



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

11 January 2024

## Business update 2023 & outlook 2024

David Layton, CEO | Sarah Brewer, Global Co-Head Client Solutions | Philip Sauer, Head Corporate Development



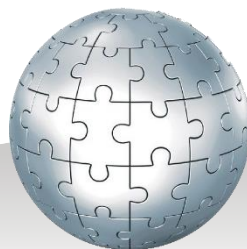
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# Solid 2023 lays groundwork for next growth cycle



## Fundraising

**USD 18 billion**

- Client demand +27% in H2 vs. H1
- Record # of mandates<sup>1</sup>; solid interest in bespoke solutions
- Slower conversion for traditional fund commitments

## Investments

**USD 13 billion**

- Investment activity +22% in H2 vs. H1
- Transaction activity remained slow in 2023
- Strong thematic pipeline built for future years

## Realizations

**USD 12 billion**

- Realizations +12% in H2 vs. H1
- Several exit processes delayed
- Exit pipeline remains strong; ready to be transacted

## Fundraising 2024

**USD 20-25 billion**

- Increase in guidance based on current demand pipeline
- Fundraising driven by bespoke solutions
- High-end based on normalized conversion rates in H2

<sup>1</sup> As compared to the year with the previous highest number of mandates won by Partners Group.

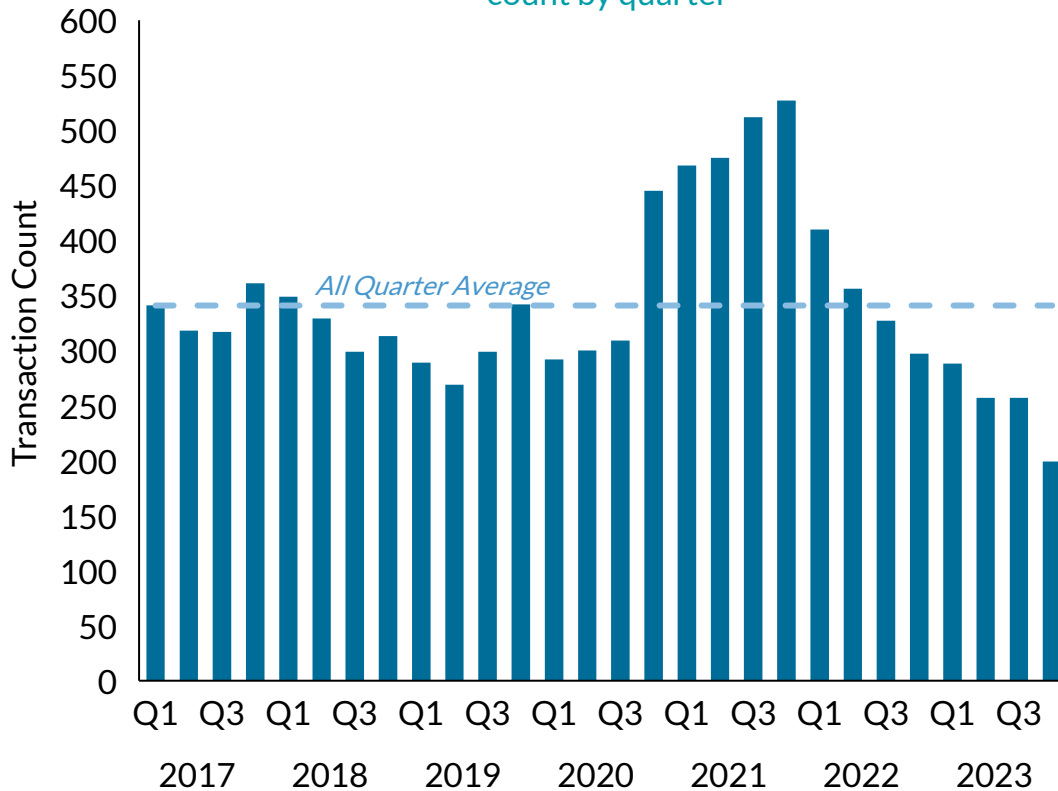
**Note:** For illustrative purposes only. Past performance is not indicative of future results. Refers to Partners Group Holding AG.

**Source:** Partners Group (2023).



# More activity expected in 2024 following low transaction volumes in 2023

Global private equity buyout transactions<sup>1</sup>  
count by quarter



## Signals of improving transaction volumes in 2024



Accessibility to financing



Recalibrating valuations



Approaching debt maturities

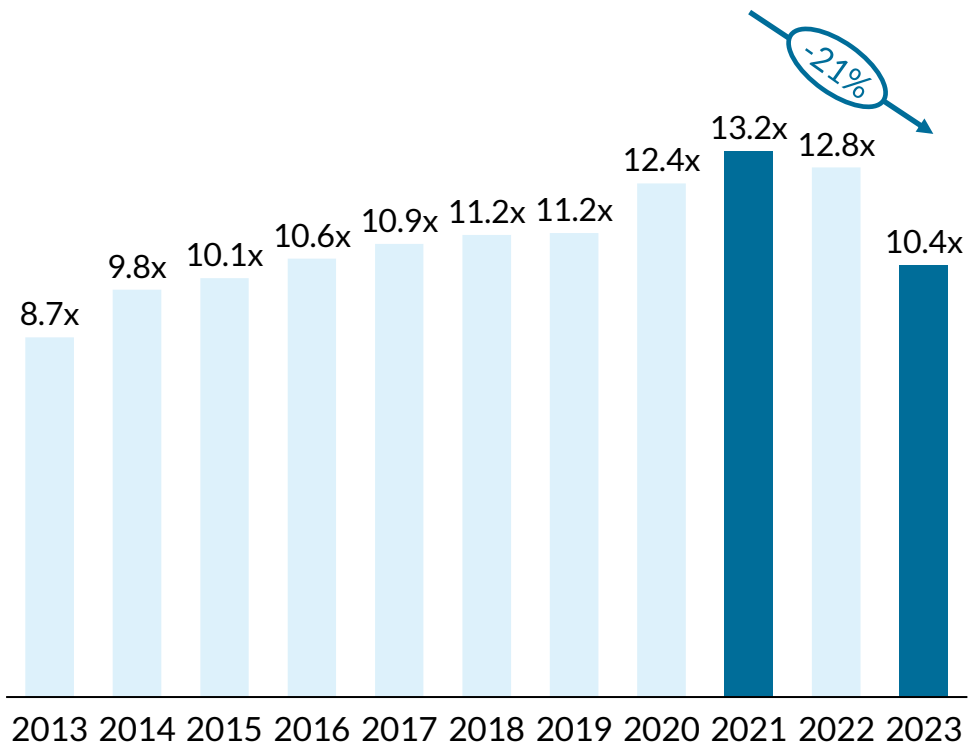


Record dry powder available

<sup>1</sup> Pitchbook, as of 31 December 2023. Includes completed private equity buyout transactions of USD 100m or more.  
Note: For illustrative purposes only. Past performance is not indicative of future results. Source: Partners Group (2023).

## 2023 buyout transactions cleared at lower EV/EBITDA multiples

### Development of industry buyout EV/EBITDA multiples<sup>1</sup> in year of transaction



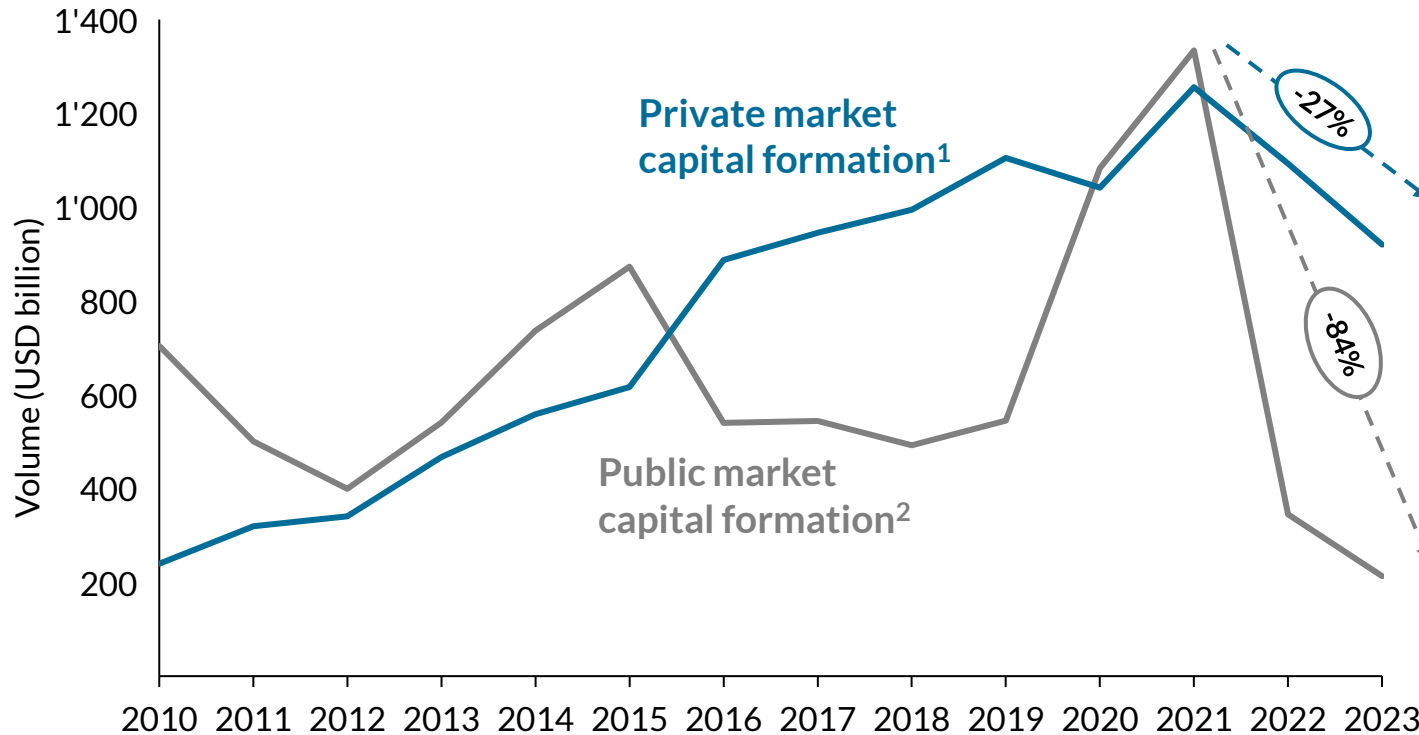
- Among many factors, **bid offer spreads** contributed to the fragile transaction environment
- 2023 buyout transactions were conducted at **2-3x lower entry valuations** than 2021, with lower overall volumes
- Owners of quality assets prefer **postponing exits** and continuing to drive value creation efforts
- **Vintages 2023 and 2024** have great potential to generate attractive returns for investors

<sup>1</sup> Source: Prequin valuation multiples benchmark: buyout 2013 – 2023.  
**Note:** For illustrative purposes only. Past performance is not indicative of future results.  
 Source: Partners Group (2023).



# Capital formation in private markets is less volatile than in public markets

Global private markets vs. public markets capital formation since 2010



## Within private markets, fundraising remains concentrated amongst largest managers

<sup>1</sup> Source: Preqin, includes private equity, private infrastructure (excluding Core & Core Plus) and private real estate (excluding Core & Core Plus) as of 31 December 2023.

<sup>2</sup> Source: Bloomberg, includes Initial Public Offerings (IPO), primary share offers, and SPACs as of 31 December 2023.

**Note:** For illustrative purposes only. Past performance is not indicative of future results.

Source: Partners Group (2023).

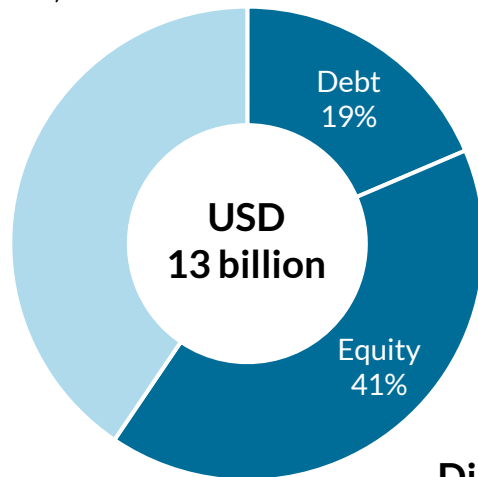
# USD 13 billion invested thematically into investment opportunities

## Investments<sup>1</sup> (in USD billion)

### Portfolio assets

(Secondary, primary, and liquid loan investments)

40%



### Direct assets

(Direct equity and direct lending investments)

60%

- H2 **investment activity** +22% vs. H1 as environment gradually improves
- Well **diversified investment approach** across portfolio and direct equity assets as well as private debt
- Creating winning business models via **asset transformation** across our direct equity assets

<sup>1</sup> USD 3.0 billion invested in direct private equity investments, USD 0.2 billion in direct real estate investments, USD 2.2 billion in direct infrastructure and USD 2.5 billion in direct debt investments as of 31 December 2023. Figures include add-on investments and syndication partner investments. Direct equity investments include all direct private equity, direct infrastructure, and direct real estate investments (including direct secondary transactions where Partners Group has a controlling interest). Direct debt investments include direct lending investments ("direct debt"). Portfolio assets include investments into the liquid loans business ("BSL") during the period, which includes collateralized loan obligations and net inflows into dedicated liquid loan investment vehicles of USD 1.8 billion, USD 2.4 billion invested in secondaries, USD 1.2 billion invested in primaries.

**Note:** Past performance is not indicative of future results. There is no assurance that similar investments will be made. **Source:** Partners Group (2023).



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# Transformational investing remains key

## Thematic sourcing identifies winning businesses in growing sectors




Global provider of mission-critical inspection services for energy infra

**Regulatory push for energy infrastructure safety**




Leading North American supplier of personal protective equipment

**Regulatory requirements on worker safety**



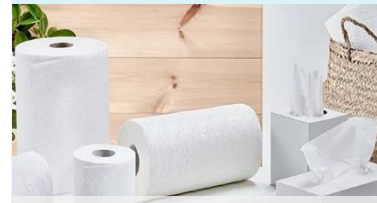

Global renewables asset management & development firm

**Corporate demand for decarbonization**




German biogas and biomethane platform

**Energy transition: biogas & biomethane**

European manufacturer of hygiene paper products

**Value consumer goods & private labels**

## Entrepreneurial ownership drives attractive returns for clients

Expand into new future energy sources such as hydrogen transportation pipes; adoption of AI and focus on R&D

Redesign the sales and product development processes and transform e-commerce capabilities to increase market reach

Transform into a builder, owner, and operator of assets, aiming to scale origination capacity to over 1 GW per annum

Build out plants to use other sources of feedstock for production and develop ancillary service lines to capture increased demand

Broaden the product portfolio with a concentration on high-growth categories; expand international presence

**Note:** The acquisitions of Rosen and VelvetCare were announced in 2023 and are expected to close in 2024. For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made.  
**Source:** Partners Group (2023).



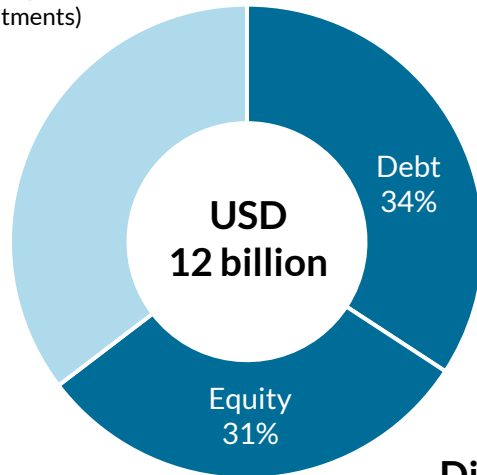
## Exit market remained cautious throughout 2023

### Portfolio realizations (in USD billion)

#### Portfolio assets

(Secondary, primary, and liquid loan investments)

**35%**



#### Direct assets

(Direct equity and direct lending investments)

**65%**

- H2 **exit activity** +12% vs. H1, lower than anticipated number of divestments in H2
- Some realizations postponed as **exit markets remained soft** throughout 2023
- **Portfolio assets** and **direct debt** led realizations throughout 2023

**Note:** For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. Figures as of 31 December 2023.

**Source:** Partners Group (2023).



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# Demand for stable assets in growing sectors persists

Private infrastructure

**Largest Australian wind platform**



CWP Renewables, Australia

- ✓ 1.1 GW of wind assets
- ✓ 5 GW medium-term pipeline
- ✓ 15+ GW early-stage pipeline

Realized H1 2023

Private real estate

**Multipurpose office building in Tokyo**



Tama Center, Japan

- ✓ Fully let at exit, tailored space
- ✓ Superior CASBEE ESG rating<sup>1</sup>
- ✓ Cap rate at 4.3%

Realized H2 2023

Private equity

**Global provider of cloud software solutions for the public sector**



CIVICA, United Kingdom

- ✓ 6'000+ corporate clients
- ✓ EBITDA doubled
- ✓ 24 strategic add-on acquisitions

Expected close H1 2024

<sup>1</sup> CASBEE: Comprehensive Assessment System for Build Environment Efficiency (Japan). The Superior CASBEE ESG rating certification was obtained in December 2021.  
 Note: For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made.  
 Source: Partners Group (2023).

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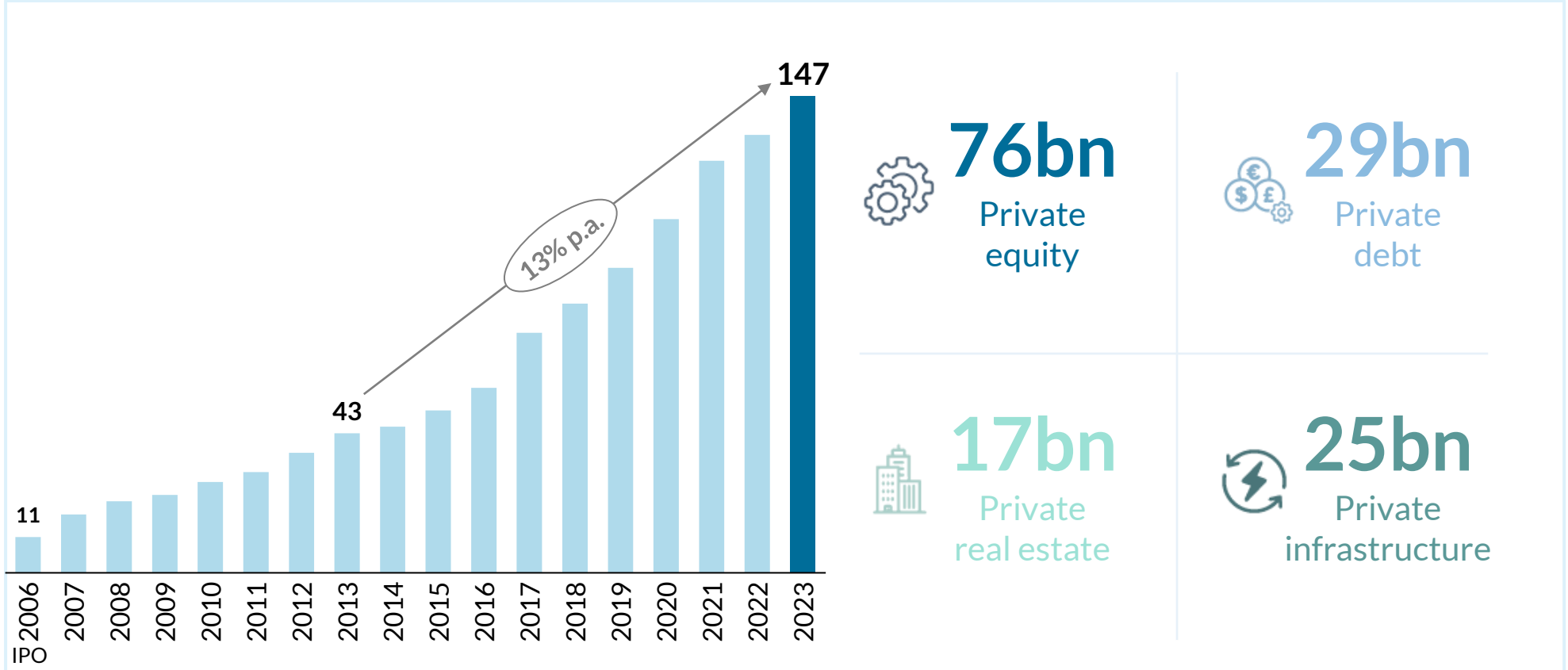
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# Sustainable AuM growth across cycles

Total assets under management<sup>1</sup> (in USD billion)

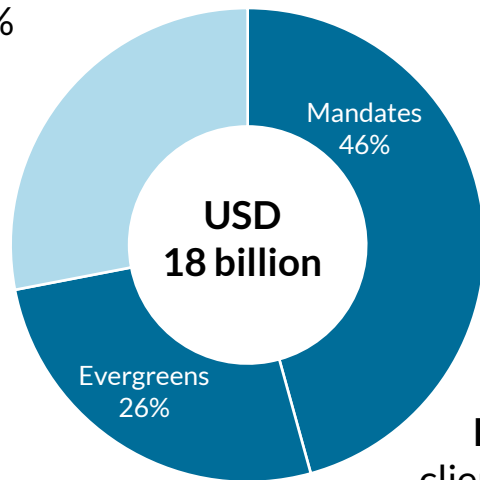


<sup>1</sup> Partners Group aims to mirror the fee basis for its various programs and mandates when calculating AuM. For further information please refer to the 2022 Annual Report, "Key definitions and alternative performance metrics (APM)", on page 32 - 33, available for download at <http://www.partnersgroup.com/en/shareholders/reports-presentations/>.  
**Note:** AuM exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013. Figures as of 31 December 2023. Past performance is not indicative of future results. There is no assurance that similar investments will be made. **Source:** Partners Group (2023).

## Diversified and differentiated offering drives fundraising

### Assets raised in 2023

**Traditional  
client programs**  
28%



**USD  
18 billion**

**Bespoke  
client solutions**  
72%

- Mandates: +60% in H2 vs. H1**  
 Record number of mandates raised in 2023<sup>1</sup>; these will build the base for future AuM growth; 42% of mandates raised are multi-asset class strategies
- Evergreen programs: +13% in H2 vs. H1**  
 Net positive flows in 2023; differentiated offering tailored to cater to a variety of wealth clients; primarily multi-asset class focused strategies
- Traditional funds: -3% in H2 vs. H1**  
 Slower than expected conversion of commitments; next generation flagship strategies launched late 2023; primarily single asset class focused

<sup>1</sup> As compared to the year with the previous highest number of mandates won by Partners Group.

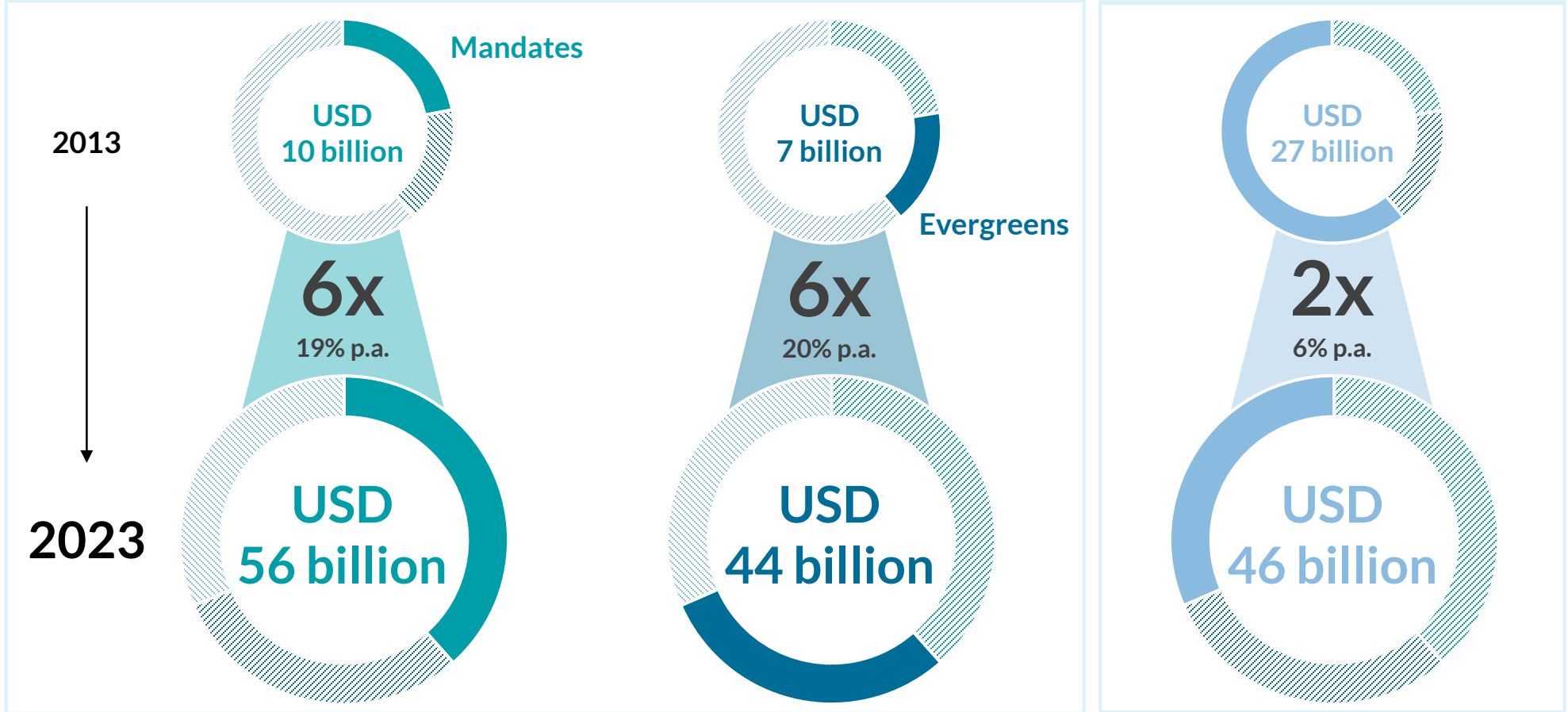
**Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. "Mandates" assets raised also include commitments by select mandate clients into traditional programs; therefore, the corresponding amount is not included within the assets raised category "traditional" but within "mandates" as it is part of the client's mandate. Past performance is not indicative of future results. **Source:** Partners Group (2023).



# Client demand for bespoke solutions drove outsized AuM growth over last 10 years

## Bespoke solutions

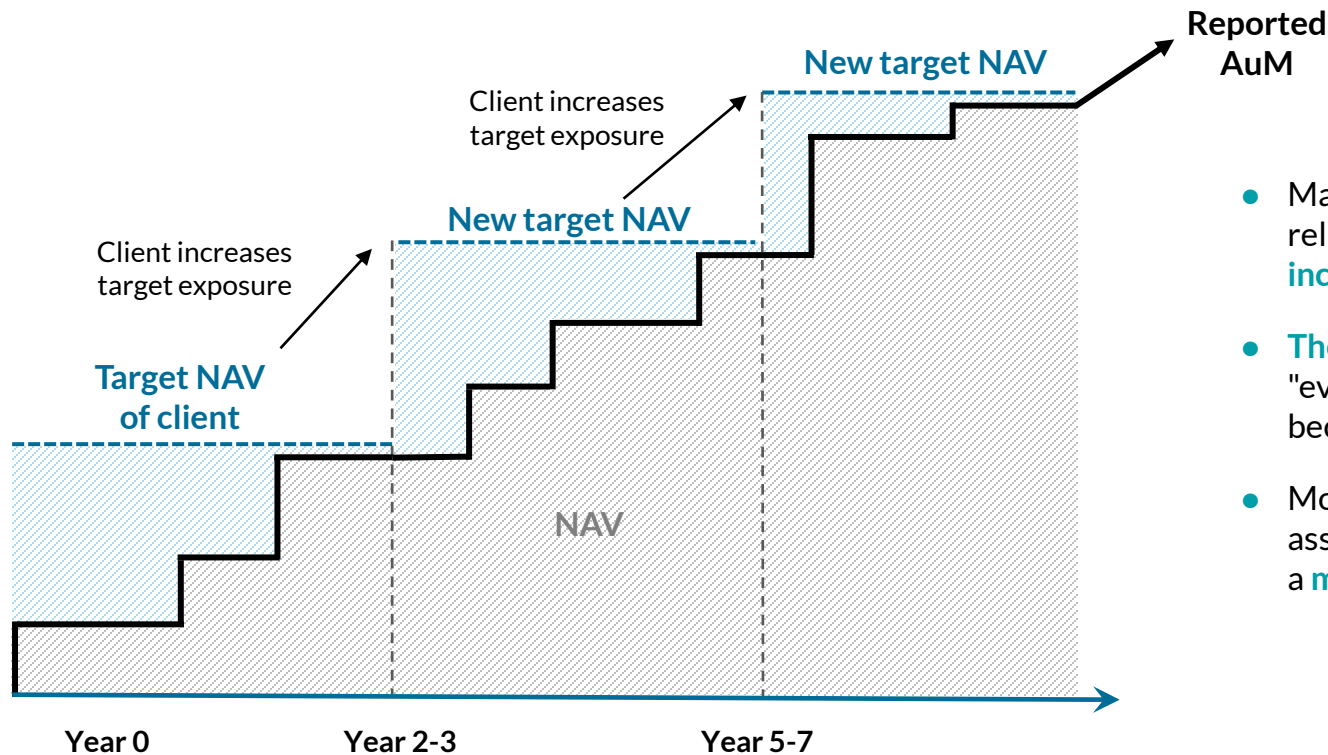
## Traditional strategies



**Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. "Mandates" AuM also include commitments by select mandate clients into traditional programs; therefore, the corresponding amount is not included within the AuM category "traditional" but within "mandates". Past performance is not indicative of future results.  
**Source:** Partners Group (2023).

# An average mandate client today has tripled<sup>1</sup> their initial investment size since the start of the relationship

## Illustrative example of AuM development of evergreen mandates



- Mandate clients are long-term strategic relationships who typically elect to **increase** their target allocations over time
- **The majority of our mandates** are "evergreen" in nature and are increasingly becoming a preferred choice of clients
- Most often, mandate clients choose multi-asset private markets portfolios to provide a **more attractive risk/return profile**

<sup>1</sup> Mature mandates capital weighted (only considers mandates that are at least 3 years old).  
**Note:** For illustrative purposes only. Past performance is not indicative of future results.  
 Source: Partners Group (2023).

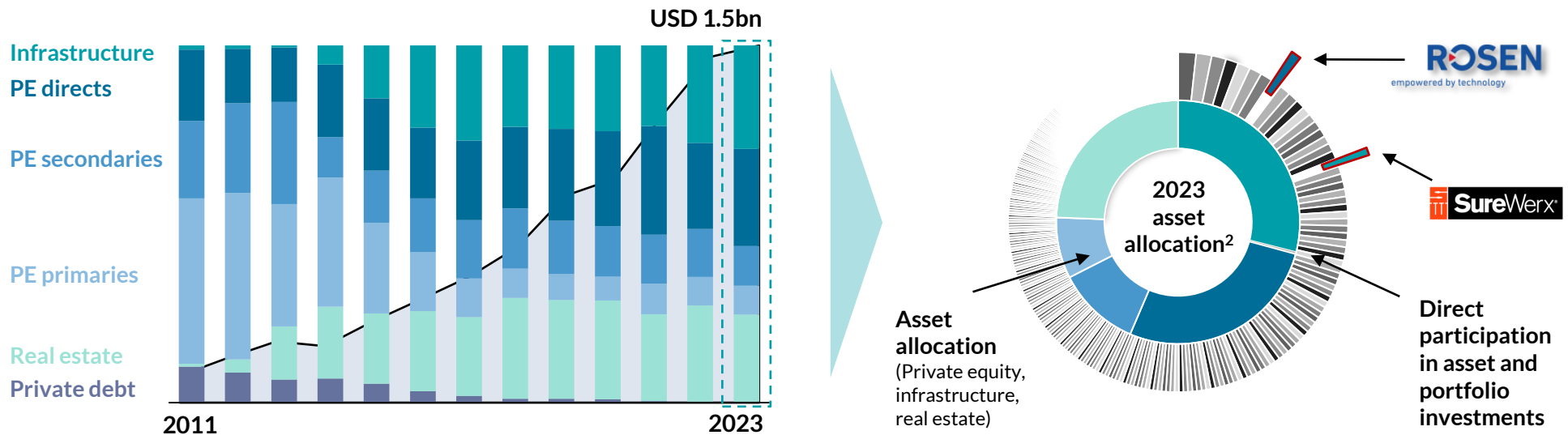




# Mandates allow for flexible asset allocation across private markets

## Example of one client's existing evergreen mandate

Evolution of a client's portfolio NAV and asset allocation<sup>1</sup>



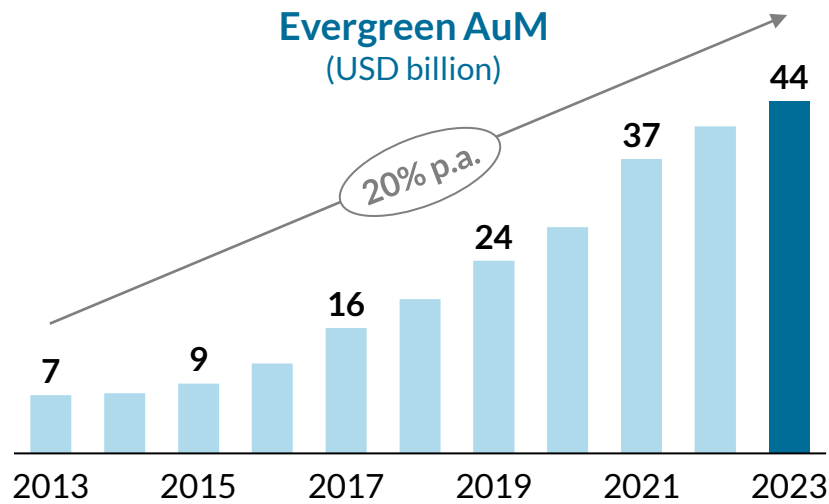
- Participation in Partners Group's direct assets and portfolio investments through single line allocations
- Provides the flexibility to adapt asset allocation in response to changing market environment
- Allows clients to mitigate J-curve and dynamically grow NAV according to investment needs

<sup>1</sup> Actual client mandate. NAV, asset allocation, and single line investments as of 30 June 2023. Chart illustrates evolution of the client mandate's asset allocation from 30 June 2011 to 30 June 2023. <sup>2</sup> Inside chart layer illustrates asset allocation across private infrastructure, private equity, real estate and private debt. Outside chart layer illustrates single line participations in direct, secondary and primary investments. Other clients may have similar or different allocations.

**Note:** For illustrative purposes only. **Source:** Partners Group (2023).

# Evergreens: 20+ year track record of providing leading solutions across market cycles

## Selection of evergreen funds by strategy, initiation, and size<sup>1</sup>



- Carefully designed asset allocation policies and liquidity terms help give a certain amount of liquidity to investors
- Diversified portfolio construction, geographical reach, and investor base increases the resilience of our evergreens

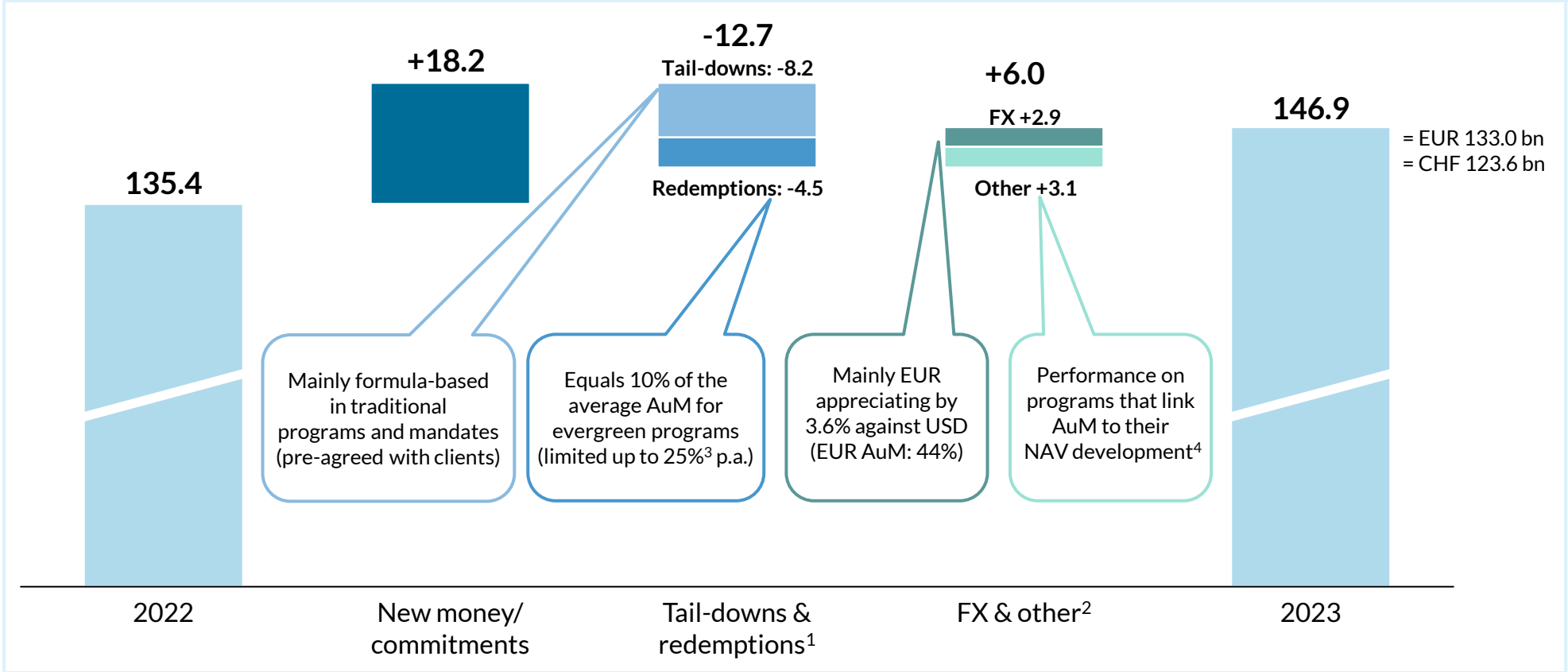
 <b>1940 Act Registered Fund</b> 2009 USD 16 billion LLC <i>private equity</i>	 <b>Global value program</b> 2007 USD 9 billion SICAV <i>private equity</i>	 <b>Multi-asset program</b> 2003 USD 8 billion Trust <i>multi-asset</i>
 <b>Multi-asset program</b> 2016 USD 2 billion SICAV <i>multi-asset</i>	 <b>Private loan program</b> 2016 USD 2 billion SICAV <i>private debt</i>	 <b>Private equity program</b> 2019 USD 1 billion LLC <i>private equity</i>

New evergreen strategies for the wealth market are currently being developed

<sup>1</sup> Figures are as of 31 December 2023. Figures show AuM of the respective funds (rounded).  
 Note: For illustrative purposes only. Past performance is not indicative of future results. Source: Partners Group (2023).

# Sustained AuM growth continues in 2023

Total assets under management development (in USD billion)



<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs. <sup>2</sup> Other consists of performance and investment program changes from select programs. <sup>3</sup> Gating provisions are a standard feature for those evergreens which allow for redemptions; net redemptions are typically limited up to 25% p.a. of the prevailing NAV (stricter gating rules can be enforced for select share classes). <sup>4</sup> 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. Full-year AuM numbers for evergreen programs are typically based on 30 November 2023 NAV valuations. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. Figures are as of 31 December 2023. Past performance is not indicative of future results. **Source:** Partners Group (2023).

## AuM development by asset class

### Assets under management development in 2023 (in USD billion)

- **Private equity:** robust fundraising throughout the year, primarily supported by mandates and evergreens
- **Private debt:** demand for syndicated loans as well as direct lending solutions remains robust
- **Private infrastructure:** next generation direct strategy launched late 2023
- **Private real estate:** vast majority of client demand from mandates

	AuM 2022	New money & commitments 2023	% of assets raised 2023	Tail-downs & redemptions <sup>1</sup> 2023	FX & others <sup>2</sup> 2023	AuM 2023	5-year CAGR <sup>3</sup>
Private equity	71.2	7.7	42%	-6.7	3.4	75.5	13%
Private debt	26.8	4.4	24%	-3.0	1.0	29.3	11%
Private infrastructure	20.8	3.7	20%	-1.5	2.2	25.2	19%
Private real estate	16.5	2.4	13%	-1.4	-0.6	17.0	4%
<b>Total AuM</b>	<b>135.4</b>	<b>18.2</b>	<b>100%</b>	<b>-12.7</b>	<b>6.0</b>	<b>146.9</b>	<b>12%</b>

<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs. <sup>2</sup> Other consists of performance and investment program changes from select programs. <sup>3</sup> CAGR: compound annual growth rate for the period 31 December 2018 – 31 December 2023.

**Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. Past performance is not indicative of future results. **Source:** Partners Group (2023).



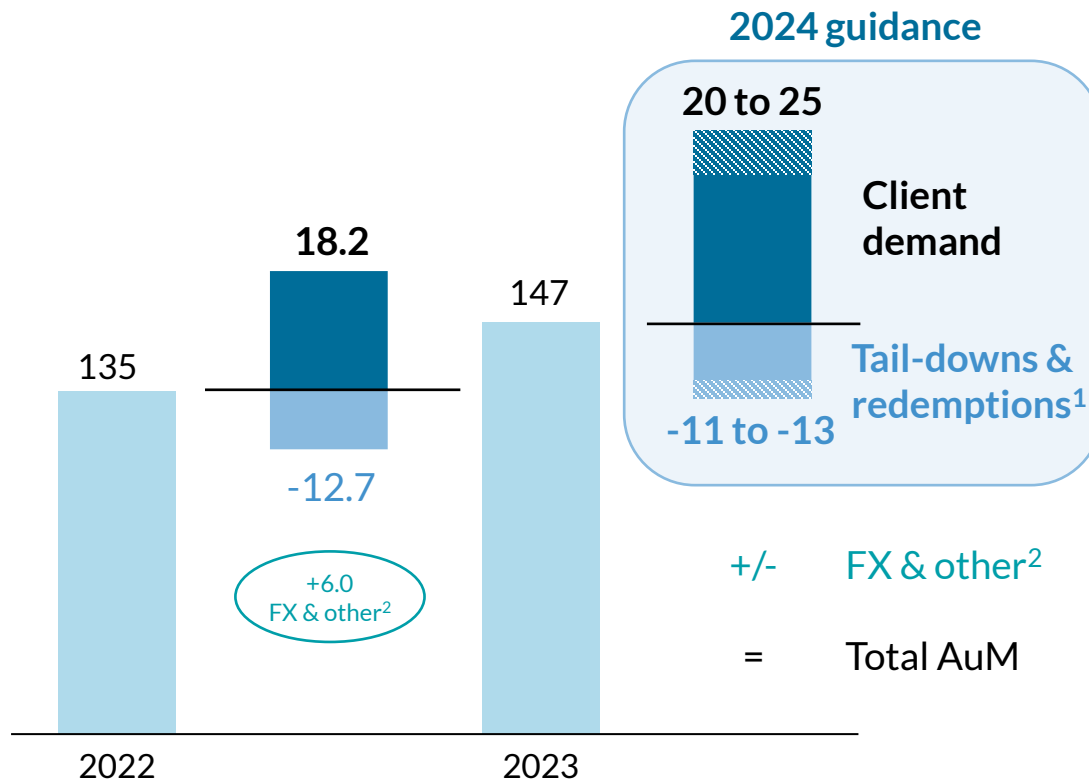
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# Outlook for 2024

AuM, client demand and other effects (in USD billion)



- Guidance based on strong client **pipeline** and driven by **differentiated offerings** across all asset classes
- Client **demand expected to strengthen** throughout 2024; high-end of range based on normalized conversion rates in H2

<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs.

<sup>2</sup> Other consists of performance and investment program changes from select programs.

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11 January 2024

# Business update 2023 & outlook 2024

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The background is a blurred industrial setting with several orange robotic arms in a factory. The text 'Q&A' is overlaid in large, white, sans-serif font in the center of the image.

# Q&A



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