

Message from the Chairman and CEO



Steffen Meister, David Layton

Dear clients, business partners, shareholders, and colleagues,

2022 was a challenging year from both a human and economic perspective. Beginning with the invasion of Ukraine in February, which drew deep consternation for the human tragedy that was unfolding, the world faced a rapidly changing set of circumstances as concerns about inflation, higher interest rates, and energy and supply chain constraints led to significant volatility in financial markets. Given this more difficult market environment, we are especially pleased to report a solid set of financial results for 2022 and robust operational performance across the businesses and assets under our stewardship.

Our transformational investing approach continues to drive value creation across our global portfolio. Although restrictions in the availability of debt financing from banks imposed a slowdown on transaction activity globally, we were able to invest USD 26 billion on behalf of our clients in 2022. These commitments were made to resilient companies and assets that stand to benefit from the transformative trends driving future earnings growth under our entrepreneurial governance.

Capitalizing on the continued demand for high-quality assets, we were able to generate USD 14 billion in portfolio realizations despite the slowdown in market momentum. This resulted in attractive returns for our clients and their beneficiaries, along with other stakeholders.

On the client side, we continued to see robust demand for our wide range of private markets offerings. We were entrusted with USD 22 billion in new capital commitments, which were well-diversified across all private market asset classes, with demand strongly driven by our bespoke client solutions.

Based on the solid development of the business across asset classes and regions, the operating result, and the confidence of the Partners Group Board of Directors in the sustainability of the firm's growth, the Board will propose a dividend of CHF 37.00 per share to shareholders at the Annual General Meeting in May 2023. The proposal represents an increase of 12% year-on-year and a payout ratio of 95% on diluted earnings per share.

We enter 2023 with a continued focus on clients as we execute on our strategic growth plans. On the macroeconomic side, we expect higher inflation and interest rates to persist, resulting in a demanding market environment. As long-term investors and business builders, we also know that these conditions offer the potential for strong investment vintage years.

Focus on thematic investing and entrepreneurship at scale

In more challenging times, our deep industry sector expertise and focus on active value creation becomes more critical than ever. Our transformational investing approach aims to deliver sustainable returns through identifying structurally attractive areas of the economy via thematic sourcing and then adopting an entrepreneurial governance approach to building market leaders in those sectors.

This approach continued to result in strong underlying asset and portfolio performance in 2022; for example, our direct private equity portfolio saw an EBITDA growth rate of 16% and an EBITDA margin of around 20%. This helped mitigate

Message from the Chairman and CEO

the effect of valuation changes brought about by public market devaluations.

For the 12-month period ending on 31 December 2022, our direct private equity portfolio achieved an overall valuation increase of 2.8%. Over the same period, private infrastructure delivered a strong performance, returning 13.5%, whilst private debt and private real estate remained relatively flat¹.

Within our investment giga theme of digitization & automation, a topic that we have been following for several years in private equity is business transformation through digitization. This is an attractive sub-sector in technology that is experiencing double-digit growth in a slowing environment. We accessed this area in 2018 through our ownership of GlobalLogic, which we built towards a market leader and successfully exited for an enterprise value of USD 9.5 billion in 2021. In 2022, we invested in this theme again through the purchase of controlling stakes in two leading digital transformation services providers: Cloudflight, which offers scalable solutions and tailor-made software to help companies digitize their business models, and Version 1, which works with private and public sector clients on complex digital transformation programs.

The role of next-generation infrastructure in the energy transition is another notable investment theme that we follow. For example, this year we invested in Budderfly, the fastest growing Energy-as-a-Service provider in the US, which provides solutions for the measurement, reduction, and management of energy demand and consumption. In addition, we acquired Sunsure Energy, a leading renewable energy and decarbonization solutions platform in India, which we plan to transform into a leading independent power producer.

Bespoke solutions are driving robust client demand

Partners Group sustained its AuM growth trajectory in 2022. Bespoke client solutions were the largest contributor to fundraising at USD 15.5 billion, illustrating that clients continue to see significant value in our unrivalled ability to provide tailored and diversified access to private markets. Mandates provide large institutional investors with a tailored allocation to private markets, while our evergreen programs with limited liquidity features primarily serve wealth management clientele. In 2022, we formalized our private wealth fundraising activities into a Private Wealth business unit, further

committing to expanding access to private markets for individual investors.

Traditional closed-ended programs saw solid demand from those clients who prefer to access a focused strategy via commingled structures and contributed a total of USD 6.7 billion to funds raised. In 2022, we closed our third flagship direct infrastructure program, focused on next-generation infrastructure opportunities. Looking ahead, we are excited to launch three successor flagship funds in 2023.

Realizations lower as select exits were postponed; high-quality assets in demand

In 2022, we elected to postpone the realization of several businesses and assets on the basis that the market environment was not conducive to achieving an optimal return for our clients. Nonetheless, we continued to see strong demand for several of our mature assets, especially those with infrastructure-like characteristics, achieving robust valuations in our exits, which reflected the significant value we were able to create.

For example, in August 2022 we expanded the shareholder base of United States Infrastructure Corporation ("USIC"), a leading US provider of "utility locate" services, maintaining a 50% co-lead stake at an enterprise value of USD 4.1 billion. After acquiring USIC in 2017, we installed an entrepreneurial board that helped transform the company and drive strong organic growth, with EBITDA increasing 77% over five years. Additionally, in December we agreed to sell CWP Renewables, a vertically integrated renewable energy platform in Australia that we developed from the ground up, in a transaction that made it the largest renewable energy platform ever sold in Australia. Today, CWP operates over 1.1 gigawatts (GW) of wind assets and has a pipeline of 5GW of near-medium term projects, with an additional 15GW at an early stage of development.

Continued underlying management fee growth of 12%; performance fees lower

In line with solid average AuM growth, we saw management fees increase 12% year-on-year, to CHF 1'603 million. Performance fees decreased to CHF 269 million or 14% of total revenues. This was primarily influenced by a previously very strong 2021, where we brought forward select realizations as exit conditions were especially favorable.

¹ For full information regarding net portfolio performance and the related track record please refer to page 11 of the 2022 Annual Report.

Note: Past performance is not indicative of future results. For illustrative purposes only. Investments highlighted represent illustrative examples of investments in particular Partners Group investment themes. A full list of all investments according to investment theme is available upon request. There is no assurance that similar investments will be made.

Message from the Chairman and CEO

In addition, in 2022 we postponed the realization of more mature businesses and assets, on the basis that the market environment was not favorable. Together, these factors contributed to an overall decrease in total revenues of 29% year-on-year to CHF 1'872 million.

Our EBIT margin decreased from 62.8% to 60.5%, driven by two factors in about equal proportion: foreign exchange effects such as the strengthening of the CHF against the EUR, as well as rising labor costs due to a more competitive environment for talent and the effects of inflation. As we move into 2023, we are well-resourced to execute on our growth plans, while continuing to develop our talented professionals and invest in key areas of strategic focus, such as clients and technology, aligned with our ~60% EBIT margin target.

Sustainability remains a priority for the firm

We aim to create positive and lasting impact for all our stakeholders, including employees at both Partners Group and our portfolio companies, as well as our client beneficiaries, society, and the environment. We aim to build better and more sustainable businesses through active ownership by supporting assets on their path to net zero and creating companies that employees aspire to work for. In a testimony to our efforts, in 2022 we were included in the Dow Jones Sustainability Indices ("DJSI") for the second year running, as one of only two global private markets firms. The DJSI are a family of best-in-class benchmarks for investors, which assess the performance of listed companies against a defined set of economic, environmental, and social criteria.

In May 2022, Partners Group launched a comprehensive Sustainability Strategy, which articulates our commitment to improving business performance by addressing material ESG topics. It articulates key ambitions, including tackling climate change, realizing employees' potential, and achieving ownership excellence and sustainability at scale. The full strategy is available on our website; our comprehensive 2022 Corporate Sustainability Report will be published in April and will provide an update on our implementation of the strategy.

Outlook: sustainable growth expected to continue

As we enter 2023, we expect a slowdown in investment decision making – albeit not demand – which could prevail for a good part of the first half of the year, with a normalization in the second half. We remain fully committed to delivering attractive returns for our clients through our transformational investing approach, building on our thematic investment pipeline and the governance strength of our well-resourced platform.

Looking further ahead, we are confident in the long-term outlook for private markets, which we expect to grow to an industry of around USD 30 trillion over the next market cycle. In our view, private markets are becoming the new 'traditional' asset class, offering investors access to segments of the real economy that are often no longer accessible through public markets. In this changing environment, we are convinced that firms like ours, highly active investment managers that focus on thematic sourcing, value creation, and entrepreneurial governance at scale, are best positioned to deliver sustained outperformance for clients and other stakeholders.

As ever, we thank our employees for their dedication to building a leading private markets platform and our clients, business partners, and shareholders for their continued trust in our firm.

Yours sincerely,



Steffen Meister
Executive Chairman



David Layton
Chief Executive Officer