



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Press release

Baar-Zug, Switzerland; 14 July 2022 | *Ad hoc announcement pursuant to Art. 53 Listing Rules (LR)*

Partners Group reports robust H1 AuM growth and strong operational performance of portfolio assets

- USD 13 billion gross client commitments received in H1 2022
- USD 13 billion invested across private market asset classes in H1 2022, solid and growing pipeline of thematic investment opportunities
- Continued strong operational performance across overall portfolio businesses and assets
- Sound exit pipeline; select realizations postponed bringing H1 performance fees to 5-10% of total revenues, below mid- to long-term guidance of 20-30%
- Expected full-year gross client demand of USD 22 to 26 billion confirmed

Partners Group, a leading global private markets firm, received USD 13.1 billion in new commitments from its global client base in H1 2022 (H1 2021: USD 12.1 billion), bringing the firm's total assets under management (AuM)¹ to USD 130.6 billion as of 30 June 2022 (30 June 2021: USD 118.9 billion). During the same period, the firm committed USD 13.4 billion to transformational investing across private markets asset classes globally and generated USD 6.4 billion in portfolio realizations. Partners Group confirms its full-year 2022 guidance for total fundraising of USD 22 to 26 billion based on a sustained pipeline of demand across the firm's client solutions.

David Layton, Partner and Chief Executive Officer, comments: *"We are highly confident that Partners Group is well-positioned to navigate the changing macroeconomic environment, which is reflected in the continued trust our clients place in our platform. While we saw market volatility result in a reduction in investment and divestment activities during Q2, we enter the second half of the year with a robust pipeline of thematically sourced investment opportunities and with over USD 30 billion in dry powder. Amidst this changing environment, our focus remains on delivering sustainable returns to our clients through two major means. First, we identify structurally attractive areas of the economy via our thematic sourcing approach, and second, we build market leaders in those sectors through*

¹ AuM is an Alternative Performance Metric (APM). A description of the APMs can be found in Partners Group's 2021 Annual Report on pages 30-31, available for download at www.partnersgroup.com/financialreports.

entrepreneurial governance. The strong operational performance of our companies serves as a testimony to our approach."

Investments: USD 13 billion invested in thematic opportunities

Partners Group invested USD 13.4 billion in H1 2022 (H1 2021: USD 13.1 billion) on behalf of its clients in areas of the economy it believes will benefit from transformative trends and therefore have superior growth prospects. North America remained the most active region for new investments, accounting for 53% of deployed capital, versus 43% in Europe and 4% in Asia-Pacific & Rest of World.

In H1, the firm invested 62% of total volume into direct assets. Investments included the purchase of a controlling stake in Forefront Dermatology, the largest dermatology group platform in the US, allowing Partners Group to build a platform ideally positioned to benefit from the expansion of dermatological specializations and physician-centric cultures in a fragmented market. Another notable H1 investment was North Star, a leading operator of service vessels in the European offshore sector. Its mission to provide essential maintenance services for assets like offshore wind farms makes North Star a key contributor in the growing transition to renewable energy.

To complement its direct investments, Partners Group invested 38% of total investment volume into portfolio assets. These assets include secondary investments into globally diversified private markets portfolios, select primary commitments to other complementary private markets strategies, and investments into the broadly syndicated loan market.

Operational portfolio performance: entrepreneurial governance approach drives value

In the context of a rapidly changing macroeconomic environment, Partners Group provides a summary of its direct private equity portfolio performance. In 2022, the operational performance of the portfolio continues to be strong with a Q1 last three months EBITDA growth of around 15% year-on-year (Q1 2022 vs. Q1 2021) and a margin of 20%², demonstrating the results of driving forward long-term transformation plans through strategic rigor, industrial logic and operational excellence.

Realizations: H1 realization activity results in H1 performance fees of 5-10% as a proportion of H1 revenues

In H1 2022, portfolio realizations amounted to USD 6.4 billion (H1 2021: USD 10.5 billion), of which portfolio assets and credit distributions accounted for 72% and direct equity distributions for the remainder. Partners Group already anticipated a year-on-year decrease in direct distributions as it brought forward a portion of the direct exit pipeline which was originally planned for early 2022 into 2021.

In view of the increased market volatility and uncertainty observed in H1, Partners Group elected to postpone the realization of more mature businesses and assets. This decision is expected to bring H1

² Quarterly (last three month) adjusted EBITDA growth rate calculated for Q1 2022 and adjusted EBITDA margins for Q1 2021 & Q1 2022 on a NAV-weighted basis (unaudited). Adjusted EBITDA reflects normalized earnings (recurring and operational, including inorganic growth).

performance fees to 5-10% of total H1 revenues, below its mid- to long-term performance fee guidance of 20-30% as a proportion of total revenues that Partners Group continues to confirm.

Partners Group follows a prudent approach in recognizing performance fees. In closed-ended investment programs, performance fees are recognized only once investments are realized and a pre-defined return hurdle has been exceeded, after stress-testing unrealized investments³. By comparison, the majority of evergreen programs link their performance fees to the increase in net asset value beyond a high-water mark.

Fundraising: USD 13 billion in new client demand, led by bespoke client solutions

Partners Group sustained its established growth trajectory in H1 2022. The firm's client demand for investment solutions resulted in new commitments of USD 13.1 billion (H1 2021: USD 12.1 billion) with innovative bespoke client solutions as the largest contributor at USD 9.3 billion (71% of assets raised). Within the scope of bespoke client solutions, mandates (USD 4.6 billion raised) are separate accounts that allow large institutional investors to achieve their long-term target allocations to private markets. Evergreen programs (USD 4.7 billion raised) in turn have liquidity features that enable individual investors to access private markets. Traditional closed-ended programs also continued to grow and contributed a total of USD 3.8 billion (29% of assets raised).

Breakdown of total AuM as of 30 June (in USD billion):

	<u>2021</u>	<u>H1 2022</u>	<u>Last 5 years</u> <u>CAGR⁴</u>	<u>Gross H1</u> <u>client demand</u>
Private equity	63.0	65.7	+13%	6.6
Private debt	27.5	27.5	+19%	3.2
Private infrastructure	19.2	20.5	+18%	2.7
Private real estate	17.6	16.8	+11%	0.6
Total	127.4	130.6	+15%	13.1

Tail-down effects from mature private markets investment programs amounted to USD -3.6 billion and redemptions from evergreen programs to USD -1.0 billion. Foreign exchange effects impacted underlying AuM growth by USD -5.9 billion mainly driven by the strengthening of the US Dollar against the Euro during the period. A final USD 0.6 billion came from a select number of investment programs that link AuM to NAV development⁵. Overall, net AuM grew by USD 3.2 billion during the period.

Outlook: USD 22 to 26 billion guidance on gross client demand for full-year 2022 confirmed

Based on continued strong client demand in H1 2022, Partners Group confirms its guidance for gross client commitments of USD 22 to 26 billion for full-year 2022. Partners Group's full-year estimates of

³ Partners Group stress-tests unrealized investments by applying significant discounts to NAV to assess whether the hurdle rate will still be reached despite these hypothetical mark-downs. These stress-tests are driven by a number of factors including macroeconomic as well as bottom-up asset and portfolio-level data. See Performance fee recognition, 2021 Annual Report, page 28 & 29.

⁴ CAGR: compound annual growth rate for net assets for the period 30 June 2017 – 30 June 2022

⁵ Partners Group reports fee-paying AuM. Most of the firm's evergreen programs base fees on NAV. The portfolio performance during the period impacts the NAV of these products and this translates to a corresponding change in firm-level AuM. As always, calculations for H1 AuM numbers are based on 31 May NAV valuations. Full-year AuM numbers are based on 30 November NAV valuations. End of June 2022 NAV valuations which are accounted for in H2 AuM numbers are expected to lead to a marginally negative adjustment to AuM.

tail-down effects from the more mature closed-ended investment programs and redemptions from evergreen programs remain unchanged at USD -10 to -12 billion.

Sarah Brewer, Partner and Global Co-Head Client Solutions, adds: *"Clients increasingly recognize the fundamental role that private markets play today in the real economy and appreciate our strong position as a builder of market-leading businesses in those sectors that are bound to profit from structural growth drivers. We see compelling client demand and are confident in confirming our guidance for the full-year 2022. Longer term, we expect the structural trend of increasing investor allocations to private markets to continue. We therefore remain focused on broadening our client offering, with private wealth and DC pensions in particular offering potential for growth."*

Conference call today

Partners Group's senior management will hold a conference call today at 6:15pm CET. To register for the call, please click [here](#) or use the contact details at the end of this press release.

Key dates 2022

30 August 2022	Announcement of interim financial result as of 30 June 2022 and conference call with management
6 September 2022	Publication of Interim Report as of 30 June 2022

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested USD 185 billion in private equity, private real estate, private debt, and private infrastructure on behalf of its clients globally. Partners Group seeks to generate strong returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With USD 131 billion in assets under management as of 30 June 2022, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,600 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN). For more information, please visit www.partnersgroup.com or follow us on [LinkedIn](#) or [Twitter](#).

Shareholder relations contact

Philip Sauer
Phone: +41 41 784 66 60
Email: philip.sauer@partnersgroup.com

Media relations contact

Jenny Blinch
Phone: +44 207 575 2571
Email: jenny.blinch@partnersgroup.com