

(LSE: PEYS/PEY)

Princess Private Equity Holding Limited

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2023 financial highlights

Princess Private Equity Holding Limited today publishes its annual results for 2023. The key financial highlights are:

- Net asset value ("NAV") closed the year at EUR 14.16 per share. Including the total dividend of EUR 0.73 per share, this represents a NAV total return of 1.8%.
- Share price total return was 32.6%. Discount to NAV was 26.7% at year-end.
- Value creation of 5.7% was the main driver of NAV growth with the three largest contributors in the portfolio being PCI Pharma Services, Vishal Mega Mart and DiversiTech.
- 5% of 2022 year-end NAV paid out in 2023 amounted to EUR 0.73 per share, resulting in an annualized dividend yield of 7% based on the closing share price of EUR 10.38.
- The total capital invested by Princess amounted to EUR 12.1 million, predominantly in follow-on investments in portfolio companies. EUR 30.0 million was committed to Partners Group Direct Equity V Fund during the year. Since the year-end a further EUR 20.0 million was committed to Partners Group Direct Equity V Fund, resulting in a total commitment to the Fund of EUR 50.0 million.
- Princess received distributions of EUR 46.7 million, of which EUR 35.4 million stemmed from direct investments.
- Cash balance was EUR 9.7 million. EUR 19.0 million of the EUR 140.0 million revolving credit facility was drawn at 31 December 2023. The credit facility expires in December 2026.
- To align Princess with the broader listed private equity universe, the Board agreed for the Company to discontinue the hedging of currency exposures from 1 April 2023.

Princess 2023 results webcast details

Princess will hold a webcast today, Monday 25 March 2024, at 09:00 GMT / 10:00 CET. Partners Group, the Investment Manager, will give an update on the financial results and developments in the Princess portfolio based on audited figures as of 31 December 2023. To access the live webcast please use this [LINK](#) or go directly to the Investor Relations section of the Company's website. The presentation is available here: [Princess 2023 Annual Results presentation](#).

The full annual report is available here: [Financial reports - Princess Private Equity Holding Limited](#).

The three key highlights are:

Strengthening the Board

Peter McKellar was appointed as a Director and the Non-Executive Chair of the Board with effect from 23 November 2023. He has extensive experience in the asset management, investment company and private equity sectors. He is currently a Non-Executive Director of 3i Group plc, the Deputy Chairman of AssetCo plc, a Non-Executive Director of Investcorp Capital plc, and a Board Member of Scottish Enterprise. He was formerly Global Head of Private Markets at Abrdn plc, where he oversaw £55 billion of assets under management, before which he led Standard Life Investments' private equity and infrastructure business and was their Chief Investment Officer. During his time at Standard Life Investments Peter led the listing in 2001 and was then lead manager of Standard Life Private Equity Trust (now called Abrdn Private Equity Opportunities) until 2015. Prior to that, he held a variety of finance posts in industry and corporate finance positions. Peter holds an LLB (Hons) from Edinburgh University and is a UK resident.

On 15 February 2024, Axel Holtrup was appointed as a Non-Executive Director. He is a seasoned private equity investor with more than 25 years of investment experience. He is also an early-stage technology investor and serves as a member of the Supervisory Board of Deutsche Beteiligungs AG ("DBAG"), a German listed private equity company. Previously he worked over the course of 20 years as a partner in private equity firms AEA Investors, Silver Lake Partners and Investcorp. His responsibilities included sourcing, executing and managing major private equity transactions across Europe. Axel started his career in investment banking at Morgan Stanley in 1995. Axel holds a Bachelor (Hons) degree in European Business Administration from Middlesex University in

1995. Axel holds a Bachelor (Hons) degree in European Business Administration from Middlesex University in London and a Diplom Betriebswirt from Reutlingen University in Germany. He is a German national who resides in the UK.

Gerhard Roggemann is a German resident. He was appointed to the Board on 21 March 2024 and also serves as a board member for the Else-Kroener-Fresenius Foundation, is Deputy Chair of the Supervisory Board for Bremer AG, and is an independent business consultant, based in Hanover, Germany. Gerhard's professional experience includes serving as a non-executive director and later as Chair of the Supervisory Board of Deutsche Beteiligungs AG ("DBAG"), a Frankfurt-listed private equity firm focused on German mid-market buyouts (2009-2020). He has also been a non-executive director of a number of prominent German and UK companies, including Deutsche Boerse AG, Fresenius SE & Co KGaA, Friends Life Group Plc, F&C Asset Management Plc and Resolution Ltd Guernsey. Gerhard previously worked in senior management positions at JP Morgan & Co, Norddeutsche Landesbank and WestLB. In all these functions his responsibilities centered around investment banking, trading, and investment management.

Henning von der Forst notified the Board in October 2023 that, having served as a Non-Executive Director since 2012, he intends not to seek re-election at the next Annual General Meeting ("AGM").

Capital allocation policy

It is critical for the Board and the Investment Manager to have a clear and robust capital allocation policy. This is not only with regard to addressing the share price discount to NAV on an absolute and relative basis to peers, but about the fundamental decision as to whether further investment in the existing portfolio may offer better returns for shareholders than undertaking new investment. This is particularly apposite when the share price discount is high and any purchase of shares by the Company, and consequential reduction in the share count, offers an immediate enhancement to NAV, as well as an ongoing return from further investment in the existing portfolio. The listed private equity sector has struggled historically with capital allocation. As we hopefully move into an improving private equity environment, with increasing realizations, greater liquidity, and rising NAVs, it is essential that the right criteria exist for the allocation of capital and that such criteria are transparent, so that existing and potential shareholders can have confidence in the decisions being made.

Following Board approval, the Company's policy going forward is that:

"Once the share price is at a discount of more than or equal to 30% to the last reported NAV, 75% of "Free Cash Flow" will be used to acquire issued shares, either for cancellation or to be placed into treasury for potential re-issue, until such time as the discount is less than 30%. Where the share price is at a discount of more than or equal to 20% to the last reported NAV, but less than 30%, 50% of Free Cash Flow will be used to acquire issued shares until such time as the discount is less than 20%.

Free Cash Flow is defined as gross cash plus distributions and secondary sales contracted to be received by the Company, less (for the next rolling 6 months) a provision for:

1. payment of the current dividend objective of 5% of the previous year end NAV;
2. fees, expenses and interest payable in managing and running the Company;
3. the repayment of any drawn debt facilities; and
4. a reserve of 3% of net assets, to cover anticipated cash drawn in respect of existing fund commitments, follow-on funding for existing direct investments, and new direct investments at an advanced stage where such sums are committed.

The quantum of Free Cash Flow will be calculated at the beginning of each quarter. The above policy is subject to the limits and terms of the shareholder authority approved at each AGM to buy back up to 14.99% of the Company's shares. The policy will be reviewed regularly, and at least annually, by the Board and may be amended in light of Company and/or market conditions. Importantly, the Board reserves the right to undertake share buy backs at discounts of less than 20%."

The policy effectively creates a "cash sweep", where if the Company's shares are trading at more than or equal to a 20% or 30% discount to the last announced NAV, 50% or 75% respectively of Free Cash Flow will be used to undertake share buy backs in the market. The percentage share price discounts chosen should be seen in the context of the Company's average share price discount over the last ten years and since listing of 18% and 24% respectively.

Fundamentally, the policy respects the liquidity position and waterfall of the Company. Meeting the Company's dividend objective of 5% of the previous year-end NAV is at the heart of the Company's new capital allocation policy. As such, the dividend, as well as ongoing fees, expenses, the repayment of outstanding indebtedness, and a reserve to meet existing investment commitments, will be provided for prior to excess Free Cash Flow being used for share buy backs.

Proposed change of name

The Company's Investment Manager, Partners Group, is one of the largest private equity and private markets investment managers in the world with approximately USD 147 billion of assets under management. The Investment Manager has an enviable investment track record of delivering superior returns and has received numerous awards for its investment performance and industry research. Against this background the Board believes it is important that the relationship with the Investment Manager is more clearly recognized in the Company's name and that the Company is identifiable as a Partners Group managed vehicle. Equally, the Investment Manager recognizes that the Company is of significant importance to it as a client and that it is a "shop window" for its skills and thought leadership to the investor community. To that end, a resolution will be proposed at

...and the Board's strong relationship to the Investor Community, to that end, a resolution may be proposed at the AGM in June 2024 to change the Company's name to Partners Group Private Equity Limited.

Ends.

About Princess

Princess is an investment holding company founded in 1999 and domiciled in Guernsey. It invests in private equity direct investments. Princess is managed in its investment activities by Partners Group, a global private markets investment management firm with USD 147 billion in investment programs under management in private markets, of which USD 76 billion is in private equity. Princess aims to provide shareholders with long-term capital growth and an attractive dividend yield. Princess is traded on the Main Market of the London Stock Exchange (ticker: PEY for the Euro Quote; PEYS for the Sterling Quote).

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Notes:

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