opportunities Fund III, L.P.	NAM	Special situations	2008	664,400	519,318	0.0%
Capital Today China Growth Fund II, L.P.	APC	Venture capital	2009	0	510,917	0.0%
Total twenty fund investments				6,406,286	40,505,824	4.0%

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

7. Structural overview

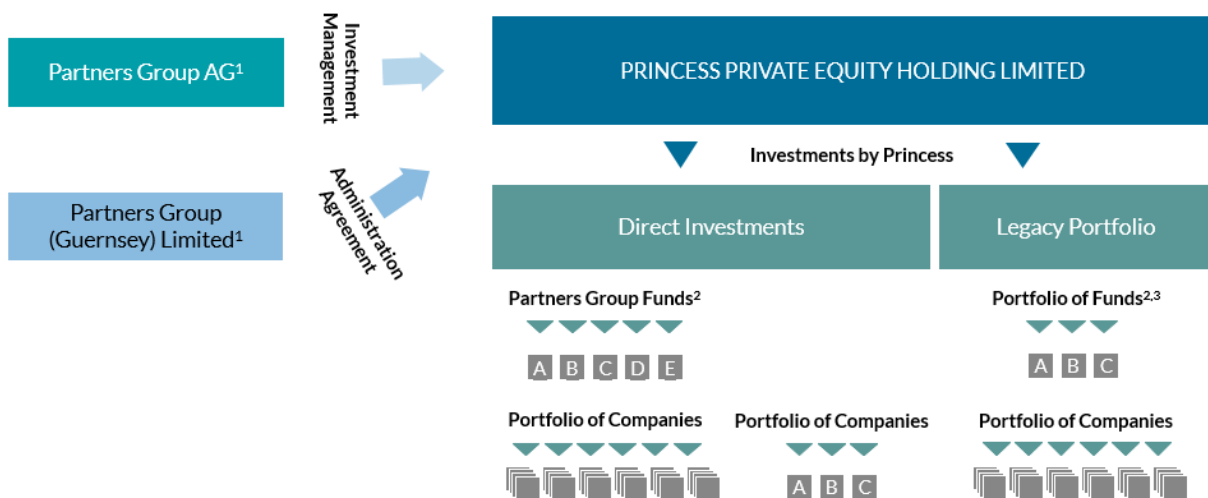
Princess Private Equity Holding Limited is a Guernsey registered private equity holding company founded in May 1999 that invests in private market investments. In 1999 Princess raised USD 700 million through the issue of a convertible bond and invested the capital by way of commitments to private equity 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 2017, 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 Partners Group AG (prior to 1 July 2020 by Princess Management Limited, a wholly owned subsidiary of Partners Group Holding AG). The Investment Manager is responsible for, inter alia, selecting, acquiring, and disposing of investments and carrying out financing and cash management services.

Partners Group AG is a global private markets investment management firm with USD 127 billion in investment programs under management in private equity, private debt, private real estate, and private infrastructure. Through the management agreement, Princess benefits from the global presence, size, and experience of the investment team and relationships with many of the world's leading private equity firms.



1 100% owned by Partners Group Holding

2 Partners Group Funds are on a net no fee basis and only Princess' fees apply

3 A portfolio of primary and secondary investments that are in wind-down and no new 3rd party commitments will be made in the future

8. Company information

Company	Princess Private Equity Holding Limited
Currency denomination	Euro
Dividends	Princess intends to pay a dividend of 5% p.a. on opening NAV
Incentive fee	No incentive fee on primary investments; 10% incentive fee per secondary investment; 15% incentive fee per direct investment; subject in each case to a 8% p.a. preferred return (with catch-up)
Incorporation	1999
Joint corporate brokers	JPMorgan Cazenove Numis Securities Ltd.
Listing	London Stock Exchange
Management fee	1.5% p.a. of the higher of NAV or value of Princess' assets less any temporary investments plus unfunded commitments. With effect from 1 July 2020 unfunded commitments in respect of Primary and Secondary investments are excluded.
Securities	Fully paid-up ordinary registered shares
Structure	Guernsey company, authorized 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

9. Board of Directors

Richard Battey (appointed 28 May 2009)

Richard Battey is a Guernsey resident. He has been Chairman since August 2018 and a director since May 2009, serving as Chair of the Audit and Risk Committee until May 2018. Since 2007 he has been a non-executive director of a number of investment companies and funds. These have included London Stock Exchange-listed companies Pershing Square Holdings Limited, Better Capital PCC Limited, NB Global Floating Rate Income Fund Limited, The Prospect Japan Fund Limited, and Acencia Debt Strategies Limited, all for periods of nine years as Chair of the Audit Committees. He is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with Baker Sutton & Co. in London in 1977. Richard was formerly Chief Financial Officer of CanArgo Energy Corporation. Prior to that role he spent 27 years with the Schroder Group and worked first in London with J. Henry Schroder Wagg & Co. Limited and Schroder Investment Management Limited and then in Guernsey, as a director of Schroders (C.I.) Limited from April 1994 to December 2004. He was a director of Schroder Group Guernsey companies covering banking, investment management, trusts, insurance, and private equity administration; he retired from his last Schroder directorship in December 2008.

Steve Le Page (appointed 1 October 2017)

Steve Le Page is a Guernsey resident. He was appointed to the Board in October 2017 and is a Chartered Accountant and a Chartered Tax Adviser. Mr. Le Page was a partner with PwC in the Channel Islands from 1994 until his retirement in September 2013. During his career his main role was as an audit partner working with a wide variety of financial services businesses and structures, including many listed investment funds. Mr. Le Page also led that firm's Audit and Advisory businesses for approximately ten years, and for five of those years was the Senior Partner (equivalent to Executive Chairman) for the Channel Islands firm. Since his retirement, Mr. Le Page has built a small portfolio of non-executive director roles, including the listed funds Highbridge Tactical Credit Fund Limited, Volta Finance Limited, Channel Islands Property Fund Limited, Amedeo Air Four Plus Limited, and Tufton Oceanic Assets Limited, all of which he serves as Chairman of the Audit Committee. He is a past Chairman of the Guernsey International Business Association and a past President of the Guernsey Society of Chartered and Certified Accountants.

Fionnuala Carvill (appointed 1 September 2018)

Fionnuala Carvill is a Guernsey resident and a Chartered Fellow of The Chartered Institute for Securities & Investment; a Fellow of the London Institute of Banking & Finance (Chartered Institute of Bankers); a Fellow of The Chartered Governance Institute; and a Chartered Governance Professional. Ms Carvill is a non-executive director of Investec Bank (Channel Islands) Limited and The Chartered Institute for Securities & Investment. Previous executive positions held include Managing Director of Kleinwort Benson (Channel Islands) Investment Management Limited, Director of Kleinwort Benson (Channel Islands) Limited, Commission Secretary and Head of Innovation at the Guernsey Financial Services Commission, and Director of Rothschild Bank (CI) Limited. Ms Carvill is a past President and committee member of The Chartered Institute for Securities & Investment, Guernsey Branch, a Liveryman of the Worshipful Company of International Bankers, and was granted Freedom of the City of London in 2007. Ms Carvill sits on the board of several charities, holding roles from funding and capacity building to governance and impact assessment. She previously volunteered with Voluntary Service Overseas (VSO), where she took the role of Organizational Development Advisor during a placement with the Environment & Development Center of a university in the People's Republic of China, aiming to support program delivery, aid capacity building, and develop knowledge of governance and fundraising. Ms Carvill holds a Master's degree in Corporate Governance (Distinction).

Felix Haldner (appointed 23 August 2017)

Felix Haldner is a Swiss resident and is responsible for strategic client development in Europe; he is based in Zug. Felix also sits on the Boards of a number of Partners Group-affiliated companies as an operating director. Previously, he served as Head of the Investment Structures business department and was a member of the Global Executive Board. He has been with Partners Group since 2001 and has more than 30 years of industry experience. Prior to joining the firm, he was a partner at PwC where he advised clients from the insurance, asset management, and private equity industries. He holds a Master's degree in Business Law from the University of St. Gallen (HSG), Switzerland. He sits on the Board of the Swiss Asset Management Association where he co-chairs the Sustainability Chapter and he has previously been the Association's president for six years.

Henning von der Forst
(appointed 13 November 2012)

Henning von der Forst is a German resident. He is a Member of the Supervisory Board of the Nuremberger Life and non-life insurance company and of various investment trusts and investment companies. Previously he served as a Member of the Executive Board of Directors and as Chief Investment Officer of Nuremberger Insurance Group. There he was responsible for Asset Management, Banking Services and Treasury, Investor Relations, and International Relations from 1992 until his retirement in 2015. Prior to this, he worked as a marketing manager at SBCI Swiss Bank Corporation Investment Banking, London, and as Head of the Group Treasury and Finance Department with VIAG Aktiengesellschaft, Bonn (E.on today). He holds a Master's degree in Business Administration from the University of Münster.

Merise Wheatley
(appointed 1 September 2018)

Merise Wheatley is a Guernsey resident and has over 30 years' experience at Board level in risk financing and insurance management. She is a Fellow of the Association of Chartered Certified Accountants, having completed her training with Abbey Life Assurance and National Mutual Life Association of Australasia in the UK, and qualified in 1982. In addition to her directorship of Princess Private Equity Holding Limited, Merise serves as a director on the Boards of a number of non-listed regulated insurance entities in Guernsey. From 1988 until June 2019 Merise worked for a number of leading insurance management service providers in Cayman, Guernsey, and Malta, including Artex Risk Solutions, Heath Lambert, Marsh and Johnson & Higgins, providing strategic and operational insurance management services and serving as executive director to a portfolio of client insurance companies. Merise is a past Chairman of the Guernsey International Insurance Association. In 2007 she achieved the Diploma in Company Direction awarded by the UK Institute of Directors.

10. Directors' report

10.1 Directors

The Directors present their report and audited consolidated financial statements of Princess Private Equity Holding Limited for the period from 1 January to 31 December 2021.

Directors

R. Battey (Chairman)
S. Le Page
F. Carvill
F. Haldner
H. von der Forst
M. Wheatley

The Board, roles, and committees

The Board consists of six directors, all of whom are non-executive. The independent Chairman of the Board is Mr. Battey, who was appointed to the role on 1 September 2018. As Chairman, he is responsible for leading meetings of the Board to ensure that they are efficient and effective, promoting the long-term sustainable success of Princess Private Equity Holding Limited (the "Company"), generating value for shareholders (as disclosed in the Strategy section), and contributing to wider society. Mr. Battey satisfies all the criteria for assessing director independence set out by the Association of Investment Companies ("AIC") and adopted by the Board. Although he has served on the Board for more than twelve years, it is the opinion of the other members of the Board that Mr. Battey continues to demonstrate objective and independent thought processes during his leadership of the Board and his dealings with the Investment Manager, and they therefore consider him to be independent, despite his long service. In addition, it should be noted that the average tenure for the members of the Board is six years and two months, or four years and ten months excluding Mr. Battey. The Board has concluded that his knowledge of the Company, built up over his service with it, contributes to the effectiveness of the Board and his continued service is in the best interests of shareholders. Additionally, he has no other significant business commitments and the Board is satisfied that he has sufficient time available to discharge fully his responsibilities as Chairman of the Company.

At each quarterly board meeting, the Directors consider several reports and performance indicators to assess the Company's success in achieving its objectives. These include:

- Monitoring of the share price (and associated premium or discount);
- General performance reporting at the underlying investment level;
- Cash flow projections;
- Risk management and adherence to investment guidelines;
- Broking and shareholder analysis reports, including peer group comparisons;
- Reports from committees, together with the monitoring, evaluation, appointment, and removal of service providers;
- Approval of financial statements and dividends; and
- Corporate governance and compliance.

In addition, the consent of the Board is required if the Investment Manager wishes to borrow more than 30% of the value of the Company's assets, lend or pledge any of the Company's assets (other than in the context of a hedging transaction), enter into an investment or other transaction with affiliates of the Investment Manager, or invest more than 10% of the value of the Company's assets into any single investment.

Furthermore, the Board confirms that it considers any conflicts or potential conflicts of interest in accordance with the Company's existing procedures.

Audit & Risk Committee

The Audit & Risk Committee ("A&R Committee") meets on a quarterly basis and has been chaired by Mr. Le Page since 16 May 2018. The Board is satisfied that at least one member of the A&R Committee has recent and relevant financial experience, and that the committee has the skills and experience required to fulfill its responsibilities.

The A&R Committee is responsible for:

- Reviewing and recommending approval of the semi-annual and annual consolidated financial statements of the Company, comprising Princess Private Equity Subholding Limited (the "Subsidiary") and Princess Direct Investments, L.P. Inc. (the "Sub-Subsidiary" and together with the Company and Subsidiary, the "Group");
- Reviewing the effectiveness of the accounting and internal control system;
- Overseeing the relationship with the Independent Auditor, including but not limited to meeting them regularly, and monitoring their remuneration, terms of engagement, and independence; and
- Monitoring the risks and their potential impact on the Company.

Management Engagement Committee

The Management Engagement Committee ("ME Committee") meets at least annually and is chaired by Mr. Le Page following his appointment to that role on 16 May 2018.

The ME Committee is responsible for:

- Considering the performance of the Investment Manager in respect of the service level requirements set out in the Investment Management Agreement, including compliance with the Board's instructions, reporting to the Board and investors, and responsiveness to Board queries;
- Considering whether the continuing appointment of the Investment Manager, on the terms of the management contract, is aligned with the interests of shareholders, and making recommendations to the Board thereon together with a statement of the reasons for their view; and
- Reviewing and considering the performance and engagement terms of other service providers to the Company.

During the year, the ME Committee initiated the review and updating of the agreements with Administrator and Company Secretary to provide clear provisions in respect of duties and responsibilities of all parties. The Investment Manager is considered to be aligned with the interests of shareholders as a whole, given its global reach, access to leading private market houses, and expertise.

The following table is an extract of the various Directors' attendance at Board and Committee meetings for 2021 compared against those for which they were eligible:

Name	Board	Committees	
		A&R	ME
R. Battey (Chairman)	7/7	4/4	2/2
F. Carvill	7/7	4/4	2/2
S. Le Page	7/7	4/4	2/2
F. Haldner	6/7	-	-
H. von der Forst	7/7	4/4	2/2
M. Wheatley	7/7	4/4	2/2

Board composition

The Board has a breadth of experience relevant to the Company and a diversity of skills, experience, and age. Its members possess the broad range of skills, expertise, industry knowledge, and other experience necessary for the effective oversight of the Company's business. In addition, the Board recognizes the importance of maintaining its diversity and that this is a much wider issue than gender. It will continue to evaluate applicants to fill vacant positions without prejudice. Applicants will be assessed on their range of skills, expertise, and industry knowledge, and on their business and other experience.

The Directors have resolved to put themselves forward for election on an annual basis and were all duly re-elected at the 2021 annual general meeting.

Re-election recommendations have always been subject to an assessment of the respective Director in question, their objective and independent thought process, knowledge of the Company, and continued satisfactory performance. In view of the long-term nature of the Company's investments, the Board believes that a stable and diversified board composition is fundamental to running the Company properly. The Board has not stipulated a maximum term of any directorship. The Board continues to be satisfied with the contribution of each of the Directors, and that they have each maintained their independent perspective, whilst noting both Mr. Battey and Mr. von der Forst have served a term on the Board in excess of nine years.

Given the size and nature of the Company, the Board deemed it not necessary to form a separate remuneration or nomination committee and that the whole Board would consider all new Board appointments.

Directors' duties and responsibilities

The Board meets at least quarterly and it is the duty of each Director to inform the Board of any potential or actual conflict of interest prior to a Board discussion. Representatives of the Investment Manager (prior to 30 June 2020, representatives of the Investment Advisor) attend board meetings. The Company's corporate brokers also attend to assist the Directors in understanding the views of major shareholders regarding the Company.

The Board of Directors has overall responsibility for the Company's affairs and is responsible for the determination of the investment policy of the Company, resolving conflicts and monitoring the overall portfolio of investments of the Company. To assist the Board in the operations of the Company, arrangements have been put in place to delegate authority for performing certain day-to-day operations of the Company to the Investment Manager, (the Investment Advisor prior to 30 June 2020), and other third-party service providers, such as the Administrator and the Company Secretary. Although the Board meets formally at least four times a year, the Investment Manager and Company Secretary stay in more regular contact with the Directors on a less formal basis. These formal and informal discussions allow the Directors to constructively challenge and assist in the development of strategy. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

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

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

So far as the Board of Directors are aware,

- there is no relevant audit information of which the Group and Company's auditor is unaware, and
- each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

The Directors confirm that they have complied with the above requirements in preparing the audited consolidated financial statements. The Directors of the Company have elected to prepare audited consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2021 as the parent of the Group in accordance with Section 244(5) of The Companies (Guernsey) Law, 2008. They are not required to prepare individual accounts for Princess Private Equity Holding Limited in accordance with Section 243 of The Companies (Guernsey) Law, 2008 for the financial period.

To the best of their knowledge and belief:

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

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

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

Directors, directors' interests, and directors' remuneration report

The Directors of Princess Private Equity Holding Limited are as shown above. As at 31 December 2021, the Directors had no beneficial interest in the share capital of the Company other than as shown below:

R. Battey (Chairman): 65,000 shares
S. Le Page: 7,500 shares
F. Haldner: 225,554 shares
M. Wheatley: 5,000 shares

No service contract or arrangement existed in the period in which any of the Directors has an interest, other than with Mr. Haldner. The Board considers all the Directors, other than Mr. Haldner, as independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgment or create potential conflicts of interest.

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

Directors' remuneration is presented in the notes to these audited consolidated financial statements and is shown below. Mr. Haldner did not receive a fee for the provision of his services as a director of the Board. Directors' remuneration was split as follows in Euro:

(31.12.2021 / 31.12.2020)
R. Battey (Chairman) (62,000 / 62,000)
F. Carvill (50,000 / 50,000)
S. Le Page (56,000 / 56,000)
H. von der Forst (50,000 / 50,000)
M. Wheatley (50,000 / 50,000)

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

Directors' and officers' liability insurance

The Company maintains insurance in respect of Directors' and Officers' liability in relation to their acts on behalf of the Company. Suitable insurance is in place and due for renewal on 8 December 2022.

Strategy

Strategic objectives

The Company's investment objective is to provide shareholders with long-term capital growth and an attractive dividend yield, through investment in a diversified portfolio of private equity and private debt investments, rather than through fund investments. In addition, the Investment Manager has a goal to achieve a long-term sustainable impact on the companies in which it invests, their underlying clients, and the wider environment in which they operate.

Prior to 30 June 2020, the Investment Manager of the Company was Princess Management Limited, and the Investment Advisor was Partners Group AG (a Swiss limited liability company). As of 1 July 2020, the Investment Manager of the Company is Partners Group AG (the "Investment Manager").

The Investment Manager seeks to achieve a long-term sustainable impact by working in partnership with the management and employees of the companies in which the Company invests and through active entrepreneurial ownership initiatives with clear goals and continuous monitoring.

In addition, the Investment Manager (prior to 30 June 2020, the Investment Advisor) works with portfolio companies on a variety of ESG engagements. This commences during the investment due diligence phase and, after acquisition, they implement initiatives by systematically integrating ESG factors, alongside commercial and financial factors.

They continuously monitor the effectiveness of any ESG-relevant policies through maturity assessments to evaluate progress and impact.

As part of its annual visit to the Investment Manager, the Board obtains an overview of the value creation initiatives, including ESG initiatives, on the underlying investments, and a detailed progress report on the monitoring of risk and impact on valuations. It should be noted that due to the restrictions imposed as a result of the global COVID-19 pandemic, the Board were unable to visit the Investment Manager physically during 2021 but utilized videoconferencing facilities to ensure all aspects of the usual visit were covered.

Purpose, culture, and values

The Company shares and is aligned with the purpose, culture, and values adopted by Partners Group (which includes the Investment Manager and Administrator) in their charter and as given in their Corporate Sustainability Report, both of which are available at their website www.partnersgroup.com/en/sustainability/.

The Company's mission is to develop companies and assets which it invests in through entrepreneurial ownership. This stems largely from the belief that the ability to create value, enabled by a governance framework that supports entrepreneurialism, is the key driver of the returns.

In summary, investments are managed with a long-term perspective to the benefit of individuals and societies worldwide and the investment teams leverage the global Partners Group integrated platform to systemically engage with entrepreneurs and corporate leaders to create value in the investments. In addition, the investment teams liaise with management in underlying companies in constructive dialogue and have open debates, while in parallel taking their fiduciary duty to all stakeholders into account.

Partners Group is fully committed to investing clients' capital in a responsible manner by integrating ESG factors, alongside commercial and financial factors, into investment due diligence and ownership.

Major developments in the year

During the year, the Board carried out the following projects:

- initiated the review and updating of agreements with Administrator and Company Secretary to provide clear provisions in respect of the duties and responsibilities of all parties.
- reviewed Partners Group's established controls to mitigate potential conflicts of interests arising from re-underwriting of assets, and are satisfied with them.

Review of performance

The Board undertakes an annual evaluation of its own performance and the performance of its committees and individual Directors, to ensure that they continue to act effectively and efficiently, to fulfill their respective duties, and to identify any training requirements. During this evaluation, the Directors also reconfirmed that they continue to be able to allocate sufficient time to the Company in order to discharge their responsibilities, to provide constructive challenge and strategic guidance, to offer specialist advice, and to hold third-party service providers to account.

Viability statement

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Group's viability testing considers multiple severe, yet plausible, stress scenarios. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite, and the Group's principal risks and how these are managed. The Directors consider this is an appropriate period to assess the viability of an investment company for the purposes of giving assurance to shareholders, as economic factors are very difficult to forecast over a longer period.

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

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

Based on the Company's processes for monitoring, anticipating, and managing cash flow, operating costs, share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, gearing, counterparty exposure, and liquidity risk, the Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2024.

10.2 Governance and regulatory matters

Corporate governance report

The Directors have determined to report against the Principles and Provisions of the AIC as endorsed by the Guernsey Financial Services Commission ("AIC Code"), dated February 2019. The AIC Code is available on the AIC website www.theaic.co.uk/aic-code-of-corporate-governance/. In assessing the Board's corporate governance practice for 2021, the Directors confirm that throughout the period the Company complied with the provisions of the AIC Code. The Company has complied with the relevant provisions of the UK Corporate Governance Code (the "UK Code") as issued by the Financial Reporting Council and dated July 2018, except as set out below:

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

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

The Guernsey Financial Services Commission has a standing Finance Sector Code of Corporate Governance that was amended in June 2021 (the "Guernsey Code"). In the introduction to the Guernsey Code, it states: "Companies which report against the UK Corporate Governance Code or the Association of Investment Companies Code of Corporate Governance are deemed to meet this Code." As a company listed on the London Stock Exchange the Company is subject to the Disclosure Rules, the Transparency Rules, and the UK Code but uses the AIC Code instead as it is a member of AIC and considers this appropriate for an investment company and that it provides information that is more relevant to shareholders. As an AIC member domiciled in Guernsey which reports against the AIC Code, the Company is not required to report separately against the Guernsey Code.

AIFMD

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

Risks

Principal risks and uncertainties

The Board is responsible for managing and overseeing risk and reviews and assesses quarterly the impact of risks that it considers apply to the Company that may compromise the achievement of the Company's strategic objectives. These risks encompass the significant risks to which the Company may be exposed, including the macro environment and uncertainties in respect of the valuation of unquoted investments, and their impact on the cash flow modeling employed by the Company. Notes 4 and 18 of the audited consolidated financial statements provide further comment on certain other risks connected with the investments and financial assets / liabilities held by the Company and how they are managed.

Statement of principal risks

The major risks to which the Company may be exposed are ranked by a risk index, considering both likelihood and impact.

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

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

The risks are split into eight main sections: (i) investment risk, (ii) shares trading at a discount, (iii) financial risk, (iv) governance risk, (v) regulatory risk, (vi) operational risk, (vii) macro-economic and other external risks and (viii) valuation risk.

In this year's assessment the Board has continued to consider the impact of the global COVID-19 pandemic on financial markets and on the specific activities of each investee of, or service provider to, the Company. The Board has concluded that, given the nature of the Company, the pandemic is a cause of risk, increasing the likelihood of certain risks crystallizing, rather than a risk in itself. Accordingly, the Board has reassessed the likelihood of those risks and reconsidered whether any additional mitigation is required. The fact that the impact of the pandemic on past activities is known has given some comfort to the Board that the Company's risks are adequately controlled. The risk of mis-valuation of the Company's portfolio is now considered to be stable as the impact on future operations and market comparables is becoming clearer, but it remains a principal risk given its potential impact on NAV and reputation.

The Board also continues to assess the impact of ESG factors on the Company's key risks, primarily within the context of the Investment Manager's ESG framework which seeks to embed ESG into the strategy, direction and goals of portfolio companies and to quantify the impact of its initiatives.

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

Although the conflict between Russia and Ukraine increases the level of geo-political risk the Company has negligible direct exposure to the region, but with the Company's Investment Manager we are closely monitoring the situation, taking into account potential supply chain disruptions and second order effects. The Board has not identified any other emerging risks that could have a significant impact on the Company.

The following table provides details of the six risks that were ranked as having the highest inherent risk likelihood and/or impact at the year-end, together with the mitigating factors.

Key risk	2021 Assessment	Potential impact	Control exercised by the Board
ESG risks (including climate change)	Stable The impact of ESG factors is considered as part of the assessment of all the principal risks listed below and the risk is assessed as stable given the maturity of the Investment Manager's ESG integration process.	Unsuitable investments leading to adverse impact on valuations, the environment and society.	Regular reporting by Investment Manager on their ESG strategy and initiatives and Board training to enable a good understanding of ESG reporting
Lack of suitable investments	Stable This risk was assessed as remaining stable as the Board considers that the investment manager is able to identify suitable investments that meet the investment objectives, with the appropriate mix.	Adverse movement in net asset value versus peer group. Inability to meet target dividend.	Effectiveness of investment strategy reviewed at every Board meeting using performance reports and discussions with brokers and Investment Manager.
Company's shares trading at a material discount compared to peers	Decreasing The risk was assessed as decreasing, as it has improved relative to the sector. However, the Board is aware that the need to adjust the dividend policy last year resulted in more volatility.	Decline in shareholders' mark-to-market valuation and impact on demand from shareholders and prospects.	Monitoring of investor sentiment and expectations and performance vs. peers. Maintenance of good market communication. Maintenance and achievement of dividend target. The Board also considers the discount is due to general market sentiment, rather than Company fundamentals.
Loss from exposure to foreign exchange denominated hedged or unhedged positions	Stable This risk was assessed as stable, while noting that a significant portion of the Group's assets is denominated outside of its Functional Currency and volatility has decreased in the key foreign currency markets	Decrease of net asset value outside the control of the Investment Manager	Quarterly review of foreign exchange exposure report and assessment of hedging strategy, as applicable
Delegation risk – failure of service providers to fulfill contractual obligations to acceptable standards	Stable This risk was assessed as stable as key service providers have maintained adequate resources and met all service requirements.	Financial loss or regulatory breach.	Regular reports on performance of contractual requirements and compliance with regulatory requirements. Review of independent reports on internal controls and systems. On-going assessment by Management Engagement Committee.
Valuation risk – under- or overstating the valuations of private markets investments	Stable This risk was assessed as stable based on continued volatility in market comparable companies, ability for underlying investments to operate normally given government restrictions, together with the need to monitor contractual terms.	Financial loss or reputational risk.	Policies and tools used to determine valuations have been challenged and this remains a significant area for review by the Independent Auditor.

Stakeholder disclosures

The Company is an externally managed investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

Investors	Service providers	Community and environment
Issues that matter to them		
Performance and liquidity of the shares Growth and liquidity of the Company	Reputation of the Company Compliance with law and regulation Remuneration	Informed stewardship of the environments in which the Company operates and acting as a good corporate citizen Compliance with law and regulation Impact of the Company and its activities on third parties
Engagement process		
Annual General Meeting (see detail below) Frequent meetings with investors by brokers and the Investment Manager (at least one of which is attended by the Chair) and subsequent reports to the Board Monthly factsheets and regular news releases Key Information Document Quarterly briefings by the Investment Manager via telephone conference which are attended by at least one Board member who briefs the remainder of the Board Annual and semi-annual financial statements	The two main service providers – Partners Group and Aztec – engage with the Board in face-to-face meetings quarterly, giving them direct input to Board discussions. The Board also considers the views of its corporate brokers and interests of its credit facility lender at each of its meetings. Going forward, all key service providers are asked to complete a questionnaire annually (others on a rotation basis) which includes feedback on their interaction with the Company, and the Board undertakes an annual visit to Partners Group in Switzerland. As noted elsewhere in this report, videoconferencing facilities have been used during 2021 due to the on-going restrictions arising from the COVID-19 pandemic.	The Company itself has only a very small footprint in the local community and only a very small direct impact on the environment. However, the Board acknowledges that it is imperative that everyone contributes to local and global sustainability. The Investment Manager has an ESG framework which is a key element of the investment process which overlays throughout the portfolio.
Rationale and example outcomes		
Clearly investors are the most important stakeholder for the Company. Most of our engagement with investors is about “business as usual” matters, but has also included discussions about the discount of the share price to the NAV. The major decisions arising from this have been for the Board to seek to ensure long-term value (e.g. the decision to commit to the Partners Group long-term investment vehicle) and to seek greater liquidity for the Company’s shares through increasing its profile. In addition, the Board has focused on valuation of assets, a key priority for shareholders, thus ensuring a robust and reliable methodology is applied.	The Company relies on service providers entirely as it has no systems or employees of its own. During the year, the Board initiated the review and updating of agreements with Administrator and Company Secretary to provide clear provisions in respect of duties and responsibilities of all parties. The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The nature of the Company’s investments is such that they do not provide a direct route to influence investees in ESG matters in many areas, but the Board has made its views in this area clear to Partners Group, which, on behalf of the Company and other investors, works closely with investee companies to promote ESG issues as well as financial performance. Further details are set out elsewhere in this document and on the Partners Group website. Board members do travel, partly to meetings in Guernsey, and partly elsewhere on Company business, including for the annual due diligence visit to Switzerland. The Board considers this essential in overseeing service providers and safeguarding stakeholder interests. Otherwise, the Board seeks to minimize travel by the use of conference calls whenever good governance permits.

Engagement processes are kept under regular review. The global COVID-19 pandemic has meant that it has not been possible to carry out many of the face-to-face activities outlined in the table above during 2021, but has replaced them with video or telephone conferences. The Board intends to restart the face-to-face meetings as soon as is permissible. Investors and other interested parties are encouraged to contact the Company via the Investor Relations contacts given on page 96.

Annual general meeting ('AGM')

The Directors propose a separate resolution on each substantial issue tabled at the AGM, including the approval of the consolidated financial statements, and publish on the Company's website www.princess-privateequity.net/en/investor-relations/financial-reports/, shortly after the AGM, details of the valid proxies received, votes for and against and withheld in relation to each resolution. No resolution at the 2021 AGM received more than 0.02% votes against the Board recommendation .

Shareholder information

The net asset value and the net asset value per share are calculated (in Euro) every month at the last business day of each month by Partners Group (Guernsey) Limited, acting as Administrator. The net asset value is calculated in accordance with International Financial Reporting Standards ("IFRS"), which require the Company's direct investments and fund investments to be valued at fair value. Thereafter, it is announced by the Company on its website and submitted to a regulatory information service approved by the UK Listing Authority as soon as practicable after the end of the relevant period.

Dividends

Two dividends of EUR 0.335 each per share were declared on 15 April 2021 and 14 October 2021 and were paid on 24 June 2021 and 17 December 2021 respectively. This compares to dividends of EUR 0.145 per share, being declared on 23 June 2020 and paid on 24 July 2020, together with a second interim dividend of EUR 0.29, per share, declared on 19 November 2020, which was paid on 7 January 2021. Since the December 2017 dividend, shareholders have been able to also elect to get their dividends paid in Sterling or to elect to participate in the Dividend Reinvestment Plan, but this does not result in the issuance of any new shares.

Substantial interests

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

- Bayer-Pensionskasse VVaG - 7.56%
- CCLA Investment Management Limited - 5.05%
- CVP / CAP Coop - 5.07%
- Deutsche Asset Management Investmentgesellschaft - 7.66%
- Rathbone Brothers - 5.26%
- Société Générale Option Europe - 5.31%

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

Share capital

Although the shareholders granted authorization to the Directors to make market acquisitions of ordinary shares, the Company purchased and redeemed / canceled no shares (31 December 2020: nil) during the year.

There was no change in the issued and paid-up share capital as at 31 December 2021 and 31 December 2020. Accordingly, the paid-up share capital as at 31 December 2021 was 69,151,168 ordinary shares of EUR 0.001 each (31 December 2020: 69,151,168 ordinary shares of EUR 0.001 each).

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

Results

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

Key information document

The Company is required to produce and publish this document by U.K. PRIIPs Regulation on key information documents for packaged retail and insurance-based investment products (the "Regulation"). The key information document is available on the Company's website www.princess-privateequity.net/en/investor-relations/kid/ and is subject to an annual review by the Board.

10.3 Committees

Committees of the Board

Audit & Risk Committee

The A&R Committee meets at least four times a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored. It provides a forum through which the Group and Company's Independent Auditor may report to the Board. Furthermore, it ensures that any reports issued by the Board present a fair, balanced, and understandable assessment of the Company's position and prospects. The A&R Committee reviews the annual and semi-annual accounts, results, announcements, internal control systems and procedures, and accounting policies of the Company. It also considers the performance and quality of the external audit and makes appropriate recommendations to the Board concerning the Independent Auditor.

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

- The A&R Committee carries out each year an evaluation of the Independent Auditor as to their independence from the Group and Company and relevant officers of the Group and Company, and that they are adequately resourced and technically capable of delivering an objective audit to shareholders. Based on this evaluation, the A&R Committee recommends to the Board the continuation, removal, or replacement of the Independent Auditor.
- The A&R Committee gives careful consideration before appointing the auditor to provide other services. These other services are generally limited to work that is closely related to the annual audit (such as regulatory and statutory reporting) or where the work is of such a nature that a detailed understanding of the Group's and Company's business is necessary (such as assistance on tax or regulatory matters). Such services will however be assessed on a case-by-case basis so that the best-placed adviser is retained. Where the auditor is engaged to provide additional services, the auditor, in providing these services, utilizes different teams. The Independent Auditor did not provide any non-audit services during the year.
- The A&R Committee reviews the Independent Auditor's confirmation of their independence in accordance with Crown Dependencies' Audit Rules and with Securities and Exchange Commission ("SEC") Independence Rules. In addition to the steps taken by the Board to safeguard auditor objectivity, PricewaterhouseCoopers CI LLP operates a five-year rotation policy for audit engagement leaders on listed companies such as the Company. PricewaterhouseCoopers CI LLP has remained in place as auditor for a considerable number of years and the audit contract has never been put out to tender. However,

the A&R Committee notes that the audit engagement leader was rotated in 2017 and that the Company and Group benefit from the auditor's detailed knowledge of the systems and processes operated by Partners Group. The audit engagement leader will rotate after the 2021 audit. Accordingly, the A&R Committee has not recommended that the external audit appointment be tendered, but the position will be closely monitored. As the Company is not a FTSE 350 company, the external audit contract is not required to be put out to tender at least every ten years.

In addition, the terms of reference for this Committee are available on the Company's website www.princess-privateequity.net/en/about-princess/committees/. The significant areas considered by the A&R Committee during the year were:

- Valuation of private investments – the Committee pays particular attention to this area at each quarterly date, and members of the Board discuss the approach both during those reviews and during the annual visit to the Investment Manager (prior to 30 June 2020, the Investment Advisor). Significant valuation movements are challenged, and disposals are compared to the most recent valuation. Whilst this area is easily the most significant for the financial statements, it is also well understood and subject to an established process, including checks and balances at the Investment Manager (prior to 30 June 2020, the Investment Advisor), as well as to challenge by the Committee and the Independent Auditor. On this basis, the Committee has concluded that the valuation of private investments is fair and reasonable for inclusion in the audited consolidated financial statements.
- Incentive fees are a significant area of the financial statements because of their nature rather than their size. Their calculation is also somewhat complex, being accrued on an investment-by-investment basis in the Company, but often on a "whole fund" basis by underlying vehicles. At each meeting, the Board reviews a schedule of fees accrued and paid, comparing it to the valuation gains recognized on the investments, and the Committee has discussed the accounting for these fees with both the Investment Manager and the Independent Auditor. On this basis, the Committee has concluded that the incentive fees are fair and reasonable for inclusion in the audited consolidated financial statements.

Although the Directors believe that the Company and the Group have a robust framework of internal control in place, this can only provide reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. In addition, the Board recognizes the importance of a sound risk management framework to safeguard the Company's assets, protect the interests of the shareholders, and meet its responsibilities as a listed company.

The A&R Committee approaches its risk review covering qualitative and quantitative matters.

On a quarterly basis, the A&R Committee reviews the principal risks faced by the Company and the Group, covering (i) investment risk, (ii) shares trading at a discount, (iii) financial risk, (iv) governance risk, (v) regulatory risk, (vi) operational risk, (vii) macroeconomic and other external risks, and (viii) valuation risk. For each of these risks the A&R Committee evaluates how these risks could arise, assigns responsibility to control and mitigate such risks, and determines the post-mitigation likelihood and impact of the risk occurring. The A&R Committee makes decisions and requests additional reporting based on these findings.

On an annual basis, the A&R Committee reviews certain quantitative reports covering foreign currency exchange risk, interest rate risk, liquidity risk, market price risk, and counterparty risk as disclosed in the notes to the audited consolidated financial statements. On an annual basis the Board of Directors meets with the internal audit team of Partners Group Holding AG to discuss the upcoming internal audit plan, covering those controls assigned to Partners Group Holding AG and its affiliated entities, and the material results or findings of any reports for the previous period that affect the Company or the Group. Additionally, the Board of Directors is provided, annually by the end of April, with a copy of the Internal Controls report assured by PricewaterhouseCoopers AG in accordance with the International Standard on Assurance Engagement 3402 "Assurance reports on controls at a service organization". This information allows the Board of Directors to assess and monitor the risks associated with the services delegated to Partners Group and to seek clarification or updates.

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

- identify and appraise all risks related to achieving the Company's objectives and principal risks;
- manage and control risk appropriately rather than eliminate it;

- ensure the appropriate internal controls are embedded within the business processes performed by service providers and support the Company's culture which emphasizes clear management responsibilities and accountabilities;
- respond quickly to evolving risks within the Company and the external business environment; and
- include procedures for reporting any control failings or weaknesses to the appropriate level of management together with the details of corrective action.

It should be noted that, due to the restrictions imposed as a result of the global COVID-19 pandemic, the Board was unable to visit the Investment Manager physically during 2021 but utilized videoconferencing facilities to ensure all aspects of the usual visit were covered.

Management Engagement Committee

The ME Committee shall meet no less than once a year and is responsible for reviewing and monitoring service providers and recommending to the Board their continued appointment. Service providers are reviewed on an annual basis. The Board recognizes the importance of monitoring service providers' objectivity and ensuring their independence is not compromised.

In this regard, with respect to the appointment of the Investment Manager, the ME Committee:

- considers if there are any potential conflicts of interest associated with the appointment of the Investment Manager and how the Investment Manager manages these potential conflicts;
- reviews with the Investment Manager any material issues arising from their work that the Investment Manager wishes to bring to the attention of the Committee, whether privately or otherwise;
- reviews the performance of the Investment Manager both in terms of its delivery against the agreement governing its appointment and in terms of its delivery against the objectives of the Company.

Similar considerations are taken into account in the ME Committee's review of all other service providers to the Company. In addition, the terms of reference for this Committee are available on the Company's website <http://www.princess-privateequity.net/en/about-princess/committees/>.

As previously mentioned, during the year, the ME Committee initiated the review and updating of the agreements with the Administrator and Company Secretary to provide clear provisions in respect of duties and responsibilities of all parties. The ME Committee also reviewed Partners Group's established controls to mitigate potential conflicts of interests arising from re-underwriting of assets, and are satisfied with them.

10.4 Corporate matters

Registered office

Tudor House
St. Peter Port
Guernsey
GY1 6BD

Incorporation

The entities of the Group are incorporated and domiciled in Guernsey, Channel Islands.

Investment management arrangements

Princess Management Limited, a wholly owned subsidiary of Partners Group Holding AG, was the Investment Manager to the Company up until 30 June 2020. The Investment Manager was permitted to delegate some or all of its obligations and had entered into an Investment Advisory Agreement (the "Advisory Agreement") with Partners Group AG. However, as of 1 July 2020, the Company has entered directly into an Investment Management Agreement with Partners Group AG (the "Investment Manager"). Details of the management fees are shown within the audited consolidated financial statements. The Investment Management Agreement automatically renews every two years but contains a two-year notice period. Termination will be without penalty or other additional payments, save that the Company will pay management and incentive fees due and additional expenses incurred. The Directors (other than Mr. Haldner, who is not independent of the Investment Manager) have determined that the appointment of the Investment Manager, on the terms of the Investment Management Agreement, is aligned with the interests of shareholders as a whole, given the global reach and expertise of the Investment Manager.

Going concern

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

Company secretary

The secretary of the Company, as at 31 December 2021, was Aztec Financial Services (Guernsey) Limited.

Independent auditor

At a general meeting held on 18 June 2021, PricewaterhouseCoopers CI LLP was re-appointed Independent Auditor of the Company for the period ended 31 December 2021, and the Directors were authorized to fix their remuneration.

R. Battey
Director



S. Le Page
Director



21 March 2022

11. Independent Auditor's report

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Princess Private Equity Holding Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2021, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the Consolidated statement of financial position as at 31 December 2021;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are also independent in accordance with SEC Independence Rules.

Our audit approach

Context

Our 2021 audit was planned and executed having regard to the fact that the operations of the group were largely unchanged from the prior year. In light of this, our overall audit approach in terms of scoping and key audit matters was largely unchanged with continued scrutiny over the valuation of unlisted investments and the calculation of incentive fees.

Overview

Audit scope

- We have performed audit procedures on all items material to the group's consolidated financial statements only.
- Our supporting audit firm (a separate PwC network firm) performed audit work on the consolidated financial statements under our direction and supervision.
- The group's return is driven primarily by the performance of the underlying investment portfolio and so the underlying performance and prevailing trading conditions of these direct and indirect investments in unlisted companies, funds and listed companies are of particular relevance to our audit.

Key audit matters

- Valuation of unlisted investments
- Calculation of incentive fees
- Consideration of the impact of COVID-19

Materiality

- Overall group materiality: €23.7 million (2020: €20.8 million) based on 2.25% of net assets.
- Performance materiality: €17.8 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, and we considered the risk of climate change and the potential impact thereof on our audit approach. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of unlisted investments</i></p> <p>Refer to the Directors' report, the Basis of preparation (note 2), the Principal accounting policies (note 3) and notes 4, 9, 13, 16, 18 and 19 to the consolidated financial statements.</p> <p>The group has a diverse investment portfolio consisting of unlisted investments and listed companies. The valuation of the portfolio of unlisted investments is significant in assessing the financial position and performance of the group and is an area to which significant judgement is often applied and estimates made by the directors.</p> <p>The unlisted investments are valued on a basis considered most appropriate by the directors in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines, dependent on the nature of the underlying business which has been invested in. This includes:</p> <ul style="list-style-type: none"> • Applying a multiple to earnings; • Applying a discount rate to future cash flows; • Using net asset values received from the relevant general partners; and • Using underlying asset valuations. <p>Where a multiple is applied to earnings, the multiple is calculated by taking either a discount or a premium to the multiple of similar companies. This discount or premium typically reflects differences between these companies and the company being valued, for example, size and marketability differences between listed and unlisted companies.</p> <p>Both determining the valuation methodology and determining the inputs to the valuation are subjective and complex. This, combined with the significance of the unlisted investments balance in the consolidated statement of financial position, meant that this was a key audit matter for our current year audit.</p>	<p>We updated and reconfirmed our understanding and evaluation of management's processes and internal controls in so far as they apply to investment valuations, the valuation models used and the areas where significant judgements and estimates are made. We also performed tests over key controls in order to validate their operating effectiveness.</p> <p>The unlisted investments are generally investments in private companies (direct investments) and are initially valued by Partners Group AG (the "Investment Manager") and then subject to review by the Valuation Committee before being recommended to the directors for review, challenge and approval. We discussed with and challenged the Investment Manager as to the appropriateness of the valuation methodology applied, using our knowledge of the investments and the IPEV Guidelines.</p> <p>For a sample of investments, we tested the valuation techniques, using auditor's experts where deemed appropriate, used by the Investment Manager to value these unlisted investments as follows:</p> <ul style="list-style-type: none"> • We obtained the Investment Manager's valuation model containing earnings, trading multiples for listed comparable companies and the multiple used to value the investment, or the relevant cash flows models and discount rates applied; • We challenged the appropriateness of the valuation methodology applied by the Investment Manager, including the availability of representative market data for earnings multiple models and whether a discounted cash flow model would be more appropriate; • We checked the mathematical accuracy of the model; • We obtained the management information including budgets, forecasts and cash flows for the underlying companies being valued. We used this to corroborate the earnings and cash flows being used in the model in relation to the unlisted company being valued. We assessed the appropriateness of the earnings or cash flows being used based on our understanding of the financial performance of the underlying companies, independently confirming a sample of the management information received, and challenged changes made, by the Investment Manager in the application of this input to the valuation; • In testing the Investment Manager's fair valuation process, we assessed trading multiples for the comparable companies identified by the Investment Manager and compared them to the multiples used in the valuation. Where appropriate, we also considered whether any other traded companies may be comparable and considered the impact of their inclusion in the sourced trading multiples on the valuation; • We independently sourced, where appropriate, the inputs to the discount rates used in any discounted cash flow calculations; • We challenged the Investment Manager on any adjustment to the comparable multiples to arrive at the multiple or discount rate used in their valuation. This included considering how these changes compared relative to the performance of the underlying company against the relevant industry sector; • Where underlying net asset valuations were used to value investments in funds (indirect investments), we corroborated these by tracing them to supporting documentation such as capital account statements, which we obtained as at quarter 3 2021. Such source documentation was also used to confirm details such as the group's committed capital, unfunded commitments, percentage ownership and other specific details of the respective fund investments. We then tested the control procedures in place to process quarter 4 2021 investment call and distribution notices before inspecting a sample of the notices substantively; • After year end, we verified the listed market prices at year end for any underlying listed positions held by the indirect investments and assessed a sample of the Investment Manager's fair value adjustments made. We also evaluated the appropriateness of such source documentation by independently confirming a sample thereof with the administrators of the underlying funds. In addition, we evaluated the reliability of this information by comparing such source documentation used in the group's prior year valuations against the audited financial statements issued by the underlying funds in which the group was invested;

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> For the direct investments, we also recalculated the value of the financial instruments held that is attributable to the group. This includes, amongst other procedures, inspecting the contracts supporting the financial instruments in issue by the underlying company and deducting any attributable issued financial instrument value that has a higher ranking than that of the group in the waterfall; For our sample of investments, we performed open source searches to identify any relevant, publicly available information that the Investment Manager had not considered in determining the value of the investments, both during the year and subsequent to the year end. We did not identify any material additional information that had not been considered by the Investment Manager; In addition to the above, we reviewed the Investment Manager's assessment of the uncertainty presented by the COVID-19 pandemic on a portfolio level as well as on an individual investment basis and considered its completeness. This included evaluating the significant assumptions used by the Investment Manager in determining future cash flows or maintainable earnings, for example. Where possible, we compared significant assumptions to external data and benchmarks. We did not identify any additional impacts of COVID-19 on the investment portfolio which required adjustments to valuations; and We challenged the extent to which climate change considerations had been reflected, as appropriate, including the potential impact on the underlying assumptions and estimates. <p>Based on this work, we were satisfied that the assumptions used by the Investment Manager were within an acceptable range and that the calculations were mathematically accurate.</p>
<p><i>Calculation of incentive fees</i></p> <p>See notes 5 and 15 of the consolidated financial statements for further information on the incentive fees payable by the group. Incentive fees comprise amounts accrued and payable to the Investment Manager to compensate them for services provided in a way which aligns their remuneration with the group's investment performance. The incentive fee calculations, which are undertaken in accordance with the investment management agreement between the group and the Investment Manager are complex, which increases the risk of error.</p> <p>Incentive fees are calculated based on the fair value and cash flows of each direct and secondary investment. This calculation is performed separately for each direct and secondary investment, and also includes adjustments for such items as fee rebates. This means that some of the calculations can be based on complex calculations with a number of data inputs; some of which are unobservable, selected by management and therefore subjective and potentially open to bias.</p> <p>We focused on both the accuracy and occurrence of the incentive fee calculation due to the complexity of the calculation and also due to the nature of the incentive fees, which means that there may be an incentive for these to be overstated.</p>	<p>Our audit approach was based upon the specifics of the incentive fee arrangements as set out in the investment management agreement and the notes to the consolidated financial statements, and which are described in the company's offering documents.</p> <p>In assessing the accuracy and occurrence of the incentive fees:</p> <ul style="list-style-type: none"> We obtained a summary of incentive fees charged and examined the offering documents and investment management agreement to ensure that any incentive fees are being calculated and accrued only when the contractual conditions existed for the incentive fee to be recognised; We also ensured that all parameters of the incentive fee were included within the calculation, as set out in the offering documents and investment management agreement; We performed controls testing over the occurrence of the investment disposals, the value of such disposals and the gains realised on such disposals. This included ensuring that the returns achieved exceeded the conditions in place for the incentive fee to be triggered; and We recalculated the incentive fee attributable to the Investment Manager using the applicable methodology. We did not identify any material differences.
<p><i>Consideration of the impact of COVID-19</i></p> <p>The directors and Investment Manager have considered the impact of events that have been caused by the COVID-19 pandemic on the current operations of the group. The extent of the impact of COVID-19 on future performance is unclear and measurement of the effects as they relate to the financial statements entail a significant degree of estimation uncertainty.</p> <p>In assessing the impact of COVID-19, the directors and the Investment Manager have made significant estimates and judgements in the valuation of unlisted investments.</p> <p>As a result of the uncertainty created by COVID-19, we have determined the directors' and the Investment Manager's consideration of the impact of COVID-19 to be a key audit matter.</p>	<p>Our assessment of the directors' and the Investment Manager's consideration of the impact of COVID-19 has been addressed as part of our procedures on the valuation of unlisted investments.</p> <p>Based on the procedures set out in our key audit matter addressing the valuation of unlisted investments, we have not identified any matters to report with respect to the directors' and the Investment Manager's consideration of the impact of COVID-19 and the disclosure of this within the financial statements.</p> <p>In addition to the above, we considered whether changes to working practices caused by COVID-19 had a significant adverse impact on the effectiveness of the group's operations and the control environment at the Investment Manager. We did not identify any significantly adverse impacts.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Scoping was performed at the group level, irrespective of whether the underlying transactions took place within the company or within the subsidiaries.

As the transactions relating to the company and the subsidiaries are all maintained and made available to us by Partners Group (Guernsey) Limited (the "administrator"). Our testing was therefore performed on a consolidated basis using thresholds which are determined with reference to the overall group materiality and the risks of material misstatement identified. As well as being under our direction and supervision, audit work performed by our supporting firm is subject to our review.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	€23.7 million (2020: €20.8 million).
How we determined it	2.25% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to shareholders. It is also a generally accepted measure used for companies in this industry.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was from €14.2 million - €23.7 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to €17.8 million (2020: €15.6 million) for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above €1.2 million (2020: €1.04 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report 2021 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' duties and responsibilities statement, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

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

Report on other legal and regulatory requirements

Company Law exception reporting

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement included within the Directors' report is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.



John Luff
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
21 March 2022

12. Audited consolidated financial statements

Audited consolidated statement of comprehensive income

for the period from 1 January 2021 to 31 December 2021

In thousands of EUR	Notes	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Net income from financial assets at fair value through profit or loss		267,025	97,749
<i>Private equity</i>		262,729	106,941
Interest & dividend income		7,575	1,228
Revaluation	9	233,001	129,043
Withholding tax on direct private equity investments	9	(1,631)	(183)
Net foreign exchange gains / (losses)	9	23,784	(23,147)
<i>Private debt</i>		9,238	(9,912)
Interest income (including payment-in-kind)		1,085	2,370
Revaluation	9	5,789	(9,711)
Withholding tax on direct private debt investments	9	-	(13)
Net foreign exchange gains / (losses)	9	2,364	(2,558)
<i>Private real estate</i>		(124)	(705)
Revaluation	9	(124)	(705)
<i>Private infrastructure</i>		(4,818)	1,425
Revaluation	9	(6,813)	3,719
Net foreign exchange gains / (losses)	9	1,995	(2,294)
Net income from cash & cash equivalents and other income		635	(236)
Net foreign exchange gains / (losses)		635	(236)
Total net income		267,660	97,513
Operating expenses		(56,865)	(26,385)
Management fees	20	(15,285)	(12,979)
Incentive fees	15,20	(39,842)	(10,639)
Administration fees	20	(456)	(414)
Service fees	20	(250)	(250)
Other operating expenses		(1,870)	(1,594)
Other net foreign exchange gains / (losses)		838	(509)
Other financial activities		(32,784)	13,607
Interest expense - credit facilities	14	(219)	(793)
Interest expense - related party loans	20,21	(18)	(60)
Other finance cost		(600)	(1,109)
Net gains / (losses) from hedging activities	11	(31,953)	15,555
Other income		6	14
Surplus / (loss) for period		178,011	84,735
Other comprehensive income for period; net of tax		-	-
Total comprehensive income for period		178,011	84,735

	Notes	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Weighted average number of shares outstanding		69,151,168.00	69,151,168.00
Basic surplus / (loss) per share for period (in EUR)		2.57	1.23
Diluted surplus / (loss) per share for period (in EUR)		2.57	1.23

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

The above audited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Audited consolidated statement of financial position

As at 31 December 2021

In thousands of EUR	Notes	31.12.2021	31.12.2020
ASSETS			
Financial assets at fair value through profit or loss			
Private equity	9,19	852,606	821,209
Private debt	9,19	162,771	51,605
Private real estate	9,19	753	1,329
Private infrastructure	9,19	35,111	29,274
Financial assets at amortized cost			
Deferred receivables on investments	16	5,690	9,006
Other long-term receivables		2,827	2,628
Non-current assets		1,059,758	915,051
Other short-term receivables	19	11,713	8,766
Derivative assets	11,19	-	5,960
Cash and cash equivalents		40,159	31,515
Current assets		51,872	46,241
TOTAL ASSETS		1,111,630	961,292
EQUITY AND LIABILITIES			
Share capital	12	69	69
Reserves		1,054,945	923,265
Total equity		1,055,014	923,334
Short-term credit facility	14	25,000	-
Derivative liabilities	11,19	4,208	-
Accruals and other short-term payables	10	27,408	37,958
Liabilities falling due within one year		56,616	37,958
TOTAL EQUITY AND LIABILITIES		1,111,630	961,292

The above audited consolidated statement of financial position should be read in conjunction with the accompanying notes.

Audited consolidated statement of changes in equity

for the period from 1 January 2021 to 31 December 2021

In thousands of EUR

Balance at the beginning of period

Dividends declared

Surplus / (loss) for period

Equity at end of period

	Share capital	Reserves	Total
	69	923,265	923,334
	-	(46,331)	(46,331)
	-	178,011	178,011
	69	1,054,945	1,055,014

for the period from 1 January 2020 to 31 December 2020

In thousands of EUR

Balance at the beginning of period

Dividends declared

Surplus / (loss) for period

Equity at end of period

	Share capital	Reserves	Total
	69	868,611	868,680
	-	(30,081)	(30,081)
	-	84,735	84,735
	69	923,265	923,334

The above audited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Audited consolidated statement of cash flows

for the period from 1 January 2021 to 31 December 2021

In thousands of EUR	Notes	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Operating activities			
Surplus / (loss) for period before interest expense		178,248	85,588
Adjustments:			
Net foreign exchange (gains) / losses		(29,616)	28,744
Investment revaluation		(231,853)	(122,346)
Withholding tax on direct investments		1,631	196
Net result from interest income		(1,233)	(3,566)
Net result from dividend income		(7,427)	(32)
Revaluation on forward hedges	11	31,953	(15,555)
(Increase) / decrease in receivables		(47,739)	(16,418)
Increase / (decrease) in payables		38,158	4,334
Realized gains / (losses) from forward hedges	11	(21,784)	11,216
Purchase of private equity investments	9	(160,276)	(53,459)
Purchase of private debt investments	9	(134,583)	128
Purchase of private real estate investments	9	26	-
Purchase of private infrastructure investments	9	(11,234)	(2,454)
Distributions from and proceeds from sales of private equity investments	9	384,181	160,902
Distributions from and proceeds from sales of private debt investments	9	29,478	7,512
Distributions from and proceeds from sales of private real estate investments	9	426	699
Distributions from and proceeds from sales of private infrastructure investments	9	579	107
Interest & dividends received		10,602	2,250
Net cash from / (used in) operating activities		29,537	87,846
Financing activities			
Increase in credit facilities	14	67,000	40,500
(Decrease) in credit facilities	14	(42,000)	(88,000)
Increase in related party loans	21	7,250	27,950
(Decrease) in related party loans	21	(7,250)	(27,950)
Interest paid - credit facilities	14	(179)	(1,026)
Interest paid - related party loans	21	(18)	(60)
Dividends declared		(46,331)	(30,081)
Net cash from / (used in) financing activities		(21,528)	(78,667)
Net increase / (decrease) in cash and cash equivalents		8,009	9,179
Cash and cash equivalents at beginning of period		31,515	22,572
Effects of foreign currency exchange rate changes on cash and cash equivalents		635	(236)
Cash and cash equivalents at end of period		40,159	31,515

The above audited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the audited consolidated financial statements

for the period from 1 January 2021 to 31 December 2021

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

The preparation of audited consolidated financial statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas where assumptions, judgments and estimates are significant to the audited consolidated financial statements are disclosed in Note 4, 'Critical accounting estimates and judgments'.

The Directors of the Company have elected to prepare audited consolidated financial statements for Princess Private Equity Holding Limited for the period ended 31 December 2021 as the parent of the Group and therefore, in accordance with Section 244(5) of The Companies (Guernsey) Law, 2008, they are not required to prepare individual accounts for the financial period for Princess Private Equity Holding Limited in accordance with Section 243 of The Companies (Guernsey) Law, 2008.

3 Principal accounting policies

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

From 1 January 2021, the following existing revised IFRS and interpretations to existing standards were required to be adopted. The Group has consequently adopted all relevant and below-mentioned standards since 1 January 2021:

Phase 2 amendments to IFRS 7 Financial instruments: Disclosures, IFRS 9 Financial instruments and IAS 39 Financial instruments: Recognition and measurement (effective from 1 January 2021) - Interest rate benchmark reform.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the audited consolidated financial statements of the Group.

The following standards, or amendments to existing standards, which are mandatory for future accounting periods, but where early adoption is permitted now, have not been adopted:

Amendments to IFRS 3 Business combinations (effective from 1 January 2022) - Reference to the Conceptual Framework;

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets (effective from 1 January 2022) - Onerous Contracts - Cost of Fulfilling a Contract;
 Annual Improvements to IFRS Standards 2018-2020 Cycle (effective from 1 January 2022);
 Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from 1 January 2022) - Subsidiary as a first-time adopter;
 Amendments to IFRS 9 Financial Instruments (effective from 1 January 2022) - Fees in the '10 per cent' test for derecognition of financial liabilities;
 Amendments to IAS 1 Presentation of Financial Statements (effective from 1 January 2023) - Classification of liabilities;
 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective from 1 January 2023) - Definition of Accounting Estimates;
 Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective from 1 January 2023) - Disclosure of Accounting Policies;
 Amendments to IAS 12 Income Taxes (effective from 1 January 2023) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The impact of these new accounting standards and interpretations is currently being assessed and it is expected that it will not significantly affect the Group's results of operations or financial position.

Segmental reporting

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

Consolidation

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

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

As a result, the Group does not consolidate any entities other than the Subsidiary and Sub-Subsidiary (the "Subsidiaries"), as further described in Note 4, "Critical accounting estimates and judgments".

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

A list of the Group's subsidiaries is set out in a subsequent note (Note 22). The consolidation is performed using the purchase method. All Group companies have 31 December as the end of their reporting periods.

Net income from short-term investments and cash and cash equivalents

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

Expenditure

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

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the economic environment in which the entity operates (the "Functional Currency") that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Group's economic environment has been assessed and determined in accordance with the primary and secondary indicators defined in IAS 21 - The Effects of Changes in Foreign Exchange Rates. The audited consolidated financial statements are presented in Euros, which is the Company and Group's Functional Currency.

(b) Transactions and balances

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

Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Group classifies its investments based on both the Group's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Group has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Group's debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Group business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Where the Group has hedged the value of non-Functional Currency investments against the Functional Currency the Group does not use hedge accounting as defined in IFRS 9. Derivative financial instruments are classified as financial assets and financial liabilities at fair value through profit or loss in accordance with IFRS 9. They are initially recognized in the audited consolidated statement of financial position at fair value and are subsequently remeasured to fair value. As a result, the realized gains/losses and the unrealized changes in fair value are recognized in the audited consolidated statement of comprehensive income under the heading "Other financial activities". The fair values of various derivative instruments used for hedging purposes, if any, are disclosed in the notes.

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

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

(b) Recognition and derecognition

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

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

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

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

(c) Measurement

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

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

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

(d) Fair value estimation

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

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

Short-term investments

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

Offsetting financial instruments

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

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and term deposits with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are stated at the carrying amount as this is a reasonable approximation of fair value. Bank overdrafts are included within liabilities falling due within one year in the audited consolidated statement of financial position. Cash and cash equivalents may include unrestricted variation margin balances received from counterparties as collateral on derivative asset positions, which are due back to those counterparties on settlement of the derivatives.

Other short-term receivables and long-term receivables

Other short-term receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets unless the maturities are more than twelve months after the end of the reporting period, where they are classified as non-current assets. Other short-term receivables are stated at the contractual amount less impairment, if any, as this is a reasonable approximation of fair value. Other short-term receivables may include variation margin balances paid to counterparties on derivative liability positions, which are due back from those counterparties on settlement of the derivatives.

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

Deferred receivables

Deferred receivables meet the definition of a financial asset as they represent a contractual right to receive cash for a specified amount at a specified date. Deferred receivables which represent a financial asset are initially measured at fair value. Subsequently these are measured at amortized cost using the effective interest rate method. At the end of the reporting period, the Group shall measure the loss allowance on outstanding balance at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If however, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. They are classified as assets falling due within one year unless the maturities are more than 12 months after the end of the reporting period where they are classified as assets falling due after one year. A deferred receivable is derecognized when the obligation to receive the specifically identified cash flows has been fulfilled, expired, or there are no reasonable expectations of recovering those cash flows in its entirety or a portion thereof.

Accruals and other short-term payables

Accruals and other short-term payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are classified as liabilities falling due within one year unless the maturities are more than twelve months after the end of the reporting period where they are classified as liabilities falling due after one year. Accruals and short-term payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accruals and other short-term payables may include variation margin balances received as cash from counterparties on derivative asset positions, which are payable back to those counterparties on the settlement of the derivatives.

Borrowings

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

Deferred payments

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

Equity

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

4 Critical accounting estimates and judgments

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

Unlisted investments

For the valuation of such investments the Investment Manager reviews the latest information provided by underlying investments and other business counterparties, which frequently does not coincide with the valuation date, and applies widely recognized market and income valuation methods to such information such as time of last financing, earnings and multiple analysis, discounted cash flow method and third-party valuation as well as market prices to estimate a fair value as at the end of the reporting period.

Critical judgments

In order to determine the underlying assumptions of such methods significant judgment is required. The areas of such judgment include, but are not limited to:

- Selection of valuation technique;
- Selection of a set of comparable listed companies;
- Selection of performance measures of such listed companies in order to determine comparable trading multiples;
- Selection of recent transactions for the sales comparison method; and
- Identification of uncertain tax positions.

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

The Investment Manager adheres to fair value assessment procedures that are determined independently of its investment committee as part of the continuous evaluation of the fair value of the underlying unquoted investments.

Critical estimates

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

- Determination of adjustments to comparable trading multiples based on qualitative factors;
- Determination of future cash flows;
- Determination of applicable discount rates considering own and counterparties' credit risk;
- Determination of applicable capitalization rates for the income method;
- Determination of price within the bid-ask spread for investments with available broker quotes;
- An underlying investment's most recent reporting information, including a detailed analysis of underlying company performance and investment transactions with the Indirect Investments between the latest available reporting information of the underlying investment and the end of the reporting period of the Group;
- Review of a Direct Investment's most recent accounting and cash flow reports and models, including data supplied by both the sponsor and the company and any additional available information between the date of these reports and the end of the reporting period of the Group;
- Review of recent transaction prices and merger and acquisition activity for similar Direct Investments;
- Review of the Indirect Investment's application of generally accepted accounting principles and the valuation method applied for its underlying investments, such as discounted cash flow and multiple analysis, which are based on available information;
- Review of current market environment and the impact of it on the Direct and Indirect Investments; and
- Determination of the impact of uncertain tax positions on the valuation.

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

Cash flow modeling

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

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

Critical estimates

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

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

There are judgments made, based on assumptions concerning the future, and uncertainty in the estimates in the cash flow modeling method and as such the Investment Manager, on instruction from the Board of Directors, continuously compares these assumptions against actual market and business developments and revises the cash flow model accordingly.

Investment entity status of Subsidiaries

The assessment whether to consolidate the Subsidiaries which relate to the Group's investment activities requires judgment as to whether those Subsidiaries meet the definition of an Investment Entity in IFRS 10 and provide services that relate to the Company's investment activities. Management has assessed the amendment to IFRS 10 (effective 1 January 2016) and concluded that each of the Subsidiaries does not meet the definition of an Investment Entity in accordance with IFRS, primarily because each of the Subsidiaries has a single investor, which is a related party. Each of the Subsidiaries' primary services is to provide investment-related services to the parent company, including but not limited to providing investment management services to the Company and acting as guarantor to the Company of its short-term credit facility.

5 Expenses

Management fees

With effect from 1 July 2020, Partners Group AG has taken over the appointment as the Investment Manager to the Company from Princess Management Limited. Under the Investment Management Agreement ("IMA") between the Company and Investment Manager, the Company pays quarterly management fees to the Investment Manager in arrears. The quarterly management fees are calculated as 0.375% of the private equity asset value which is the higher of (i) the net asset value of the Company and (ii) the value of the assets less any temporary investments of the Company, plus the amount of the Company's unfunded commitments to make investments.

The below highlights the changes in management fees calculation basis effective 1 July 2020:

- (i) The private equity asset value excludes the unfunded commitments of primary and secondary investments; and
- (ii) The management fees are reduced or offset by the amount that would have been charged had the rate in relation to the loan master fund investment been 0.6% per annum.

Administration fees

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

Service fees

In connection with the appointment of Partners Group AG as Investment Manager to the Company, Princess Management Limited transferred all its rights, obligations and liabilities to the Investment Manager under the Novation and Amendment of the Investor Relations Agreement. For the services provided, the Company pays the Investment Manager a quarterly compensation of EUR 62,500 excluding value added tax, if any, including any overhead, travel, out-of-pocket, information technology, and other infrastructure expenses in connection with the provision of services under the agreement.

Incentive fees

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

Distributions of cash proceeds derived from each secondary investment are distributed to the Company or due to the Investment Manager as incentive fees in the following order of priority: (i) the Company receives 100% of all distributions derived from the relevant secondary investment ("relevant distributions") until it has received relevant distributions equal to its acquisition cost in respect of the relevant secondary investment plus an amount (the "preferred return") calculated at the rate of 8% per annum compounded annually on the amount outstanding in respect to the relevant secondary investment from time to time, taking into account the timing of the relevant cash flows; (ii) thereafter, incentive fees equal to 100% of further relevant distributions received by the Company are due and payable to the Investment Manager until such time as the Investment Manager has received 10% of the sum of the preferred return distributed to the Company and the incentive fees due and payable to the Investment Manager; and (iii) thereafter, additional incentive fees equal to 10% of further relevant distributions received by the Company are due and payable to the Investment Manager.

Distributions of cash proceeds derived from each Direct Investment are distributed to the Company or due to the Investment Manager as incentive fees in the following order of priority: (i) the Company receives 100% of all distributions derived from the relevant Direct Investment ("relevant distributions") until it has received relevant distributions equal to its acquisition cost in respect of the relevant Direct Investment plus an amount (the "preferred return") calculated at the rate of 8% per annum compounded annually on the amount outstanding in respect to the relevant Direct Investment from time to time, taking into account the timing of the relevant cash flows; (ii) thereafter, incentive fees equal to 100% of further relevant distributions received by the Company are due and payable to the Investment Manager until such time as the Investment Manager has received 15% of the sum of the preferred return distributed to the Company and the incentive fees due and payable to the Investment Manager; and (iii) thereafter, additional incentive fees equal to 15% of further relevant distributions received by the Company are due and payable to the Investment Manager.

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

The foreign currency exchange fluctuations are included in this calculation.

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

Audit fees

During the reporting period, the Company paid audit fees in the amount of EUR 122,648 (2020: EUR 117,448).

6 Taxation

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

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

7 Dividends

During the reporting period, the Board of Directors of Princess Private Equity Holding Limited declared two interim dividends, each of EUR 0.335 per ordinary share, which were paid on 24 June 2021 and 17 December 2021 respectively, in total amounting to EUR 46.3 million (2020: paid two interim dividends of EUR 0.145 and EUR 0.29 per ordinary share, in total amounting to EUR 30.1 million).

8 Segment calculation

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

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

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

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

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

In thousands of EUR	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Private equity		
Interest & dividend income	7,575	1,228
Revaluation	233,001	129,043
Withholding tax on direct private equity investments	(1,631)	(183)
Net foreign exchange gains / (losses)	23,784	(23,147)
Total net income private equity	262,729	106,941
Segment result private equity	262,729	106,941
Private debt		
Interest income (including payment-in-kind)	1,085	2,370
Revaluation	5,789	(9,711)
Withholding tax on direct private debt investments	-	(13)
Net foreign exchange gains / (losses)	2,364	(2,558)
Total net income private debt	9,238	(9,912)

In thousands of EUR	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Segment result private debt	9,238	(9,912)
Private real estate		
Revaluation	(124)	(705)
Total net income private real estate	(124)	(705)
Segment result private real estate	(124)	(705)
Private infrastructure		
Revaluation	(6,813)	3,719
Net foreign exchange gains / (losses)	1,995	(2,294)
Total net income private infrastructure	(4,818)	1,425
Segment result private infrastructure	(4,818)	1,425
Non-attributable		
Net foreign exchange gains / (losses)	635	(236)
Total net income non-attributable	635	(236)
Segment result non-attributable	(56,230)	(26,621)
Other financial activities not allocated	(32,784)	13,607
Surplus / (loss) for period	178,011	84,735

9 Financial assets at fair value through profit or loss

9.1 PRIVATE EQUITY

In thousands of EUR	31.12.2021	31.12.2020
Balance at beginning of period	821,209	822,801
Purchase of Direct and Indirect Investments	160,276	53,459
Distributions from and proceeds from sales of Direct and Indirect Investments	(384,181)	(160,902)
Accrued cash and payment-in-kind interest	148	138
Revaluation	233,001	129,043
Withholding tax on direct private equity investments	(1,631)	(183)
Net foreign exchange gains / (losses)	23,784	(23,147)
Balance at end of period	852,606	821,209
Movement in unrealized gains / (losses) still held at end of period	(7,443)	(22,597)

The balance at the beginning of the period includes investments classified as level 1, in accordance with IFRS 13, with a fair value of EUR 9,320,151 (2020: EUR 7,764,394). The balance at the end of the period includes investments classified as level 1, in accordance with IFRS 13, with a fair value of EUR 29,411,444 (2020: EUR 9,320,151). During the reporting period, certain investments with a fair value of EUR 23,819,422 were transferred out of level 2 into level 1 (2020: EUR 2,166,923, EUR 9,320,151 and EUR 23,576,750 were transferred out of level 1 into level 2, out of level 3 into level 1 and out of level 3 into level 2, respectively).

9.2 PRIVATE DEBT

In thousands of EUR	31.12.2021	31.12.2020
Balance at beginning of period	51,605	70,316
Purchase of Direct and Indirect Investments	134,583	(128)
Distributions from and proceeds from sales of Direct and Indirect Investments	(29,478)	(7,512)
Accrued cash and payment-in-kind interest	663	1,211
Interest received	(2,755)	-
Revaluation	5,789	(9,711)
Withholding tax on direct private debt investments	-	(13)
Net foreign exchange gains / (losses)	2,364	(2,558)
Balance at end of period	162,771	51,605
Movement in unrealized gains / (losses) still held at end of period	(3,451)	(9,042)

Purchase of Direct and Indirect Investments represents capital calls from underlying investments made by the Group. The amounts invested may be negative for certain investments and this may occur where either the Group has invested into underlying investments and received rebates on fees charged within such underlying investments, or where an underlying third-party investment has returned monies to the Group which have been previously called but unutilized.

9.3 PRIVATE REAL ESTATE

In thousands of EUR	31.12.2021	31.12.2020
Balance at beginning of period	1,329	2,733
Purchase of Direct and Indirect Investments	(26)	-
Distributions from and proceeds from sales of Direct and Indirect Investments	(426)	(699)
Revaluation	(124)	(705)
Balance at end of period	753	1,329
Movement in unrealized gains / (losses) still held at end of period	(576)	(1,404)

Purchase of Direct and Indirect Investments represents capital calls from underlying investments made by the Group. The amounts invested may be negative for certain investments and this may occur where either the Group has invested into underlying investments and received rebates on fees charged within such underlying investments, or where an underlying third-party investment has returned monies to the Group which have been previously called but unutilized.

9.4 PRIVATE INFRASTRUCTURE

In thousands of EUR	31.12.2021	31.12.2020
Balance at beginning of period	29,274	25,502
Purchase of Direct and Indirect Investments	11,234	2,454
Distributions from and proceeds from sales of Direct and Indirect Investments	(579)	(107)
Revaluation	(6,813)	3,719
Net foreign exchange gains / (losses)	1,995	(2,294)
Balance at end of period	35,111	29,274
Movement in unrealized gains / (losses) still held at end of period	(4,817)	1,426

10 Accruals and other short-term payables

As at the end of the reporting period, accruals and other short-term payables mainly include accrued incentive fees and quarterly management fees accrued in arrears in the amounts of EUR 17,530,726 and EUR 3,820,259 respectively (2020: accrued incentive fees, declared interim dividends due to shareholders, and quarterly management fees accrued in arrears in the amounts of EUR 19,524,906, EUR 4,311,576, and EUR 3,500,726 respectively).

11 Foreign exchange forward / option contracts

In thousands of EUR	31.12.2021	31.12.2020
Foreign exchange forward contracts		
Unrealized gains / (losses)	(10,169)	4,339
Realized gains / (losses)	(21,784)	11,216
Total gains / (losses) from forward contracts	(31,953)	15,555

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

Open foreign exchange forward/option contracts	Volume of currency sold (in thousands)	Volume of currency bought (in thousands)	Value date	Fair value (in thousands of EUR)
As at 31.12.2021				
Foreign exchange forward contract	USD 57,300	EUR 49,182	20.01.2022	(1,274)
Foreign exchange forward contract	USD 57,200	EUR 49,099	20.01.2022	(1,269)
Foreign exchange forward contract	INR 2,172,000	EUR 24,575	20.01.2022	(1,081)
Foreign exchange forward contract	GBP 34,890	EUR 41,169	20.01.2022	(263)
Foreign exchange forward contract	USD 67,700	EUR 58,996	24.02.2022	(574)
Foreign exchange forward contract	USD 67,700	EUR 58,997	24.02.2022	(573)
Foreign exchange forward contract	CHF 26,750	EUR 25,681	16.03.2022	(125)
Foreign exchange forward contract	ILS 88,350	EUR 25,251	16.03.2022	339

Foreign exchange forward contract	USD 99,600	EUR 88,214	16.03.2022	612
-----------------------------------	------------	------------	------------	-----

As at 31.12.2020

Foreign exchange forward contract	GBP 30,000	EUR 33,117	27.01.2021	(378)
Foreign exchange forward contract	EUR 32,853	USD 39,800	27.01.2021	(338)
Foreign exchange forward contract	GBP 15,630	EUR 17,188	27.01.2021	(263)
Foreign exchange forward contract	USD 60,900	EUR 51,914	27.01.2021	2,160
Foreign exchange forward contract	USD 93,400	EUR 78,675	27.01.2021	2,370
Foreign exchange forward contract	INR 1,877,000	EUR 21,245	28.01.2021	294
Foreign exchange forward contract	USD 23,600	EUR 19,300	24.02.2021	31
Foreign exchange forward contract	USD 60,800	EUR 51,189	24.02.2021	1,547
Foreign exchange forward contract	USD 11,100	EUR 9,120	17.03.2021	60
Foreign exchange forward contract	USD 100,000	EUR 82,094	17.03.2021	477

12 Share capital, treasury shares, and reserves**12.1 CAPITAL**

In thousands of EUR	31.12.2021	31.12.2020
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

At the annual general meeting held in June 2021, the shareholders renewed the authority granted to the Directors to purchase up to 14.99% of the issued share capital of the Company (2020: at the annual general meeting held in May 2020, the shareholders renewed the authority granted to the Directors to purchase up to 14.99% of the issued share capital of the Company).

During the reporting period, the Company did not buy back shares (2020: none). As disclosed in the table above, no shares were canceled during the reporting period and no shares were held as treasury shares at the end of the reporting period (2020: none).

The total authorized shares consist of 200,100,000 ordinary shares of EUR 0.001 each (total value EUR 200,100) (2020: 200,100,000 ordinary shares of EUR 0.001 each).

12.2 RESERVES

The Directors have decided to present Reserves and Retained earnings as one reserve, both of which are distributable reserves and similar in nature. This presentation remains consistent for the reporting period.

13 Commitments to Direct and Indirect Investments

In thousands of EUR	31.12.2021	31.12.2020
Unfunded commitments translated at the rate prevailing at end of period	116,600	106,623

14 Short-term credit facility

The Company entered into a multi-currency revolving credit facility with an international financial institution. The purpose of the facility is to provide funding for the acquisition of underlying investments and other working capital requirements.

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 and the previous reporting period, no event of default has occurred.

Date of entering the agreement	27 July 2011
Amendment date	9 December 2021
Date of termination of the agreement	13 December 2024
Total Lending commitment	EUR 80,000,000
Basis of the interest on principal drawn is: Margin +	LIBOR in relation to any loan in USD; EURIBOR in relation to any loan in EUR; or SONIA + credit adjustment spread in relation to any loan in GBP

During 2021, the LIBOR has been replaced with the SONIA in relation to any loan in GBP. The USD LIBOR will be replaced with the SOFR plus a credit adjustment spread not later than 1 July 2023.

In thousands of EUR	31.12.2021	31.12.2020
Short-term credit facility		
Balance at beginning of period	-	47,500
Increase in credit facility	67,000	40,500
(Decrease) in credit facility	(42,000)	(88,000)
Balance at end of period	25,000	-

15 Incentive fees

In thousands of EUR	31.12.2021	31.12.2020
Balance at beginning of period	19,525	26,913
Change in incentive fees attributable to Investment Manager	39,842	10,639
Incentive fees paid/payable	(41,837)	(18,027)
Balance at end of period	17,530	19,525
Incentive fees accrued	55,518	59,288
Incentive fees rebates accrued	(37,988)	(39,763)
Total net incentive fees	17,530	19,525

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

16 Deferred receivables on investments

In thousands of EUR	31.12.2021	31.12.2020
Deferred receivables on investments	5,690	9,006

As at the end of the reporting period, other long-term receivables of EUR 5,690,467 (2020: EUR 9,005,931) pertain to the deferred sales proceeds, to be received on or before 2 June 2023, arising from the sale of one of its underlying investments.

17 Earnings per share and net assets per share

Basic earnings per share are calculated by dividing the surplus or loss for the financial period attributable to the shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares, if any. There were no dilutive effects on the Company's shares during 2021 and 2020.

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

In thousands of EUR	31.12.2021	31.12.2020
Net assets of the Group	1,055,014	923,334
Outstanding shares at the end of the reporting period	69,151,168.00	69,151,168.00
Net assets per share at period end	15.26	13.35

18 Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. There is also counterparty risk from bank balances and derivatives (and money market instruments if held by the Group). That would be the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Group. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign currency exchange forward or option contracts to hedge certain financial risk exposures.

Following a prolonged period of uncertainty, the global economy and financial markets are showing strong signs of recovery as global vaccination campaigns progress. As the market has regained confidence, investment activity has picked up significantly across private markets. However as the pandemic is not yet behind us, operations, financial condition, liquidity and cash flows of the Group and its underlying portfolio companies and industries will continue to be impacted for an indefinite period of time. Based on current information, the Group is not aware of any material unrecorded impact on the audited consolidated financial statements arising from the COVID-19 outbreak. In addition, there is no indication that the going concern assumption of the Group is inappropriate.

The European Union and Britain agreed upon a post-Brexit trade deal on 24 December 2020. There have been economic consequences on investments with UK exposure, which have implications for all aspects of financial risk management. Exposure to increased foreign currency volatility resulting from Brexit is disclosed in section 17.1. These broader economic consequences (immaterial given the Group's low exposure to the UK) include the impact on interest rate risk, credit risk, liquidity risk, capital risk, and market price risk.

The discontinuation of non-USD interbank offered rates ("IBORs") and transition to alternative reference rates was completed at the end of 2021. Partners Group did not experience any significant disruption to its processes from the ongoing transition, nor was there any significant impact on the risks that were previously identified in the Group, including interest rate risk, credit risk, liquidity risk, capital risk and market price risk. As part of the transition to using alternative reference rates, Partners Group had regularly performed risk assessments on the resulting potential impact on its assets under management, balance sheet, investments, valuations, and investors. As at the end of the reporting period, the overall risk is assessed to be limited, with identified changes required to systems, processes, and models. The impacted underlying agreements with relevant counterparties in relation to the transition to the use of alternative reference rates have been updated as at the end of 2021.

This transition project is considering changes to systems, processes, and risk management, as well as managing any related tax and accounting implications also with respect to the USD LIBOR transition. As at the end of the reporting period, changes required to systems and processes have been identified and will be implemented upon transition to the alternative benchmark rate expected at the latest in 2023.

18.1 FOREIGN CURRENCY EXCHANGE RISK

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

The annual volatility analysis uses cross-currency rates from 1 January 2001 to the relevant period end in order to incorporate long-term rate volatility trends. The analysis is based on the assumption that the non-Functional Currency fluctuates by the annual volatility percentage, with all other variables held constant, and the amount by which the value of applicable net assets would correspondingly fluctuate higher or lower is presented below. The foreign currency exposures below are presented net of any foreign currency hedging instruments outstanding as at the end of the respective period.

In thousands of EUR	31.12.2021	31.12.2020
Net assets denominated in AUD	4	5
Net assets denominated in CHF	2,928	12,240
Net assets denominated in GBP	5,232	(1,173)
Net assets denominated in SEK	7	1
Net assets denominated in USD	79,258	48,547
Net assets denominated in INR	(3,389)	(3,259)
Net assets denominated in ILS	(24,972)	-
Applicable annual volatility AUD	9.04%	9.16%
Applicable annual volatility CHF	6.28%	6.38%
Applicable annual volatility GBP	7.68%	7.80%
Applicable annual volatility SEK	5.51%	5.58%
Applicable annual volatility USD	9.42%	9.54%
Applicable annual volatility INR	9.15%	9.25%
Applicable annual volatility ILS	8.67%	8.30%
Fluctuation of net assets and corresponding results depending on above-mentioned volatility	5,578	5,020

Certain Indirect Investments held within the Group's portfolio contain exposure to underlying portfolio investment denominated in ILS, while such Indirect Investments' functional and reporting currency is a currency other than ILS. Where the ILS is considered to be significant to the Group, it is hedged against the Group's Functional Currency. As a result, the table above contains net assets denominated in ILS, which are reflective of the notional value ILS amount sold as part of the respective hedging transactions, translated into the Group's Functional Currency at the applicable foreign currency exchange rate at the end of the reporting period.

18.2 INTEREST RATE RISK

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

Cash and cash equivalents are only short-term and therefore interest rate exposure is limited. Excess cash balances may be placed into instruments with fixed interest rates when necessary. As at 31 December 2021, there were no term deposits (2020: nil).

The interest rates quoted against the general market are analyzed as part of the Group's liquidity monitoring process to ensure that these are competitive and action is taken when appropriate.

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

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

The risk exposures of the Group to variable rate instruments are presented in 'Variable Rate Instruments'. The sensitivity of the Group's variable rate instruments to movements in interest rates is presented as at the end of each relevant reporting period.

18.3 VARIABLE RATE INSTRUMENTS

In thousands of EUR	31.12.2021	31.12.2020
Mezzanine and senior debt investments	12,795	30,185
Cash and cash equivalents	40,159	31,515
Credit facility	(25,000)	-
Total variable rate instruments	27,954	61,700

As at 31 December 2021, the Group holds EUR 7,990,529 in private debt financial assets where the interest on principal drawn is calculated using the USD LIBOR and will be replaced with the SOFR or an alternative benchmark rate at the latest in 2023.

18.4 SENSITIVITY ANALYSIS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	70	(70)

18.5 SENSITIVITY ANALYSIS PREVIOUS REPORTING PERIOD

In thousands of EUR	25bp increase	25bp decrease
Impact on variable rate instruments	154	(154)

18.6 CREDIT RISK

Whilst the Group intends to diversify its portfolio of investments, the Group's investment activities may result in credit risk relating to investments in which the Group has direct or indirect (through underlying investments and investments in subsidiaries) exposure. A negative credit development or a default of an investment in which the Group has direct or indirect exposure will lead to a lower net asset value and to lower dividend and interest income from assets within the private debt operating segment or where the Group holds a direct interest. In addition, the Investment Manager regularly conducts a concentration risk analysis on the underlying investments and has concluded that no action needs to be taken.

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

Derivative counterparties and cash transactions are typically limited to high credit quality financial institutions, which are governed by an internal rating system calculated based on publicly available data and takes into account the ratings assigned by credit rating agencies such as Moody's and Standard & Poor's. However, in certain rare circumstances, the Investment Manager's best execution committee has the authority to approve such transactions with specific counterparties who do not have ratings as a one-off authorization, with considerations related to best execution price, liquidity and availability of other counterparties. The Investment Manager ensures that surplus cash is invested in temporary investments. In addition, where the Group holds significant amounts of cash the Investment Manager may seek to diversify this exposure across multiple financial institutions.

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

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

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

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

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

18.7 RATING OF MEZZANINE AND SENIOR DEBT INVESTMENTS

In thousands of EUR	31.12.2021	31.12.2020
Too early	-	-
With issues	8,146	15,019
On plan	4,649	15,166
Above plan	-	-
Outperformer	-	-
Total	12,795	30,185

18.8 DURATION OF CREDIT RISK REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Derivative assets	-	-	-
Cash and cash equivalents	40,159	-	-
Other short-term receivables	11,713	-	-
Other long-term receivables	2,827	-	-
Deferred receivables on investments	5,690	-	-
Mezzanine and senior debt investments	12,795	-	-

As at the end of the reporting period, the Group held cash of EUR 40,158,933 with two international Swiss-based banking groups which at that date had ratings of Baa1 (Moody's) and Aaa (Moody's).

18.9 DURATION OF CREDIT RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Not past due	Past due less than 1 year	Past due more than 1 year
Derivative assets	5,960	-	-
Cash and cash equivalents	31,515	-	-
Other short-term receivables	8,766	-	-
Other long-term receivables	2,628	-	-
Deferred receivables on investments	9,006	-	-
Mezzanine and senior debt investments	30,185	-	-

As at the end of the previous reporting period, the Group held cash of EUR 31,514,763 with two international Swiss-based banking groups which at that date had ratings of Baa1 (Moody's) and Aaa (Moody's).

18.10 LIQUIDITY RISK

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

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

As the unfunded commitments can be drawn at any time, there may be periods when the Group appears to have inadequate liquidity to fund its investments or settle other amounts payable by the Group due to either changes in foreign currency exchange rates that have an impact on the fair value of hedges and unfunded commitments to underlying investments or the receipt of callable distributions from underlying investments that increase the unfunded commitments to such investments without a corresponding increase in unfunded commitments due from investors. The liquidity risk is managed through the use of quantitative models by the Investment Manager's internal risk committee on a quarterly basis. If the risk committee concludes that there is a risk of insufficient liquidity to fund investments, actions are taken into consideration such as entering into a credit facility, reducing the amount of listed private equity, if any, or the selling of investments on the secondary market.

The Group's financial instruments include investments in unlisted securities, which are not traded in an organized public market and may generally be illiquid. As a result, the Group may not be able to quickly liquidate its investments in these instruments at an amount close to fair value in order to respond to its liquidity requirements or to specific events such as deterioration in their creditworthiness. In the event of the risk of insufficient liquidity extending over a time horizon of at least twelve months into the future, the Group can seek additional liquidity by means of third-party financing or, alternatively, disposal of investments in the secondary market.

During the previous reporting period, the Group has put additional measures in place in order to assess its short-term and long-term liquidity risk in response to the COVID-19 outbreak. The assessment is primarily based on bottom-up inputs on the cash needs for both Direct and Indirect Investments, where applicable. For lead Direct Investments, the Group has worked closely with the management of the respective companies to receive such inputs. For Indirect Investments, the inputs are based on the Group's interactions with its governing bodies. Additional cash needs are also considered, such as the potential impact arising from foreign currency hedging, fees and expenses of the Group. The liquidity risk of its underlying Partners Group investments, where applicable, has been assessed by means of forward-looking liquidity indicators such as the forward-looking unfunded commitment ratio and forward-looking overcommitment ratio, after considering their anticipated cash needs and cash sources. Additional actions have been put in place if potential liquidity constraints are showing up. Such measures include increase of existing borrowing limits, set-up of new credit facilities or increase of cash and cash equivalents' buffers.

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

18.11 LIQUIDITY RISK REPORTING PERIOD

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Unfunded commitments to Direct and Indirect Investments	(116,600)	-	-
Liabilities falling due within one year	(34,878)	(17,530)	-
Derivative liabilities	(4,208)	-	-
Current assets	51,872	-	-
Other long-term receivables	-	-	2,827
Deferred receivables on investments	-	-	5,690
Undrawn credit facility	55,000	-	-
Total	(48,814)	(17,530)	8,517

18.12 LIQUIDITY RISK PREVIOUS REPORTING PERIOD

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Unfunded commitments to Direct and Indirect Investments	(106,623)	-	-
Liabilities falling due within one year	(18,433)	(19,525)	-
Derivative assets	5,960	-	-

In thousands of EUR	Less than 3 months	3 to 12 months	More than 12 months
Current assets	40,281	-	-
Other long-term receivables	-	-	2,628
Deferred receivables on investments	-	-	9,006
Undrawn credit facility	80,000	-	-
Total	1,185	(19,525)	11,634

18.13 OVERCOMMITMENT TO INVESTMENTS

As a result of maintaining a substantially full investment level over time, the Group may be subject to the risk of a shortfall of liquidity available to meet its obligations in extreme events when distribution from investments is delayed or drawdowns from commitments to funds are accelerated significantly beyond the expected values. To mitigate this risk, the development of liquidity available and the outlook for the net cash flows of the Group based on a quarterly assessment utilizing quantitative cash flow forecast models and prevailing market inputs are continuously monitored, and the Group may employ appropriate measures such as re-investing distributions received from an investment to fund capital calls from other investments.

18.14 CAPITAL RISK MANAGEMENT

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

As party to a credit facility contract, the Group is required to meet certain covenants and monitors its compliance with these externally imposed restrictions. The covenants and the Group's compliance with them are described in the 'Short-term credit facility' note (Note 14).

18.15 MARKET PRICE RISK

Financial assets at fair value through profit or loss held directly or indirectly bear risks of capital losses. This risk is moderated through a careful selection of investments within specified limits. The Group's investments are monitored on a regular basis and their performance is reviewed on a quarterly basis. The Group's performance is measured against MSCI Daily Total Return Net World Local Index which is used as its primary reference index. The Group checks on a regular basis the weightings of the index, its composition, price development and volatility in order to incorporate long-term price volatility trends.

The annual volatility of the reference index is shown for the period from 1 January 2001 to the end of the relevant reporting period. Under the assumption that the financial assets at fair value through profit or loss fluctuate by the annual volatility percentage, with all other variables held constant, the fair value of such assets, if any, would fluctuate in direct proportion as presented below.

In thousands of EUR	31.12.2021	31.12.2020
Financial assets at fair value through profit or loss	1,051,241	903,417
Total assets subject to market risk	1,051,241	903,417
Annual expected volatility	14.21%	14.39%
Potential impact on audited consolidated financial statements	149,381	130,002

18.16 OFFSETTING FINANCIAL INSTRUMENTS

The Group is typically subject to master netting arrangements which are entered into with one or more derivative counterparties for all derivative assets and liabilities held with these counterparties. The Group may be required to maintain variation margin balances for the purpose of providing or receiving collateral on derivative positions.

The Group and its counterparties have elected, where possible, to settle payment obligations between them on a net basis; however, in the event of an early termination in accordance with the terms of the master netting arrangement, the non-defaulting party can choose an early termination date for close-out netting of all outstanding transactions between the parties. Under the terms of the master netting arrangements, an early termination event may include the following:

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

The Group's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are presented by type of financial instrument.

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

18.17 OFFSETTING REPORTING PERIOD

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

	A	B	C=A-B	D	E=C-D		
in thousands of EUR							
31.12.2021	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set-off in the audited consolidated statement of financial position	Net amounts of financial liabilities presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position	Net amount		
<i>Derivative liabilities</i>				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty B	1,081	-	1,081	-	-	900	181
Counterparty I	573	338	235	-	-	235	-
Counterparty J	699	612	87	-	87	-	-
Counterparty Q	2,806	-	2,806	-	-	2,790	16
<i>Credit Facility Drawn</i>							
Counterparty B	25,000	-	25,000	-	-	-	25,000

18.18 OFFSETTING PREVIOUS REPORTING PERIOD

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

	A	B	C=A-B	D	E=C-D		
in thousands of EUR							
31.12.2020	Gross amounts of recognized financial assets	Gross amounts of recognized liabilities set-off in the audited consolidated statement of financial position	Net amounts of financial assets presented in the audited consolidated statement of financial position	Related amounts not set-off in the audited consolidated statement of financial position	Net amount		
<i>Derivative assets</i>				Financial Instruments	Cash/(Bank Overdrafts)	Financial Instrument Collateral	
Counterparty I	4,884	-	4,884	-	-	4,884	-
Counterparty Q	2,055	979	1,076	-	-	1,076	-

18.19 STRUCTURED ENTITIES

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

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

The Group considers all Indirect Investments held to be structured entities. Indirect Investments are included within the line item 'Financial assets at fair value through profit or loss' in the audited consolidated statement of financial position. Unrealized gains/losses arising from such Indirect Investments are accounted for within the line item 'Revaluation' in the audited consolidated statement of comprehensive income. The risk concentration of the Indirect Investments is disclosed with respect to geographic region and investment strategy. The net asset value of each line represents the fair value of the respective Indirect Investments as well as the maximum exposure to loss resulting from such investments.

18.20 STRUCTURED ENTITIES REPORTING PERIOD

NAV in thousands of EUR

Region & Strategy
North America

Buyout	237,871
Special situations	151,659

31.12.2021

	31.12.2021
NAV in thousands of EUR	
Venture capital	4,169
Western Europe	
Buyout	85,320
Real estate	753
Venture capital	2,660
Infrastructure	14,474
Rest of World	
Buyout	9,428
Venture capital	17,050

18.21 STRUCTURED ENTITIES PREVIOUS REPORTING PERIOD

	31.12.2020
NAV in thousands of EUR	
Region & Strategy	
North America	
Buyout	368,735
Special situations	24,637
Venture capital	5,470
Western Europe	
Buyout	100,992
Real estate	1,329
Venture capital	68,432
Infrastructure	2,557
Rest of World	
Buyout	9,824
Venture capital	8,915

19 Fair value measurement

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

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

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

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

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

Any derivatives used for hedging and short-term investments valued using market dealer quotes can be redeemed at the fair value measured and are therefore classified as level 2.

Level 3 investments comprise unquoted investments which are valued using widely recognized valuation methods based on the latest information provided by underlying investments and other business partners. Such information may or may not coincide with the reporting date of the Group or the valuation date of those investments. This is further detailed in the 'Critical accounting estimates and judgments' note (Note 4).

The reconciliation of each class of financial instrument classified as level 3 is presented in the 'Financial assets at fair value through profit or loss' note (Note 9).

Transfers between levels 1, 2 and 3, if any, are deemed to have occurred at the end of the relevant reporting period.

The Group's classification of financial assets and liabilities measured at fair value in the fair value hierarchy described above is presented as at the end of the relevant reporting period.

19.1 FAIR VALUE ESTIMATION REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	11,713	11,713
Derivatives used for hedging	-	-	-	-
Financial assets at fair value through profit or loss - equity securities	29,411	2,489	856,570	888,470
Financial assets at fair value through profit or loss - debt investments	-	-	162,771	162,771
Total assets	29,411	2,489	1,031,054	1,062,954
Liabilities				
Derivatives used for hedging	-	(4,208)	-	(4,208)
Total liabilities	-	(4,208)	-	(4,208)

During the reporting period, certain investments with a fair value of EUR 23,819,422 were transferred out of level 2 into level 1 due to expiry of lock-up discount.

19.2 FAIR VALUE ESTIMATION PREVIOUS REPORTING PERIOD

In thousands of EUR	Level 1	Level 2	Level 3	Total balance
Assets				
Other short-term receivables	-	-	8,766	8,766
Derivatives used for hedging	-	5,960	-	5,960
Financial assets at fair value through profit or loss - equity securities	9,320	25,744	816,748	851,812
Financial assets at fair value through profit or loss - debt investments	-	-	51,605	51,605
Total assets	9,320	31,704	877,119	918,143
Liabilities				
Derivatives used for hedging	-	-	-	-
Total liabilities	-	-	-	-

During the previous reporting period, certain investments with a fair value of EUR 2,166,923, EUR 9,320,151 and EUR 23,576,750 were transferred out of level 1 into level 2, out of level 3 into level 1 and out of level 3 into level 2 respectively.

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

All assets and liabilities presented in the audited consolidated statement of financial position, except for those measured at fair value in accordance with IFRS 13, are measured at either amortized cost or their face value, both of which are deemed to be a reasonable approximation of their fair values.

In conjunction with the fair value hierarchy disclosed in the 'Fair value measurement' note (Note 19):

- Cash and cash equivalents as well as bank overdrafts are measured at values that would be reflective of level 1 prices. These include cash in hand, deposits held with banks, other short-term investments in active markets and bank overdrafts.
- Other receivables are measured at values that would be reflective of level 3 prices. These include contractual amounts for settlement of trades and other obligations due to the Group.
- Accruals and other short-term payables represent the contractual amounts and obligations due by the Group for settlement of trades and expenses and are measured at values that would be reflective of level 2 prices, except for incentive fee accruals due by the Group which are reflective of level 3 prices.
- Deferred payments are measured at values that would be reflective of level 2 prices. These consist of payments for financial assets purchased and receivables for financial assets sold, for which it was agreed with the contractual counterparty to defer one or more payment installments.
- Borrowings include credit facilities and loan granted to the Group and are measured at values that would be reflective of level 2 prices.
- Equity is a residual amount calculated by subtracting the total liabilities of the Group from the total assets of the Group. As the lowest level of input that is significant to the fair value measurement of the inputs into this equation is level 3, the values at which equity is measured would be reflective of level 3 prices.

19.4 SIGNIFICANT UNOBSERVABLE VALUATION INPUTS

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

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

In order to assess level 3 valuations in accordance with the constituent documents, the performance of the Direct and Indirect Investments held is reviewed on a regular basis. The appropriateness of the valuation model inputs, as well as the valuation result, is considered using various valuation methods and techniques generally recognized within the industry. From time to time, the Group may consider it appropriate to change the valuation model or technique used in the fair valuation depending on the individual investment circumstances, such as its maturity, stage of operations or recent transaction.

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

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

Direct debt Investment valuations are derived by applying widely acceptable valuation methods suitable for debt investments which include, but are not limited to, using reliable broker quotes and the comparable debt approach.

Reliable broker quotes for Direct debt Investments are provided by a reputable financial information provider. These quotes are applied on the nominal value of such investments to derive the fair value. The comparable debt approach arrives at the valuation of a Direct debt Investment by discounting its expected future cash flows to a present value with a benchmark rate derived from observable pricing levels of comparable debt instruments. Factors considered in the determination of such comparable instruments include, but are not limited to, industry, coupon, duration and maturity date.

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

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

The valuation of level 3 Direct equity Investments derived using an unobservable input factor is 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.

No interrelationship between unobservable inputs used in the Group's valuation of its level 3 investments has been identified.

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

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

The sensitivity analysis presents the potential change in fair value for each category of investments in absolute values. For a 5% movement in the significant unobservable input employed in the relevant valuation model, the corresponding incremental change in valuation of the investment is calculated.

With respect to Direct real estate equity Investments, the sensitivity analysis as performed for Direct equity Investments, with changes in the relevant unobservable valuation inputs, would not translate into meaningful valuation movements. The reasons for this conclusion include, but are not limited to, the fact that variations in property location, quality and business plan result in comparisons across properties that are not meaningful. Unobservable inputs for a specific region will vary greatly based on the property's micro location, building finishes and amenities and leasing strategy. One-to-one comparisons are not possible even for buildings that are physically close to each other due to the differences in property features and occupancy.

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

19.5 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE REPORTING PERIOD

Type of security	Fair value at 31.12.2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
Direct Investments						
Direct equity Investments	439,797	Market comparable companies	Enterprise value to EBITDA multiple	3.56x - 22.30x (16.07x)	36,910	(36,910)
	99,742	Recent financing/transaction	Recent transaction price	n.a.	n.a.	n.a.
	20,637	Discounted cash flow	Discount factor	13.00% - 13.00% (13.00%)	235	(235)
	15,831	Exit price	Recent transaction price	n.a.	n.a.	n.a.
	4,669	Market comparable companies	Enterprise value to sales multiple	3.50x - 3.50x (3.50x)	216	(216)
Direct debt Investments	12,640	Broker quotes	Indicative quotes for an inactive market	n.a.	n.a.	n.a.
	156	Market comparable companies	Enterprise value to EBITDA multiple	3.56x - 3.56x (3.56x)	n.a.	n.a.
Indirect Investments						
	430,033	Adjusted reported net asset value	Reported net asset value	n.a.	21,502	(21,502)
	(4,162)	Adjusted reported net asset value	Fair value adjustments	n.a.	(208)	208

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

19.6 SIGNIFICANT UNOBSERVABLE VALUATION INPUT TABLE PREVIOUS REPORTING PERIOD

Type of security	Fair value at 31.12.2020	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity	
<i>Fair value in thousands of EUR</i>						
Direct Investments						
Direct equity Investments	441,950	Market comparable companies	Enterprise value to EBITDA multiple	7.10x - 24.00x (16.07x)	37,725	(37,725)
	26,717	Discounted cash flow	Discount factor	13.00% - 13.00% (13.00%)	144	(144)
	11,760	Recent financing/ transaction	Recent transaction price	n.a.	n.a.	n.a.
	360	Exit price	Recent transaction price	n.a.	n.a.	n.a.
Direct debt Investments	22,417	Broker quotes	Indicative quotes for an inactive market	n.a.	n.a.	n.a.
	7,492	Discounted cash flow	Discount factor	22.43% - 22.43% (22.43%)	207	(207)
	276	Market comparable companies	Enterprise value to EBITDA multiple	9.00x - 9.00x (9.00x)	14	(14)
Indirect Investments						
	357,215	Adjusted reported net asset value	Reported net asset value	n.a.	17,861	(17,861)
	166	Adjusted reported net asset value	Fair value adjustments	n.a.	8	(8)

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

20 Related party transactions and balances

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

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

20.1 TRANSACTIONS

In thousands of EUR	31.12.2021	31.12.2020
Management fee expenses	15,285	12,979
Partners Group AG (from 1 July 2020)	15,285	6,686
Princess Management Limited (until 30 June 2020)	-	6,293
Administration fee expenses	456	414
Partners Group (Guernsey) Limited	456	414
Service fee expenses	250	250
Partners Group AG	250	-
Princess Management Limited	-	250
Incentive fee expenses	39,842	10,639
Partners Group AG (from 1 July 2020)	39,842	8,932
Princess Management Limited (until 30 June 2020)	-	1,707
Incentive fee paid	41,837	18,027
Partners Group AG (from 1 July 2020)	41,837	2,567
Princess Management Limited (until 30 June 2020)	-	15,460
Setup and interest expenses on bridge loans and credit facilities provided through	18	60
Partners Group Finance CHF IC Ltd	18	60
Directors' fee expenses:	268	268
Invested amounts and distributions from / (to) Partners Group advised products (investment side), net	93,203	31,547

Commitments made during the reporting period to Partners Group advised products amounted to EUR 318,609,839 (2020: EUR 51,901,369).

20.2 PERIOD-END BALANCES

In thousands of EUR	31.12.2021	31.12.2020
Other short-term receivables	7,476	672
Partners Group affiliated entities	7,425	672
Receivable from Investments	51	-
Accruals and other short-term payables	(9,609)	-
Partners Group affiliated entities	(9,588)	-
Payable to Investments	(21)	-
Accrued incentive fee	(17,530)	19,525
Partners Group AG	(17,530)	(19,525)
Commitments to Partners Group advised products (investment side)	972,908	715,078
Fair value of investments advised by Partners Group or related parties	771,342	656,073

21 Related party loan

During the reporting period, a related party of the Company (the "Loan Provider") provided loan facilities to the Company in the amount of EUR 7,250,000 (2020: EUR 27,950,000). Under the loan agreements entered into between the Company and the Loan Provider, the maximum loan amounts to be drawn by the Company were EUR 7,250,000 (2020: EUR 27,950,000). The Company was due to pay annual interest on the loan amounts outstanding at a rate of the applicable currency's one to three month inter-bank borrowing rate plus 190 basis points (2020: 190 basis points) and plus, but only if negative, the absolute value of the applicable rate for the period. The CHF LIBOR rate on loan amounts drawn since 9 December 2021 has been replaced with the Swiss average overnight rate ("SARON").

In thousands of EUR	31.12.2021	31.12.2020
Balance at beginning of period	-	-
Increase during period	7,250	27,950
(Decrease) during period	(7,250)	(27,950)
Balance at end of period	-	-

22 Group entities - significant subsidiaries

Princess Private Equity Subholding Limited

Incorporated in Guernsey

Ownership interest as at 31 December 2021 and 31 December 2020: 100%

Activity: Investment services company

Princess Direct Investments, L.P. Inc.

Incorporated in Guernsey

Ownership interest as at 31 December 2021 and 31 December 2020: 100%

Activity: Investment services partnership

23 Events after reporting date

Although the conflict between Russia and Ukraine increases the level of geo-political risk the Company has negligible direct exposure to the region, but with the Company's Investment Manager the Board is closely monitoring the situation, taking into account potential supply chain disruptions and second order effects.

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

24 Approval of these financial statements

The Board of Directors approved these audited consolidated financial statements on 21 March 2022.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PRINCESS PRIVATE EQUITY HOLDING LIMITED

Registered Office

Princess Private Equity Holding Limited
Tudor House
Le Bordage
St. Peter Port
Guernsey, GY1 6BD
Channel Islands

Administrator

Partners Group (Guernsey) Limited
Tudor House
Le Bordage
St. Peter Port
Guernsey, GY1 6BD
Channel Islands

Info: www.princess-privateequity.net

Registered number: 35241

Independent Auditor

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

Investor Relations

Partners Group AG
Andreea Mateescu
Zugerstrasse 57
6341 Baar-Zug
Switzerland
+41417846673
princess@partnersgroup.com

Investment Manager

Princess Management Limited (until 30 June
2020)
Tudor House
Le Bordage
St. Peter Port
Guernsey, GY1 6BD
Channel Islands

Partners Group AG (from 1 July 2020)
Zugerstrasse 57
CH-6341 Baar-Zug
Switzerland

www.partnersgroup.com