



As of 31 December 2020

Annual Report 2020



Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

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As in the past, the breadth and clear strategic direction of our platform has enabled us to successfully navigate through these challenging times, reflected in a robust set of 2020 financials.

Our transformational approach to investment and our entrepreneurial approach to governance remain at the core of our activities, enabling us to generate superior returns and look ahead with confidence.

This, combined with the dedication of our employees and the trust of our clients, business partners and shareholders, positions us well to continue to create lasting, positive impact for all our stakeholders, irrespective of the economic environment.

Key figures

1'533

professionals

20

offices around
the worldUSD
109
billionassets under
management

1.51%

revenue margin^{1), 2)}CHF
1'412
millionrevenues¹⁾CHF
875
million

EBIT

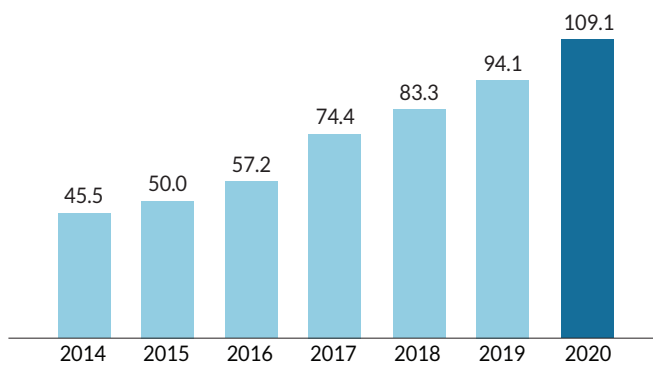
CHF
805
million

profit

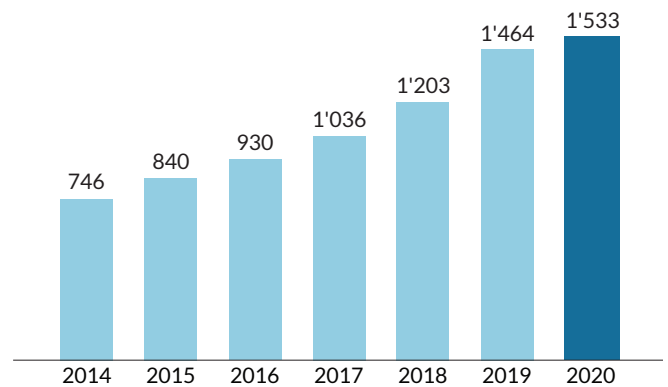
CHF
27.50
per share

proposed dividend

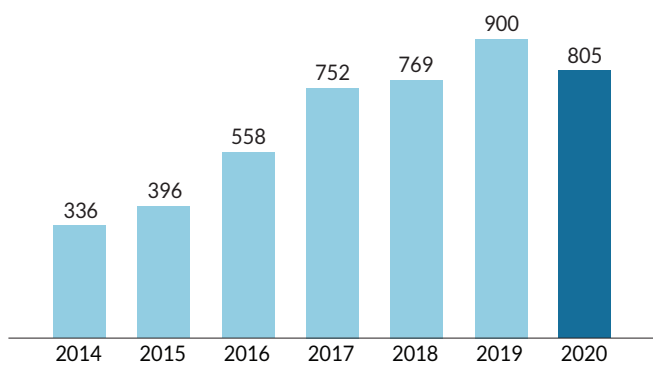
Total AuM³⁾
(in USD bn)



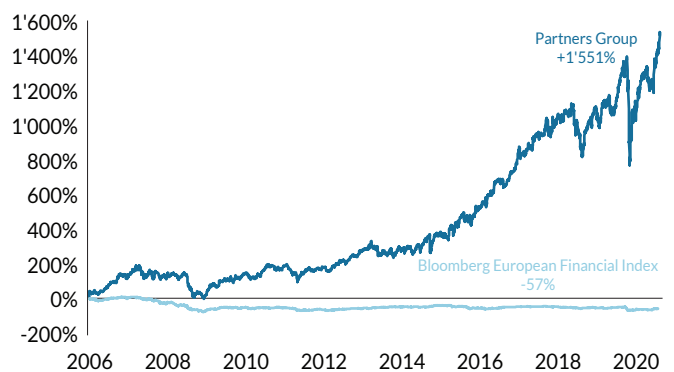
Number of professionals



Profit⁴⁾
(in CHF m)



Share price development since IPO⁵⁾



1) Revenues from management services, net, and other operating income. 2) Based on average AuM of CHF 93.8 billion in 2020 (2019: CHF 88.4 billion), calculated on a daily basis.

3) Assets under management exclude discontinued public alternative investment activities and divested affiliated companies. 4) Partners Group adjusted its profit for specific non-cash items related to the capital-protected product Pearl Holding Limited until 2014; the successful conversion of Pearl in September 2014 has consequently made Partners Group's adjusted net profit equal to its IFRS profit from 2015 onwards. 5) As of 31 December 2020.

Key figures

Key performance indicators	2019	2020
Assets under management as of the end of the year (in USD bn)	94.1	109.1
Revenue margin ^{1,2)}	1.82%	1.51%
Revenues (in CHF m) ²⁾	1'610	1'412
EBIT margin	63%	62%
EBIT (in CHF m)	1'008	875
Financial result (in CHF m)	30	53
Profit (in CHF m)	900	805
Net cash position at end of year (in CHF m) ³⁾	1'035	1'102
Shareholders' equity (in CHF m)	2'288	2'275
Return on shareholders' equity (ROE)	42%	35%
Equity ratio	58%	56%

1) Based on average AuM of CHF 93.8 billion in 2020 (2019: CHF 88.4 billion), calculated on a daily basis. 2) Revenues from management services, net, including other operating income.

3) Comprises cash & cash equivalents and short-term loans for investment programs provided by the firm, net of long-term debt.

Share information as of 31 December 2020

Share price (in CHF)	1'040.0
Total shares	26'700'000
Market capitalization (in CHF bn)	27.8
Free float ¹⁾	84.96%
Diluted shares (weighted average)	26'505'234
Diluted earnings per share (in CHF)	30.36
Dividend per share (in CHF) ²⁾	27.50
Dividend yield per share ³⁾	2.6%
Bloomberg ticker symbol	PGHN SW
Reuters ticker symbol	PGHN.S

1) According to the SIX Swiss Exchange definition. 2) As per proposal to be submitted to the next ordinary Annual General Meeting of shareholders on 12 May 2021. 3) Yield as of 31 December 2020.

Corporate calendar

12 May 2021	Annual General Meeting of shareholders
17 May 2021	Ex-dividend date
18 May 2021	Dividend record date
19 May 2021	Dividend payment date
15 July 2021	Assets under management announcement as of 30 June 2021
7 September 2021	Publication of Interim Report as of 30 June 2021

Message from the Chairman and the Co-CEOs



André Frei Co-Chief Executive Officer, **Steffen Meister** Executive Chairman, **David Layton** Co-Chief Executive Officer

Dear clients, business partners and fellow shareholders,

We start this letter by acknowledging the unprecedented events of the past year, precipitated by the outbreak of the COVID-19 pandemic. Safeguarding the health and safety of our employees, and those of our portfolio companies, was our first priority in 2020.

In parallel, we drove forward performance in our investments for the benefit of our clients. With double-digit EBITDA growth across our direct private equity portfolio, we are proud to report strong portfolio performance last year. The foundations for portfolio stability were laid by our emphasis on thematic sourcing coupled with our disciplined asset selection and value creation approach.

Towards the end of the year 2020 markets turned more active and our investment activity has increased again considerably. As we transition into 2021, our transformational approach to investment and our entrepreneurial approach to governance remain at the core of our activities. This gives us confidence that with our investment strategy we are well positioned to continue to grow and provide our clients with sustainable returns.

Continued strong demand for our private markets solutions

Despite the challenging environment in 2020, our business model has proven to be resilient amid the economic headwinds caused by the pandemic. Clients around the globe entrusted us with USD 16 billion in new commitments. We saw strong demand across all asset classes and program types, from customized mandates and our extensive range of evergreen fund solutions, to traditional closed-ended

programs. Our total AuM increased to USD 109 billion as of 31 December 2020. This translated into a strong 11% underlying AuM growth (16% including foreign exchange effects).

In the past, our industry has primarily grown via traditional funds, but we are now increasingly seeing investors in private markets turn to customized mandate solutions as a means of optimizing the return potential of their commitments to the asset class. Many of our clients are looking for specific risk/return exposures and to combine various asset classes, match asset/liability needs through cash-flow profiling, and ramp up quickly through investment level steering. We are truly differentiated in creating these types of bespoke private markets solutions, with a 20-year track record of forming customized mandates. Today, 64% of our AuM is managed through bespoke private markets solutions. We believe that this differentiates us and will remain important as our industry continues to mature and grow.

The transformative trends we identified have been amplified and accelerated

We are highly satisfied with the resilience our portfolios showed during the volatility of 2020. Our investments were reasonably stable in the first half of the year and rapidly transitioned back to growth in the second half of the year. We believe that our hands-on approach and our thoughtful theme selection helped to facilitate this stability. COVID-19 has, in fact, amplified and accelerated most of the trends and themes on which Partners Group has focused.

Our team of over 500 private markets investment professionals works year-round to identify transformative trends across sectors. We find and target companies and assets with strong potential to benefit from these trends. Then, together with our over 200 Operating Directors

Message from the Chairman and the Co-CEOs

and Industry Advisors, our professionals leverage our entrepreneurial governance approach to transform the companies and assets in which we have invested into market leaders. This approach has delivered strong revenue growth and sustained double-digit EBITDA growth across our direct private equity portfolio – in turn giving us a strong track record of investment outperformance in many areas.

In 2020, we continued our steady work on our investment themes, which are underpinned by long-term secular trends. This has been our approach across the entire platform, not only in private equity, but also in private infrastructure and private real estate, for several years. However, today, this approach shapes our investment activities more than ever. In private equity alone, there are hundreds of such themes; we currently zoom in and develop concrete investment opportunities in more than 50 of them, grouped into our four main sectors. Just to name a few of these, we look at cell and gene therapy related tools and services in Health & Life, software verticalization in Technology, digitized facility management in Services, and sustainable alternatives in industrial food production in Goods & Products, amongst many others. We have started 2021 with a significant investment pipeline centered around our main thematic growth trends.

Translating clients' portfolio performance into shareholder returns

Turning to our financials, while our fundraising activity in 2020 resulted in AuM growth in USD of 16%, the year-on-year average AuM growth in CHF was 6% as the Swiss franc strengthened against all major currencies. Management fees grew by 1% to CHF 1'146 million and were impacted by temporarily lower levels of other operating income, mainly due to lower investment activity during the period.

Total revenues decreased by 12% to CHF 1'412 million, driven by lower revenues from performance fees. In H2, more favorable exit markets enabled the firm to realize several assets and performance fees recovered strongly to 27% of total revenues, up from 9% in H1. In H1, the firm had to postpone several divestments due to the weak exit environment caused by COVID-19. As a result, total revenues from performance fees decreased by 44% to CHF 266 million representing 19% of total revenues. Our expected mid- to long-term range of performance fees in relation to total revenues remains at 20-30%.

While we forged ahead with investing for future growth, our disciplined approach to cost management resulted in a stable EBIT margin, which stood at 62% as of year-end. Below EBIT, the financial result is driven by our investments alongside

clients into our own investment programs. The strong performance of these programs reflects the success of our transformational investing strategy. Profit decreased by 11% year-on-year to CHF 805 million, in line with revenues.

Based on the solid development of the business across asset classes and regions, the operating result and Partners Group's Board of Directors' confidence in the sustainability of this growth, the Board will propose a dividend of CHF 27.50 per share to its shareholders at the Annual General Meeting in May 2021. This represents a dividend increase of 8% and a payout ratio of 91%.

Formalizing our Stakeholder Benefits program and advancing our corporate sustainability efforts

At the portfolio level, besides remaining steadfast in our commitment to responsible investment and ESG integration, we further advanced the Stakeholder Benefits Program which we had introduced in last year's letter. The program is aimed at systematically re-investing in our portfolio assets to create positive impact for employees and other stakeholders, ultimately building better, more sustainable businesses to optimize investment outcomes for our clients. Last year, we entered into a structured dialogue with some of our largest clients and other stakeholders to define the scope and format of the program. This year, we have begun to take action: we have launched a pilot program at three of our assets. We will continue to work on defining the final format of the program in 2021 and look forward to updating you on our efforts.

We also continued to advance our corporate sustainability efforts in 2020 with a focus on two key topics: diversity & inclusion and climate change. We remain committed to achieving our target of substantially increasing the number of senior female professionals and leaders at our firm through our employee development programs and targeted recruitment initiatives. Furthermore, we supported the launch of two new employee networks, The Black Network and The LGBT++ Network, which together with our existing Women's Network aim to make Partners Group a more inclusive company.

On the climate front, we will soon publish our Climate Change Strategy that we started developing last year to formalize our approach to managing climate risks across our investment portfolio and our firm.

Finally, we have continued to focus on onboarding new talent and investing in the development of our employees through PG Academy, our in-house platform that provides employees with targeted opportunities to grow business and leadership skills. We launched PG Academy at the start of the year and swiftly combined physical and virtual classroom trainings with

Message from the Chairman and the Co-CEOs

eLearning to expand our leadership development programs and targeted training modules during COVID-19.

More detail on each of these initiatives will be made available in our 2020 Corporate Sustainability Report.

Going beyond impact: we are in this together

Taking a step back and looking at the extraordinary events of the past year, there is no denying that the COVID-19 pandemic is the biggest challenge that many of our portfolio companies have ever faced. Naturally, in the early days of the pandemic, the attention of our investment engine shifted entirely to helping our portfolio companies navigate the evolving pandemic. Our investment teams are responsible for around 200'000 employees who work for our largest portfolio companies. During this time, they worked intensively with our portfolio company management teams to ensure the health and safety of these employees as well as maintain business continuity, with each asset requiring customized advice and solutions to manage the negative impacts of the crisis. To support the most financially vulnerable employees at our portfolio companies, we also rallied to raise a USD 10 million Portfolio Employee Support Fund. As of December 2020, the fund had supported over 12'000 portfolio company employees with their medical expenses, increased childcare or remote learning costs, as well as assisting households whose income levels were negatively impacted by government-imposed lockdowns, furloughs or the tragic loss of loved ones.

Our 25th anniversary in 2020 – time to give back

Partners Group celebrated its 25th anniversary in 2020. The success of our firm to-date could not have been achieved without the dedication of our employees and the trust and partnership of our clients, business partners, and other stakeholders. To mark the occasion, Partners Group launched the PG Gives Back initiative, gifting employees additional time off and financial contributions to support the communities in which they live. Across Partners Group's 20 offices globally, our more than 1'500 employees planned their own initiatives or partnered with local charities and organizations to donate time and capital to important causes such as conservation, education, healthcare and helping those in need.

Moving towards a single CEO structure as of 1 July 2021

Careful succession planning has always been a key success factor for Partners Group and periodic adjustments to our Executive Committee and senior leadership team are a recurring feature of our corporate development. In line with this, on 16 March 2021 we announced changes to the

composition of our Executive Committee that will take effect from 1 July 2021.

After eight years in the role, André Frei will step down from his position as Co-CEO and Executive Committee member and will assume a new responsibility as Chairman of Sustainability. The Board of Partners Group is very grateful for André's significant contributions to the firm as Partner and Co-CEO. David Layton, who has been a Co-CEO since 2019 and is based in Denver, will become Partners Group's sole CEO.

In tandem, we announced further appointments to the Executive Committee that will support the future development of the firm's transformational investing and bespoke client solutions strategies. With an ambitious business development agenda, the Board of Directors is confident that Partners Group's experienced and global leadership team will steer the firm to continue to realize its full potential.

Thanks to the dedication of our employees and the trust of our clients, business partners and shareholders, we are convinced that we will emerge from this crisis even stronger and with a renewed commitment to creating lasting, positive impact for all our stakeholders.

We thank you for your continued partnership.

Your sincerely,



Steffen Meister
Executive Chairman



André Frei
Co-Chief Executive Officer



David Layton
Co-Chief Executive Officer

2020 at a glance – Investments



Investments

USD 8.6 billion invested on behalf of our clients in attractive and differentiated businesses and assets.

Investment environment

We are proud to report strong portfolio performance in 2020. We broadly outperformed relevant public markets benchmarks and delivered superior returns for our clients, despite the economic uncertainty caused by the COVID-19 pandemic. Our transformational investing strategy provided support to our portfolio in H1 and facilitated a rapid return to growth in H2. The foundations for portfolio stability were laid by our emphasis on thematic sourcing coupled with our disciplined asset selection and value creation approach.

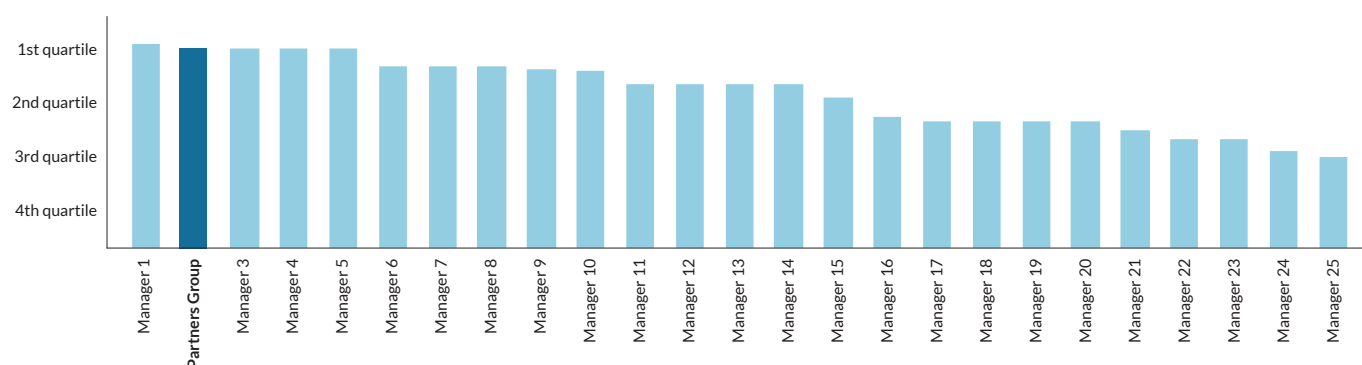
Thematic investing is our proprietary and systematic approach to identify great investment and asset development opportunities in today's fast-changing environment. Our targeted businesses are those that not only greatly benefit from structural trends and related growth, but that offer us the potential to transform them. Transformation is achieved through our entrepreneurial ownership and business-building approach, which has a single objective: to turn good businesses into market leaders.

In the current investment environment, in which elevated prices persist for attractive assets, substantial value creation is required to generate outsized returns for investors. At the end of 2020, Preqin, one of the largest data providers for the private markets industry, analyzed the performance of diversified buyout managers since the Global Financial Crisis (GFC) and ranked Partners Group among the topmost consistent performers. It is our view that this result was driven by our thematic investing and transformational business-building approach.

Performance for the twelve-month period ended 31 December 2020

Our experience during 2020 has reconfirmed that the main themes underlying our investment approach should not only withstand the structural changes caused by COVID-19, but that the crisis may in fact amplify the relevance of most of the businesses and assets in our investment portfolio.

Average quartile ranking of post-GFC buyout vintages



Source: simplified illustration of the analysis of Preqin, December 2020, 'Post-GFC Track Records Could Drive 2021 Allocations'.

2020 at a glance – Investments

The overall outperformance of our private markets portfolios during this period was driven by our investment themes, which are underpinned by long term secular trends. In private equity alone, there are hundreds of such themes and we currently zoom in more than 50 of them, grouped into our four main sectors. Just to name a few, we look at cell and gene therapy related tools and services in Health & Life, software verticalization in Technology, digitized facility management in Services, and sustainable alternatives in industrial food production in Goods & Products, amongst many others.

The portfolio net performance overview for the twelve-month period ending on 31 December 2020 is provided below.

	YTD as of 31 December 2020	
	Partners Group ¹⁾	Reference index ²⁾
Private equity (direct)	17.6%	15.9%
Private debt (direct)	2.0%	3.5%
Private real estate (direct)	-3.3%	-8.2%
Private infrastructure (direct)	14.4%	-5.8%

1) Partners Group shows performance as model net returns, which are based on gross investment performance and standard fee parameters for the twelve-month period ended on 31 December 2020. All cash flows and valuations are converted to USD using fixed FX rates as of 31 December 2020. Return figures denote annualized pooled internal rates of returns (IRR). Reference index returns denote time-weighted returns. Model net figures do not include the impact of factors such as any taxes incurred by investors, organizational and administration expenses or ongoing operating expenses incurred by the investment program (e.g. audit, hedging etc.). The performance presented reflects model performance an investor may have obtained had they invested in the manner and the time period shown and does not represent performance that any investor actually attained.

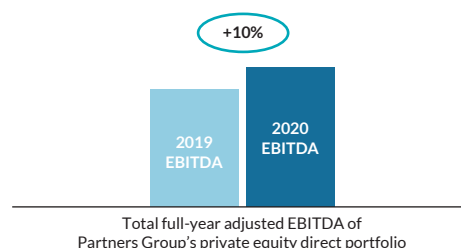
2) For reference purposes, Partners Group private equity, private debt, private real estate and private infrastructure performances are compared, respectively, to the following USD-denominated indices: MSCI World Net Total Return USD Index (ticker: NDDUWI); a composite of 50% S&P/LSTA Leveraged Loan Index in USD (ticker: SPBDAL) and 50% S&P European Leveraged Loan Index USD-hedged (ticker: SPBDELUH); FTSE EPRA NAREIT Developed Total Return Index USD (ticker: RUGL); and S&P Global Infrastructure Total Return Index USD (ticker: SPGTINTN).

Private equity

2020 was a very successful year for our direct private equity portfolio: we increased EBITDA by 10% overall, improved margins by 120 bps and continued to develop our investments. Our portfolio companies were swift in adjusting to the new situation under COVID-19 and implemented appropriate action plans with the help of our operating directors, industry specialists and investment professionals who worked intensively alongside them. Throughout the year, we continued with our proven platform-building strategies in the transformation of our businesses. This has provided relative stability in our portfolio, as has our focus on high-quality, resilient companies in our four sectors: Technology, Services, Health & Life, and Goods & Products. 2020 has

proven once again that our investment strategy is capable of delivering consistent outperformance, also in rough macro environments.

Direct private equity portfolio EBITDA growth



Private debt

Overall, our debt portfolio has proven to be resilient. On the direct lending side, we continue to focus on strategies that lead to the best risk-return outcome for our clients. In order to achieve this, we focus on fundamental credit due diligence, negotiating transactions with strong legal protections, strong origination network and relationships, underwriting stable, profitable and established businesses as well as active portfolio management and workout efforts where needed. In 2020, our private debt strategies slightly underperformed their benchmark. While Partners Group's programs provided significantly more stability and less drawdowns in Q1 2020, they benefitted to a lesser extent from the very strong market at the end of the year. We would generally expect our debt strategies to experience less volatility as a result of the focus on high quality, non-cyclical businesses.

Our liquid loan business was also resilient in a large part due to the conservative and defensive approach to build and manage our syndicated loan portfolios. The syndicated debt team was able to play it safe and play offensive simultaneously by purchasing what we believed to be robust credits at significantly depressed prices in the secondary loan market.

Private real estate

Our private real estate portfolio has shown only a modest decline in valuation and substantially outperformed the benchmark. It has limited exposure to the sectors that have been most heavily impacted by government-imposed COVID-19 lockdowns, such as retail, hospitality and student housing. Our disciplined use of leverage, combined with strong rent collection levels throughout the period, further strengthened the liquidity profile at the investment level. Rent collection across the portfolio stood at a resilient 94% globally as of December 2020. Moreover, rent collection

2020 at a glance – Investments

across our US real estate portfolio exceeded national averages for all sectors. Additionally, global diversification within our portfolio has limited its exposure to any one city or sector.

Private infrastructure

Partners Group's private infrastructure portfolio has performed very well compared to other private infrastructure portfolios, mainly due to the fact that it has minimal exposure to commodity prices, GDP, or traffic volumes. Our portfolio is characterized by a heavy overweight in long-term take-or-pay arrangements with creditworthy counterparties, broad diversification across sub-sectors and a concentration on essential services, such as renewable power generation, gas transportation and data transmission. Our infrastructure portfolio achieved a solid net performance of 14.4% during 2020.

Offense remains the best defense

We believe that great investment opportunities will prevail with our approach and the COVID-19 crisis has not materially altered our investment strategy.

Partners Group uses a thematic investing approach centered around three giga themes that drive its thinking about more granular transformational themes:

- Digitization and automation: the main driving force for businesses in technology, services and production
- New living: the forces shaping consumer preferences and habits, including areas such as nutrition, healthcare, leisure and learning
- Decarbonization: this will drive the largest ever energy infrastructure and effectiveness program in history

We then dive deeper into these giga themes to identify underlying transformative trends that have the potential to generate sustainable returns for our investors. We look for trends that will result in above-average, secular growth over a five- to ten-year period and, in private equity alone, we typically follow more than 50 thematic ideas at any one time. These transformative trends drive how we look at investment opportunities and shape how we transform our assets across the four private market asset classes.

We transform assets via proactive operational value creation and platform expansion to create strong companies with a leading market position. Last but not least, we apply entrepreneurial governance by putting in place first-class management teams capable of achieving our ambitious targets and building effective boards whose interests are aligned with the company's success.

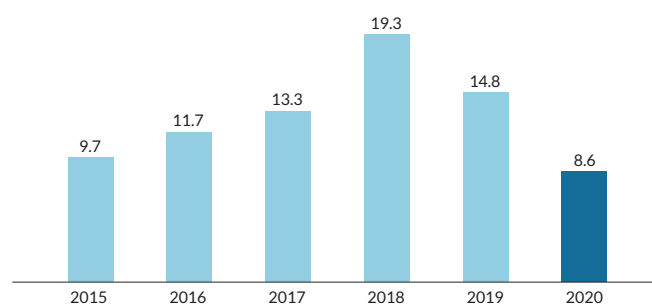
With over 500 engaged investment professionals and in excess of 250 operating directors and trusted advisors in our close network, we remain confident that this transformational investing strategy will continue to be key to our success.

More detail on our thematic investing can be found in our 2021 Private Markets Navigator, which can be downloaded here: <https://www.partnersgroup.com/en/news-views/perspectives/current>

Investments in 2020

During 2020, we invested a total of USD 8.6 billion (2019: USD 14.8 billion) on behalf of our clients across all private markets asset classes, with the majority of these investments undertaken in Q1 and Q4. Investment activity slowed during the year as we prioritized protecting and enhancing existing portfolio performance over making new investments. We focused resources accordingly in Q2 and Q3, while safeguarding the health and safety of portfolio company employees.

Partners Group's private markets investments (in USD bn)



Note: figures include add-on investments but exclude investments executed for short-term loans, cash management purposes and syndication partner investments.

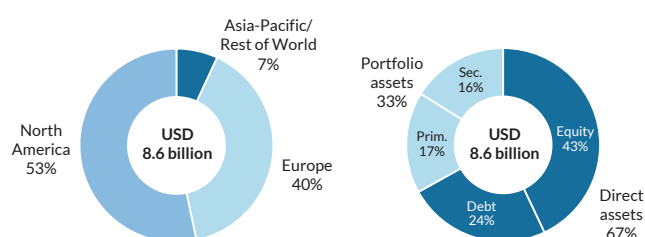
2020 at a glance – Investments

Out of the total amount invested in 2020, USD 5.7 billion (67% of total investment volume) was deployed in direct assets, of which USD 3.7 billion was invested as equity in individual businesses and real assets, and USD 2.1 billion was invested in corporate debt. For our equity investments, our entrepreneurial governance approach, which focuses on transforming attractive businesses into market leaders, remains key to generating superior returns.

To complement our direct assets, we invested USD 2.8 billion (33% of total investment volume) in portfolio assets on behalf of our clients in 2020. These portfolio assets include USD 1.4 billion of secondary investments (2019: USD 2.7 billion) into globally diversified private markets portfolios and USD 1.5 billion of select primary commitments (2019: USD 2.0 billion) to other private markets managers. For secondaries, the distressed window was short-lived. During Q2 of 2020, many transactions were put on hold due to wide bid-ask spreads. In the second half of the year, secondary market prices for many high-quality assets rebounded to their pre-COVID levels. We are committed to maintaining pricing discipline and a focus on inflection assets, where we believe the greatest value creation potential can be found.

Investment activity remained geographically diversified in 2020, with 53% of capital invested in North America, 40% in Europe, and 7% in Asia-Pacific and emerging markets, reflecting our global reach and scope.

Private markets investments by region and asset class (in USD bn)



Note: figures include add-on investments but exclude investments executed for short-term loans, cash management purposes 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).

Select private markets investments in 2020¹

Private equity

In July 2020, we acquired a major stake in **Rovensa**, which is among the world's top three providers of bionutrition, biocontrol and crop protection solutions. The company is primarily focused on the higher-margin fruit and vegetable growing industry.



Rovensa

We were attracted by the sector in which Rovensa operates based on the following three factors. Firstly, over the long term, the agricultural sector is uncorrelated with GDP due to its essential nature. Secondly, projected increases in average daily caloric intake are anticipated to increase food demand by over 50% in the next 30 years, at a time when there are restrictions on available arable land. In this context, farmers must find ways to increase yields by making their crops more robust and productive. Finally, there is a trend towards biological crop products vs. chemically derived ones. Rovensa's portfolio is ideally positioned for these new realities and we plan to accelerate the transformation of the product portfolio to benefit from these trends.

In our first few months of ownership we set up an effective, action-oriented board and outlined the strategic plan. We see potential to create value by accelerating the development of Rovensa's leading and diverse portfolio and expanding its geographical footprint. We will also support the company's research and development culture, with a special focus on high-growth market niches. Select acquisitions in biologicals will complement organic growth. Combined, these initiatives will play a major role in cementing Rovensa's transformation into a high-growth, truly international biosolutions provider.

¹ All Partners Group investments and divestments mentioned herein were made on behalf of the firm's clients, not on behalf of Partners Group Holding AG or any of its affiliates.

2020 at a glance – Investments

Private debt

In December 2020, we provided a unitranche solution for the acquisition of **ThinkProject**. ThinkProject provides cross-enterprise collaboration and workflow software to the engineering and construction industries. The software is delivered as an SaaS platform, and is currently used by more than 2'750 customers in 60 countries.

The construction industry historically has been slow to digitalize. Software adoption is increasing, driven by the need to improve project management and reduce cost overruns. ThinkProject's collaboration and workflow software offerings enable clients to improve project coordination and communication leading to a reduction in project delays and cost efficiencies. The company is a market leader in the DACH region and has exhibited strong historical growth through market cycles, with its sticky products leading to >80% of recurring revenues. With this direct debt investment, we capitalized on two key thematic sourcing themes: software verticalization and digitalization.

We were instrumental in providing a financing solution as part of a club to the sponsor, required for the secondary LBO of the company. Our undrawn credit facilities will support the company in continuing with its track record of M&A activity. The financing also contains an ESG-linked ratchet mechanism.

Private real estate

We recently **acquired a portfolio of industrial assets** concentrated in several of Partners Group's high-conviction US target markets, including Raleigh-Durham, Austin and Denver, as well as infill locations near major East Coast population centers. An example of one property in the portfolio is a 77'000 square foot Class A industrial warehouse located in Kearny, New Jersey. The property is well situated to serve as a last-mile distribution facility given its strategic position in proximity to New York City.

The logistics sector continues to benefit from the structural growth of e-commerce, a trend that has further accelerated during 2020. In particular, we have conviction in last-mile distribution facilities, smaller urban logistics warehouses, and cold storage units. We seek out locations with good transport links, in close proximity to larger cities, and with limited land supply due to their infill location.

The value creation plan involves driving additional net operating income (NOI) growth through leasing up existing vacancies and near-term known vacates, marking below-market rents to market rate and developing a new Class A industrial development on a build-to-suit basis. Partners

Group was well-positioned to recapitalize this opportunity as the operator sought to partner with an institution that could provide a holistic solution for the entire portfolio.

Private infrastructure

We acquired an 80% equity stake in VSB Group, a leading European developer, owner and operator of renewable energy assets. VSB operates throughout the entire renewable energy value chain, from the development of projects, to asset management and the technical and commercial management of operational sites, as well as having a broad offering in energy solutions. VSB has successfully developed and built over 1.1GW of onshore wind and solar PV generating assets to-date and manages over 1.4GW of wind assets.



VSB Group

One of the key transformative trends in which we are continuing to invest in is decarbonization and the energy transition. With a portfolio of over 7.7 GWs of renewable generation capacity worldwide, we have been a longstanding investor in clean power production. The Company's proven development track record, strong and engaged management team, and sizable project pipeline make it an excellent fit for Partners Group's platform expansion strategy. VSB is very well-positioned to capitalize on increased demand for environmentally-friendly sources of energy throughout Europe.

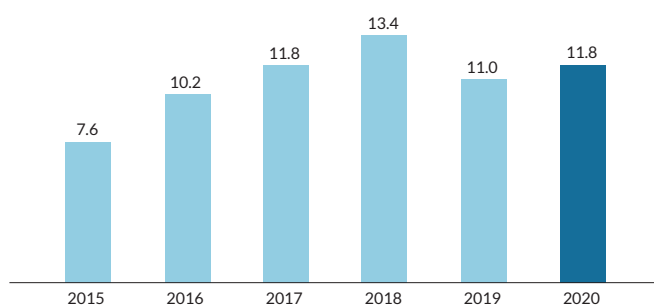
We will work closely with the management team to realize this ambition by leveraging our experience of institutionalizing businesses to accelerate the conversion and development of VSB's renewable energy pipeline. In the first few months of our ownership we have already had great success with obtaining permits for 200MW in Finland and the addition of 300MW in Poland, which was achieved through organic growth and strategic platform acquisitions.

2020 at a glance – Investments

Divestments in 2020

We realized a number of mature private markets assets on behalf of our clients, leading to a total of USD 11.8 billion in underlying portfolio distributions in 2020 (2019: USD 11.0 billion). Similar to our investment activities, divestments were skewed towards Q1 and Q4 2020. Underlying portfolio realizations in the first half of the year were dominated by cash distributions from the closings of transactions for which the respective sales and purchase agreements were signed in Q4 2019 and early Q1 2020.

Partners Group's underlying portfolio realizations (in USD bn)



Note: include realizations from Partners Group's direct as well as portfolio assets (primaries and secondaries).

A good example of how we capitalize on thematic growth trends and leverage our entrepreneurial governance approach to transform portfolio companies is our investment in French fiber-to-the-home broadband platform **Covage**. Demand for data is expected to more than double in the next five years, and, over our holding period, we transformed Covage to address this anticipated demand.

We grew the size of Covage's network by over 20x: from less than 50'000 fiber connections in 2016 to 1 million connections in 2020, with additional near-term buildout to over 2.4 million homes and 27'500 businesses across France. This will continue to have a lasting, positive impact on local communities and we are proud to say that we contributed to bridging the digital divide in rural France.

This transformation attracted a strategic buyer for Covage and, in December 2020, we completed the sale of our 50% equity stake in the company. The transaction gave the company an equity value of around EUR 1.1 billion.

Another example is our transformation of **PCI Pharma Services**, a global provider of outsourced pharmaceutical supply chain solutions, which produced stellar returns for our clients following the sale of a majority stake in August 2020.

Through our thematic sourcing approach, we had identified the strong industry-wide trend of outsourcing diversified pharmaceutical services in a near-shore setup due to the pressure on big pharmaceutical companies to control costs and optimize manufacturing and packaging footprints while maintaining close collaboration and agility. We built our thesis of capitalizing on PCI's leading market position in big pharma to achieve above-market growth rates by transforming the company into a value-added solutions provider.

We helped PCI in multiple dimensions to foster operational excellence and strategically reposition the company. From the start we had set up a collaborative and experienced Board for PCI, which enabled us to transform its operations and proactively execute the long-term strategic vision. We expanded PCI's clinical capabilities and geographical reach through several add-on acquisitions, building PCI's presence in Ireland, Australia, Germany, and Canada. We also led a talent transformation, appointing a new management team with a clear vision for the future of the business as a solutions provider for its clients by differentiating PCI through technology, talent, and operational excellence. The strategic plan launched about 20 transformational initiatives with full Board support.



PCI Pharma Services

When we first invested in PCI in 2016, the company was perceived as a best in class service provider for commodity or non-core pharmaceutical products. Today, PCI is a trusted partner for its customers, providing integrated pharma supply chain solutions with the shared goal of improving patients' lives. It is a leader in technology, with a first-of-its-kind digital platform to provide clients with real-time supply chain data and analytics. A robust value creation plan, a dynamic management team and active corporate governance led to true business transformation for PCI during our ownership, resulting in a 25% EBITDA compound annual growth rate (CAGR).

2020 at a glance – Clients



Clients

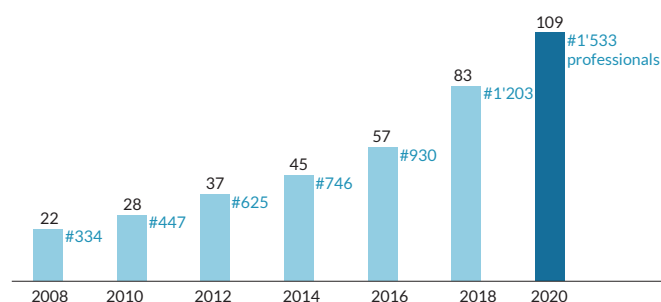
USD 16.0 billion gross client demand in 2020; AuM stands at USD 109 billion.

Fundraising environment

The industry continued to observe strong demand for private markets solutions in 2020². The structural growth drivers continue to be the increase in institutional assets under management, the rising allocations of institutional investors to private markets and the outperformance of private markets against public markets. Moreover, we observe a concentration of private markets allocations with those managers that have the capacity and ability to onboard sizeable commitments and deploy larger amounts of capital as well as providing an all-encompassing service catalogue. We have started confidently into 2021 and base our full-year fundraising outlook on the expectation that the situation around COVID-19 will improve as the year progresses.

² Source: Preqin, February 2021, Alternatives in 2021.

Total assets under management (in USD bn)



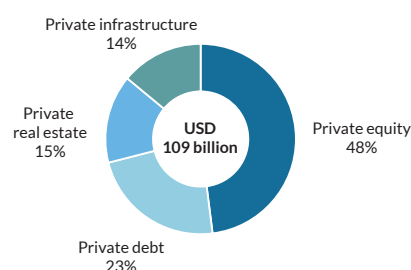
Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013.

AuM grew to USD 109 billion

In 2020, we saw continued strong client demand across all private markets asset classes despite COVID-19 and received USD 16.0 billion in new commitments. This demand for programs and mandates brings total AuM to USD 109.1 billion as of 31 December 2020 (31 December 2019: USD 94.1 billion).

The breakdown of total AuM as of 31 December 2020 is as follows: USD 52 billion private equity, USD 25 billion private debt, USD 17 billion private real estate, and USD 16 billion private infrastructure.

AuM by asset class

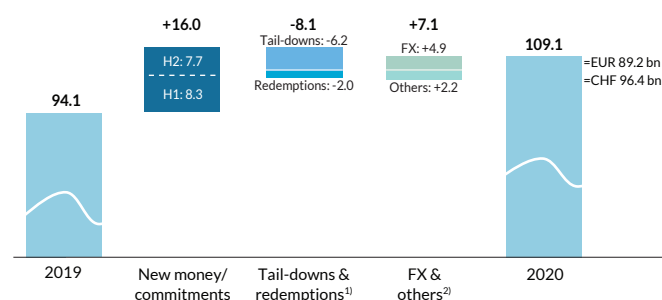


Alongside new commitments received during the period, tail-down effects from mature private markets investment programs amounted to USD -6.2 billion and redemptions from evergreen programs amounted to USD -2.0 billion in 2020 (full-year guidance for tail-downs and redemptions: USD -7.5 to -9.0 billion).

2020 at a glance – Clients

Our transformational investment strategy provided stability to our portfolio and facilitated an instant return to growth in the second half of the year. As a result, performance-related effects from a select number of investment programs generated a positive contribution of USD 2.2 billion to AuM. Foreign exchange effects positively impacted underlying AuM growth by USD 4.9 billion, in particular due to the strengthening of the Euro against the US Dollar. Overall, this resulted in net AuM growth of USD 15.0 billion during the period and a growth rate of 16% year-on-year. Excluding the impact of exchange rates, this leaves 11% underlying AuM growth in 2020.

Total assets under management development (in USD bn, except where stated otherwise)



1) Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs.
2) Others consist of performance and investment program changes from select programs.
Note: due to rounding, some totals may not correspond with the sum of the separate figures.

Client demand across all asset classes

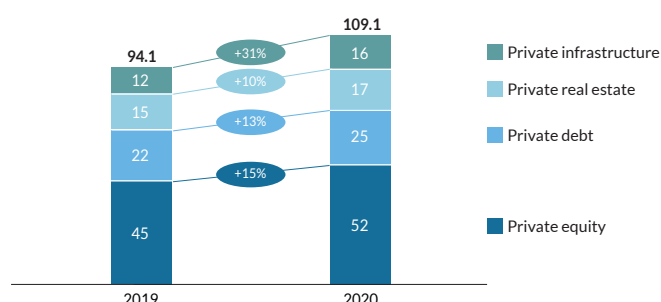
Private equity was the largest contributor to assets raised in 2020, representing 40% of all new commitments (USD 6.4 billion). Demand was split across a wide range of different programs and mandates, with our successor private equity direct and secondaries programs as well as our evergreen programs being the main contributors.

Private debt saw strong inflows, which represented 23% of all new commitments (USD 3.7 billion). Demand was spread over several different programs and mandates focused on our collateralized loan obligation (CLO) business, which contributed about 55% of the assets raised, and our direct lending activities, which contributed the other 45% of new commitments. Today, our entire CLO business represents around 5% of our AuM.

Private real estate new commitments represented 15% of overall new client demand (USD 2.5 billion), stemming from a diversified range of investment programs and mandates focusing on our Global Real Estate Opportunities strategy.

New client demand for **private infrastructure** represented 22% of all new commitments (USD 3.5 billion). Private infrastructure showed the strongest net AuM growth on a relative basis. Infrastructure is in the midst of fundraising for its successor direct offerings, which contributed substantially throughout the year. This program will continue to make a relevant contribution to fundraising over the next 12 months.

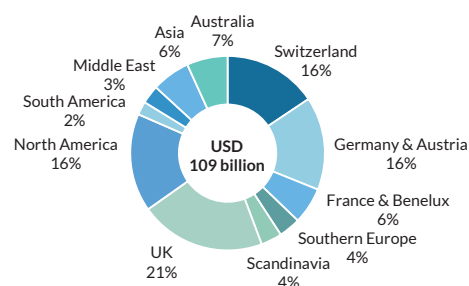
Net AuM growth by asset class (in USD bn)



Client demand by region and by type

We have a broadly diversified and international client base spanning a range of clients.

AuM by region



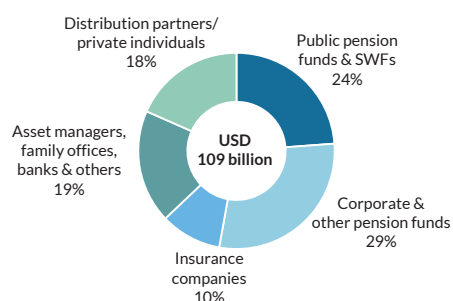
Note: due to rounding, totals may not correspond with the sum of the separate figures.

In terms of type of clients, the majority of our AuM stems from institutional clients such as corporate, public and other pension funds as well as sovereign wealth funds and insurance companies. These institutional investors often invest via bespoke solutions or traditional long-term closed-ended private markets programs.

2020 at a glance – Clients

Over the last three years, we have seen strong demand from distribution partners, which typically accounted for between 15-25% of client demand. They represent private individuals and smaller institutional investors, who increasingly recognize the benefits of private markets and aim to mirror the allocations of institutional investors in their own investment portfolios. Usually, they seek to access private markets through open-ended programs with limited liquidity features (evergreen programs).

AuM by type



Client demand by product structure

Managing around 300 diverse private markets portfolios in different stages of their lifecycle and across all private market asset classes is our strength and a key differentiator for our firm. These encompass traditional private markets vehicles such as comingled, closed-ended limited partnerships; mandates for large institutions, which allow us to steer investment exposure across multiple private markets asset classes in line with clients' longer-term investment horizons; and evergreen programs.

In 2020, 42% (USD 6.8 billion) of overall inflows were raised via **traditional private markets programs**, typically limited partnerships, with a pre-defined contractual life, often with an initial term of 10-12 years for closed-ended equity offerings and 5-7 years for closed-ended debt offerings.

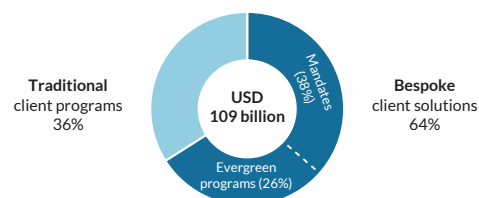
Our **mandate** business focuses on building up private markets exposure for large institutional clients, often to achieve long-term target allocations. Capital is committed via long-term partnerships, which are often not limited to a specific contractual life and will continue for a perpetual term, unless new commitments are discontinued. Some 35% (USD 5.5 billion) of our client commitments stemmed from relationships with clients through mandates.

The remaining 23% (USD 3.7 billion) of new commitments stemmed from our evergreen programs. We are a global leader in evergreen programs for investments in private markets. These open-ended evergreen vehicles cater mostly to high-net-worth individuals and have no contractual end but are subject to potential redemptions. As of 31 December 2020, we manage 26% of our AuM (USD 28.2 billion) in **evergreen programs**. In 2020, inflows to evergreen programs have exceeded redemptions by USD 1.7 billion.

Gating provisions are a standard feature of these evergreen programs in order to protect remaining investors and performance; net redemptions in these investment programs are typically limited to 20-25% p.a. of the prevailing net asset value, depending on the investment strategy and content of the program. When deemed to be in the best interest of the investment program, stricter gating rules can be enforced for select share classes for a period of up to two years.

Following these inflows in 2020, our total AuM by product structure as of 31 December 2020 stands as follows.

AuM by program structure



As a pioneer in creating private markets products which are accessible for the defined contribution (DC) pensions industry, a highlight for our firm in the first half of 2020 was the Information Letter issued by the US Department of Labor (DoL) in response to our initiative to seek guidance for the US DC industry on investing in private markets. The DoL clarified that, under federal law, DC pension plan fiduciaries could prudently incorporate certain private markets strategies into diversified investment options, such as target-date funds. Previously, DC plan sponsors had been reluctant to include private equity in their investment options for fear of breaching their fiduciary duty under federal law.

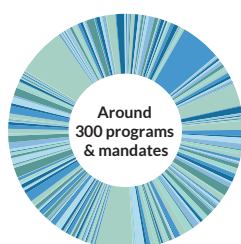
2020 at a glance – Clients

In its guidance, the DoL also clarified that Partners Group's dedicated evergreen offering for the US DC market is well-suited for these investment options. This is important as it not only enables Partners Group to help modernize the US DC market and provide participants with potentially improved retirement outcomes, but it also offers the US DC pension system vital access to the broader economy by providing the opportunity to be a substantial future investor in the growing proportion of businesses that choose not to list publicly.

AuM well-diversified across programs and clients

As of 31 December 2020, our two largest investment programs, which are both globally diversified, accounted for 12% of our AuM. While the largest program combines private equity and private debt investments and caters to private investors in the US, the second largest program combines private equity and private debt investments and caters to private investors in Europe.

AuM split by private market programs and mandates



Note: total AuM of USD 109 billion as of 31 December 2020.

Client outlook

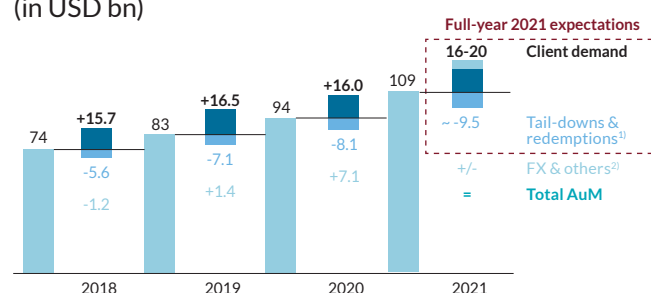
Based on robust client demand for programs and mandates and facilitated by the solid increase in our investment capacity, we confirm our guidance of USD 16-20 billion expected gross client demand for 2021.

Fundraising is expected to be balanced across all program types, from customized mandates and the firm's extensive range of evergreen fund solutions to our traditional closed-ended programs.

Our full-year estimates for tail-down effects from more mature investment programs and potential redemptions from evergreen programs amount to around USD -9.5 billion.

We base our 2021 fundraising outlook on the expectation that current uncertainties around COVID-19 will improve as the year progresses. We are positive that our portfolio is strongly positioned, confirming the strength of our transformational investment approach. This, combined with our bespoke client solutions, gives us the confidence that our growth journey will continue.

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



1) Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs.
2) Others consist of performance and investment program changes from select programs.
Note: for illustrative purposes only. Due to rounding, some totals may not correspond with the sum of the separate figures.

2020 at a glance – Financials



Financials

Financial stability of business confirmed; **management fees** up 1%; **EBIT margin** at 62%.

Our transformational investing strategy provided support to our portfolio in H1 and facilitated a rapid return to growth in H2. In H2, more favorable exit markets enabled the firm to realize several assets and performance fees recovered strongly to 27% of total revenues, up from 9% in H1. In H1, the firm had to postpone several divestments due to the weak exit environment caused by COVID-19.

Total revenues from performance fees therefore fell 44% to CHF 266 million, leading to total revenues decreasing 12% to CHF 1'412 million. Total revenues from management fees increased marginally by only 1% to CHF 1'146 million.

Our EBIT margin remained largely flat at 62%, confirming our disciplined approach to cost management. Profit decreased by 11% to CHF 805m, in line with revenues and driven by lower performance fees.

The Board proposes a dividend of CHF 27.50 per share (+8%) based on continued average AuM growth in CHF and a confident growth outlook across all business lines.

Key financials

	2019	2020	Growth
AuM as of the end of the period (in USD bn)	94.1	109.1	+16%
AuM as of the end of the period (in CHF bn)	91.1	96.4	+6%
Average AuM as of 31 December (in CHF bn)¹⁾	88.4	93.8	+6%
Revenue margin ^{1),2)}	1.82%	1.51%	
Revenues (in CHF m)²⁾	1'610	1'412	-12%
Management fees (in CHF m) ³⁾	1'138	1'146	+1%
<i>In proportion of total revenues³⁾</i>	71%	81%	
Performance fees (in CHF m)	473	266	-44%
<i>In proportion of total revenues</i>	29%	19%	
EBIT (in CHF m)	1'008	875	-13%
EBIT margin	62.6%	62.0%	
Profit (in CHF m)	900	805	-11%

1) Based on average AuM, calculated on a daily basis.

2) Revenues from management services, net, including other operating income.

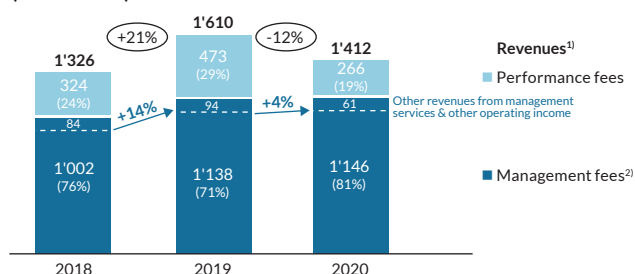
3) Management fees and other revenues, net, and other operating income.

2020 at a glance – Financials

Management fees stable, impacted by lower other operating income and the timing of fees levied on new funds raised

In 2020, our average AuM in CHF grew by 6%. Over the same period, management fees increased by 1%, amounting to CHF 1'146 million in 2020 (2019: CHF 1'138 million). The difference in growth can be explained by two factors. First, 95% of management fees generated in 2020 are recurring in nature. These recurring management fees increased by 4%, with the difference to average AuM growth in CHF (+6%) accounted for by the timing of fees levied on some new commitments, which will only contribute their full revenue potential from 2021. Second, other revenues from management services & other operating income decreased by 35% to CHF 61 million in 2020 (2019: CHF 94 million). The decrease stems predominately from lower other operating income earned for treasury management and short-term financing services. This was impacted by the reduced investment activity during Q2 and Q3 as a result of the market dislocation caused by COVID-19.

Revenue development (in CHF m)

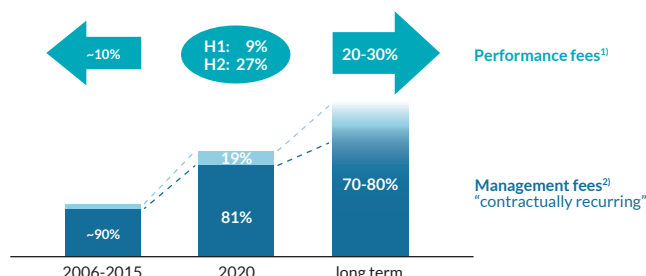


1) Revenues from management services, net, and other operating income.
2) Management fees and other revenues, net, and other operating income.

Management fees will continue to be the main source of revenues

Given the anticipated growth in the firm's AuM, management fees are expected to make up around 70-80% of total revenues in a calendar year in the medium to long term, with the remainder of revenues stemming from performance fees, assuming a favorable market environment for exits.

Management fees are contractually recurring



1) Assuming that the market is favorable to exits, Partners Group expects to continue to generate significant performance fees from the underlying client portfolios due to the visibility that it has on the life cycles of its programs.
2) Management fees and other revenues, net, and other operating income.

Management fees represented 81% of total revenues in 2020 (2019: 71%) and will continue to dominate our firm's revenues in the years to come. Below are some characteristics of the management fees generated by our different offerings:

- **Closed-ended offerings:** management fees are recurring as they are based on long-term client contracts, often with an initial term of 10-12 years for closed-ended equity offerings and 5-7 years for closed-ended debt offerings. Such closed-ended offerings represented 36% of our total AuM as of the end of December 2020.
- **Mandates:** management fees from mandates stem from capital that is committed via long-term partnerships, which are often not limited to a specific contractual life and will continue for a perpetual term, unless new commitments are discontinued. Mandates represented 38% of our AuM as of the end of December 2020.
- **Evergreen programs:** management fees stem predominantly from investment programs with limited liquidity that have no contractual end and cater predominantly to high-net-worth individuals and smaller investors; they represented 26% of AuM as of the end of December 2020³.

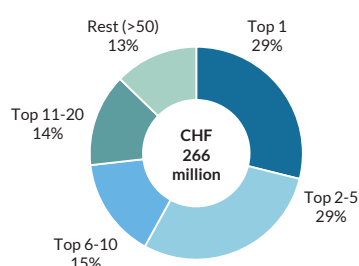
³ Gating provisions are a standard feature of these evergreen programs in order to protect remaining investors as well as performance; net redemptions in these investment programs are typically limited to 20-25% p.a. of the prevailing net asset value, depending on the investment strategy and content of the program. When deemed in the best interest of the investment program, stricter gating rules can be enforced for select share classes for a period of up to two years.

2020 at a glance – Financials

Performance fees impacted by weak exit environment in H1 but recovered strongly in H2

As a result of the market volatility and generally weak exit environment caused by COVID-19, we postponed a number of divestments that were originally tabled for H1 2020. In H2, the portfolio swiftly returned to growth and, as we realized several assets towards the end of the year due to more favorable exit markets, performance fees recovered strongly to 27% of total revenues in H2. Due to a low performance fee contribution in H1, performance fees for the full-year amounted to CHF 266 million (2019: CHF 473 million) and represented 19% of total revenues in 2020 (2019: 29%). This compares to our expected mid- to long-term range of 20-30% of total revenues, where we assume that exit markets are more supportive.

Performance fee contribution by investment programs & mandates in 2020



In total, about 70 investment programs and mandates with portfolios diversified across many vintage years contributed to performance fees in 2020. 2020 performance fees were driven by dozens of underlying direct assets and hundreds of portfolio assets. The asset that contributed the most represented 7% of the total performance fees in 2020. The investment program that contributed the most – a mature private equity evergreen program – represented 29% of the total performance fees in 2020.

Performance fee contribution by number of investment programs and mandates

In private markets, performance fees are designed to remunerate investment managers for the long-term value creation they generate for their clients. We follow a performance fee recognition approach, which sets high hurdles for reporting such fees and which minimizes the risk of a claw-back in case of a subsequent negative program development.

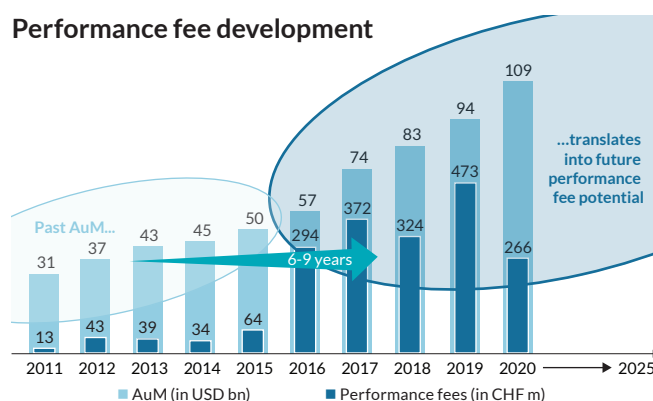
In closed-ended investment programs, performance fees are typically charged only once investments are realized and a pre-defined return hurdle has been exceeded. Unrealized investments are subject to very significant discounts (-50%) which are applied to stress-test whether the hurdle rate will still be reached despite these hypothetical mark-downs. The performance fee recognition methodology is explained in detail in the appendix on pages 26 and 27.

Strong current portfolio composition re-confirms mid- to long-term performance fee outlook

Our mid- to long-term performance fee outlook is unchanged and remains within a range of 20-30% of total revenues, assuming market conditions and the exit environment remain broadly supportive. We base our assumption on the strong performance potential and diversification of our current portfolio. We therefore expect our performance fee potential to grow roughly in line with AuM.

In 2020, we managed around 300 diversified investment programs and mandates at different stages of their lifecycle and anticipate that performance fees will be earned regularly from this wide range of investment vehicles going forward, making them a "quasi-recurring" source of income in the mid- to long-term.

Performance fee development



Note: assuming that the market is favorable to exits, Partners Group expects to continue to generate significant performance fees from the underlying client portfolios due to the visibility that it has on the life cycles of its programs.

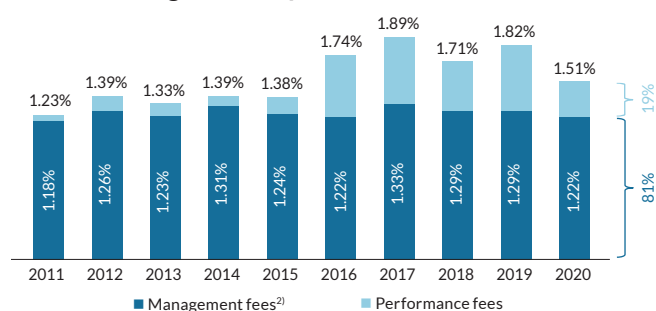
2020 at a glance – Financials

Continued stable revenue margin on management fees

A substantial part of our revenue base is recurring and based on long-term contracts with our clients, providing highly visible cash flows. Our management fee margin has been stable since our IPO and ranged between 1.18% and 1.33%.

In 2020, the management fee margin decreased marginally, mainly due to lower other operating income (CHF -33 million compared to previous year) as a result of the weaker investment environment, amounting to 1.22% (2019: 1.29%). Total revenue margin decreased due to the overall lower performance fees in 2020 and amounted to 1.51% (2019: 1.82%).

Revenue margin development¹⁾



1) Calculated as revenues divided by average assets under management, calculated on a daily basis.

2) Management fees and other revenues, net, and other operating income.

Balancing cost discipline with making the right investments for future growth

Personnel expenses represent the largest costs for the firm. In 2018 and 2019, we intensified the build-out of our teams across the entire organization to increase our investment capacity and to support major business, corporate and organizational initiatives to drive future growth. The firm grew its FTEs by 42% from 1'025 FTEs in the beginning of 2018 to 1'452 FTEs at the end of 2019.

Throughout 2020, we prioritized business continuity and the onboarding of recent joiners over the hiring of new employees. As a result, hiring efforts temporarily slowed and resulted in a 5% FTE growth for the twelve-month period ended 31 December 2020⁴, largely in line with the development of average AuM in CHF (+6%). While the slowdown of hiring confirmed our cost discipline, the average number of FTEs grew by 12% to 1'504 (2019: 1'337 average FTEs), following the intensified hiring throughout 2019 as a result of the strong growth trajectory of AuM.

⁴ As of 31 December 2020, FTEs amounted to 1'519 (31 December 2019: 1'452).

Total personnel expenses – the main driver of costs for the firm – decreased by 12% during the period. The increase of regular personnel expenses (management-fee related) by 8% to CHF 329 million (2019: CHF 306 million) was more than offset by the decrease in performance-fee related personnel expenses by 45% to CHF 101 million (2019: CHF 185 million), which decreased in line with the development of performance fees (-44%). At Partners Group, performance-fee related personnel costs adjust in line with the development of performance fees as we allocate up to 40% of our recognized performance fees to our teams.

Total operating costs developed in line with revenues (in CHF m)

	2019		2020
Revenues	1'610	-12%	1'412
Total operating costs, of which	-603	-11%	-537
Personnel expenses	-490	-12%	-430
<i>Personnel expenses (regular)</i>	-306	+8%	-329
<i>Personnel expenses (performance-fee-related)</i>	-185	-45%	-101
Other operating expenses	-79	-13%	-69
Depreciation & amortization ¹⁾	-34	+12%	-38
EBIT	1'008	-13%	875
EBIT margin	62.6%		62.0%
Average FTEs	1'337	+12%	1'504
Year-end FTEs	1'452	+5%	1'519

Note: revenues include management fees and other revenues, net, performance fees, net, and other operating income. Regular personnel expenses exclude performance fee-related expenses. Performance-fee-related personnel expenses are calculated on an up to 40% operating cost-income ratio on revenues stemming from performance fees.

Other operating expenses decreased in line with revenues by 13% and amounted to CHF 69 million (2019: CHF 79 million). During the period, restricted travel activity due to COVID-19 reduced travel and representation expenses by around CHF 15 million. This saving was offset by a total CHF 10 million commitment for COVID-19-related expenses, which included the firm's contribution to a newly created Portfolio Employee Support Fund and the contribution by the Executive Committee, the members of the Board of Directors and by many Partners Group employees, who, in turn, forfeited part of their compensation in 2020. In 2020, this fund addressed the specific needs of more than 12'000 portfolio company employees and their families, in particular for medical expenses, healthcare, childcare and loss of income as a result of government-imposed lockdowns.

2020 at a glance – Financials

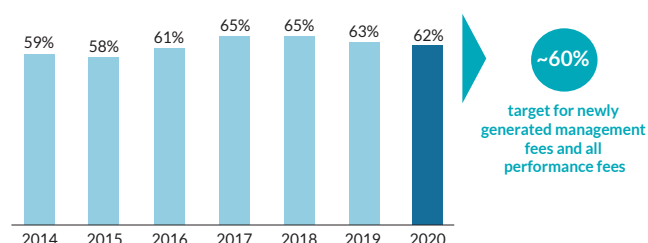
Depreciation & amortization increased to CHF 38 million (2019: CHF 34 million), driven by the depreciation impact of our newly built Denver campus, technology as well as amortization for select fundraising-related costs.

Sustained target of 40% cost-income ratio on new business

In 2020, EBIT decreased by 13% mainly as a result of lower performance fees, amounting to CHF 875 million (2019: CHF 1'008 million) and the EBIT margin remained largely flat at 62.0% (2019: 62.6%), confirming our disciplined approach to cost management.

As in the past, we will continue to steer the firm based on our targeted 40% cost-income ratio on newly generated management fees (assuming stable foreign exchange rates). We also allocate up to 40% of revenues stemming from performance fees to our teams through our long-term incentive programs and/or bonus payments. The remainder (~60%) will be allocated to the firm and its shareholders.

EBIT margin development

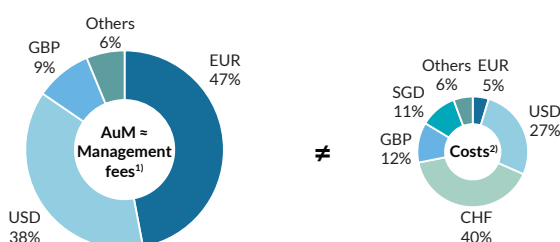


Note: for 2014, non-cash items related to the capital-protected product Pearl Holding Limited were excluded from depreciation & amortization.

Diversified FX exposure

As a globally diversified firm, fluctuations in predominantly the EUR or USD against the CHF affect the absolute amount of revenues and costs and, therefore, also our total EBIT margin.

Currency exposure in 2020



1) Includes management fees and other revenues, net, and other operating income.

2) Includes regular personnel expenses (excluding performance fee-related expenses), other operating expenses as well as depreciation and amortization.

Management fees and our operating costs (excluding performance-fee related expenses) are particularly affected by such currency movements. At the same time, performance fee revenues and performance fee-related expenses are similarly affected by currency movements and are therefore largely EBIT margin-neutral.

During the period, the depreciation of major currencies against the CHF impacted management fees on average by -4.5%. At the same time, these currency movements reduced costs by only 1%. The total EBIT margin was therefore negatively affected by currency movements throughout the period by approximately -2.5%.

Depreciation of major currencies against the CHF

FX rates (average)	2019	2020	Delta
1 EUR = CHF	1.112	1.070	-3.8%
1 USD = CHF	0.994	0.939	-5.5%
1 GBP = CHF	1.269	1.204	-5.1%
1 SGD = CHF	0.729	0.680	-6.6%

Strong performance in underlying portfolio drove financial result

The financial result amounted to CHF 53 million (2019: CHF 30 million):

- CHF 52 million (2019: CHF 61 million): we invest into our own investment programs alongside our clients (see detailed description of balance sheet investments below). During the period, our transformational investing strategy facilitated growth in these investment programs and resulted in an average return across all stages and asset classes of 8% (2019: +10%). For further information see note 5.1. of the notes to the consolidated financial statements.
- CHF 1 million (2019: CHF -31 million): the small positive contribution was driven by positive foreign exchange effects and less hedging and other costs as opposed to last year. This was mainly driven by the lower amount of short-term loans outstanding (treasury management and short-term financing services). Furthermore, the decreasing interest differential between the USD and the CHF reduced our hedging costs during the period.

Corporate taxes amounted to CHF -124 million (2019: CHF -137 million). The tax rate amounted to 13.3% (2019: 13.2%).

2020 at a glance – Financials

In summary, the firm's profit decreased by 11% year-on-year to CHF 805 million (2019: CHF 900 million).

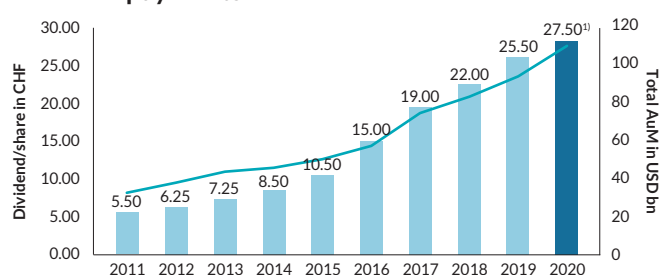
Profit supported by strong portfolio performance (in CHF m)

	2019		2020
EBIT	1'008	-13%	875
Total financial result, of which	30		53
Portfolio performance	61		52
Foreign exchange, hedging & others	-31		1
Taxes	-137		-124
Tax rate	13.2%		13.3%
Profit	900	-11%	805

Proposed dividend of CHF 27.50 per share (+8%)

Based on the strong development of the business in all asset classes and regions (driven by year-on-year average AuM growth in CHF of 6%), the operating result and their confidence in the sustainability of this growth, Partners Group's Board of Directors will propose an increasing dividend of CHF 27.50 per share (2019: CHF 25.50 per share) to its shareholders at the Annual General Meeting on 12 May 2021. This represents a dividend increase of 8% and a payout ratio of 91% (2019: 76%).

Dividend payments



¹⁾ The Board of Directors proposes that a dividend of CHF 27.50 per share be paid for the financial year 2020, subject to the approval of the Annual General Meeting of shareholders to be held on 12 May 2021.

Available liquidity of CHF 2 billion

Our balance sheet remains strong. After a dividend payment of CHF 668 million in May 2020, we have an available liquidity of CHF 2.0 billion and hold a current net cash position of about CHF 1.1 billion as of 31 December 2020 (31 December 2019: CHF 1.0 billion). With this we have sufficient cash available to meet expected operational expenses, as well as to service short-term financial

obligations. We furthermore always ensure that we meet our targeted available liquidity level that would also enable us to sustain the firm's operations in a financial crisis scenario and/or a depressed economic environment.

The firm maintains a diverse range of unsecured credit facilities with Swiss and international banks amounting to a total of CHF 865 million as of 31 December 2020 (31 December 2019: CHF 865 million). These credit facilities can be used for general corporate purposes and/or to provide fixed advances, with a primary focus on working capital financing. The facilities are subject to maximum debt covenants which were met throughout the current and prior year. As of 31 December 2020, no credit facility was drawn (31 December 2019: no credit facility drawn).

Available liquidity of CHF 2 billion on balance sheet (in CHF m)

	Assets	Liabilities
Cash & cash equivalents	1'228	
Short-term loans	673	
Long-term debt		799
Total net cash	1'102	
Undrawn credit facilities		865
Total available liquidity	1'967	

Partners Group has two fixed-rate senior unsecured CHF-denominated corporate bonds outstanding:

- CHF 300 million, coupon 0.15%, maturity on 7 June 2024 (ISIN CH0361532895), issued in June 2017
- CHF 500 million, coupon 0.40%, maturity on 21 June 2027 (ISIN CH0419041287), issued in June 2019

As of 31 December 2020, our long-term, outstanding debt amounted to CHF 799 million (31 December 2019: CHF 799 million).

The proceeds of the bonds that we issued in the past further strengthen the sustainability of our operations in a financial crisis scenario and enable us to optimize the management of our liquidity, in particular, for short-term financing needs arising from our treasury management services offered to our clients. These services allow for efficient use of capital within our investment programs by bridging capital drawdowns and distributions where beneficial for clients (e.g. netting cash-flows to reduce the number of drawdowns and distributions).

2020 at a glance – Financials

As of 31 December 2020, 271 short-term loans (31 December 2019: 278) were outstanding with an average loan amount of CHF 2.5 million (31 December 2019: CHF 3.2 million). The duration of these loans amounted to 1-3 months. The loans are typically secured against unfunded commitments and are, in addition, subject to strict loan-to-value (LTV) rules. In addition, each loan is assigned with a risk specific capacity, which is measured against an overall risk capacity budget.

Continued balance-sheet light approach

As of 31 December 2020, we hold our own investments amounting to a total of CHF 0.7 billion (31 December 2019: CHF 0.7 billion).

The firm's balance sheet investments consist of its financial investments/GP commitments, seed investments and investments in associates. Financial investments/GP commitments (i.e. our obligation to fund investments alongside clients) typically represent about 1% of assets invested in a closed-ended limited partnership structure and have an aggregated net asset value of CHF 616 million as of 31 December 2020 (31 December 2019: CHF 605 million).

Investments in associates amounted to CHF 25 million as of 31 December 2020 (31 December 2019: CHF 42 million), which mainly represent a stake in Pearl Holding Limited, a mature investment program which continues to wind down via ongoing distributions.

Partners Group also provides seed financing to certain early stage investment programs managed by the firm. The scope of these investments is limited due to the firm's strict balance sheet risk management framework. The underlying assets of these investment programs are typically private market assets valued at the (cash-flow-adjusted) net asset value and they amounted to (net) CHF 51 million as of 30 December 2020 (31 December 2019: CHF 61 million).

Investments alongside clients (in CHF m)

Financial investments / GP commitment ¹⁾	616
Investments in associates ²⁾	25
Seed investments ³⁾	51
Total investments alongside clients from balance sheet	692

1) NAV excluding CHF 289.7 million of commitments that were not yet called but may be called over time, typically between one to five years following the subscription of the commitment.

2) Investments in associates described in detail in note 6 of the 2020 Annual Report.

3) Seed investments presented in the annual report as assets and liabilities held for sale. Note: as of 31 December 2020.

In addition to investing into investment programs alongside clients from our balance sheet, we further align the interests of clients with those of the firm's employees by offering all employees preferential terms to invest alongside our private markets programs via a global employee commitment plan. In line with standard industry practice, such investments charge no management fees and no performance fees.

In total, commitments by the firm's Board of Directors and employees amounted to approximately USD 2.0 billion as of 31 December 2020 (31 December 2019: CHF 1.5 billion), of which USD 1.6 billion (2019: USD 1.2 billion) are committed to closed-ended programs and USD 0.4 billion (2019: USD 0.3 billion) to evergreen programs.

Financial outlook

- **Management fees:** we are moving confidently into 2021 and expect gross client demand of USD 16 to 20 billion, together with around USD -9.5 billion in tail-down effects from the more mature closed-ended investment programs and redemptions from evergreen programs. Fundraising is expected to be balanced across all program types, from customized mandates and the firm's extensive range of evergreen fund solutions to its traditional closed-ended programs. We expect this demand to translate into additional management fees and therefore guide that the management fees in CHF develop broadly in line with the average AuM in CHF.
- **Performance fees:** we continue to guide that full-year performance fees remain within our mid- to long-term guidance of 20-30% as a proportion of total revenues, assuming the market is favorable to exits.
- **Target EBIT margin:** we continue to apply a disciplined approach to cost management and invest in initiatives that support our growth. We therefore steer the operating margin towards our target EBIT margin of ~60% for newly generated management fees (assuming stable foreign exchange rates), as well as for performance fees.
- **Balance sheet:** our balance sheet remains strong. With CHF 2.3 billion in shareholder equity and CHF 2.0 billion available liquidity or CHF 1.1 billion net cash, we feel well-equipped to realize the potential of private markets in different economic environments.

2020 at a glance - Appendix

Performance fee recognition

In private markets, performance fees are designed to remunerate investment managers for the long-term value creation for their clients. They are a profit-sharing incentive for investment managers when their investment programs outperform a pre-agreed return hurdle, typically defined over the lifetime of such programs. In closed-ended investment programs, performance fees are typically only charged once investments are realized and a pre-defined return hurdle has been exceeded. As the value creation period lasts several years, performance fees often only start to be earned six to nine years after an investment program commences its investment activities, and only if these are successful. The illustrative example below shows the performance fee model of a typical limited partnership program. It shows how distributions in private markets portfolios bring forward the maturity profile of an investment program and increase the likelihood that the required return hurdle will be reached.

Illustrative example of a closed-ended private markets program over its lifetime

This illustrative example assumes an initial client commitment of 100 into a closed-ended investment program. It is agreed that the investment manager shall receive 20% of profits over time and that the return hurdle shall translate to distributions to the client of 140.

After a few years, the investment manager generates realizations in the portfolio and starts making distributions to the client. After 6-9 years, the cumulative distributions (blue triangle) received by the client exceed 140, i.e. the hurdle rate. In a first step, the investment manager is entitled to receive subsequent distributions above the return hurdle as performance fees, until the investment manager "catches-up" on past performance in excess of the client investment ("catch-up" on $140 - 100 = 40$, and $40 \times 20\%$ performance fees = 8).

In a second step, the investment manager and the client will share any additional distributions that stem from the sale of the remaining portfolio over time, according to the pre-defined performance-sharing mechanism. In our example the client receives 80% of distributions and the investment manager receives 20%. The example assumes that the remaining NAV equals 60 and this entitles the investment manager to an additional performance fee of 12 ($60 \times 20\%$) should the portfolio be sold at the indicated value of 60.

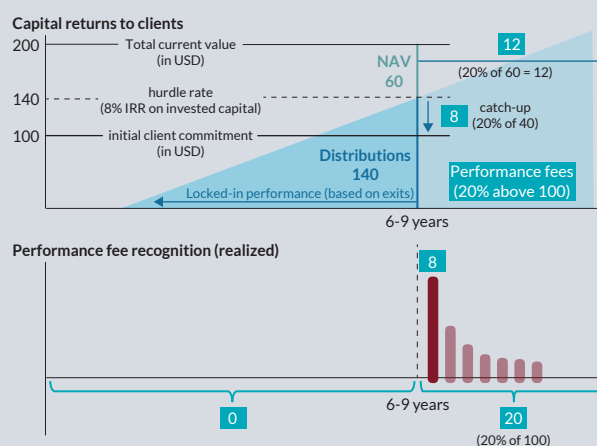
Total performance fees received by the manager are 20 (20% of $40 + 20\%$ of $60 = 8 + 12$) and clients receive 80% of profits ($80\% \times (200 - 100)$).

The timing and amount of performance fee payments depends on several factors, including the pace of deployment, performance of investments and pace of realizations (cash distributions). Partners Group recognizes performance fees once it is highly probable that performance fees will be received and retained permanently, irrespective of the subsequent performance of that program. This is described through the following steps:

- Step 1: we consider performance fees which would be due to realized investments only, considering the agreed profit-sharing mechanism, including the agreed hurdle return.
- Step 2: we consider performance fees expected on the aggregate program, i.e. on the combination of realized and unrealized investments. We include the value of unrealized investments with a significant discount (typically 50%, depending on the investment strategy). This discount is chosen such that performance fees are highly likely to be permanent, including in case of subsequent negative program development, i.e. such that the likelihood of a potential claw-back situation is minimal.
- Step 3: performance fees are only recognized on the lower of either realized investments (Step 1) or the combination of realized and stress-tested unrealized investments (Step 2)

The illustrative example below explains the conservative approach for performance fee recognition described above.

Performance fee model in a closed-ended investment program



Note: performance fees of performance fee generating investment programs and mandates typically range between 5-20% over a hurdle of 4-8% IRR on invested capital, depending on the program and instruments. Past performance is not indicative of future results. For illustrative purposes only.

2020 at a glance - Appendix

Illustrative example of performance fee recognition in a closed-ended program

This simplified example assumes that, with initial client commitments of 450, a fund made only two acquisitions: investment Y for 100 and investment Z for 350. Furthermore, it is assumed that the value of investment Y increases to 200 and the value of investment Z increases to 800 for Scenarios 1 and 2, and to 500 for Scenario 3.

The performance fee recognition under these three scenarios would be as follows:

Scenario 1: No realizations (hurdle rate met)

Investment Y increases to	200
Investment Z increases to	800
Remaining NAV	1'000

- Step 1: as there were no realized investments, we would not be entitled to a performance fee. Performance fees = 0.
- Step 2: NAV stress-test: $1'000 \times 50\% = 500$; 500 (stress-tested NAV) – 450 (cost of investments Y and Z) = 50 (value gain); 50 (value gain) $\times 20\% = 10$ in performance fees.
- Step 3: as performance fees can only be recognized on the lower of realized investments (step 1: performance fee = 0) vis-à-vis the combination of realized and stress-tested unrealized investments (step 2: performance fee = 10), we would not recognize any performance fees.

Scenario 2: Investment Y realized (hurdle rate met)

Investment Y realized for	200
Investment Z increases to	800
Remaining NAV	800

- Step 1: as investment Y was realized for 200, we would be entitled to a performance fee as hurdle rate at asset level was met. $200 - 100 = 100$ (value gain); 100 (value gain) $\times 20\% = 20$ performance fees.
- Step 2: stress-test on remaining NAV: 800 (unrealized investment Y) $\times 50\% = 400$; 400 (stress-tested NAV) + 200 (realized investment Y) – 450 (cost of investment Y and Z) = 150 (value gain); 150 (value gain) $\times 20\% = 30$ performance fees.
- Step 3: as performance fees can only be recognized on the lower of realized investments (step 1: performance fee = 20) vis-à-vis the combination of realized and stress-tested unrealized investments (step 2: performance fee = 30), we would recognize 20 performance fees.

Scenario 3: Investment Y realized (hurdle rate not met)

Investment Y realized for	200
Investment Z increases to	500
Remaining NAV	500

- Step 1: as investment Y was realized for 200, we would be entitled to a performance fee as hurdle rate at asset level was met. $200 - 100 = 100$ (value gain); 100 (value gain) $\times 20\% = 20$ performance fees.
- Step 2: stress-test on remaining NAV: 500 (unrealized investment Y) $\times 50\% = 250$; 250 (stress-tested NAV) + 200 (realized investment Y) – 450 (cost of investment Y and Z) = 0 (value gain); as the stress-test brings the overall return hurdle of the program below the pre-agreed threshold in this example, no performance fees can be recognized.
- Step 3: as the hurdle rate has not been met, we will not recognize any performance fees, despite there being realized investments.

Key definitions and alternative performance metrics (APM)

Key definitions

Assets under management (AuM): Partners Group publishes information on Assets under Management ("AuM"), Assets Raised ("AR"), Tail-downs and other related information (combined "AuM Information") on a semi-annual basis.

AuM Information provides market participants with transparency on the status and development of Partners Group's recurring revenue basis for asset management, investment management and advisory services ("AuM Services").

When calculating AuM Information, Partners Group strives to mirror the recurring fee basis, including reserved amounts for commitments for the various programs and mandates; amounts can therefore be based on reasonable estimates and judgment where necessary, in particular where AuM Information reflects anticipated investment activities for the next semester. Where Partners Group renders AuM Services in a joint effort with similarly split responsibilities with third parties, AuM and AR are counted at 50%. No AuM and AR are counted where Partners Group is only providing administrative, transactional or consultant services.

AuM are increased by Assets Raised which are based on i) subscriptions, or ii) new fee-paying assets and amounts planned to be invested, which would become fee paying assets in the following six months ("Tail-ups"). Reductions in AuM for maturing programs i) may follow a fixed schedule, ii) are based on the cost of realizations of assets or iii) on liquidations of programs (each a "Tail-down"). AuM are reduced by redemptions on open-ended programs ("Redemptions"). AuM can further change due to performance, investment program changes or FX rates ("FX & others").

Alternative performance metrics (APM)

Partners Group uses various financial and alternative performance metrics (APM) to measure its financial performance as part of its financial reporting. The APMs used by Partners Group supplement the measures that are documented and published in accordance with International Financial Reporting Standards (IFRS). An APM is defined as a financial measure of historical or future financial performance, financial position or cash flows not already defined or specified in the applicable financial reporting framework.

APMs are predominantly operational management metrics and undergo regular performance reviews in both internal and external reporting. The resulting findings are taken into account as part of a strategy review process. We must point out that the comparability of APMs within the industry can be limited due to different calculation methods.

Partners Group uses the following APMs:

Dividend payout ratio is defined as the (proposed) dividend per share divided by diluted earnings per share.

Earnings before interest and tax (EBIT) stands for the sum of revenues from management services, net, including other operating income and expenses before net finance result and before income taxes. This metric is used by Partners Group as the financial target in its internal presentations (business plans) and in its external presentations (to analysts and investors). EBIT is considered as a useful unit of measurement for evaluating the operating performance of the group.

Key definitions and alternative performance metrics (APM)

EBIT margin is calculated as earnings before interest and tax (EBIT) divided by revenues from management services, net, including other operating income. It is one of the key operational management metrics as it provides an indication of the profitability of the business.

In millions of Swiss francs	2020	2019
EBIT	875	1'008
Revenues from management services, net, including other operating income	1'412	1'610
EBIT margin	62%	63%

Earnings before interest, tax, depreciation and amortization (EBITDA) stands for the sum of revenues from management services, net, including other operating income and expenses before net finance result, before income taxes and before depreciation and amortization.

Equity ratio is calculated as equity attributable to owners of the Company, divided by total liabilities and equity.

Net cash position is calculated as cash and cash equivalents, including short-term loans to products, minus credit facilities drawn and long-term debt.

In millions of Swiss francs	2020	2019
Cash and cash equivalents	1'228	933
Short-term loans	673	900
Long-term debt	(799)	(799)
Net cash position	1'102	1'035

Revenue margin is calculated as revenues from management services, net, including other operating income, divided by average assets under management (in CHF) calculated on a daily basis.

In millions of Swiss francs	2020	2019
Revenues from management services, net, including other operating income	1'412	1'610
Average assets under management (in CHF) calculated on a daily basis.	93'778	88'440
Revenue margin	1.51%	1.82%

Return on average shareholders' equity (RoE) is calculated as profit for the period, divided by average equity attributable to owners of the Company.

In millions of Swiss francs	2020	2019
Profit for the period	805	900
Average equity attributable to owners of the Company	2'281	2'128
Return on equity	35%	42%

Report of the auditors on the consolidated financial statements



Statutory Auditor's Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Partners Group Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 36 to 101) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters



Recognition of revenues from management services (net)



Valuation of financial investments

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters 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.

Report of the auditors on the consolidated financial statements



Recognition of revenues from management services (net)

Key Audit Matter

Revenues from management services, which comprises management fees, commitment fees, organisational fees and performance fees, are the result of investment management services within the Group's operating segments. Payments to third parties for the introduction of clients as well as rebates paid to clients are recognised as revenue deductions.

Revenues from management services (net) is an area of focus due to the size and importance to the Group's results.

The calculations of revenues and revenue deductions are largely automated. There are a number of inherent risks in calculating certain types of revenue and revenue deductions including the interpretation and manual input of key contractual terms, which could lead to errors. The bespoke and complex nature of underlying investment management agreements and other contractual terms involving multiple Group entities requires effective monitoring to ensure all financial terms and conditions are captured completely and accurately and are applied appropriately.

Performance fees are inherently more complex in nature. The assessment of the likelihood of a future clawback on such fees and the determination whether criteria set in the carried interest arrangements are met require management's judgement. The determination of performance fees is based on the underlying valuation of the investment portfolio and requires manual interventions.

Our response

Amongst other procedures, we obtained an understanding of management's processes and controls around the calculation of revenues and revenue deductions by performing walkthrough procedures, testing relevant key controls and evaluating the governance structure. We analysed independent third party controls reports on valuation related processes and controls to determine whether they were appropriate for our purposes.

On a sample basis, we obtained confirmations from the external auditor of the underlying investment programs on the revenues from management services covered in their audit and reconciled these revenues to the Group's general ledger. We also performed inquiries with the external auditor of the underlying investment programs to confirm that the audits on the sampled investment programs were completed.

On a sample basis, we agreed revenue deductions to underlying contracts and performed manual recalculations.

We obtained an understanding of the Group's processes and controls around the calculation of performance fees by evaluating the terms and conditions set out in the underlying partnership agreements and performing walkthrough procedures. On a sample basis, we tested performance fees by:

- Performing analytical procedures based on our understanding of investment realisations and the performance of the investment fund;
- Discussing and evaluating management's assessment of the likelihood of a future clawback of performance fees by challenging and back-testing the key assumptions. We further corroborated whether such fees had been recognised in the appropriate period;
- Reconciling potential performance fee values used in the assessment of a future clawback to the accruals in the financial statement of the underlying investment programs; and
- Evaluating completeness by assessing whether a sample of eligible but unearned performance fees should have been recognised during the 2020 financial year.

For further information on the recognition of revenues from management services (net) refer to notes 2, 3 and 19.7 to the consolidated financial statements on pages 44 to 49 and 94 to 95.

Report of the auditors on the consolidated financial statements



Valuation of financial investments

Key Audit Matter

As at 31 December 2020, financial investments on the Group's balance sheet amounted to CHF 615.6 million (2019: CHF 605.3 million). In addition, financial investments presented as assets held for sale amounted to CHF 305.7 million (2019: CHF 175.4 million).

The financial investment and assets held for sale portfolio comprises a large number of unquoted securities for which no prices are available and which have little or no observable inputs. The Group applies valuation techniques such as the market approach, the income approach or the adjusted net asset value method that are based on international standards.

The fair value assessment requires significant judgement by management, in particular with regard to key input factors such as earnings multiples, liquidity discounts, discount rates or the selection of valuation multiples.

Our response

Our procedures included obtaining an understanding of the Group's processes and key controls around the valuation of and accounting for unquoted investments by performing walkthrough procedures, testing relevant key controls and evaluating the valuation governance structure. We analysed independent third party controls reports on valuation related processes and controls to determine whether they were appropriate for our purposes.

On a sample basis, we obtained confirmations from the external auditor of the underlying investment programs on their net asset values or the valuation of their investments. We also performed inquiries with the external auditor of the underlying investment programs to confirm that the audits on the sampled investment programs were completed. The proportionate holdings of the Group in such financial investments were reconciled to the Group's transaction records that are kept for each investor.

We further assessed if adjustments to the fair values in the financial statements of the underlying investment programs are required.

For further information on the valuation of financial investments refer to notes 2, 5.3.2 and 5.3.3 to the consolidated financial statements on pages 44, 45, 60 and 61.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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 in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Report of the auditors on the consolidated financial statements



In preparing the consolidated financial statements, the Board of Directors is 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 Board of Directors either intends to liquidate the Group or to cease operations, or has 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 Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism 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.
- Conclude on the appropriateness of the Board of 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. 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 the Board of Directors or its relevant committee 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 the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, 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.

Report of the auditors on the consolidated financial statements



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Christoph Hochuli
Licensed Audit Expert

Zurich, 15 March 2021

Consolidated income statement for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Note	2020	2019
Management fees and other revenues, net		1'115.7	1'074.4
Performance fees, net		266.4	472.5
Revenues from management services, net	3.	1'382.1	1'546.9
Other operating income	5.2.	30.2	63.4
Personnel expenses	4.1.	(430.0)	(490.4)
Other operating expenses	10.	(68.5)	(78.5)
EBITDA ¹⁾		913.8	1'041.4
Depreciation and amortization	11.&12.	(38.4)	(33.8)
EBIT ¹⁾		875.4	1'007.6
Finance income	5.1.	65.5	64.6
Finance expense	5.1.	(12.3)	(35.0)
Profit before tax		928.6	1'037.2
Income tax expense	9.1.	(123.8)	(137.3)
Profit for the period		804.8	899.9
Profit for the period attributable to owners of the Company		804.8	899.9
Basic earnings per share (in Swiss francs)	15.	30.63	33.93
Diluted earnings per share (in Swiss francs)	15.	30.36	33.66

¹⁾ For definitions please refer to p. 28 and p. 29.

Consolidated statement of comprehensive income for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Note	2020	2019
Profit for the period		804.8	899.9
Other comprehensive income:			
Exchange differences on translating foreign operations		(94.2)	(36.1)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods		(94.2)	(36.1)
Net actuarial gains/(losses) from defined benefit plans	4.5.2.	0.4	(1.3)
Tax impact on net actuarial gains/losses from defined benefit plans	9.2.	(0.0)	0.3
Actuarial gains/(losses) from defined benefit plans, net of tax		0.4	(1.0)
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax		0.4	(1.0)
Total other comprehensive income for the period, net of tax		(93.8)	(37.1)
Total comprehensive income for the period, net of tax		711.0	862.8
Total comprehensive income attributable to owners of the Company		711.0	862.8

Consolidated balance sheet as of 31 December 2020 and 2019

In millions of Swiss francs	Note	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents		1'227.6	933.0
Trade and other receivables	5.4.1.	468.7	651.9
Short-term loans	5.3.4.	673.5	900.2
Assets held for sale	5.3.3.	305.7	175.4
Total current assets		2'675.5	2'660.5
Property, equipment and right-of-use assets	11.	236.2	237.2
Intangible assets	12.	62.3	68.8
Investments in associates	6.	25.0	42.1
Financial investments	5.3.2.	615.6	605.3
Other financial assets	5.3.5.	353.4	292.0
Deferred tax assets	9.2.	64.0	43.8
Total non-current assets		1'356.5	1'289.2
Total assets		4'032.0	3'949.7

Consolidated balance sheet

as of 31 December 2020 and 2019

In millions of Swiss francs	Note	31 December 2020	31 December 2019
Liabilities and equity			
Liabilities			
Trade and other payables	7.	228.7	179.2
Income tax liabilities		46.2	83.4
Provisions		2.2	3.4
Employee benefit liabilities	4.5.	107.4	161.7
Liabilities held for sale	5.3.3.	254.6	114.3
Total current liabilities		639.1	542.0
Employee benefit liabilities	4.5.	213.6	208.6
Provisions		6.8	6.7
Deferred tax liabilities	9.2.	3.4	4.0
Long-term debt	13.	798.9	798.6
Lease liabilities	8.	56.6	55.2
Other long-term liabilities	5.4.3	39.0	46.5
Total non-current liabilities		1'118.3	1'119.6
Total liabilities		1'757.4	1'661.6
Equity			
Share capital	14.	0.3	0.3
Treasury shares		(266.2)	(212.9)
Legal reserves		0.2	0.2
Other components of equity		2'540.3	2'500.5
Equity attributable to owners of the Company		2'274.6	2'288.1
Total liabilities and equity		4'032.0	3'949.7

Consolidated statement of changes in equity for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Equity attributable to owners of the Company						2020
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January	0.3	(212.9)	0.2	(129.4)	2'629.9	2'500.5	2'288.1
Transactions with owners of the Company, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company:</i>							
Purchase of treasury shares		(221.2)					(221.2)
Disposal of treasury shares		167.9			(93.6)	(93.6)	74.3
Share-based payment expenses					57.3	57.3	57.3
Tax effect on share-based payment and treasury share transactions					33.6	33.6	33.6
Dividends paid to owners of the Company					(668.5)	(668.5)	(668.5)
Total contributions by and (distributions to) owners of the Company	-	(53.3)	-	-	(671.2)	(671.2)	(724.5)
Profit for the period					804.8	804.8	804.8
Total other comprehensive income for the period, net of tax	-	-	-	(94.2)	0.4	(93.8)	(93.8)
Total comprehensive income for the period, net of tax	-	-	-	(94.2)	805.2	711.0	711.0
Balance as of 31 December	0.3	(266.2)	0.2	(223.6)	2'763.9	2'540.3	2'274.6

Consolidated statement of changes in equity for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Equity attributable to owners of the Company						2019
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January	0.3	(143.6)	0.2	(93.3)	2'204.3	2'111.0	1'967.9
Transactions with owners of the Company, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company:</i>							
Purchase of treasury shares		(457.4)					(457.4)
Disposal of treasury shares		388.1			(88.5)	(88.5)	299.6
Reversal of contractual obligation to purchase treasury shares					110.0	110.0	110.0
Share-based payment expenses					54.5	54.5	54.5
Tax effect on share-based payment and treasury share transactions					36.1	36.1	36.1
Dividends paid to owners of the Company					(585.4)	(585.4)	(585.4)
Total contributions by and (distributions to) owners of the Company	-	(69.3)	-	-	(473.3)	(473.3)	(542.6)
Profit for the period					899.9	899.9	899.9
Total other comprehensive income for the period, net of tax	-	-	-	(36.1)	(1.0)	(37.1)	(37.1)
Total comprehensive income for the period, net of tax	-	-	-	(36.1)	898.9	862.8	862.8
Balance as of 31 December	0.3	(212.9)	0.2	(129.4)	2'629.9	2'500.5	2'288.1

For further information related to the contractual obligation to purchase treasury shares, please refer to note 14.

Consolidated statement of cash flows

for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Note	2020	2019
Operating activities			
Profit for the period		804.8	899.9
<i>Adjustments:</i>			
Net finance (income) and expense	5.1.	(53.2)	(29.6)
Income tax expense	9.1.	123.8	137.3
Depreciation and amortization	11.&12.	38.4	33.8
Share-based payment expenses	4.2.	57.3	54.5
Change in provisions		(0.5)	6.9
Change in employee benefit assets/liabilities		(28.6)	89.4
Non-cash change in other financial assets		(50.7)	(100.4)
Non-cash change in other long-term liabilities		(6.8)	18.5
Operating cash flow before changes in working capital		884.5	1'110.3
(Increase)/decrease in trade and other receivables and short-term loans		365.5	(87.3)
Increase/(decrease) in trade and other payables		58.4	48.4
Finance expenses (other than interest) paid		(4.1)	(3.3)
Cash generated from/(used in) operating activities		1'304.3	1'068.1
Income tax paid		(149.9)	(107.3)
Net cash from/(used in) operating activities		1'154.4	960.8
Investing activities			
Purchase of property and equipment	11.	(18.9)	(113.7)
Purchase of intangible assets	12.	(12.0)	(21.9)
Purchase of financial investments & assets and liabilities held for sale		(59.0)	(135.1)
Proceeds on disposal of financial investments & assets and liabilities held for sale		82.8	104.2
Proceeds on disposal of investments in associates	6.	17.5	13.7
Purchase of other financial assets		(21.8)	(28.4)
Proceeds on disposal of other financial assets		0.9	0.2
Interest received ¹⁾	5.1.	2.8	3.5
Net cash from/(used in) investing activities		(7.7)	(177.5)

¹⁾ Excludes CHF 25.3 million (2019: CHF 60.4 million) compensation from short-term loans (see note 5.2.) that forms part of net cash flow from operating activities.

Consolidated statement of cash flows

for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Note	2020	2019
Financing activities			
Repayments of credit facilities		(375.0)	(1'015.0)
Drawdowns from credit facilities		375.0	1'015.0
Issuance of long-term debts	13.	-	499.1
Payment of principal portion of lease liabilities	8.	(12.1)	(12.1)
Interest paid		(8.4)	(3.6)
Dividends paid to shareholders of the Company	14.	(668.5)	(585.4)
Purchase of treasury shares		(221.2)	(457.4)
Disposal of treasury shares		74.3	299.6
Net cash from/(used in) financing activities		(835.9)	(259.8)
Net increase/(decrease) in cash and cash equivalents		310.8	523.5
Cash and cash equivalents as of 1 January		933.0	412.2
Exchange differences on cash and cash equivalents		(16.2)	(2.7)
Cash and cash equivalents as of 31 December		1'227.6	933.0

In millions of Swiss francs	31 December 2020	31 December 2019
Bank balances	1'227.6	933.0
Petty cash	0.0	0.0
Total cash and cash equivalents	1'227.6	933.0

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

1. Reporting entity

Partners Group Holding AG ("the Company") is a company domiciled in Switzerland whose shares are publicly traded on the SIX Swiss Exchange. The address of the Company's registered office is Zugerstrasse 57, 6341 Baar-Zug, Switzerland. The consolidated financial statements for the years ended 31 December 2020 and 2019 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates. The consolidated financial statements were authorized for issue by the Board of Directors ("BoD") on 15 March 2021 and are subject to approval at the Annual General Meeting of shareholders on 12 May 2021.

The principal activities of the Group are described in note 3.

The consolidated financial statements present a true and fair view of the Group's financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") and comply with Swiss law.

2. Critical accounting estimates and judgments

Estimates and judgments 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 and exercises judgment in applying its accounting policies. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as well as significant judgments in applying accounting policies, are discussed below.

(a) Accounting for investment programs

The Group assessed its involvement with the investment programs that it manages to determine whether it has control over them (see note 19.3.). In accordance with IFRS 10, the Group assessed its power over the investment programs, its exposure or rights to variable returns and its ability to use its power to affect its returns. The assessment determined whether the Group acts as an agent on behalf of the investors in the investment programs and within delegated decision-making rights or as a principal.

In its assessment, the Group focused on its exposure to the total economic interest in the investment programs. This exposure consists of a combination of the stake the Group holds in an investment program and the Group's remuneration for the services it provides to the investment program. IFRS 10 does not provide clear-cut thresholds for determining whether or not an investment program is controlled. The Group took all available facts and circumstances into consideration and concluded that it acts as an agent for all investment programs that it manages, except for investment programs financed with seed capital (see note 19.15.). For further details on the investment programs and their carrying amounts please refer to note 5.3.2.

(b) Fair value

A significant portion of the Group's assets and liabilities are carried at fair value. The fair value of some of these assets is based upon quoted prices in active markets or observable inputs.

In addition, the Group holds financial instruments for which no quoted prices are available and which have little or no observable inputs. For these financial instruments, the determination of fair value requires subjective assessment with varying degrees of judgment which consider the liquidity, concentration, pricing assumptions, current economic and competitive environment and the risks affecting the specific financial instrument. In such circumstances, valuation is determined based on management's judgment about the assumptions that market participants would use in pricing assets or liabilities (including assumptions about risk). These financial instruments mainly include derivatives, private equity, private debt, private real estate and private infrastructure investments.

For more information regarding fair value measurement, refer to note 5.5.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

(c) Revenue recognition

Instances may arise where the Group has to decide whether revenues should be recognized or not. This mainly relates to performance fees, which are foreseeable, but have not yet been collected by the Group or are subject to claw-back. A “claw-back” ensures that investors in an investment program are returned any performance fees paid in excess of the originally agreed percentage during the life of the investment program. It protects investors from paying performance fees on one investment, and then having a subsequent investment incur losses resulting in overall performance fees paid in excess of the originally agreed upon terms. Performance fees are only recognized once the likelihood of a potential future claw-back is no longer considered meaningful in the assessment of the Group (see note 19.7.).

(d) Others

Other relevant areas with critical accounting estimates and judgements include goodwill impairment, actuarial assumptions regarding IAS 19 and uncertain tax positions in respect to the business model. These are, however, considered to be of less significance for the Group.

(e) Impact of COVID-19

The Group has assessed the consequences of the COVID-19 pandemic on the Consolidated Financial Statements, specifically considering the impacts on key judgements and significant estimates. The accounting matters assessed included, but were not limited to, fair values of investments, recoverability of outstanding loans and receivables, the carrying value of goodwill, intangible assets, and property, equipment and right-of-use assets, and the defined benefit pension plan. Any continued negative impacts from the pandemic in 2021 may have an impact on these, or other, matters.

The Group experienced strong portfolio performance in 2020 and broadly outperformed relevant public markets, despite the economic uncertainty caused by the COVID-19 pandemic. This also reflected positively on the Group's financial investments (see note 5.3.2.) that are measured at fair value.

The COVID-19 pandemic did not change the Group's assessment with regard to the credit risk related to outstanding loans and receivables. The Group has not identified any material expected credit losses (see note 5.4.1.).

Market volatility caused by COVID-19 resulted in a generally weak exit environment and, therefore, lower performance fees in the first half of 2020. In the second half of the year, valuations recovered and markets were more favorable to exits. The overall impact on the portfolio led to a shift of accrued performance fees towards long-term assets (see note 5.3.5.).

The impact of the COVID-19 pandemic did not result in impairment issues for goodwill, intangible assets, or property, equipment and right-of-use assets. No directly attributable significant negative impact was noted on the defined benefit pension plan.

While there was no significant impact from the areas assessed, the Group will continue to monitor these areas of increased judgements and risk for material changes.

3. Segment information

The BoD has been identified as the chief operating decision-maker. The BoD reviews the Group's internal reporting in order to assess performance and allocate resources. Management has identified the following operating segments based on these reports:

- Private equity
- Private debt
- Private real estate
- Private infrastructure

In these operating segments, the Group provides its clientele with investment management services in the private markets spectrum. These services comprise structuring and investment advisory in relation to direct investments in operating companies or assets and investments in third party managed investment programs. As part of its management services, the Group offers diversified as well as more focused investment programs in relation to investment styles, industry and geography of the investments in private markets.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Private equity

Private equity refers to investments made in private – i.e. non-publicly traded – companies. On behalf of its clients, the Group focuses on investing directly into companies that have been identified via its thematic sourcing approach with the objective of transforming them through driving forward strategic initiatives and operational improvements. In addition, the Group invests in the private equity secondary market by acquiring portfolios of privately held companies and in the primary market by maintaining a comprehensive set of investment relationships.

Private debt

Private debt refers to debt financing for private – i.e. non-publicly traded – companies. On behalf of its clients, the Group focuses on investing opportunities within sectors and industries that are undergoing transformational change, as identified by its thematic sourcing approach. The Group provides tailored financing solutions to companies looking for non-bank funding across the entire debt structure, ranging from predominantly senior loans to subordinated financing solutions, as well as across different regions.

Private real estate

Private real estate refers to investments made in private – i.e. non-publicly traded – real estate assets. On behalf of its clients, the Group focuses on investing in real estate assets benefitting from transformative trends where it can deploy a value creation plan. The Group invests in either equity or debt instruments, as well as across sectors and regions. In addition, the Group invests in the private real estate secondary market by acquiring portfolios of privately held assets and in the primary market by maintaining a comprehensive set of investment relationships.

Private infrastructure

Private infrastructure refers to investments made in private – i.e. non-publicly traded – infrastructure assets. On behalf of its clients, the Group focuses on investing in essential infrastructure assets that have clear stakeholder impact which could be transformed through its entrepreneurial governance. The Group invests across the capital structure in either equity or debt instruments, as well as across sectors and regions based on its thematic sourcing approach.

The activities in all operating segments consist of:

- Strategic asset allocation and portfolio management
- Investment management, value creation and monitoring
- Risk management
- Reporting and portfolio administration
- Relationship management

The BoD assesses the performance of the operating segments based on gross segment results, determined by the allocation of directly attributable revenues and expenses for the respective operating segment. Therefore, the gross results per operating segment do not include the allocation of expenses that are not directly attributable to the operating segment. As the Group pursues a fully integrated investment approach, many professionals are engaged in assignments across several operating segments within the private markets asset classes. Thus, only the personnel expenses of professionals entirely dedicated to a single operating segment have been allocated to the respective operating segments. This has led to the majority of personnel expenses being unallocated to any of the operating segments. The same applies to other operating expenses. Depreciation and amortization have also not been allocated to the operating segments. All non-directly attributable elements of profit or loss are summarized in the column labelled 'Unallocated'.

Management believes that this is the most relevant way to report the results of its operating segments.

There were no intersegment transactions and, as such, no eliminations are necessary.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

In millions of Swiss francs							2020
	Operating segments						
	Private equity	Private debt	Private real estate	Private infrastructure	Total reportable segments	Unallocated	Total
Management fees and other revenues	722.3	176.5	226.8	171.4	1'297.0	-	1'297.0
Revenue deductions related to management fees and other revenues	(87.0)	(16.6)	(56.0)	(21.7)	(181.3)	-	(181.3)
Performance fees	229.0	18.9	0.7	28.1	276.7	-	276.7
Revenue deductions related to performance fees	(7.2)	(0.1)	(3.0)	-	(10.3)	-	(10.3)
Revenues from management services, net	857.1	178.7	168.5	177.8	1'382.1	-	1'382.1
Other operating income	10.1	1.9	9.3	5.9	27.2	3.0	30.2
Revenues and other operating income	867.2	180.6	177.8	183.7	1'409.3	3.0	1'412.3
Personnel expenses	(66.0)	(43.5)	(21.6)	(28.5)	(159.6)	(270.4)	(430.0)
Other operating expenses	(2.7)	(1.9)	(1.7)	(1.4)	(7.7)	(60.8)	(68.5)
Gross segment result before depreciation and amortization	798.5	135.2	154.5	153.8	1'242.0	(328.2)	913.8
Depreciation and amortization	-	-	-	-	-	(38.4)	(38.4)
Gross segment result	798.5	135.2	154.5	153.8	1'242.0	(366.6)	875.4
<i>Reconciliation to profit for the period:</i>							
Net finance income and expense							53.2
Income tax expense							(123.8)
Profit for the period							804.8

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

In millions of Swiss francs							2019
	Operating segments						
	Private equity	Private debt	Private real estate	Private infrastructure	Total reportable segments	Unallocated	Total
Management fees and other revenues	718.5	166.4	186.3	159.3	1'230.5	2.5	1'233.0
Revenue deductions related to management fees and other revenues	(90.8)	(15.5)	(33.3)	(19.0)	(158.6)	-	(158.6)
Performance fees	408.1	23.1	20.3	51.5	503.0	-	503.0
Revenue deductions related to performance fees	(29.1)	(0.1)	(1.2)	(0.1)	(30.5)	-	(30.5)
Revenues from management services, net	1'006.7	173.9	172.1	191.7	1'544.4	2.5	1'546.9
Other operating income	17.3	9.1	17.3	15.9	59.6	3.8	63.4
Revenues and other operating income	1'024.0	183.0	189.4	207.6	1'604.0	6.3	1'610.3
Personnel expenses	(99.1)	(35.6)	(29.4)	(34.2)	(198.3)	(292.1)	(490.4)
Other operating expenses	(3.8)	(3.4)	(1.5)	(1.9)	(10.6)	(67.9)	(78.5)
Gross segment result before depreciation and amortization	921.1	144.0	158.5	171.5	1'395.1	(353.7)	1'041.4
Depreciation and amortization	-	-	-	-	-	(33.8)	(33.8)
Gross segment result	921.1	144.0	158.5	171.5	1'395.1	(387.5)	1'007.6
<i>Reconciliation to profit for the period:</i>							
Net finance income and expense							29.6
Income tax expense							(137.3)
Profit for the period							899.9

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Geographical information

The operating segments are managed on a worldwide basis with Switzerland as the headquarters. Local offices ensure access to clients and investment opportunities. While investment management services are primarily provided out of Switzerland, local offices such as Guernsey and Luxembourg serve as the Group's main fund hubs. In presenting information on the basis of geographical operating segments, respective revenue is based on the geographical location where the revenues are invoiced and collected. Prior year numbers have been aligned.

In millions of Swiss francs	Revenues from management services, net	
	2020	2019
Switzerland ¹⁾	(8.9)	(8.0)
Guernsey	681.3	920.4
Luxembourg	398.3	311.2
US	200.9	187.1
Others	110.5	136.2
Total	1'382.1	1'546.9

¹⁾ Revenue deductions related to management fees, performance fees and other revenues are largely reimbursed by Swiss entities.

The respective revenues do not correspond with the profits in these countries as they are subsequently allocated to the Group's operating entities based on the Group's transfer pricing policy which complies with the OECD Transfer Pricing Guidelines.

In 2020 and 2019, no direct counterparty of the Group contributed more than 12% to the Group's revenues from management services, net.

4. Remuneration

4.1. Personnel expenses

In millions of Swiss francs	2020	2019
Salaries and cash bonus	(258.7)	(251.6)
Share-based payment expenses 4.2.	(56.7)	(53.7)
Other long-term benefits (management carry program)	(55.0)	(117.4)
Retirement schemes - defined contribution plans	(16.1)	(13.9)
Retirement schemes - defined benefit plans 4.5.2.	(3.5)	(3.4)
Other social security expenses	(20.8)	(28.3)
Other personnel expenses	(19.2)	(22.1)
Total personnel expenses	(430.0)	(490.4)

The average number of employees in 2020 was 1'516 (2019: 1'349), which is equivalent to an average of 1'504 full-time employees (2019: 1'337).

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

4.2. Share-based payment expenses

The Group recognized the following expenses for grants in 2020, as well as in previous periods:

In millions of Swiss francs	Note	2020	2019
Grants 2014 (options and non-vested shares)		-	(0.2)
Grants 2015 (options and non-vested shares)		(0.8)	(1.2)
Grants 2016 (options and non-vested shares)		(1.1)	(2.4)
Grants 2017 (options and non-vested shares)		(2.9)	(5.5)
Grants 2018 (options and non-vested shares)		(5.4)	(11.1)
Grants 2019 (options and non-vested shares)		(15.7)	(17.5)
Grants 2020 (options and non-vested shares)	4.3.1.	(17.4)	-
Share grants at start of employment	4.4.	(1.3)	(2.7)
Total options and non-vested shares		(44.6)	(40.6)
Grants 2017 (MPP)		(2.0)	(3.0)
Grants 2018 (MPP)		(4.6)	(7.1)
Grants 2019 (MPP)		(2.9)	(3.0)
Grants 2020 (MPP)	4.3.2.	(2.6)	-
Total share-based payment expenses¹⁾		(56.7)	(53.7)

¹⁾ Share-based payment expenses for non-executive members of the BoD of CHF 0.6 million (2019: 0.8 million) are disclosed as a part of third party services (see note 10.).

4.3. Options, non-vested shares and Management Performance Plan

The Group has a long history of granting equity incentives to its employees. These are awarded at year-end through options, shares and the Management Performance Plan ("MPP").

4.3.1. Non-vested shares and options

The Employee Participation Plan ("EPP") aims to align employee interests with those of external shareholders. As in previous years, the 2020 plan was a shares-only plan for the Group's employees and its allocation to departments, teams and individuals was dependent on their performance and contribution to the overall achievement of the firm's goals during the period.

EPPs follow a linear vesting model, with proportionate annual vesting over a three- or five-year period following the awards, depending on the rank of the employee and contingent upon the employee remaining with the Group during the respective service period.

Since 2015, the Group awards a management incentive plan ("MIP") to select individuals in the senior management team who have significantly contributed to the firm's success in the past and who have the potential to do so in the future. The vesting of this long-term option-only plan for senior management follows a five-year (50% of grant) and six-year (50% of grant) cliff-vesting model.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Number and weighted average exercise price

The number and weighted average exercise price of options and non-vested shares developed as follows:

	Weighted average exercise price (in CHF)	Number of instruments	Weighted average exercise price (in CHF)	Number of instruments
	2020	2020	2019	2019
Outstanding as of 1 January	662.51	1'560'494	597.86	1'484'142
Forfeited during the period	617.24	(45'154)	615.66	(74'998)
Exercised during the period	295.84	(199'488)	145.42	(139'590)
Granted during the period - options	1'045.00	111'225	950.33	224'140
Granted during the period - shares	-	57'038	-	66'800
Outstanding as of 31 December	716.38	1'484'115	662.51	1'560'494
Exercisable as of 31 December		142'089		123'769

Of the outstanding 1'484'115 options and non-vested shares (31 December 2019: 1'560'494), 142'089 options are exercisable immediately (31 December 2019: 123'769). All other options and non-vested shares are restricted until at least 26 October 2021.

The outstanding instruments are split by strike price and grant year as follows:

Numbers of instruments outstanding			
Grant year	Strike price in CHF	31 December 2020	31 December 2019
Options granted in 2010 and 1.1.2011	209.00	-	14'813
Options granted in 2011	195.00	9'468	11'918
Options granted in 2012	236.00	24'927	33'947
Options granted in 2013 and 8.1.2014	270.00	35'291	53'329
Options granted in 2014	324.00	5'358	8'344
Options granted in 2015	340.00	1'418	1'418
Options granted in 2015	450.00	59'500	165'000
Options granted in 2015	446.00	6'127	6'127
Options granted in 2016	682.00	325'000	345'000
Options granted in 2016	593.00	10'110	10'110
Options granted in 2017	805.00	291'000	300'200
Options granted in 2017	810.00	35'078	35'078
Options granted in 2018	975.00	191'500	198'500
Options granted in 2018	800.00	18'489	18'489
Options granted in 2019	965.00	196'150	196'150
Options granted in 2019	807.60	20'890	20'890
Options granted in 2020	1'045.00	111'225	-
Non-vested shares granted from 2015 to 2019	-	142'584	141'181
Total instruments outstanding		1'484'115	1'560'494

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

The estimated fair value of options granted, and the underlying fair value of services, is based on the Black-Scholes model, whereas the fair value of the non-vested shares granted is based on the share price at the date of grant.

Fair value of options and shares granted in 2020, and related assumptions:

	Non-vested options ¹⁾	Non-vested options	Non-vested options ²⁾	Vested shares	Non-vested shares	Non-vested shares
Date of grant	26.10.20	26.10.20	26.10.20	18.11.20	18.11.20	18.11.20
Fair value per option/non-vested share at measurement date (in CHF)	53.05	53.05		922.00	922.00	922.00
Share price (in CHF)	836.60	836.60		922.00	922.00	922.00
Exercise price (in CHF)	1'045.00	1'045.00				
Vesting conditions	5 years	5 years	6 years	at grant	3 years	5 years
Expected volatility	24.70%	24.70%				
Expected term of execution	5 years	5 years	6 years			
Expected dividend ratio ⁴⁾	3.99%	3.99%				
Risk-free interest rate (based on Swap rates)	(0.73%)	(0.73%)				
Total options/shares granted	55'575	55'650		809	16'660	39'569
Total value granted in 2020 (in millions of CHF)	2.9	3.0	3.0	0.7	15.4	36.5
Gross amount recognized in profit or loss (in millions of CHF)	0.4	0.5	0.4	0.7	5.7	10.7
Forfeitures during 2020 (in millions of CHF)					(0.0)	(0.0)
Net amount recognized in profit or loss (in millions of CHF)	0.4	0.5	0.4	0.7	5.7	10.7
Total amount recognized in profit or loss (in millions of CHF)						18.4
- recognized in personnel expenses related to the grant 2020 (in millions of CHF)						17.4
- recognized in third party services related to the grant 2020 (in millions of CHF)						0.6
- recognized in personnel expenses related to the grant 2019 ¹⁾ (in millions of CHF)						0.4

¹⁾ Under the 23 September 2019 MIP, the Group granted equity incentives equaling the fair value of CHF 5.9m. The amount is allocated to the participants in two tranches, the first half in September 2019 and the second half in October 2020. As both parties have a common understanding of the terms and conditions and participants have begun rendering services in respect of both tranches, the Group recognizes expenses for both tranches beginning in 2019.

²⁾ Under the 26 October 2020 MIP, the Group granted equity incentives equaling the fair value of CHF 6.0m. The amount is allocated to the participants in two tranches, the first half in October 2020 and the second half in autumn 2021. As both parties have a common understanding of the terms and conditions and participants have begun rendering services in respect of both tranches, the Group recognizes expenses for both tranches beginning in 2020.

³⁾ Linear vesting model, with proportionate annual vesting.

⁴⁾ Based on historical data.

The applied expected volatility is based on the average of the historic five-year volatility of the Company's stock and the longest available future implied volatility for the Company's shares/options in the market.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

4.3.2. Management Performance Plan

In 2017, the Group revised its dedicated performance fee-related compensation program and introduced the MPP for Executive Committee members and non-independent Board members. Over the first five-year period of the plan, the 2020 MPP reinforces an alignment of interests with shareholders as it is dependent on the share price development. The 2020 MPP restricts payouts to a positive share price development relative to the share price at grant. Five years after the grant, the intrinsic value of the MPP will be measured as an intermediate step. Thereby, the intrinsic value of the 2020 MPP cannot exceed 7.6x the grant fair value. Over the period following the fifth year (year 5 to 14), the MPP payout commences. It can deviate from the intermediate intrinsic value calculated in year five as it is dependent on the achievement of a performance fee target, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios. Any payout will be in the form of restricted shares, which have a two-year selling restriction, equal to the value of the respective payout (the share price at the time of payout is the reference). In 2020, the MPP consumed CHF 5.1 million of performance fee related compensation (2019: CHF 4.5 million). For further details regarding the MPP, please refer to the Compensation Report (p. 138).

Vesting parameters

The MPP grants vest linearly over a period of five years. The linear vesting is subject to a minimum five-year tenure in the respective committee. Before that, it has a five-year cliff vesting attached. Any holder of unvested MPP rights leaving the Group has the obligation to forfeit his or her unvested interest back to the Company.

Valuation

In accordance with the option-like characteristics of the MPP, the grant date fair value is calculated similarly to the valuation of a combination of call options and put options (based on the Black-Scholes model).

Fair value of MPP granted in 2020, and related assumptions:

	Call options	Put options
Date of grant	18.11.20	18.11.20
Share price (in CHF)	922.00	922.00
Exercise price/normalized index price (in CHF)	922.00	1'422.16
Vesting conditions	5 years	5 years
Expected volatility	22.54%	22.54%
Expected term of execution	5 years	5 years
Expected dividend ratio	3.98%	3.98%
Risk-free interest rate (based on Swap rates)	(0.71%)	(0.71%)
Total fair value granted in 2020 (in millions of CHF)	8.8	
Total amount recognized in profit or loss (in millions of CHF)	2.6	

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

4.4. Entry shares

In 2020, the Group further granted 1'930 (2019: 3'943) shares totaling CHF 1.3 million (2019: CHF 2.7 million) to employees of the Group that commenced employment with the Group during the year. These shares are subject to a vesting period of one year. In addition, the shares are subject to a maximum five-year selling restriction, which is terminated if the employee resigns from the Group before the end of the restriction period.

4.5. Employee benefits

In millions of Swiss francs	31 December 2020	31 December 2019
Defined benefit plan	(2.4)	(2.4)
Accrued variable compensation (cash bonus)	(161.5)	(157.5)
Management Carry Plan	(142.6)	(196.0)
Other employee benefit liabilities	(14.5)	(14.4)
Total net employee benefit liabilities	(321.0)	(370.3)
Current liabilities	(107.4)	(161.7)
Non-current liabilities	(213.6)	(208.6)
Balance as of 31 December	(321.0)	(370.3)

4.5.1. Performance fee related compensation

Each year, the Nomination & Compensation Committee ("NCC") allocates up to 40% of recognized performance fees to the Performance Fee Compensation Pool which is then distributed to an eligible group of employees.

The promise represents a constructive obligation towards the eligible group of employees. The pool is allocated to the individual employees via the MCP (see (a) below) and the MPP (see note 4.3.2.) with the remainder, i.e. the difference between the Performance Fee Compensation Pool and the MCP/MPP allocations, being allocated via the Performance Fee Bonus Pool (see (b) below).

In 2020, performance fees recognized in the consolidated income statement amounted to CHF 266.4 million (2019: CHF 472.5 million), of which CHF 58.4 million (2019: CHF 124.9 million) were allocated via the MCP allocation (including social securities) and CHF 43.1 million (2019: CHF 59.6 million) via the Performance Fee Bonus Pool allocation. Based on performance fees recognized as of 31 December 2020, the Group expects a cash payout of CHF 56.9 million (2019: CHF 127.9 million) for these schemes in the first half of 2021.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

(a) Management Carry Plan allocation

A portion of the performance fees recognized from investments made during a relevant investment period is allocated to the broader management teams. The allocation is based on the MCP that was introduced in 2012 and is discretionarily granted to employees on an annual basis. The grants are only paid out to the eligible employees once the performance fees are collected by the Group.

Performance fees depend on the performance attributable to investments made. The Group recognizes expenses related to the MCP in personnel expenses when the payment of the related performance fees becomes sufficiently visible. This is in the period in which performance fees are recognized in the consolidated income statement, which is generally before the effective collection of such performance fees. Until the cash amount is paid to eligible employees, the corresponding liabilities are recognized as employee benefit liabilities. The part of the liabilities that is not expected to be settled wholly before twelve months after the end of the reporting period is presented as non-current liabilities.

(b) Performance Fee Bonus Pool allocation

The Performance Fee Bonus Pool, i.e. the difference between the Performance Fee Compensation Pool and the MCP/MPP allocation, is distributed among the broader management teams based on their contribution to performance. The part of the Performance Fee Bonus Pool that is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services is presented as non-current liabilities.

4.5.2. Defined benefit plan

The pension plan for Swiss employees ("the Pension Fund") is a defined benefit plan. The Pension Fund provides benefits for retirement, disability and surviving dependents that meet or exceed the minimum benefits required under the Federal Law on Occupational Retirement, Survivors' and Disability Insurance ("BVG"), including the legal coordination charge, which is also insured. The monthly premium to fund the Pension Fund's benefits is split equally between the employer and the employees. Contributions, which vary by the age of the employees, range from 6-13% of the covered salary and are credited to the employees' individual retirement savings accounts. The Pension Fund is responsible for capital investments and pursues an investment strategy with a prescribed investment policy. The Group assumes an average retirement age of 62 (female) and 63 (male), respectively. Upon retiring (including early and partial retirement), insured persons are entitled to a lifelong retirement pension if employees do not choose to withdraw the entire balance, or portion thereof, of their individual retirement savings accounts in the form of a capital payment.

The Pension Fund is administered by Gemini Sammelstiftung, Zurich/Switzerland, which is legally separate from the Group and is governed by a foundation board. In addition, there is a pension fund commission comprised of two employee and two employer representatives. The duties of the foundation board, as well as the pension fund commission, are laid out in the BVG and the specific pension fund rules. They are required by law to act in the best interest of the participants and are responsible for setting certain policies (e.g. investment, contribution and indexation policies) for the Pension Fund. At least four times a year, the foundation board, as well as the pension fund commission, meet to analyze consequences and decide on adjustments in the investment strategy.

Pursuant to the BVG, additional employer and employee contributions may be imposed whenever a significant funding deficit arises in accordance with the BVG. In addition to investment risk, the Pension Fund is exposed to actuarial risk, longevity risk, currency risk and interest rate risk.

In addition to the pension plan for Swiss employees, a defined benefit plan for Swiss management also provides retirement benefits and risk insurance for death and disability for components of remuneration in excess of the maximum insurable amount of salary under the plan described above.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Development of defined benefit asset/(obligation)

In millions of Swiss francs	2020	2019
Present value of benefit obligation as of 1 January	(79.2)	(68.8)
<i>Included in profit or loss:</i>		
Current service cost (employer)	(4.4)	(3.4)
Interest expense on benefit obligation	(0.2)	(0.5)
Plan amendment	1.0	-
<i>Included in other comprehensive income:</i>		
Actuarial gains/(losses) on benefit obligation arising from:		
- change in financial assumptions	(2.3)	(5.8)
- experience gains/(losses)	(1.1)	(2.9)
<i>Other:</i>		
Employee contributions	(3.1)	(2.8)
Benefit payments	1.2	5.0
Present value of benefit obligation as of 31 December	(88.1)	(79.2)
Fair value of plan assets as of 1 January	76.8	68.4
<i>Included in profit or loss:</i>		
Interest income on plan assets	0.2	0.5
Administration cost	(0.1)	(0.1)
<i>Included in other comprehensive income:</i>		
Actuarial gain/(loss) on plan assets	3.8	7.4
<i>Other:</i>		
Employer contributions	3.1	2.8
Employee contributions	3.1	2.8
Benefit payments	(1.2)	(5.0)
Fair value of plan assets as of 31 December	85.7	76.8
Net defined benefit asset/(obligation) as of 31 December	(2.4)	(2.4)

The weighted average duration of the net defined benefit obligation is 17.1 years as of 31 December 2020 (2019: 16.9 years).

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Asset allocation as of 31 December

	2020	2019
Cash	4.6%	13.2%
Public debt	11.8%	6.2%
Public equity	30.2%	25.4%
Private markets	51.6%	52.9%
Alternatives/other	1.8%	2.3%
Total	100.0%	100.0%

Principal actuarial assumptions

The calculation of the net defined benefit asset/(obligation) included the following principal actuarial assumptions:

Principal actuarial assumptions as of 31 December	2020	2019
Discount rate	0.10%	0.25%
Interest rate on retirement credits	1.00%	1.00%
Average future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.00%
Mortality tables used	BVG 2015 (GT)	BVG 2015 (GT)

Sensitivity analysis

Reasonably possible changes as of the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts presented below:

In millions of Swiss francs	Impact on defined benefit obligation	Impact on current service cost (employer)
Decrease of discount rate (-0.5%)	(8.5)	(0.8)
Increase of discount rate (+0.5%)	7.2	0.6
Decrease of salary increase (-0.5%)	1.2	0.1
Increase of salary increase (+0.5%)	(1.3)	(0.2)
Shorter life expectancy (-1 year)	0.2	0.0
Longer life expectancy (+1 year)	(0.2)	(0.0)

Although the analysis above does not take into account the full distribution of expected cash flows under the defined benefit plan, it does provide an approximation of the sensitivity of the assumptions presented.

The expected employer contributions in 2021 are estimated to be CHF 3.2 million.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

5. Financial instruments including related income and expense, risks and measurement

5.1. Finance income and expense

In millions of Swiss francs	Note	2020	2019
Interest income calculated using the effective interest rate method		2.8	3.5
Net gains on fair value through profit or loss instruments	5.5.	51.7	58.2
Share of results of associates (Pearl)	6.	0.7	2.8
Net exchange differences		10.3	-
Other finance income		0.0	0.1
Total finance income		65.5	64.6
Interest expense calculated using the effective interest rate method		(8.2)	(4.9)
Other finance expense		(4.1)	(3.6)
Net exchange differences		-	(26.5)
Total finance expense		(12.3)	(35.0)
Total net finance income and (expense)		53.2	29.6

5.2. Other operating income

In millions of Swiss francs	Note	2020	2019
Compensation from short-term loans	5.3.4.	25.3	60.4
Share of results of associates (LGT)	6.	0.0	0.0
Other income		4.9	3.0
Total other operating income		30.2	63.4

The decrease in compensation from short-term loans was driven by decreased treasury management and short-term financing services due to reduced investment activity during the second and third quarter of 2020.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

5.3. Financial instruments

5.3.1. Financial instruments by category

The Group's financial assets can be classified into the respective categories as follows:

In millions of Swiss francs	Note	31 December 2020	31 December 2019
Financial assets			
Financial assets at amortized cost			
Cash and cash equivalents		1'227.6	933.0
Trade receivables ¹⁾	5.4.1.	225.4	228.5
Short-term loans	5.3.4.	673.5	900.2
Other receivables ¹⁾	5.4.1.	18.7	7.7
Accrued revenues ¹⁾	5.4.1.	221.3	405.3
Other financial assets	5.3.5.	353.4	292.0
		2'719.9	2'766.7
Financial assets at fair value through profit or loss			
<i>Mandatorily measured at FVTPL</i>			
Marketable securities	5.4.1.	0.0	0.0
Financial investments	5.3.2.	615.6	605.3
Assets held for sale	5.3.3.	305.7	175.4
Derivative assets held for risk management ¹⁾	5.4.1.	3.3	10.4
		924.6	791.1
Total financial assets		3'644.5	3'557.8

¹⁾ Presented in the line item trade and other receivables in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

The Group's financial liabilities can be classified into the respective categories as follows:

In millions of Swiss francs	Note	31 December 2020	31 December 2019
Financial liabilities			
Financial liabilities at amortized cost			
Trade payables ¹⁾	7.	53.1	55.9
Cash collateral for forward contracts ¹⁾	7.	1.8	5.2
Accrued revenue deductions	7.	104.3	63.6
Other payables	7.	29.4	28.3
Lease liabilities	8.	66.9	67.6
Long-term debt	13.	798.9	798.6
Other long-term liabilities	5.4.3.	38.7	45.7
		1'093.1	1'064.9
Financial liabilities at fair value through profit or loss			
<i>Mandatorily measured at FVTPL</i>			
Liabilities held for sale	5.3.3.	254.6	114.3
Derivative liabilities held for risk management ¹⁾	7.	1.6	1.5
Other long-term liabilities	5.4.3.	0.3	0.8
		256.5	116.6
Total financial liabilities		1'349.6	1'181.5

¹⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

5.3.2. Financial investments

The Group holds investments in various investment programs that it manages. These investments typically account for a stake of one percent in an investment program. Within the investment programs, the Group typically performs investment management activities for the benefit of external investors under a predetermined investment policy and receives a predetermined management fee and, where applicable, a performance fee for its services which are presented as revenues from management services in the consolidated income statement.

In millions of Swiss francs	2020	2019
Balance as of 1 January	605.3	554.0
Additions	53.8	91.8
Distributions/disposals	(65.7)	(86.8)
Change in fair value of investments held at period end	45.8	58.6
Exchange differences	(23.6)	(12.3)
Balance as of 31 December	615.6	605.3

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

As of the relevant balance sheet date, the Group held investments in investment programs, split into the following operating segments:

In millions of Swiss francs	31 December 2020	31 December 2019
Private equity	286.5	272.8
Private debt	224.9	217.6
Private real estate	54.8	59.4
Private infrastructure	49.4	55.5
Total financial investments	615.6	605.3

5.3.3. Assets and liabilities held for sale

The Group provides seed financing to certain early stage investment programs managed by the Group. The decision to provide seed financing to an investment program is made by the responsible bodies defined in the Group's Rules of the Organization and of Operations ("ROO"). These investment programs typically call the seed financing to invest in assets that are comparable to the Group's investments in investment programs that it manages (see note 5.3.2.). Therefore, the underlying assets of these investment programs are typically financial assets valued at their adjusted net asset values.

Assets and liabilities of four (2019: four) such investment programs are classified and presented as assets and liabilities held for sale. The assets and liabilities held for sale as of 31 December 2020 are comprised of private equity and private debt related assets and liabilities:

In millions of Swiss francs	31 December 2020	31 December 2019
Assets held for sale	305.7	175.4
Liabilities held for sale	(254.6)	(114.3)
Assets and liabilities held for sale, net	51.1	61.1

5.3.4. Short-term loans

Short-term loans of CHF 673.5 million (2019: CHF 900.2 million) typically relate to loans granted to various investment programs managed by the Group and typically have an expected repayment date within the next twelve months. The Group considers granting short-term loans as part of its maintenance of investment programs and, hence, as part of its operating activities. As of 31 December 2020, the number of outstanding short-term loans was 271 (31 December 2019: 278) and the average amount per outstanding loan was CHF 2.5 million (2019: CHF 3.2 million). In 2020, the Group received an at arm's length compensation of CHF 25.3 million (2019: CHF 60.4 million) for these activities.

As of 31 December 2020, no significant short-term loans are past due or impaired (31 December 2019: none). There have been no significant losses in the past and the loans are typically fully collateralized by the underlying investments and any unfunded capital commitments.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

5.3.5. Other financial assets

The increase in other financial assets to CHF 353.4 million (2019: CHF 292.0 million) mainly resulted from recognized, but not yet invoiced, performance fees which are not expected to be settled within twelve months (typically in closed-ended structures). While the Group recognizes performance fees based on the mechanism described in note 19.7., the timing of invoicing depends on pre-defined conditions with clients at the time when their initial contract is formed. These conditions must be fulfilled before performance fees are invoiced. The expected timing of settlements is updated at the end of each reporting period. As of 31 December 2020, long-term accrued revenues increased by CHF 43.1 million as the Group expects the conditions to invoice to be fulfilled at a later point in time in the current market environment due to COVID-19. This results in a later settlement and, hence, a shift towards other financial assets (long-term).

In millions of Swiss francs	31 December 2020	31 December 2019
Long-term accrued revenues	274.0	230.9
Long-term loans	76.4	58.6
Other	3.0	2.5
Total other financial assets	353.4	292.0

5.3.6. Capital commitments

As of 31 December 2020, the Group had capital commitment contracts of CHF 747.8 million (2019: CHF 705.8 million), of which CHF 289.7 million (2019: CHF 250.0 million) were not yet called by the relevant investment managers. Capital commitments are called over time, typically between one to five years following the subscription of the commitment. Capital commitments are not considered to be a financial liability as the commitments do not constitute an obligation to pay cash until the capital is called.

5.4. Financial risk management

The Group has exposure to the following risks arising from its holding of financial instruments:

- credit risk;
- market risk (including currency risk, interest rate risk and price risk); and
- liquidity risk.

This note presents information about the Group's exposure to each of the above listed risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Further quantitative disclosures are included throughout the consolidated financial statements.

The BoD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BoD has established the Risk & Audit Committee ("RAC"), which is responsible for developing and monitoring the Group's risk management policies. The RAC reports regularly to the BoD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The RAC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The RAC is assisted in its oversight role by the Chief Risk Officer as well as by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, and reports the results to the RAC.

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5.4.1. Credit risk

The following sections present the Group's exposure to credit risk and how it is managed by the Group. Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations and typically arises from the Group's trade and other receivables, loans, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

(a) Trade and other receivables

In millions of Swiss francs	31 December 2020	31 December 2019
Marketable securities	0.0	0.0
Fees receivable	225.4	228.5
Other receivables	18.7	7.7
Accrued revenues	221.3	405.3
Derivative assets held for risk management	3.3	10.4
Total trade and other receivables - short term	468.7	651.9
Long-term accrued revenues	274.0	230.9
Total trade and other receivables	742.7	882.8

The decrease in trade and other receivables was mainly driven by payments of previously accrued revenues and an expected later invoicing and settlement of not yet invoiced fees (see note 5.3.5). The timing of performance fee recognition in such structures depends on several factors, including the pace of deployment, performance of investments and pace of realizations (cash distributions). Performance fees are only recognized once it is highly probable that they will be realized. This typically occurs subsequent to clients receiving distributions equivalent to their initial commitment and after hurdle rates have been met. For further explanations see note 19.7.

The Group reassesses the credit risk for trade and other receivables on a regular basis by calculating the expected credit loss for such receivables. The Group hereby applies the simplified approach with the provision matrix as permitted by IFRS 9. Under this approach, the lifetime expected credit loss is calculated based on the subsidiaries' historical default rates over the expected life of the receivables, current conditions and adjustments for forward-looking estimates. The lifetime of such receivables is typically less than a month. The Group has not experienced any significant defaults in prior years. As of the reporting date, no material receivables were overdue (31 December 2019: none). The Group periodically also reviews its customer exposure and concentration. As of 31 December 2020, there is no substantial concentration of credit risk (31 December 2019: none). The forward-looking estimates of expected credit losses are primarily influenced by the characteristics of the Group's customers. The majority of such customers are investment programs that are managed by the Group on behalf of its clients. This gives the Group insights into the financial situation of such customers. Further, trade and other receivables with such customers are collateralized against unfunded client commitments. These commitments can be drawn upon to repay receivables and are jointly backed by high-quality clients. In addition, underlying assets in the investment programs serve as an additional layer of security. Other counterparties of the Group are typically regulated financial institutions or institutional investors with a high credit quality and, to a lesser extent, portfolio companies. The Group considers the probability of default to be very remote. Based on its assessment as of 31 December 2020, the Group has not identified any material expected credit losses (31 December 2019: none). The COVID-19 pandemic did not change the Group's assessment with regard to the credit risk related to trade and other receivables.

(b) Loans

The Group's loans (see note 5.3.4.) are typically granted to various investment programs managed by the Group on behalf of its clients. The loans are typically short-term in nature with an expected repayment date within twelve months. The Group reassesses the credit risk of its loans (see note 5.3.4. and note 5.3.5.) on a regular basis by calculating the expected credit loss for its loans. The Group hereby applies the general approach as required by IFRS 9. Under this approach, the 12-month

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

expected credit loss is calculated based on the subsidiaries' historical default rates, current conditions and adjustments for forward-looking estimates as long as the credit risk has not increased significantly relative to the credit risk at the date of initial recognition; otherwise, the Group switches to lifetime expected credit losses. The Group has not experienced any significant defaults in recent years. As of the reporting date, no material loans were overdue (31 December 2019: none). The fact that the short-term loans are typically granted to investment programs that are managed by the Group on behalf of its clients gives the Group insights into the financial situation of such borrowers. In addition, the loans are collateralized against unfunded client commitments, which can be drawn upon to repay related loans and which are jointly backed by high-quality clients. Underlying assets in the investment programs serve as an additional layer of security. In order to manage the default risk, the granting of loans is contingent on the adherence to certain loan-to-value ratios. The Group hereby ensures that the loan to an investment program is classified according to its risk weight and measured against a risk budget. In addition, the Group has established a system-based loan approval process to control the credit risk resulting from loans to investment programs. This process is supported by a risk policy framework and pre-defined approval authorities. During the loan approval process, rigorous qualitative and quantitative checks are applied to ensure the high quality of the Group's loan portfolio. Based on its assessment as of 31 December 2020, the Group has not identified any material expected credit losses in relation to its loans (31 December 2019: none). The COVID-19 pandemic did not change the Group's assessment with regard to the credit risk related to loans.

(c) Cash and cash equivalents

Cash and cash equivalents predominantly include balances with banks that are cancelable on sight. For these bank balances, typically, only independently rated parties with a minimum rating of "A-3" or equivalent are accepted (as per Standard & Poor's Short-Term Issue Credit Ratings definitions). The Group evaluates each counterparty with a proprietary risk scoring that includes 20 observable parameters such as credit risk ratings, capital ratio, stock price and return on assets and determines the expected credit loss of its bank balances. In addition, it assigns a maximum counterparty exposure which acts as a further layer of protection. The Group reassesses the credit risk for cash and cash equivalents on a regular basis. Based on its assessment as of 31 December 2020, the Group has not identified any material expected credit losses (31 December 2019: none). The COVID-19 pandemic did not change the Group's assessment with regard to balances with banks.

5.4.2. Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns. The Group may buy and sell derivatives in order to manage certain market risks. All such transactions are carried out within the guidelines defined in the Rules of the Organization and of Operations ("ROO") as issued by the BoD.

(a) Currency risk

The Group is exposed to transactional currency risk mainly on receivables, payables, cash and cash equivalents as well as loans that are denominated in a currency other than the functional currency of the respective subsidiaries. The currency risk mainly results from exposures in Euros (EUR), US dollars (USD), British pounds (GBP) and Singapore dollars (SGD). In general, the Group economically hedges foreign exchange exposures related to third-party assets and liabilities. As a consequence, the Group's net balance sheet currency risk is limited mainly to its intercompany receivables and payables.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent from changes in market interest rates. The Group is mainly exposed to cash flow interest rate risk with respect to its cash and cash equivalents held at banks. Such cash flows are dependent on changes in short-term market interest rates. Due to this short-term nature and limited sensitivity, the Group currently does not actively manage its cash flow interest rate risk. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

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In millions of Swiss francs	2020	2019
Variable rate instruments		
Financial assets	1'227.6	933.0
Financial liabilities	(1.8)	(5.2)
	1'225.8	927.8
Fixed rate instruments		
Financial assets	752.9	961.3
Financial liabilities	(865.8)	(866.3)
	(112.9)	95.0

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates on the balances at the reporting date would have increased/(decreased) annual profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, particularly foreign currency rates, remain constant.

	Variable rate instruments	
In millions of Swiss francs	2020	2019
Profit or loss		
50 bp increase	6.1	4.6
50 bp decrease	(6.1)	(4.6)

Fair value sensitivity analysis for fixed rate instruments

The Group does not designate any fixed rate financial assets or liabilities as at fair value through profit or loss. Therefore, changes in interest rates would not affect profit or loss.

(c) Market risk of investments in investment programs

The Group is exposed to market risks (other than interest rate and foreign currency risk) because of its investments in investment programs which are classified at fair value through profit or loss.

The majority of the Group's investments are entered into under investment management contracts whereby the Group invests alongside third-party investors in the Group's investment programs invested in underlying private equity, private debt, private real estate or private infrastructure investments. These investments qualify in accordance with IAS 32 either as equity investments or debt investments. Typically, instruments qualifying as debt investments contain embedded derivatives for which fair value is derived from the adjusted net asset value of the underlying investment programs which in turn is based upon the value of the underlying assets held within each of the investment programs.

In assessing the market risk associated with the Group's investments, a volatility ratio was applied to each of its investments classified as marketable securities, financial investments or assets and liabilities held for sale. The Group used long-term data to determine the volatilities for each asset class.

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In millions of Swiss francs	Carrying amount/volatility			
	2020	Volatility	2019	Volatility
Marketable securities (equity securities held for trading)	0.0	12%	0.0	9%
Financial investments:				
Private equity	286.5	18%	272.8	18%
Private debt	224.9	8%	217.6	7%
Private real estate	54.8	15%	59.4	11%
Private infrastructure	49.4	12%	55.5	9%
Assets and liabilities held for sale	51.1	12%	61.1	12%
Total	666.7		666.4	

Based on the applied long-term volatility for the individual asset classes, the Group is exposed to the following equity price risk:

In millions of Swiss francs	Profit or loss	
	2020	2019
Marketable securities (equity securities held for trading)	0.0	0.0
Financial investments:		
Private equity	51.6	49.1
Private debt	18.0	15.2
Private real estate	8.2	6.5
Private infrastructure	5.9	5.0
Assets and liabilities held for sale	6.3	7.3
Total	90.0	83.1

5.4.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's long-term contracts with clients mitigate its exposure to liquidity risk.

In order to assess the development of its liquidity, the Group uses a cash flow forecasting tool which is integrated into the budgeting and reporting process and assists in monitoring cash flow requirements and optimizing its cash return on investments.

Cash flow forecasting is performed at group level. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses as well as the servicing of financial obligations, excluding the potential impact of extreme circumstances that cannot reasonably be predicted. Surplus cash held by the Group's subsidiaries, over and above the balance required for working capital management, is transferred to the Company to the extent permitted by regulatory and legal provisions. In addition, the BoD and the Executive Committee ("ExCo") formally monitor the liquidity available on a semi-annual basis. The available liquidity targeted should allow the Group to sustain its operations with minimal disruptions in a financial crisis scenario and/or a depressed economic environment. The Group holds its cash in current accounts or invests it in time deposits, money market deposits and marketable securities deemed to have appropriate maturities or sufficient liquidity to provide headroom as determined by the aforementioned forecasts. In addition, the Group maintains the following lines of credit:

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for the years ended 31 December 2020 and 2019

- The Group has two unsecured credit facilities of CHF 460 million (31 December 2019: CHF 460 million) and CHF 375 million (31 December 2019: CHF 375 million) with a syndicate of Swiss banks and a syndicate of Swiss and international banks, respectively. These credit facilities can be used for general corporate purposes with a primary focus on working capital financing. Interest rates are variable and determined by the relevant short-term interest rate plus a margin. The facilities are subject to maximum debt covenants which have been met throughout the current and prior year.
- An additional unsecured credit facility of CHF 30 million can be used for current account overdrafts or for fixed advances with a maturity of up to six months (31 December 2019: CHF 30 million). Interest is set at a fixed interest rate. The facility is subject to a maximum debt covenant which was met throughout the current and prior year.

The following table discloses the financial liabilities with their contractual maturities:

In millions of Swiss francs				31 December 2020				
	Note	Carrying amount	Total	6 months or less	6 - 12 months	13 - 24 months	25 - 60 months	More than 60 months
Trade payables ¹⁾	7.	53.1	53.1	53.1				
Derivative liabilities held for risk management ¹⁾	7.	1.6	1.6	1.6				
Accrued revenue deductions ¹⁾	7.	104.3	104.3		104.3			
Cash collateral for forward contracts ¹⁾	7.	1.8	1.8	1.8				
Other payables ¹⁾	7.	29.4	29.4	29.4				
Lease liabilities	8.	66.9	72.9	6.1	5.8	10.9	23.2	26.9
Long-term debt	13.	798.9	816.3	2.5		2.5	307.1	504.2
Other long-term liabilities ²⁾		39.0	39.0			30.4	8.6	
Unfunded commitments		289.7	289.7	289.7				
		1'384.7	1'408.1	384.2	110.1	43.8	338.9	531.1

¹⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

²⁾ This line item includes long-term accrued liabilities related to the investment programs and other third parties.

In millions of Swiss francs				31 December 2019				
	Note	Carrying amount	Total	6 months or less	6 - 12 months	13 - 24 months	25 - 60 months	More than 60 months
Trade payables ¹⁾	7.	55.9	55.9	55.9				
Derivative liabilities held for risk management ¹⁾	7.	1.5	1.5	1.5				
Accrued revenue deductions ¹⁾	7.	63.6	63.6		63.6			
Cash collateral for forward contracts ¹⁾	7.	5.2	5.2	5.2				
Other payables ¹⁾	7.	28.3	28.3	28.3				
Lease liabilities	8.	67.6	75.8	7.0	6.7	10.1	19.8	32.2
Long-term debt	13.	798.6	818.7	2.5		2.5	307.5	506.2
Other long-term liabilities ²⁾		46.5	46.5			35.9	10.6	
Unfunded commitments		250.0	250.0	250.0				
		1'317.2	1'345.5	350.4	70.3	48.5	337.9	538.4

¹⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

²⁾ This line item includes long-term accrued liabilities related to the investment programs and other third parties.

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5.5. Fair value measurement

Overview

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between knowledgeable market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access to at that date. The fair value of a liability reflects its non-performance risk. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- 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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the fair value hierarchy of the Group's financial assets and liabilities that are measured at fair value:

In millions of Swiss francs				31 December 2020
	Level 1	Level 2	Level 3	Total
Marketable securities ¹⁾	0.0			0.0
Derivative assets held for risk management ¹⁾		3.3		3.3
Assets held for sale			305.7	305.7
Financial investments			615.6	615.6
Financial assets	0.0	3.3	921.3	924.6
Derivative liabilities held for risk management ²⁾		1.6		1.6
Liabilities held for sale			254.6	254.6
Other long-term liabilities			0.3	0.3
Financial liabilities	-	1.6	254.9	256.5

¹⁾ Presented in the line item trade and other receivables in the consolidated balance sheet.

²⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

In millions of Swiss francs				31 December 2019
	Level 1	Level 2	Level 3	Total
Marketable securities ¹⁾	0.0			0.0
Derivative assets held for risk management ¹⁾		10.4		10.4
Assets held for sale			175.4	175.4
Financial investments			605.3	605.3
Financial assets	0.0	10.4	780.7	791.1
Derivative liabilities held for risk management ²⁾		1.5		1.5
Liabilities held for sale			114.3	114.3
Other long-term liabilities			0.8	0.8
Financial liabilities	-	1.5	115.1	116.6

¹⁾ Presented in the line item trade and other receivables in the consolidated balance sheet.

²⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

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The carrying amount for cash and cash equivalents, trade and other receivables, short-term loans, and trade and other payables are expected to approximate the fair values given the short-term nature of these financial instruments. The carrying amounts for other financial assets and the remaining other long-term liabilities are expected to approximate fair values since time values do not materially differ (level 3 input).

The following tables show the reconciliation of all level 3 financial instruments in 2020 and 2019:

In millions of Swiss francs		2020
	Financial assets	Financial liabilities
Balance as of 1 January	780.7	115.1
Purchases	219.8	160.8
Sales	(83.3)	(1.0)
Change in fair value ¹⁾	51.7	(0.0)
Exchange differences	(47.6)	(20.0)
Balance as of 31 December	921.3	254.9

In millions of Swiss francs		2019
	Financial assets	Financial liabilities
Balance as of 1 January	645.0	54.9
Purchases	200.4	65.3
Sales	(105.9)	(1.7)
Change in fair value ¹⁾	58.2	(0.0)
Exchange differences	(17.0)	(3.4)
Balance as of 31 December	780.7	115.1

¹⁾ Presented in the line items finance income and finance expense in the consolidated income statement.

There were no transfers between levels in 2020 and 2019.

Financial investments and assets and liabilities held for sale

Financial investments (see note 5.3.2.) and assets and liabilities held for sale (see note 5.3.3.), disclosed as level 3 financial instruments, consist of investments in investment programs that the Group manages. For these investments, the determination of fair value requires subjective assessment with varying degrees of judgment depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific financial instrument. In such circumstances, valuation is determined based on management's judgment about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Group applies control processes to ensure that the fair value of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are in accordance with IFRS 13 and determined on a reasonable basis. Such controls include reviews of profit and loss statements at regular intervals, risk monitoring and reviews of price verification procedures and models, which are used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

Control processes also include the review and approval of new investments made on behalf of investors. The Group has several investment committees. The investment selections and recommendations are made by the Specialized Investment Committees and the Global Investment Committee, supported by the Global Portfolio Committee. These committees decide whether or not new investments will be advised to the manager of the investment program.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Valuation techniques used to determine fair value of underlying investments

Financial investments held by the Group consist of underlying assets and liabilities within investment programs. In turn, these investment programs are invested in direct and indirect equity and debt investments. The following valuation techniques are applied by the Group to determine fair values of equity and debt investments in line with IFRS 13:

- market approach;
- income approach; and
- adjusted net asset value method.

Securities traded on one or more securities exchanges are typically valued based on their respective market prices as of measurement date adjusted for potential restrictions on the transfer or sale of such investment.

Financial investments are valued using either of the described valuation techniques below.

Market approach

The market approach comprises valuation techniques such as market comparable companies and multiple techniques. A market comparable approach uses quoted market prices or dealer quotes for similar instruments to determine the fair value of a financial asset. A multiple approach can be used in the valuation of less liquid securities. Comparable companies and 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. Comparable public companies based on industry, size, development stage, strategy, etc. have to be determined. Subsequently, 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/earnings ratios for earnings or price/book ratios for book values). Trading multiples for each comparable company identified are calculated by dividing the value 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.

Income approach

Within the income approach, the Group primarily uses the discounted cash flow method and the capitalization model. Expected cash flow amounts are discounted to a present value at a rate of expected return that represents the time value of money and reflects the relative risks of the direct investment. Direct debt investments can be valued by using the instrument's expected cash flows while direct equity investments can be valued by using the "cash flow to equity" method, or indirectly, by deriving the enterprise value using the "cash flow to entity" method and subsequently subtracting the direct investment's net debt in order to determine the equity value of the relevant direct investment. Expected future cash flows based upon agreed investment terms or expected growth rates have to be determined. In addition, and based on the current market environment, an expected return of the respective direct investment is projected. The future cash flows are discounted to the present date in order to determine the current fair value.

Adjusted net asset value method

As a combination of the market and the income approach, the adjusted net asset value method is used. Indirect investments of investment programs managed by the Group are typically valued at the indirect investments' net asset values last reported by the indirect investments' general partners. When the reporting date of such net asset values does not coincide with the investment programs' reporting date, the net asset values are adjusted as a result of cash flows to/from an indirect investment between the date of the most recently available net asset valuation and the end of the reporting period of the investment program, and further information gathered by the investment advisor during its on-going investment monitoring process. This monitoring process includes, but is not limited to, binding bid offers, other market participant information on developments of portfolio companies held by indirect investments or syndicated transactions, which involve such companies.

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Unobservable input factors

Where available, valuation techniques use market-observable assumptions and inputs. If such information is not available, inputs may be derived by reference to similar assets and active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Group selects the non-market-observable inputs to be used in its valuation techniques based on a combination of historical experience, derivation of input levels based upon similar investment programs with observable price levels and knowledge of current market conditions and valuation approaches.

Within its valuation techniques the Group typically uses different unobservable input factors. Significant unobservable inputs include: EBITDA multiples (based on budgeted/forward-looking EBITDA or historical EBITDA of the issuer and EBITDA multiples of comparable listed companies for an equivalent period), discount rates, capitalization rates, price/book as well as price/earnings ratios and enterprise value/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. A significant portion of the investment programs' direct equity investments are measured using EBITDA multiples. EBITDA multiples used show wide ranges.

The value of level 3 direct equity investments valued by using unobservable input factors are 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.

Sensitivity of fair values

From a Group perspective, the fair value of financial investments and assets and liabilities held for sale is typically dependent on the adjusted net asset value of the investment programs. A reasonably possible change in the adjusted net asset value would have the following effects on the fair value of these investments held by the Group with changes to be recognized in profit or loss:

In millions of Swiss francs	31 December 2020	31 December 2019
Adjusted net asset value (1% increase)	6.7	6.7

Although the Group believes that its estimates of fair values are appropriate, the use of different methodologies and different unobservable inputs, especially in the underlying investments of investment programs, could lead to different measurements of fair value of its financial investments, assets and liabilities held for sale. Due to the broad range and number of unobservable input factors used in the valuation of the investment programs' direct investments, particularly concerning the EBITDA multiple, a sensitivity analysis on these underlying unobservable input factors does not result in meaningful outcomes.

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6. Investments in associates

The Group accounted for investments in associates as of 31 December 2020 as summarized below:

In millions of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	24.5	24.5	28%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	0.5	0.5	40%
Total investments in associates			25.0	

In millions of Swiss francs	2020	2019
Balance as of 1 January	42.1	55.0
Redemption of shares (Pearl)	(17.5)	(13.7)
Share of results (Pearl)	0.7	2.8
Share of results (LGT)	0.0	0.0
Exchange differences	(0.3)	(2.0)
Balance as of 31 December	25.0	42.1

Summary of financial information of the investments in associates - 100%:

In millions of Swiss francs	Pearl		LGT	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets	89.0	149.4	1.5	1.8
Total liabilities	2.2	1.6	0.3	0.6
Equity	86.8	147.8	1.2	1.2
Revenues	7.3	15.3	1.4	2.1
Profit/(loss) for the period	2.7	10.1	0.0	0.0

The financial information is based on unaudited financial information as of the balance sheet date as received from LGT and Pearl.

Pearl Holding Limited

Pearl's investments are managed on a discretionary basis by Pearl Management Limited, Guernsey, which is advised by Partners Group AG, Switzerland ("PGAG"), in accordance with an investment advisory agreement. PGAG's duties are to provide asset allocation, commercial due diligence reviews, investment and disinvestment proposals and performance monitoring. For the described services, the Group is entitled to receive administration, management and performance fees.

Share of results of associates

The share of results of associates resulting from Pearl is disclosed in profit or loss as net finance income and expense (see note 5.1.), while the share of results of associates resulting from LGT is disclosed as other operating income (see note 5.2.). The Group assesses LGT's results as comparable to management services and as a consequence discloses the results as operating income. Pearl's results are mainly driven by distributions and changes in fair value of the underlying investments, comparable to changes in fair value of financial investments (see note 5.3.2.), which are presented as net finance income and expense in the consolidated income statement (see note 5.1.).

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7. Trade and other payables

In millions of Swiss francs	Note	31 December 2020	31 December 2019
Trade payables		53.1	55.9
Goods and services received not yet invoiced		28.2	12.3
Derivative liabilities held for risk management		1.6	1.5
Accrued revenue deductions		104.3	63.6
Cash collateral for forward contracts		1.8	5.2
Lease liabilities	8.	10.3	12.4
Other payables		29.4	28.3
Total trade and other payables		228.7	179.2

8. Lease liabilities

In millions of Swiss francs	2020	2019
Lease liabilities as of 1 January	67.6	43.8
Additions	15.9	36.4
Removals	(1.1)	(0.7)
Accreted interest	1.4	1.2
Lease payments	(12.1)	(12.1)
Exchange differences	(4.8)	(1.0)
Lease liabilities as of 31 December	66.9	67.6
Current liabilities	10.3	12.4
Non-current liabilities	56.6	55.2
Lease liabilities as of 31 December	66.9	67.6

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9. Income tax

9.1. Income tax expense

9.1.1. Recognized in profit or loss

In millions of Swiss francs	Note	2020	2019
<i>Current tax expense:</i>			
Current year		136.4	144.5
Under/(over) provided in prior years		(1.8)	(0.9)
Total current tax expense		134.6	143.6
<i>Deferred tax expense/(income):</i>			
Deferred tax expense/(income), net relating to the origination and reversal of temporary differences	9.2.	(10.8)	(6.3)
Total deferred tax expense/(income)		(10.8)	(6.3)
Total income tax expense		123.8	137.3

9.1.2. Weighted average expected tax rate reconciliation

In millions of Swiss francs	2020	2019
Profit before tax	928.6	1'037.2
Weighted average expected Group tax rate ¹⁾	13.91%	13.83%
Expected tax expense	129.2	143.4
Non-tax-deductible expense and non-taxable income	(8.9)	(3.0)
Applicable tax rates differing from expected rate	(1.5)	(1.8)
Under/(over) provided in prior years	(1.8)	(0.9)
Other impacts	6.8	(0.4)
Total income tax expense	123.8	137.3

¹⁾ The Group calculated a weighted average tax rate, taking into account statutory tax rates of the Company and its subsidiaries in their specific jurisdictions, and their contribution to total profit before tax.

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9.2. Deferred tax assets and liabilities

Development of deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following table shows the development of deferred tax assets and deferred tax liabilities.

In millions of Swiss francs	31 December 2020	31 December 2019
Deferred tax assets	64.0	43.8
Deferred tax liabilities	(3.4)	(4.0)
Deferred tax assets / (liabilities), net	60.6	39.8

In millions of Swiss francs	2020	2019
Balance as of 1 January, net	39.8	21.1
Changes recognized in profit or loss	10.8	6.3
Changes recognized in equity	14.7	12.8
Changes recognized in other comprehensive income	(0.0)	0.3
Exchange differences	(4.7)	(0.7)
Balance of deferred tax assets / (liabilities) as of 31 December, net	60.6	39.8

Analysis of deferred tax assets and liabilities

The following table shows the gross amounts of deferred tax assets and liabilities by category. Movements in the significant asset and liability classes giving rise to temporary differences are analyzed below:

In millions of Swiss francs	2020						
	Financial investments	Other non-current assets	Defined benefit plan	Share-based payment expenses	Accrued variable compensation & MCP	Others	Total
Balance as of 1 January, net	(0.1)	(3.1)	0.3	23.1	18.0	1.6	39.8
Changes recognized in profit or loss	1.8	(1.8)	0.1	3.2	7.6	(0.1)	10.8
Changes recognized in equity	-	-	-	14.7	-	-	14.7
Changes recognized in other comprehensive income	-	-	(0.0)	-	-	-	(0.0)
Exchange differences	(0.1)	0.4	-	(3.4)	(1.6)	0.0	(4.7)
Balance as of 31 December, net	1.6	(4.5)	0.4	37.6	24.0	1.5	60.6

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In millions of Swiss francs							2019
	Financial investments	Other non-current assets	Defined benefit plan	Share-based payment expenses	Accrued variable compensation & MCP	Others	Total
Balance as of 1 January, net	(0.3)	(2.5)	0.1	12.1	11.3	0.4	21.1
Changes recognized in profit or loss	0.2	(0.7)	(0.1)	(1.5)	7.2	1.2	6.3
Changes recognized in equity	-	-	-	12.8	-	-	12.8
Changes recognized in other comprehensive income	-	-	0.3	-	-	-	0.3
Exchange differences	0.0	0.1	-	(0.3)	(0.5)	0.0	(0.7)
Balance as of 31 December, net	(0.1)	(3.1)	0.3	23.1	18.0	1.6	39.8

Financial investments

Taxable temporary differences arise between the tax bases of financial investments and their carrying amounts (fair values with regard to the application of IFRS 9) in the consolidated financial statements.

Other non-current assets

Taxable temporary differences arise between the tax bases of property and equipment as well as intangible assets and their carrying amounts in the consolidated financial statements.

Defined benefit plan

The Group recognizes deferred tax assets or liabilities by applying IAS 19 (for further information see note 4.5.2.).

Share-based payment expenses

Taxable temporary differences arise (in accordance with IAS 12.68A) from the recognition of share-based payment expenses (see notes 4.2. and 4.3.) in the applicable accounting period in accordance with IFRS 2, but the tax deduction based on these expenses materializes in a different period; e.g. only when the options and shares are exercised or vested. Typically, the measurement of the tax deduction is based on the share price at the date of exercise or vesting.

Accrued variable compensation & MCP

Taxable temporary differences arise between the tax bases of remuneration-related accruals and provisions and their carrying amounts in the consolidated financial statements.

Leases

With the adoption of IFRS 16, it is required that a lessee recognizes a right-of-use asset and a lease liability. In many jurisdictions, lease payments are tax deductible on a cash basis. As a result, the tax basis of the right-of-use asset and lease liability are zero. The result is a taxable temporary difference in relation to the right-of-use asset and a deductible temporary difference in relation to the lease liability, which typically can be netted on entity level.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

10. Other operating expenses

In millions of Swiss francs	2020	2019
Third party services	(18.1)	(24.5)
Property related and maintenance costs	(4.8)	(5.3)
Administrative expenses	(28.1)	(26.5)
Travel and representation expenses	(7.5)	(22.2)
Pandemic-related costs	(10.0)	-
Total other operating expenses	(68.5)	(78.5)

Pandemic-related costs represent a CHF 10.0 million commitment for COVID-19-related expenses, which includes the Group's contribution to a newly created Portfolio Employee Support Fund and the contribution by the Executive Committee, by members of the Board of Directors and by many Partners Group employees, who, in turn, forfeited a part of their compensation in 2020.

11. Property, equipment and right-of-use assets

In millions of Swiss francs	2020							
	Land	Buildings	Right-of-use assets	Construction in progress	Office furniture	Interior fittings	Equipment and IT fittings	Total
Cost								
Balance as of 1 January	63.7	65.0	77.7	29.4	10.0	22.2	16.8	284.8
Additions	-	3.0	16.3	11.6	0.5	2.3	1.5	35.2
Transfers	-	26.2	-	(34.6)	2.8	5.6	-	-
Disposals	-	-	-	-	(1.1)	(0.6)	(4.7)	(6.4)
Exchange differences	(0.6)	(6.9)	(5.0)	(0.9)	(0.7)	(0.8)	(0.8)	(15.7)
Balance as of 31 December	63.1	87.3	89.0	5.5	11.5	28.7	12.8	297.9
Accumulated depreciation								
Balance as of 1 January	-	2.3	12.7	-	5.1	17.1	10.4	47.6
Depreciation	-	1.9	13.6	-	1.7	1.9	3.3	22.4
Accumulated depreciation on disposals	-	-	-	-	(1.1)	(0.6)	(4.7)	(6.4)
Exchange differences	-	(0.2)	(0.9)	-	(0.3)	(0.2)	(0.3)	(1.9)
Balance as of 31 December	-	4.0	25.4	-	5.4	18.2	8.7	61.7
Carrying amount								
As of 1 January	63.7	62.7	65.0	29.4	4.9	5.1	6.4	237.2
As of 31 December	63.1	83.3	63.6	5.5	6.1	10.5	4.1	236.2
Impairment losses incurred in 2020								nil

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

In millions of Swiss francs								2019
	Land	Buildings	Right-of-use assets	Construction in progress	Office furniture	Interior fittings	Equipment and IT fittings	Total
Cost								
Balance as of 1 January	7.1	5.9	-	44.7	6.1	22.2	9.5	95.5
Recognition of right-of-use asset on initial application of IFRS 16	-	-	42.7	-	-	-	-	42.7
Adjusted balance as of 1 January	7.1	5.9	42.7	44.7	6.1	22.2	9.5	138.2
Additions	56.7	7.0	36.3	42.3	4.0	0.6	3.1	150.0
Transfers	-	53.6	-	(57.2)	-	0.1	4.4	0.9
Disposals	-	-	(0.1)	-	-	(0.7)	-	(0.8)
Exchange differences	(0.1)	(1.5)	(1.2)	(0.4)	(0.1)	-	(0.2)	(3.5)
Balance as of 31 December	63.7	65.0	77.7	29.4	10.0	22.2	16.8	284.8
Accumulated depreciation								
Balance as of 1 January	-	1.4	-	-	3.8	15.7	7.0	27.9
Depreciation	-	0.9	13.0	-	1.3	2.1	2.5	19.8
Transfers	-	-	-	-	-	-	0.9	0.9
Accumulated depreciation on disposals	-	-	-	-	-	(0.7)	-	(0.7)
Exchange differences	-	-	(0.3)	-	-	-	-	(0.3)
Balance as of 31 December	-	2.3	12.7	-	5.1	17.1	10.4	47.6
Carrying amount								
As of 1 January	7.1	4.5	-	44.7	2.3	6.5	2.5	67.6
As of 31 December	63.7	62.7	65.0	29.4	4.9	5.1	6.4	237.2
Impairment losses incurred in 2019								nil

Construction in progress reflects the costs for the Group's Americas headquarters in Broomfield, Colorado.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

12. Intangible assets

In millions of Swiss francs						2020
	Acquired client contracts	Goodwill	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	4.8	32.4	23.4	52.9	9.1	122.6
Additions	-	-	6.4	5.6	-	12.0
Disposals	-	-	(8.1)	(0.8)	-	(8.9)
Exchange differences	(0.3)	(1.6)	-	(2.2)	-	(4.1)
Balance as of 31 December	4.5	30.8	21.7	55.5	9.1	121.6
Accumulated amortization and impairment losses						
Balance as of 1 January	4.8	-	16.9	25.2	6.9	53.8
Amortization	-	-	4.7	10.4	0.9	16.0
Accumulated amortization on disposals	-	-	(8.1)	(0.8)	-	(8.9)
Exchange differences	(0.3)	-	-	(1.3)	-	(1.6)
Balance as of 31 December	4.5	-	13.5	33.5	7.8	59.3
Carrying amount						
As of 1 January	-	32.4	6.5	27.7	2.2	68.8
As of 31 December	-	30.8	8.2	22.0	1.3	62.3
Impairment losses incurred in 2020						nil

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In millions of Swiss francs						2019
	Acquired client contracts	Goodwill	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	4.7	32.6	18.2	45.8	7.2	108.5
Additions	-	-	5.2	14.8	1.9	21.9
Disposals	-	-	-	(6.9)	-	(6.9)
Exchange differences	0.1	(0.2)	-	(0.8)	-	(0.9)
Balance as of 31 December	4.8	32.4	23.4	52.9	9.1	122.6
Accumulated amortization and impairment losses						
Balance as of 1 January	4.7	-	12.8	23.1	6.1	46.7
Amortization	-	-	4.1	9.1	0.8	14.0
Accumulated amortization on disposals	-	-	-	(6.9)	-	(6.9)
Exchange differences	0.1	-	-	(0.1)	-	-
Balance as of 31 December	4.8	-	16.9	25.2	6.9	53.8
Carrying amount						
As of 1 January	-	32.6	5.4	22.7	1.1	61.8
As of 31 December	-	32.4	6.5	27.7	2.2	68.8
Impairment losses incurred in 2019						nil

Impairment testing for CGU's containing goodwill

The carrying amount of goodwill as of 31 December 2020 (CHF 30.8 million; 2019: CHF 32.4 million) has been allocated to the following cash generating units ("CGU"), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

- Goodwill of CHF 15.7 million (2019: CHF 17.2 million) relating to the acquisition of Partners Group Real Estate LLC ("PG RE") in 2007, which was merged into Partners Group (USA) Inc. as of 1 January 2012, has been allocated to the private real estate segment.
- Goodwill of CHF 15.1 million (2019: CHF 15.2 million) relating to the acquisition of Partners Group (Italy) SGR S.p.A. in 2013 ("PG Italy"), which was merged into Partners Group (UK) Limited in 2016 and into Partners Group (Luxembourg) S.A. in 2019, has been allocated to the private equity segment.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

The recoverable amounts of the private real estate and the private equity segments were based on their value in use. The value in use was determined by discounting the future cash flows from the continuing use of the CGUs and was based on the following key assumptions:

- Cash flows were projected based on the actual operating results and a five-year estimate (2021–2025). Cash flows for the time thereafter were taken into account by calculating a terminal value based on the discount factor applied by the Group. No growth rate was applied for the terminal value.
- Revenues were projected based on the development of the existing business, taking into account the generation of additional business in the years 2021 to 2025.
- Growth of other operating expenses was applied at a constant rate of 10% p.a. (2019: 10% p.a.).
- Growth of personnel expenses was applied at a constant rate of 5% p.a. (2019: 5% p.a.) plus additional personnel expenses for additional business revenues (i.e. 35% of additional revenues are expensed as additional personnel and general expenses (2019: 35%)).
- Pre-tax discount rates of 6.8% (PG RE; 2019: 7.4%) and 6.4% (PG Italy; 2019: 6.3%), respectively, were applied in determining the recoverable amounts of the CGU's. The Group applied market interest rates of 0.9% (PG RE; 2019: 1.8%) and 0.6% (PG Italy; 2019: 1.0%), adjusted by market risk premiums and industry weighted average beta factors.
- The impairment test resulted in a value in use higher than the carrying amount.

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying value of goodwill of the CGUs to exceed the recoverable amounts.

13. Long-term debt

In millions of Swiss francs	2020	2019
Balance as of 1 January	798.6	299.4
Issuance of long-term debts	-	499.1
Accreted interest	0.3	0.1
Balance as of 31 December	798.9	798.6

The Group issued the following corporate bonds denominated in Swiss francs and listed on the SIX Swiss Exchange:

ISIN	Date of issue	Face value in millions of CHF	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
CH0361532895	7 June 2017	300.0	0.150%	2024	100.052%	100.000%
CH0419041287	21 June 2019	500.0	0.400%	2027	100.098%	100.000%

The fair values of the corporate bonds as of 31 December 2020 were CHF 302.3 million and CHF 512.0 million, respectively (2019: CHF 301.8 million and CHF 515.0 million, respectively), and were determined by the quoted market price (level 1 input).

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

14. Share capital, capital management and reserves

In effective number of shares	2020	2019
Issued as of 1 January	26'700'000	26'700'000
Issued during the period	-	-
Issued as of 31 December - fully paid in	26'700'000	26'700'000

The issued share capital of the Company comprises 26'700'000 registered shares (2019: 26'700'000) at CHF 0.01 nominal value each. The shareholders are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company.

Legal reserves

Legal reserves comprise the reserves which are to be maintained due to the legal requirements as indicated in the Swiss Code of Obligations. The Group's legal reserves amount to CHF 218'100 as of 31 December 2020 (31 December 2019: CHF 218'100), consisting of CHF 217'100 (31 December 2019: CHF 217'100) for legal reserves from capital contributions and of CHF 1'000 (31 December 2019: CHF 1'000) for other legal reserves.

Treasury shares

Treasury shares are recognized at cost and presented separately within equity. At the balance sheet date, the Group held 347'655 (2019: 278'645) of the Company's issued shares. The Group holds treasury shares to provide for existing share and option programs.

Contractual obligation to purchase treasury shares

In 2018, the Company entered into an agreement to conditionally purchase some of its registered shares. As of 31 December 2018, the total notional amount of CHF 110.0 million was directly recognized in equity. The amount was reversed during 2019 (see note 16.).

Translation reserves

Translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations included in the consolidated financial statements.

Dividends

The Company pays an annual dividend following the approval of the appropriation of available earnings by the owners of the Company at the annual general meeting, typically held in May. The Company paid a dividend of CHF 25.50 per share on 19 May 2020 (21 May 2019: CHF 22). As the Company's treasury shares are not eligible for a dividend payment, the dividend distribution of CHF 680.9 million approved in May 2020 (May 2019: CHF 587.4 million) was not fully distributed, i.e. a total of CHF 668.5 million was paid out (May 2019: 585.4 million). After the balance sheet date, the BoD proposes a dividend distribution of CHF 734.3 million (CHF 27.50 per share) for 2020.

Capital management

The BoD's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The BoD also monitors the level of dividend distributions to shareholders.

The Group may purchase its own shares on the market within the limits defined by the BoD. The timing of these purchases depends on the market price and restrictions imposed by applicable laws. Primarily, these purchases are used in conjunction with the Group's share and option programs. Furthermore, the Company has authorized conditional capital of CHF 40'050. The BoD is authorized to increase the share capital by up to 15% at its discretion as a result of exercised options and granting of shares.

There were no changes in the Group's approach to capital management during the year. The Company and some of its subsidiaries are subject to minimum capital requirements prescribed by external parties (e.g. banks) and are regulated by relevant authorities in the corresponding countries. The capital requirements may depend on fixed costs, expenditures, key financial ratios, net assets and assets under management. All these capital requirements have been met during 2020 and 2019.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Outstanding shares

The computation of the weighted average number of ordinary shares outstanding during the period is based on the following figures:

In effective number of shares			2020
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January	26'700'000	278'645	26'421'355
Purchase of treasury shares		290'828	(290'828)
Disposal of treasury shares		(221'818)	221'818
Balance as of 31 December	26'700'000	347'655	26'352'345
Weighted average number of shares outstanding during the period (360 days)			26'274'704
Shareholders above 5% (in % of shares issued)		Shares held	in %
Dr. Marcel Erni		1'338'959	5.01%
Alfred Gantner		1'338'959	5.01%
Urs Wietlisbach		1'338'959	5.01%

In effective number of shares			2019
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January	26'700'000	207'805	26'492'195
Purchase of treasury shares		618'861	(618'861)
Disposal of treasury shares		(548'021)	548'021
Balance as of 31 December	26'700'000	278'645	26'421'355
Weighted average number of shares outstanding during the period (360 days)			26'520'620
Shareholders above 5% (in % of shares issued)		Shares held	in %
Dr. Marcel Erni		2'673'659	10.01%
Alfred Gantner		2'673'659	10.01%
Urs Wietlisbach		2'673'659	10.01%
BlackRock Inc.		1'639'380	6.14%

In 2015, the Group's founding partners, Dr. Marcel Erni, Alfred Gantner and Urs Wietlisbach, each entered into a derivative transaction with a third party concerning up to 4.1% of the Group's total share capital over the next five years. In 2017, each of the founding partners increased the percentage up to 5%. The transaction involved collars that were due to expire on 17 June 2021, subject to early termination, including optional early termination by the three founding partners. The Group was not part of this transaction and therefore the transaction was not recognized on the consolidated balance sheet. On 10 September 2020, each founding partner entered into a separate agreement with Morgan Stanley & Co. International PLC as counterparty to early terminate the collar transactions of the derivative transaction plan and the extension. As a result of the foregoing, the founding

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

partners no longer have any interest in or option rights with respect to the shares subject to the collar transaction of the derivative transaction plan nor the extension.

15. Earnings per share

In Swiss francs	2020	2019
Average fair value of one ordinary share during the period	849.52	756.50
Weighted average exercise price for shares under option during the period	748.50	685.19

2020				
	Note	Earnings per share	Profit for the period	Number of shares
Profit for the period (in millions of Swiss francs)			804.8	
Weighted average number of ordinary shares outstanding			14.	26'274'704
Basic earnings per share (in Swiss francs)			30.63	
Weighted average number of shares under option during the period				1'384'243
Number of shares that would have been issued at fair value ¹⁾				(1'153'713)
Diluted earnings per share (in Swiss francs)			30.36	26'505'234

¹⁾ Calculated on the basis of each individual share option grant.

2019				
	Note	Earnings per share	Profit for the period	Number of shares
Profit for the period (in millions of Swiss francs)			899.9	
Weighted average number of ordinary shares outstanding			14.	26'520'620
Basic earnings per share (in Swiss francs)			33.93	
Weighted average number of shares under option during the period				1'310'821
Number of shares that would have been issued at fair value ¹⁾				(1'092'859)
Diluted earnings per share (in Swiss francs)			33.66	26'738'582

¹⁾ Calculated on the basis of each individual share option grant.

As of 31 December 2020, the Group had 1'484'115 options and non-vested shares outstanding (2019: 1'560'494) (see note 4.3.). The treasury shares necessary to cover the granted non-vested shares have already been placed in separate escrow accounts in the name of the employees. Thus, the number of treasury shares (see note 14.) is already net of non-vested shares outstanding.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

16. Related party transactions

The Group has related party relationships with its investments in associates (see note 6.), pension funds (see note 4.5.2.), as well as with its management and significant shareholders and their related parties.

In 2020, associates purchased services from the Group in the amount of CHF 2.9 million (2019: CHF 5.6 million).

As of 31 December 2020, loans to employees of the Group amounted to CHF 8.2 million (2019: CHF 9.2 million) and were included in other financial assets. The loans to related parties of the Group bear interest at market-related interest rates.

The Group purchased treasury shares at arm's length from its shareholders employed by the Group as follows:

In effective number of shares	2020	2019
Purchase of treasury shares from shareholders employed by the Group	16'380	6'641
Average purchase price per share (in Swiss francs)	873.34	739.02

In 2018, the Company entered into an agreement with an executive committee member to purchase some of its registered shares at arm's length. The maximum transaction value amounted to CHF 110 million and was recorded in equity. As the arithmetic average of the daily VWAPs (volume weighted average prices) of PGHN shares traded over the SIX Swiss Exchange during the period starting on 21 January 2019 and ending on 15 February 2019 was below the agreed threshold of CHF 700, the transaction did not take place and was reversed through equity.

The Group is managed by the Board of Directors ("BoD") and the Executive Committee ("ExCo") of the Company. The total personnel expenses for the BoD as well as the ExCo of the Company are included in personnel expenses (see note 4.1.) and for non-executive board members in third-party services (see note 10.) and amount to:

In millions of Swiss francs	2020	2019
BoD:		
Short-term employment benefits	1.9	2.3
Other compensation	0.2	0.3
Share-based payment expenses	4.3	4.5
Other long-term benefits (MCP)	2.5	7.5
Post-employment benefits	0.2	0.1
Total BoD	9.1	14.7
ExCo:		
Short-term employment benefits	7.4	7.0
Other compensation	0.5	0.5
Share-based payment expenses	14.2	12.5
Other long-term benefits (MCP)	3.5	9.7
Post-employment benefits	0.8	0.6
Total ExCo incl. former members	26.4	30.3
Total BoD and ExCo	35.5	45.0

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At the relevant balance sheet date, the BoD and the ExCo were holding the following number of options, non-vested shares and shares:

Options and non-vested shares:

In effective number of options and non-vested shares	31 December 2020	31 December 2019
Board members (vested options)	29'469	66'355
Members of the ExCo (options and non-vested shares)	129'780	171'135
Total	159'249	237'490

Share ownership (unrestricted):

In effective number of shares	31 December 2020	31 December 2019
Board members	4'368'934	8'372'538
Members of the ExCo	125'041	110'607
Total	4'493'975	8'483'145

For further information in accordance with Art. 663c of the Swiss Code of Obligations, refer to note 15. of the entity accounts of Partners Group Holding AG.

The Group aligns the interests of clients with those of the Group's employees by offering all employees preferential terms to invest alongside the Group's investment programs via a global employee commitment plan. In line with standard industry practice, investments in closed-ended programs charge no management fees and no performance fees and investments in evergreen programs come at a reduced management fee and performance fee. In total, commitments by the Group's BoD and employees amounted to approximately CHF 2.0 billion as of 31 December 2020 (31 December 2019: CHF 1.5 billion), of which CHF 1.6 billion (2019: CHF 1.2 billion) are committed to closed-ended programs and CHF 0.4 billion (2019: CHF 0.3 billion) to evergreen programs.

17. Subsidiaries

17.1. Changes in scope of consolidation

Incorporation of new Group entities

Name	Incorporation date	Principal activity
Partners Group Orbit S.à.r.l., Luxembourg	28 October 2020	Serve as manager to investment programs
Planeta Industries S.A Compartment PGGLF Investment Holdings, Luxembourg	6 April 2020	Support the financing activities for the Group
Partners Group Property AG, Switzerland	4 June 2019	Purchase, sale, construction, reconstruction, maintenance and management of real estate
Partners Group Management VI (USD) S.à.r.l., Luxembourg	14 January 2019	Serve as manager to investment programs
Partners Group Management V (GBP) S.à.r.l., Luxembourg	14 January 2019	Serve as manager to investment programs
Partners Group Management IV (EUR) S.à.r.l., Luxembourg	14 January 2019	Serve as manager to investment programs
Partners Group US Management III LLC, Delaware (USA)	7 January 2019	Serve as manager to investment programs

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

17.2. Involvement with structured entities

Structured entities are entities that have 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. Such entities often have restricted activities and narrow and well-defined objectives.

Consolidated structured entities

The Group provides seed financing to certain early stage investment programs that the Group manages. The decision to provide seed financing to an investment program is made by responsible bodies as defined in the Group's ROOs. For further details see note 5.3.3.

Unconsolidated structured entities

The fair value of financial investments, as presented in note 5.3.2., represents the Group's participation in unconsolidated investment programs.

17.3. Subsidiaries

Details of the Group's operating subsidiaries as of the reporting date are set out below:

Place of incorporation and operation			Share Capital in thousands	Interest %	
Registered office	Country of incorporation			Interest %	Interest %
Name of the subsidiary			31 December 2020	31 December 2020	31 December 2019
Partners Group AG	Baar-Zug	Switzerland	CHF 200	100%	100%
Partners Group Advisors (DIFC) Limited	DIFC	UAE	USD 300	100%	100%
Partners Group Japan Kabushiki Kaisha	Tokyo	Japan	JPY 10'000	100%	100%
Partners Group Private Markets (Australia) Pty Ltd	Sydney	Australia	AUD 200	100%	100%
Partners Group Prime Services Solutions (Philippines), Inc.	Taguig City, Metro Manila	Philippines	PHP 13'734	100%	100%
Partners Group (Brazil) Investimentos Ltda.	São Paulo	Brazil	BRL 795	100%	100%
Partners Group (Canada) Inc.	Nova Scotia	Canada	CAD 0	100%	100%
Partners Group (EU) GmbH ¹⁾	Munich	Germany	EUR 32	100%	100%
Partners Group (Guernsey) Limited	St Peter Port	Guernsey	GBP 31'500	100%	100%
Partners Group (India) Private Limited	Mumbai	India	INR 29'615	100%	100%
Partners Group (Luxembourg) S.A.	Luxembourg	Luxembourg	EUR 1'350	100%	100%
Partners Group (Shanghai) Co., Ltd.	Shanghai	China	CNY 12'363	100%	100%
Partners Group (Singapore) Pte Limited	Singapore	Singapore	SGD 1'250	100%	100%
Partners Group (UK) Limited	London	UK	GBP 569	100%	100%
Partners Group (USA) Inc.	New York	USA	USD 75	100%	100%

¹⁾ Effective from 11 February 2020, the legal name changed from Partners Group (Deutschland) GmbH

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

At the end of the reporting period, the Group had other subsidiaries that typically perform management services and/or typically hold financial investments (see note 5.3.2.). The principal activities and their place of operation are summarized as follows:

Principal activity	Place of incorporation and operation	Number of subsidiaries	
		31 December 2020	31 December 2019
Financing/treasury	Switzerland	1	1
Holding of land and property	Switzerland	1	1
General partner to investment programs	Guernsey	18	18
General partner to investment programs	Scotland	3	3
General partner to investment programs	Germany	1	1
General partner to investment programs	Cayman Islands	4	4
Manager to investment vehicles	USA	4	4
Holding of land and property	USA	1	1
Investment services	USA	1	1
Manager to investment vehicles	UK	1	1
Manager to investment programs	Luxembourg	7	6
Financing/treasury	Luxembourg	1	-
Client access management	Guernsey	1	1
Financing/treasury	Guernsey	6	6
Management services to investment programs ¹⁾	Guernsey	2	3

¹⁾ Reduction caused due to merger of two entities that provide management services to investment programs in Guernsey.

18. Subsequent events

No events took place between 31 December 2020 and 15 March 2021 that would require material adjustments to the amounts recognized in these consolidated financial statements.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

19. Summary of significant accounting policies

19.1. Basis of preparation

The consolidated financial statements are presented in Swiss francs, rounded to the nearest one hundred thousand. The figures referred to in text passages are actual figures either rounded to the nearest Swiss franc or presented in millions of Swiss francs unless otherwise stated. The statements are prepared on a historical cost basis, except for certain assets and liabilities which are stated at fair value, such as derivative financial instruments, assets and liabilities held for sale and financial instruments at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, as well as income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments concerning carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or, in the period of the revisions and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are described in note 2.

The Risk & Audit Committee ("RAC") performed an assessment of the risks to which the Group is exposed to. The risk assessment covers, in particular, strategic and business risks, operational risks, financial risks (see note 5.4.) as well as reputational risks. For its assessment, the RAC has taken into consideration the internal control system designed to monitor and reduce the risks of the Group.

19.2. Changes in accounting policies

The accounting policies adopted for the year ended 31 December 2020 are consistent with those of the previous financial year, except where new or revised standards were adopted, as indicated below.

19.2.1. Standards, amendments and interpretations effective for the first time

The accounting policies applied for the period ending 31 December 2020 are consistent with those of the previous financial year. A number of new standards became effective on 1 January 2020, but they do not have a material effect on the Group's consolidated financial statements.

Amendments and interpretations

The following amendments and interpretations have been applied for the first time but have no significant impact on the Group's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendment to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Extension to the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
- COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

19.2.2. Standards, amendments and interpretations to existing standards that are not yet effective and might be relevant to the Group, but have not been early adopted

The following new and revised standards, amendments and interpretations have been issued by the date the consolidated financial statements were authorized for issue, but are not yet effective and are not adopted early in these consolidated financial statements. Their impacts on the consolidated financial statements of the Group have not yet been systematically analyzed. The expected impacts as disclosed in the table below reflect a first assessment by the Group's management.

Standard / Interpretation		Effective date	Planned adoption by the Group
New standards or interpretations			
IFRS 17, "Insurance Contracts"	*	1 January 2023	Reporting year 2023
Revisions and amendments of standards and interpretations			
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	*	1 January 2021	Reporting year 2021
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	*	1 January 2022	Reporting year 2022
Annual Improvements to IFRS Standards 2018-2020	*	1 January 2022	Reporting year 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	*	1 January 2022	Reporting year 2022
References to the Conceptual Framework (Amendments to IFRS 3)	*	1 January 2022	Reporting year 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	*	1 January 2023	Reporting year 2023
Amendments to IFRS 17	*	1 January 2023	Reporting year 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	*	Available for optional adoption / effective date deferred indefinitely	

* No significant impact is expected on the consolidated financial statements of the Group.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

19.3. Basis of consolidation

(a) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (its "subsidiaries"). The Company controls an investee (entity) if and only if the Company has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company holds less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting patterns at previous shareholders meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

When the Group loses control over a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gains or losses have been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group accounts for its interest in associates using the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Based on the Group's assessment of each individual associate, the share of results of associates is disclosed as operating income if comparable to revenues from management services. If the share of results is mainly driven by distributions and changes in fair value of the underlying investments, comparable to changes in fair value of financial investments, the share of results is presented as finance income and expense in the consolidated income statement.

19.4. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' gross segment results are reviewed regularly by the Group's BoD to assess their performance and to make decisions about resources to be allocated to the segments for which discrete financial information is available.

19.5. 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 primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swiss francs.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign currency exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at each balance sheet date to the functional currency at the foreign currency exchange rate of that date. Foreign exchange differences arising on translation of such foreign denominated monetary asset and liabilities are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the applicable foreign currency exchange rate of the date the fair value is determined.

(c) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from consolidation, are translated to Swiss francs at foreign currency exchange rates applicable at the balance sheet date. The revenues and expenses as well as cash flows of foreign operations are translated to Swiss francs at the average rate of the period.

Resulting foreign currency translation differences are recognized in other comprehensive income, and presented in translation reserves in equity. When the disposal or partial disposal of a foreign operation results in losing control or significant influence over an entity (i.e. the foreign operation) the cumulative amount in translation reserves (related to the specific foreign operation) is reclassified to profit or loss as part of the gain or loss on disposal.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

(d) Applied foreign currency exchange rates

The Group applied the following currency exchange rates against the Swiss franc:

Year	Currency	Balance sheet rate	Average rate
2020	EUR	1.0812	1.0702
	USD	0.8838	0.9388
	GBP	1.2076	1.2042
	SGD	0.6686	0.6805

Year	Currency	Balance sheet rate	Average rate
2019	EUR	1.0872	1.1124
	USD	0.9684	0.9937
	GBP	1.2827	1.2692
	SGD	0.7202	0.7286

19.6. Financial instruments

Recognition

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Classification

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. Investments in debt instruments will be measured at amortized cost if the objective of the business model is to hold and to collect contractual cash flows and contractual cash flows represent solely payments of principal and interest.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurements of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized on a net basis in profit or loss in the period in which it arises.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss.

- A financial liability is classified as at fair value through profit or loss if it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.
- Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

19.7. Revenue recognition

Revenue comprises the fair value for the rendering of services, net of value-added tax and rebates and after eliminating sales within the Group. No revenue is recognized if there are significant uncertainties regarding the recovery of the consideration due.

The Group is active in different businesses (see note 3.). Within the different businesses, the Group earns income for its various activities, which are further explained and outlined below:

Management fees and other revenues

The Group earns investment management fees for discretionary investment programs, typically based on long-term contracts. The fees are often based on the investment exposure of investors in the investment structures and are often payable on a quarterly basis in advance. The performance obligation of the Group in respect of these fees is to manage the investment structures on an ongoing basis. Ongoing investment management fees including all non-performance related fees are recognized over time, based on the specific contracts.

In the process of structuring new products, the Group typically receives a fee for its services in connection with establishing investment programs and related legal and structuring work. These organizational fees are always one-off fees, which are typically received when a new investor commits into the structure. The structuring of the relevant investment programs represents a separate performance obligation of the Group, and therefore revenue is recognized at the point in time when the investor commits. Occasionally, the Group also receives transaction fee income relating to private market transactions. These transaction fees are typically one-time occurring. The performance obligation of the Group is satisfied by the execution of the private market transaction, and therefore revenue is recognized at the point in time when the execution of the transaction is completed.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

Performance fees

Typically, performance fees are recognized so that they do not exceed the portion of performance fees from realized investments and so that there is a sufficiently large cushion for any potential negative development on the remaining portfolio, therefore resulting in a very low probability that these fees are subject to a reversal in a potential claw-back situation.

Accordingly, the recognition of performance fees of investment programs with a claw-back is assessed based on a three-step approach once a pre-defined return hurdle has been exceeded: (1) the total proceeds from realized investments are determined and the corresponding costs of such realized as well as of fully written-off investments are deducted ("Net Proceeds"), (2) the NAV of unrealized investments is determined. The respective NAV will be written down (in a so-called "Write-Down Test") to the extent that the probability of a future claw-back risk becomes minimal. Then, the corresponding costs of such unrealized investments are deducted, resulting in a "Write-Down NAV". This Write-Down NAV is added to the Net Proceeds. In the final third step (3), performance fees to be recognized are calculated by multiplying the lower of (1) and (2) by the applicable performance fee rate, if the value is positive.

On a quarterly basis, the Write-Down Test is applied to all private markets investment programs with a claw-back. The discount applied in the Write-Down Test may vary from investment program to investment program and considers specific risk characteristics, including macroeconomic, (geo-) political and investment program-specific risk factors. The discount applied in the Write-Down Test is regularly assessed by the Group and reviewed by the Board of Directors. As of 31 December 2020, the applied discount was 50% (31 December 2019: 50%).

The Group updates its performance fee recognition on a quarterly basis to faithfully represent the circumstances present at that point in time. When the probability of no reversal of previously recognized performance fees is no longer considered highly probable, the Group recognizes the necessary reversals.

Revenue deductions

Revenue deductions include the Group's payments to third parties, such as rebates. Third-party payments may be one-off or also recurring, depending on individual agreements. Rebates to clients are typically for fees charged which were earned when investing through a pooling vehicle, in order to avoid the double charging of fees.

19.8. Other operating income

Other operating income comprises income resulting from the ordinary course of business but that is not revenue from management services, net. Other operating income includes operating income on short-term loans, true-up compensation on management and organizational fees.

19.9. Leases

Definition of a lease

The Group assesses whether a contract is either a lease or contains a lease based on the new definition of a lease. A contract is either a lease or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.

As a lessee

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of outstanding lease payments at the commencement date, discounted by using an incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and is decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Any remeasurement is generally adjusted against the right-of-use asset.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

The Group, as a lessee, identified leases mainly relating to rental contracts for its offices (including parking).

As a lessor

The sub-lease contracts are classified as operating leases under IFRS 16.

19.10. Third-party services

Third-party services comprise BoD compensation (non-executive) as well as legal, consulting and other fee expenses to third parties.

19.11. Finance income and expense

Net finance income and expense comprises bank interest income and expense, dividend income, gains and losses on revaluations of financial instruments and foreign exchange gains/losses.

Dividend income is recognized in profit or loss on the date the entity's right to receive payments is established, which in the case of quoted securities is typically the ex-dividend date.

19.12. Income tax expense

Income tax expense for the period comprises current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current income tax relates to the expected taxes payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to taxes payable in respect of previous periods.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences between the tax basis of assets and liabilities and their carrying amounts included in the consolidated financial statements. The following temporary differences are not considered in accounting for deferred taxes: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that their reversal is not probable in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

19.13. Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits held with banks and are measured at amortized cost. Bank overdrafts are shown in current liabilities of the consolidated balance sheet.

19.14. Trade and other receivables

Trade and other receivables are measured at amortized cost, less impairment losses.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

19.15. Assets and liabilities held for sale

The Group may seed invest capital into investment programs that the Group typically manages with the objective of providing initial scale and facilitating marketing of the investment programs to third-party investors. For these assets and liabilities held for sale, the Group is actively seeking to reduce its share in seed financed investment programs by recycling capital back into cash or by diluting.

Those investment programs deemed to be controlled under IFRS 10 are classified as held for sale and are presented in the separate balance sheet line items assets held for sale and liabilities held for sale. Such assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Investments that are subsequently disposed of or diluted, such that the Group is no longer deemed to have control under IFRS 10, will subsequently be re-classified to investments at fair value through profit or loss and presented as financial investments in the consolidated balance sheet.

19.16. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Costs include expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss in the financial period in which they are incurred.

Depreciation of property and equipment is calculated using the straight-line method to allocate the cost of each asset, minus its residual value, over its estimated useful life, as follows:

- Buildings 30–50 years
- Interior fittings 5–10 years
- Office furniture 5 years
- Equipment and IT fittings 3–5 years

Major renovations are depreciated over the remaining estimated useful life of the related asset or to the date of the next major renovation, whichever is sooner. Land is not depreciated.

The carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 19.19).

Gains and losses on disposals of property and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

19.17. Intangible assets

(a) Client contracts

Client contracts, which the Group acquired and which are recognized as intangible assets, have definite useful lives. Such intangible assets are carried at cost less accumulated amortization and impairment losses.

(b) Goodwill

Goodwill arises upon the acquisition of subsidiaries and is included in intangible assets.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the total consideration transferred; plus
- the recognized amount of any non-controlling interest in the acquiree; plus - if the business combination is achieved in stages - the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (typically fair value) of the identifiable assets acquired and liabilities (including contingent liabilities) assumed.

When the excess is negative, a gain on a bargain purchase is recognized immediately in net finance income and expense in the consolidated income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortized but tested annually for impairment.

(c) Software

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Software recognized as an asset is carried at cost less accumulated amortization and impairment losses.

(d) Contract costs

The Group may make payments in order to secure investment management revenue contracts. These amounts paid are considered a cost to obtain a contract and are amortized using the straight-line method which is consistent with the transfer to the customer of the services to which the asset relates. This is typically between three to five years.

(e) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases future economic benefits embodied in the intangible asset to which it relates. All other subsequent expenditure is expensed in profit or loss as incurred.

(f) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of intangible assets unless such life is indefinite. Goodwill and other intangible assets with an indefinite useful life are tested at least annually for impairment as of the balance sheet date. Intangible assets with a determinable useful life are amortized from the date that they are available for use. The estimated useful life of intangible assets is as follows:

- | | |
|---------------------------|------------|
| • Goodwill | indefinite |
| • Software | 3–5 years |
| • Contract costs | 2–5 years |
| • Client contracts | 3–5 years |
| • Other intangible assets | 3–10 years |

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

19.18. Investments

(a) Financial investments

Financial investments (see note 5.3.1.) are measured at fair value through profit or loss. The fair values of quoted investments are based on current bid prices. If the market for a financial asset (including unlisted securities) is not active, the Group establishes fair values by using various valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances. For further explanations in connection with the determination of fair value please refer to note 5.5.

(b) Loans

Loans are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market and in respect of which there is no intention of trading. They are classified as "held to collect" and their contractual payments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The Group measures such loans at amortized cost. They are included in current assets (short-term loans, see note 5.3.4.), except for amounts with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets (other financial assets, see note 5.3.5.).

19.19. Impairment of assets

(a) Financial assets

The Group assesses the recoverability of its financial assets that are measured at amortized cost on a regular basis. It calculates, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. For trade receivables, the Group applies the simplified approach and the practical expedient permitted by IFRS 9 to apply a provision matrix that is based on its subsidiaries' historic default rates over the expected life of the short-term receivables. For the remaining receivables, including loans, the Group applies the general approach and uses the 12-month expected credit losses as basis for its calculations of the expected credit loss as long as the credit risk has not increased significantly relative to the credit risk at the date of initial recognition; otherwise, the Group switches to lifetime expected credit losses. Note 5.4.1. details the Group's credit risk assessment of the financial assets.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU). For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

19.20. Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been rendered in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

19.21. Provisions

Provisions are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

If the effect is material, provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

19.22. Employee benefits

(a) Defined benefit plan

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all benefits to employees relating to employee services in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses in the consolidated income statement when due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans specify an amount of pension benefit that an employee will receive upon retirement, typically dependent on one or more factors such as age, years of service and compensation. The benefits paid to employees in Switzerland qualify as a defined benefit plan.

The Group's net obligation/asset in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. When the actuarial calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit obligation/asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect on the asset ceiling (if any excluding interest) are recognized immediately in the consolidated statement of comprehensive income.

The Group determines the net interest expense/income on the net defined benefit obligation/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit obligation/asset, taking into account any changes in the net defined benefit obligation/asset during the period as a result of contributions and benefit payments. Net interest expense/income and other expenses related to defined benefit plans are recognized in profit or loss.

The Group opted for the risk-sharing approach.

Notes to the consolidated financial statements for the years ended 31 December 2020 and 2019

(b) Share-based payment transactions

The fair value at grant date of share-based payment awards granted to employees is recognized as personnel expenses in the consolidated income statement with a corresponding increase in equity, over the period until the employees unconditionally become entitled to the awards. The amount recognized as personnel expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as personnel expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards without vesting conditions, the fair value at grant date of the share-based payment is measured and immediately expensed in profit or loss to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(c) Performance-related compensation

The NCC and the BoD allocate each year up to 40% of recognized performance fees via the Performance Fee Compensation Pool to a group of eligible employees.

A portion of the Performance Fee Compensation Pool is allocated via the MCP Allocation to the broader management team on the basis of discretionarily awarded grants. The recognition of the performance fee related compensation expenses usually occurs when the performance fees are sufficiently visible and recognized. The corresponding liability is recognized as employee benefit liabilities in the consolidated balance sheet (see note 4.5.). The part of the liability that is not expected to be settled wholly before twelve months after the end of the annual reporting period is considered in non-current liabilities.

The difference between the Performance Fee Compensation Pool and the MCP Allocation is allocated to a "Performance Fee Bonus Pool" which is distributed among the broader management teams based on their contribution to performance. The part of the Performance Fee Bonus Pool that is not expected to be settled wholly before twelve months after the end of the annual reporting period is recorded in non-current liabilities.

19.23. Long-term debt

Long-term debt is initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortized cost using the effective interest method, with interest expense recognized in the consolidated income statement on the effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

19.24. Share capital

(a) Ordinary shares

Ordinary shares are classified as equity since the shares are non-redeemable and any dividends are discretionary.

(b) Issuance of new shares

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(c) Repurchase of share capital and options

Where any Group company purchases the Company's issued 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 cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

(d) Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated financial statements when the dividends are approved by the Company's shareholders.

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Report of the auditors on the financial statements of Partners Group Holding AG



Statutory Auditor's Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Partners Group Holding AG, which comprise the balance sheet as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 106 to 117) for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity'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 Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report of the auditors on the financial statements of Partners Group Holding AG



As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of 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 entity's ability to continue as a going concern. 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 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 entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee 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 the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the 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.

Report of the auditors on the financial statements of Partners Group Holding AG



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Christoph Hochuli
Licensed Audit Expert

Zurich, 15 March 2021

Income statement of Partners Group Holding AG

for the years ended 31 December 2020 and 2019

In millions of Swiss francs	Note	2020	2019
Dividend income	2.	683.0	1'161.1
Other finance income	3.	85.8	61.7
Other service income		0.3	1.1
Total income		769.1	1'223.9
Third party services		(2.5)	(3.0)
General and administrative expenses		(1.6)	(1.4)
Travel and representation expenses		(0.1)	(0.1)
Other service expenses		(2.5)	-
Finance expense	4.	(139.0)	(99.3)
Profit before tax		623.4	1'120.1
Direct taxes		-	-
Profit for the period		623.4	1'120.1

Balance sheet of Partners Group Holding AG

as of 31 December 2020 and 2019

In millions of Swiss francs	Note	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents		881.6	633.0
Other current receivables	5.	518.5	605.3
Accrued income	2.	615.0	900.0
Total current assets		2'015.1	2'138.3
Financial assets	6.	64.1	47.5
Participations	7.	1'927.5	2'524.8
Total non-current assets		1'991.6	2'572.3
Total assets		4'006.7	4'710.6
Liabilities and equity			
Liabilities			
Current interest-bearing liabilities to subsidiaries		1'553.8	2'159.4
Other current liabilities	8.	4.5	4.4
Total current liabilities		1'558.3	2'163.8
Non-current interest-bearing liabilities	9.	800.0	800.0
Other non-current liabilities		0.5	0.6
Provisions	10.	4.0	4.0
Total non-current liabilities		804.5	804.6
Total liabilities		2'362.8	2'968.4
Equity			
Share capital		0.3	0.3
Legal capital reserves			
Legal reserves from capital contributions		0.2	0.2
Legal retained earnings			
Legal reserves		0.0	0.0
Voluntary retained earnings			
Results carried forward		1'286.2	834.5
Profit for the period		623.4	1'120.1
Treasury shares	11.	(266.2)	(212.9)
Total equity		1'643.9	1'742.2
Total liabilities and equity		4'006.7	4'710.6

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

1. Accounting principles

The financial statements have been established in accordance with the accounting, presentation and valuation principles of the Swiss Code of Obligations.

Partners Group Holding AG ("the Company") is domiciled in Switzerland. The address of the Company's registered office is Zugerstrasse 57, 6341 Baar-Zug, Switzerland.

Receivables and liabilities

Receivables from and liabilities to subsidiaries are denominated in the local currency of the respective subsidiary and are recognized on a net basis for each counterparty.

Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated to Swiss francs at foreign currency exchange rates applicable at the balance sheet date.

Participations

The Company applies the group valuation principle for the valuation of all its participations (see note 7).

Treasury shares

Treasury shares are recognized at acquisition cost, deducted from equity at the time of acquisition and presented separately within equity. In case of a disposal of treasury shares, the gain or loss is recognized in the income statement as other finance income or finance expense. The treasury shares are valued at historic price.

2. Dividend income

The Company has elected to recognize CHF 615 million (2019: CHF 900 million) of dividend income related to the 2020 financial year profit of its subsidiary Partners Group AG in 2020 (the year in which it was earned). As this dividend will not be paid until 2021, this amount has been recorded as accrued income.

3. Other finance income

In millions of Swiss francs	2020	2019
Interest income	5.7	7.2
Foreign exchange gains	69.6	44.3
Gain on treasury shares transactions	10.5	10.2
Total other finance income	85.8	61.7

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

4. Finance expense

In millions of Swiss francs	2020	2019
Interest expense	(21.2)	(15.2)
Foreign exchange losses	(60.8)	(34.0)
Loss on treasury shares transactions	(56.1)	(47.6)
Other finance expense	(0.9)	(2.5)
Total finance expense	(139.0)	(99.3)

5. Other current receivables

In millions of Swiss francs	31 December 2020	31 December 2019
Third parties	0.2	0.3
Subsidiaries	518.3	605.0
Total other current receivables	518.5	605.3

6. Financial assets

In millions of Swiss francs	31 December 2020	31 December 2019
Loans to subsidiaries	64.1	47.5
Total financial assets	64.1	47.5

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

7. Participations

	Domicile	Ownership and voting interest	
		31 December 2020	31 December 2019
Partners Group AG	Switzerland	100%	100%
Partners Group Corporate Finance AG in Liquidation	Switzerland	100%	100%
Partners Group Property AG	Switzerland	100%	100%
Partners Group (EU) GmbH ¹⁾	Germany	100%	100%
Partners Group Management (Deutschland) GmbH	Germany	100%	100%
Partners Group (Luxembourg) S.A.	Luxembourg	100%	100%
Partners Group Management I S.à r.l.	Luxembourg	100%	100%
Partners Group Management II S.à r.l.	Luxembourg	100%	100%
Partners Group Management III S.à r.l.	Luxembourg	100%	100%
Partners Group Management IV S.à r.l.	Luxembourg	100%	100%
Partners Group Management V S.à r.l.	Luxembourg	100%	100%
Partners Group Management VI S.à r.l.	Luxembourg	100%	100%
Partners Group Orbit S.à r.l.	Luxembourg	100%	-
Partners Group (Brazil) Investimentos Ltda.	Brazil	100%	100%
Partners Group (USA) Inc.	USA	100%	100%
Partners Group Colorado Propco, LLC	USA	100%	100%
Partners Group (Canada) Inc.	Canada	100%	100%
Partners Group (Singapore) Pte. Limited	Singapore	100%	100%
Partners Group (Shanghai) Co., Limited	China	100%	100%
Partners Group (India) Private Limited	India	100%	100%
Partners Group Prime Services Solutions (Philippines), Inc.	Philippines	100%	100%
Partners Group Japan Kabushiki Kaisha	Japan	100%	100%
Partners Group (UK) Limited	UK	100%	100%
Partners Group (UK) Management Limited	UK	100%	100%
Partners Group Advisors (DIFC) Limited	UAE	100%	100%
Partners Group Private Markets (Australia) Pty. Ltd.	Australia	100%	100%
Partners Group Cayman Management I Limited	Cayman Islands	100%	100%
Partners Group Cayman Management II Limited	Cayman Islands	100%	100%
Partners Group Cayman Management III Limited	Cayman Islands	100%	100%
Partners Group Cayman Management IV Limited	Cayman Islands	100%	100%

¹⁾ Effective from 11 February 2020, the legal name changed from Partners Group (Deutschland) GmbH

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

	Domicile	Ownership and voting interest	
		31 December 2020	31 December 2019
Pearl Management Limited	Guernsey	100%	100%
Penta Management Limited ¹⁾	Guernsey	-	100%
Princess Management Limited	Guernsey	100%	100%
Partners Group Management Limited	Guernsey	100%	100%
Partners Group Management II Limited	Guernsey	100%	100%
Partners Group Management III Limited	Guernsey	100%	100%
Partners Group Management IV Limited	Guernsey	100%	100%
Partners Group Management V Limited	Guernsey	100%	100%
Partners Group Management VI Limited	Guernsey	100%	100%
Partners Group Management VII Limited	Guernsey	100%	100%
Partners Group Management VIII Limited	Guernsey	100%	100%
Partners Group Management IX Limited	Guernsey	100%	100%
Partners Group Management X Limited	Guernsey	100%	100%
Partners Group Management XI Limited	Guernsey	100%	100%
Partners Group Management XII Limited	Guernsey	100%	100%
Partners Group Management XIII Limited	Guernsey	100%	100%
Partners Group Management XIV Limited	Guernsey	100%	100%
Partners Group Management XV Limited	Guernsey	100%	100%
Partners Group Client Access Management I Limited	Guernsey	100%	100%
Partners Group Access Finance Limited	Guernsey	100%	100%
Partners Group Client Access 10 MP Management Limited	Guernsey	100%	100%
Partners Group Finance ICC Limited	Guernsey	100%	100%
Partners Group Finance CHF IC Limited	Guernsey	100%	100%
Partners Group Finance USD IC Limited	Guernsey	100%	100%
Partners Group Finance EUR IC Limited	Guernsey	100%	100%
Partners Group Finance GBP IC Limited	Guernsey	100%	100%
Partners Group Finance SGD IC Limited	Guernsey	100%	100%
Partners Group Private Equity Performance Holding Limited	Guernsey	100%	100%
LGT Private Equity Advisers AG	Liechtenstein	40%	40%

¹⁾ The company amalgamated into Partners Group Management Limited effective 30 September 2020

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

8. Other current liabilities

In millions of Swiss francs	31 December 2020	31 December 2019
Accrued audit expenses	0.3	0.1
Other accrued expenses	3.4	3.9
Tax liabilities	0.2	0.0
Other liabilities	0.6	0.4
Total other current liabilities	4.5	4.4

9. Non-current interest-bearing liabilities

The Company issued the following corporate bonds denominated in Swiss francs and listed on the SIX Swiss Exchange:

ISIN	Date of issue	Face value in millions of CHF	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
CH0361532895	7 June 2017	300.0	0.150%	2024	100.052%	100.000%
CH0419041287	21 June 2019	500.0	0.400%	2027	100.098%	100.000%

10. Provisions

In millions of Swiss francs	31 December 2020	31 December 2019
Provisions for compensation to board members		
Option grants	3.0	3.0
Management carry program	0.9	0.9
Social security expenses on management carry program	0.1	0.1
Total provisions	4.0	4.0

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

11. Treasury shares

	Number of shares	Weighted average price	Total value
		In Swiss francs	In millions of Swiss francs
Balance as of 1 January 2019	207'805	690.98	143.6
Purchase of treasury shares	618'861	739.03	457.4
Disposal of treasury shares	(548'021)	708.15	(388.1)
Balance as of 31 December 2019	278'645	763.93	212.9
Purchase of treasury shares	290'828	760.72	221.2
Disposal of treasury shares	(221'818)	757.07	(167.9)
Balance as of 31 December 2020	347'655	765.62	266.2

The Company has 1'484'115 (31 December 2019: 1'560'494) outstanding employee options and non-vested shares (see also note 4.3. of the consolidated financial statements). The treasury shares necessary to cover the granted non-vested shares have already been put aside in separate escrow accounts in the name of the employees. Thus, the number of treasury shares is already net of non-vested shares outstanding.

12. Share and option grants to members of the Board of Directors and the Executive Committee

In Swiss francs	2020			2019		
	Number of instruments	Weighted average price	Total value	Number of instruments	Weighted average price	Total value
		In Swiss francs	In millions of Swiss francs		In Swiss francs	In millions of Swiss francs
Board of Directors						
Shares	698	922.00	0.6	115	732.00	0.1
Options	-	-	-	20'890	38.30	0.8
Executive Committee						
Shares	10'905	922.00	10.1	13'500	807.60	10.9

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

13. Commitments and contingent liabilities

In millions of Swiss francs	31 December 2020	31 December 2019
Guarantees for third parties	54.3	57.7
Guarantees for subsidiaries	865.0	865.0

The Company and certain subsidiaries maintain the following lines of credit as of 31 December 2020 (see note 5.4.3. of the consolidated financial statements):

- CHF 460 million (31 December 2019: CHF 460 million)
- CHF 375 million (31 December 2019: CHF 375 million)
- CHF 30 million (31 December 2019: CHF 30 million)

The amounts drawn by subsidiaries are guaranteed by the Company.

As of 31 December 2020 there are no amounts drawn (31 December 2019: CHF 0.0).

14. Shareholders above 5%

As of 31 December 2020, the Company had received notification of three significant shareholders whose voting rights exceed 5%.

	31 December 2020	31 December 2019
Dr. Marcel Erni	5.01%	10.01%
Alfred Gantner	5.01%	10.01%
Urs Wietlisbach	5.01%	10.01%
BlackRock, Inc.	4.98%	6.14%

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

15. Share and option holdings by members of the Board of Directors and the Executive Committee

Number of shares and options		31 December 2020	
	Share ownership	Non-vested shares	Options
Board of Directors			
Steffen Meister, Executive Chairman	350'675	-	-
Dr. Eric Strutz, Vice Chairman	238	-	12'673
Dr. Marcel Erni	1'338'959	-	-
Alfred Gantner	1'338'959	-	-
Grace del Rosario-Castaño	238	-	12'226
Dr. Martin Strobel	770	-	4'570
Lisa Hook	136	-	-
Urs Wietlisbach	1'338'959	-	-
Total Board of Directors	4'368'934	-	29'469
Executive Committee			
André Frei, Co-Chief Executive Officer	52'359	4'647	17'000
David Layton, Co-Chief Executive Officer and Head Private Equity	5'325	5'691	22'500
Juri Jenkner, Head Private Infrastructure	9'954	3'733	17'000
Andreas Knecht, Chief Operating Officer and General Counsel	8'313	3'062	33'659
Marlis Morin, Head Client Services	17'490	1'363	-
Dr. Michael Studer, Chief Risk Officer and Co-Head Portfolio Solutions	30'600	3'353	17'000
Hans Ploos, Chief Financial Officer	1'000	772	-
Total Executive Committee	125'041	22'621	107'159
Total	4'493'975	22'621	136'628

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2020 and 2019

Number of shares and options		31 December 2019	
	Share ownership	Non-vested shares	Options
Board of Directors			
Steffen Meister, Executive Chairman	350'675	-	-
Dr. Eric Strutz, Vice Chairman	102	-	13'659
Dr. Marcel Erni	2'673'659	-	-
Michelle Felman	102	-	10'694
Alfred Gantner	2'673'659	-	-
Grace del Rosario-Castaño	102	-	12'226
Dr. Martin Strobel	580	-	4'570
Patrick Ward	-	-	25'206
Urs Wietlisbach	2'673'659	-	-
Total Board of Directors	8'372'538	-	66'355
Executive Committee			
André Frei, Co-Chief Executive Officer	49'383	3'096	32'820
David Layton, Co-Chief Executive Officer and Head Private Equity	2'916	3'746	24'500
Juri Jenkner, Head Private Infrastructure	7'853	2'631	32'404
Andreas Knecht, Chief Operating Officer and General Counsel	7'061	2'198	34'400
Marlis Morin, Head Client Services	17'203	1'035	-
Dr. Michael Studer, Chief Risk Officer and Head Portfolio Solutions	26'191	2'305	32'000
Total Executive Committee	110'607	15'011	156'124
Total	8'483'145	15'011	222'479

16. Full-time employees

The Company did not have any employees in the reporting year or in the previous year.

Proposal by the Board of Directors of Partners Group Holding AG for the appropriation of available earnings as of 31 December 2020

In millions of Swiss francs	31 December 2020
Profit for the period	623.36
Results carried forward	1'286.16
Total voluntary retained earnings available for appropriation	1'909.52
Proposal by the Board of Directors to the Annual General Meeting of shareholders:	
To be distributed to shareholders	(734.25)
To be carried forward	1'175.27

Compensation Report



Grace del Rosario-Castaño member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee

Dear clients, business partners and fellow shareholders,

We are pleased to present Partners Group's Compensation Report for 2020. In this report, the Nomination & Compensation Committee (NCC) explains how the firm's investment and financial performance translated into compensation for the Executive Committee and executive members of the Board of Directors. The NCC strives to continuously improve the transparency and clarity of the firm's approach to compensation and, in 2020, reached out again to key shareholders and proxy advisors to reflect on industry trends and gather outside perspectives. These periodic reviews of compensation structure allow the NCC to continuously enhance the firm's approach to compensation and further align the interests of clients, shareholders, employees and other stakeholders.

2020 in review

The COVID-19 pandemic struck in the early part of 2020 and government-enforced lockdowns quickly followed. At Partners Group, we made safeguarding the health of our employees and the employees of our portfolio companies our immediate priority. As the pandemic took hold, we were successful in protecting our colleagues from the initial spread of the virus with minimal disruption to business continuity. We then focused on protecting and driving forward performance in our portfolio by creating a COVID-19 action plan for each asset and by allocating leadership, operational and financial resources. These plans prioritized business continuity and the preservation of liquidity. The outbreak of COVID-19 amplified many of the transformative trends that are integral to our investment strategy and we can confidently say that the long-term transformational

investment plans behind our portfolio assets are just as compelling now as in prior years. We believe that the overall outperformance of our resilient private markets direct portfolios against the relevant public markets benchmarks is testimony to this.

Towards the end of 2020, our focus primarily turned to new investment opportunities as transactional markets recovered. Our teams invested USD 9 billion on behalf of their clients in 2020 (2019: USD 15 billion), with a significant proportion of these investments undertaken in Q1 and Q4. The decrease in investment activity compared to last year resulted in lower targeted performance fee-weighted investment volumes, which negatively impacted the overall size of the long-term incentive (LTI) pool.

“Following the outbreak, we not only prioritized business continuity and the preservation of liquidity in our portfolio, but also successfully drove forward performance.”

Despite the wider impact of COVID-19, Partners Group's 2020 overall performance demonstrated stability and resilience as measured by key indicators such as assets under management and management fees. We grew our AuM by 16%, net, to USD 109 billion and management fees grew by 1% to CHF 1'146 million. However, the market volatility introduced by COVID-19 impacted the exit environment and caused us to postpone several exit activities originally tabled for 2020, which led to a corresponding decline

Compensation Report

in performance fees. Total revenues, which incorporate management and performance fees, therefore decreased by 12% to CHF 1'412 million during the period. Nevertheless, our disciplined approach to cost management resulted in a stable EBIT margin of 62%. EBIT decreased by 13% to CHF 875 million, in line with revenue development. Based on the solid development of the business in all asset classes and regions, the confidence in the sustainability of the firm's growth as well as its strong liquidity position, the Board of Directors proposes to increase the dividend by a 8% to CHF 27.50 per share (2020: CHF 25.50 per share).

We aligned the compensation of independent Board members with best practice in public markets

In private markets, we expect independent directors on portfolio company Boards to actively participate in developing value-enhancing strategies. Therefore, we typically expect that they invest a meaningful proportion of their own net worth into the portfolio company alongside private equity investors in order to participate in both upside potential and downside risk. In line with this principle, and to encourage engagement in value creation initiatives, incentive schemes for independent Board members may allow for additional upside through options – but only if these Board members materially share the downside risk.

Until the AGM of shareholders in 2020, we followed a private markets approach in a public market context and granted restricted options to independent Board members. This approach to remunerating independent Board members led to discussions with some of our largest shareholders and proxy advisors and, ultimately, a comparably low acceptance rate of our Compensation Report over the last few years (2020: 64%, 2019: 69%). We have therefore decided to **replace restricted options with restricted shares** when compensating independent Board members and follow the best practice of public market board compensation.

LTI components for the Executive Committee continue to consist of two instruments

LTI grants continue to consist of two instruments. One instrument is the Management Performance Plan (MPP), which is a share-based incentive plan that aligns the pay of executives with the share price performance and the generation of future performance fees. The other instrument is the Employee Participation Plan (EPP) which is also a share-based incentive plan that allocates restricted shares.

The split of the LTI allocation is dependent on two factors: the total performance fee-weighted investment volume generated during the year (a higher volume may increase

the allocation to MPP and vice versa) and the targeted share price development (the higher the targeted share price the lower the allocation to MPP and vice versa). **We expect that the MPP allocation for Executive Committee members may range from around one-third to two-thirds of the entire LTI allocation.** For 2020, the NCC decided to grant the Executive Committee one-third of their total LTI in MPP and two-thirds in EPP, as in 2019. Similar to their allocation in 2019, the executive members of the Board of Directors received 100% of their LTIs in MPP in 2020.

We continue to reward long-term value creation

We reward long-term value creation for our clients and shareholders and therefore do not use short-term incentives. While there is an annual performance assessment of executives, the outcome can only affect the nominal amount of LTIs in the respective year under review. This is intended to ensure that the interests of senior leaders are strongly aligned with those of clients – via performance fee generation through long-term investment success – and shareholders – via a growing management fee EBIT development that can ultimately support a growing dividend.

“Despite successful strategy implementation and strong leadership achievements, the combination of lower than targeted performance fee-weighted investment volumes and management fee EBIT growth resulted in a 15% lower LTI pool for executives on average.”

2020 compensation

The total base compensation granted to the **Executive Committee** was similar to the one in 2019 and continues to be based on function. At Partners Group, the base compensation is equally split between a cash base salary and a fixed deferred cash payment. In contrast, the size of the LTI pool for the Executive Committee and executive members of the Board of Directors is linked to qualitative and quantitative performance targets. Despite successful strategy implementation and strong leadership achievements, the combination of lower than targeted performance fee-weighted investment volumes and management fee EBIT

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growth resulted in a 15% lower LTI pool for executives in 2020 on average.

With regards to the quantitative performance assessment, lower than expected average assets under management (AuM) growth in CHF due to unfavorable FX developments impacted management fee EBIT growth negatively (one of the two quantitative measures determining the LTI pool). Furthermore, many market participants adopted a more cautious investment approach due to government-enforced lockdowns during 2020. This resulted in a lower investment activity and ultimately generated lower than targeted performance fee-weighted investment volumes (the other key quantitative measure determining the LTI pool).

When looking at the performance of the Executive Committee, executives not only delivered on their strategic targets as the pandemic took hold but also showed strong leadership capabilities by managing the firm through one of the sharpest and fastest economic contractions since the Great Depression. The leadership performance of executives exceeded expectations from the NCC and therefore positively influenced the qualitative performance factors (see section 4.2.). Executives were focused on driving forward performance in our investment portfolio. Although the firm's private markets portfolio experienced some degree of volatility in the first half of 2020, we can confidently say that our transformative investment strategy not only provided stability but also facilitated a swift return to growth in the second half of the year.

Despite COVID-19, the Executive Committee also continued to expand the firm's ESG/CSR leadership position by developing a new Climate Change Strategy, which integrates the impact of climate change in the firm's investment process to reduce our contribution and mitigate its impact. It also put special emphasis on creating an awareness of the importance of diversity & inclusion in the culture and work practices of the firm. The increased awareness was created by unconscious bias trainings and the creation of a Diversity & Inclusion Committee which reports directly to the Executive Committee.

With regards to the compensation of **executive members of the Board of Directors**, the total base compensation granted in 2020 was similar to the amount granted in 2019. Their overall LTI pool decreased by 15% compared to last year's LTI pool, in line with the performance assessment of the Executive Committee. Due to the already significant shareholding in the firm by executive members of the Board of Directors, they were granted their LTI entirely in MPP (similar to 2019).

Independent Board members were compensated in line with the firm's compensation framework for independent Board members. They received half of their Board fee in restricted shares and the other half in cash. This framework is a module-based compensation approach and considers individual business assignments as well as their additional contribution to the firm's business beyond their committee responsibilities (see section 5.4). Below, the NCC provides information on planned adjustments to the compensation framework of independent board members, which are expected to become effective as of 2021, subject to the approval by shareholders at the AGM in May 2021. The proposed adjustments are outlined in Exhibit 12.

We continue to strengthen our efforts on equal pay

Partners Group is an equal opportunity employer and complies with all applicable fair employment practices laws. In order to provide equal employment and advancement opportunities to all individuals, Partners Group endeavors to make all employment decisions based on merit, qualifications, and abilities. The Human Resources team annually performs an equal pay analysis, which has shown no pay inequalities in recent years. The 2020 analysis is being performed by PWC.

In addition to the global equal pay analysis, Partners Group engaged the Center of Diversity and Inclusion of the University of St. Gallen to run the Swiss based analysis. In the course of the 2020 audit, KPMG conducted a formal examination of the legally required equal pay analysis for Switzerland. Based on KPMG's review of the equal pay analysis, nothing has come to their attention that the analysis is not in compliance with the requirements of the Gender Equality Act and Ordinance.

On behalf of Partners Group and the NCC, I would like to thank you for your continued trust and support.

Yours sincerely,



Grace del Rosario-Castaño

Chairwoman of the Nomination & Compensation Committee

Compensation Report

1. Philosophy & principles

1.1 Philosophy

Our investment approach favors trusted, long-term relationships that extend beyond our USD 109 billion AuM and our more than 1'500 global professionals who operate a significant number of businesses and/or assets in various industries and sectors across the globe. Our professionals are responsible for around 200'000 employees who work for our largest portfolio companies and are responsible for creating long-term value for the over 200 million beneficiaries who are served by our clients. They focus on business and ownership excellence to realize the full development potential of the private assets in which we invest.

Our compensation framework honors this responsibility and promotes a corporate culture that contributes to the company's sustained success, while adhering to its values. In order to best combine the interests of clients and shareholders with those of the firm's employees, our compensation framework includes a significant long-term incentive component that allows the firm and its employees to participate in investment success alongside clients.

1.2 Principles

When making compensation decisions, the NCC follows three guiding principles, which apply to all employees:

- **Compensation follows contribution:** we have a unique business model and operate as one global firm, albeit with differentiated business lines and functions. The main drivers for the variable compensation elements in the firm's compensation framework are relative to individual and team results, as well as to the firm's overall achievements.
- **Equal opportunity and non-discrimination:** we are an equal opportunity employer and do not discriminate against employees on the basis of age, gender, nationality, or any other basis that is inconsistent with our guiding values. The firm is committed to a "pay for performance" and "fair pay" policy and systematically conducts equal pay analyses across departments and regions.
- **Compensation is no substitute for talent development:** compensation is an important pillar of governance and leadership. It is, however, no substitute for a caring

culture, for non-material ways of recognizing individual achievements and for helping the development of the firm's human capital.

Our compensation philosophy stems from our firm's values

Our mission is to deliver our clients superior and sustainable investment performance on a mid- to long-term basis, realizing the potential of private markets through our integrated platform. We strive for attractive financial returns and a premium valuation to honor the long-term trust of our shareholders. At the same time, our charter defines our overriding compensation philosophy for the most important asset of our firm, our employees.

Clients

We understand our clients' needs and build trusted, long-term relationships. Our aim is to provide tailored private markets portfolio solutions that enable them to achieve superior investment performance and benefit from market-leading client servicing. Our clients honor their trust through continued commitments to Partners Group's investment vehicles.

Shareholders

We strive for attractive financial returns and for a premium valuation to honor our shareholders' long-term confidence in our firm. Partners and employees hold a significant ownership in Partners Group and are thus aligned with external shareholders' interests.

Employees

We attract talented individuals who are committed to our purpose and values and help them to develop so that they perform at their best. Together, we create a demanding and rewarding environment throughout our firm.

Senior professionals are incentivized to participate in delivering superior investment performance to clients through their eligibility for compensation derived from the future performance fees earned by Partners Group's investments.

Compensation Report

2. Pay for performance

This chapter explains how the performance of the Executive Committee and executive member of the Board of Directors determines their LTI considerations. The nominal LTI pool granted for the year 2019 serves as a basis to calculate the LTI pool for the year 2020.

The total base compensation granted to the Executive Committee is based on function and represents a stable compensation component. It is equally split between a cash base salary and a fixed deferred cash payment. In contrast, the allocation of LTIs, which should encourage true entrepreneurialism and a long-term perspective, is linked to two equally weighted annual performance assessments:

- **Quantitative achievements**, which assess the firm's financial performance and investment development.
- **Qualitative assessments**, which emphasize strategy implementation and leadership achievements.

Based on the assessment of both quantitative and qualitative achievements, a compensation factor is determined, which is then multiplied by the previous year's nominal LTI pool. The NCC has decided to cap the compensation factor at a maximum of 2.0x the previous year's LTI pool on the upper end, and at a minimum of 0.5x on the lower end, preventing either excessive upside or downside for LTI participants. For example, a compensation factor of 1.0x means that the nominal LTI pool in the year under review remains the same as in the previous year.

2.1. Assessment of quantitative measures

The financial performance of the firm reflects its operational strength and is typically a result of successful past decision-making. As such, the year-on-year development of the firm's financial performance is one of two quantitative input factors used to determine the compensation factor.

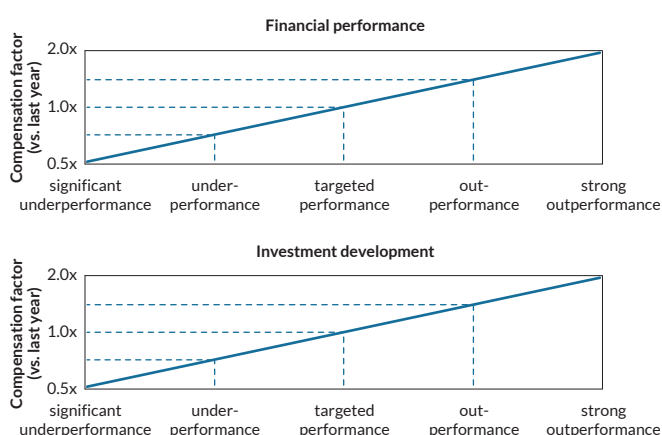
- **Assessment of financial performance (50% weighting)**
We assess financial performance based on the year-on-year change in management fee EBIT (defined as EBIT, adjusted for non-management fee-related and non-ordinary items).¹

Successful investments made in the year under review provide the basis for potential future performance fees. Their year-on-year development serves as the second quantitative input factor determining the compensation factor.

- **Assessment of investment development (50% weighting)**

We assess investment development based on the year-on-year change in the performance fee-weighted investment volume (based on standardized model return targets defined at the investment date, adjusted for non-ordinary effects).

Exhibit 1: Year-on-year adjustment of quantitative assessment



2.2. Assessment of qualitative measures

The NCC also applies a qualitative assessment, which is equally important and considers performance metrics such as strategy implementation and leadership achievements.

- **Assessment of strategy implementation:** we assess the successful implementation of key strategic initiatives as well as continued business & operational excellence across our platform and businesses.
- **Assessment of leadership achievements:** we assess the progress made on ensuring the organizational effectiveness of the firm, an entrepreneurial leadership culture as well as the development of talented individuals who are committed to the firm's purpose.

The final compensation factor is derived from a combination of the abovementioned qualitative assessment and the quantitative assessment.

¹ As of the NCC meeting in November of the year under review.

Compensation Report

2.3. LTI allocation to individuals

Once the top-down allocation for the Executive Committee and the Board has been completed and the overall LTI pool has been determined, the individual assessment of each executive member commences. Individual goals differ depending on a member's function and level of responsibility and are outlined in Exhibit 2.

At Executive Committee-level, each member has additional objectives with a greater focus on either investment-, client-, corporate-, service- or environmental social governance (ESG) as well as corporate social responsibility (CSR)-related activities. At Board committee-level, each executive member of the Board of Directors has additional responsibilities through his or her membership in the respective sub-committees.

2.4. Bonus-malus system

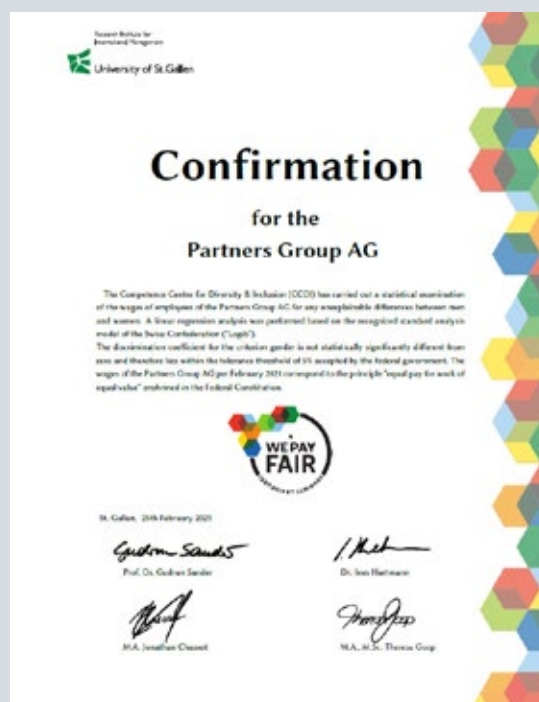
Long-term compensation awarded to members of the Executive Committee as well as to executive members of the Board of Directors is subject to "malus" and "clawback" rules. This means that the NCC and the Board may decide not to pay any vested but unpaid incentive compensation (malus) or may seek to recover incentive compensation that has been paid in the past where the payout and/or personal conduct has been proven to conflict with applicable laws and regulations respectively. In 2020, neither malus nor clawback rules were applied.

2.5. Equal pay analysis & audit

Partners Group is an equal opportunity employer and complies with all applicable fair employment practices laws. In order to provide equal employment and advancement opportunities to all individuals, Partners Group endeavors to make all employment decisions based on merit, qualifications, and abilities. The Human Resources team annually performs an equal pay analysis, which has shown no pay inequalities in recent years. The 2020 analysis is being performed by PWC.

In addition to the global equal pay analysis, Partners Group engaged the Center of Diversity and Inclusion of the University of St. Gallen to run the Swiss based analysis according to the methodology "Logib", defined by Swiss government. In the course of the 2020 audit, KPMG conducted a formal examination of the legally required equal pay analysis for Switzerland. Based on KPMG's review of the equal pay analysis, nothing has come to their attention that the analysis is not in compliance with the requirements of the

Gender Equality Act and Ordinance. The analysis didn't show an equal pay gap between male and female employees. As a result, Partners Group was awarded with the certificate "We Pay Fair" from the University St. Gallen.



The analysis from the **Center of Diversity and Inclusion of the University of St. Gallen** showed no equal pay gap between male and female employees. As a result Partners Group was awarded with the certificate "We Pay Fair".

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Exhibit 2: Group- and Executive Committee-level objectives & Board committee responsibilities

Group level	Objectives
Investment platform	• Achieve sustainable growth and scale of investment capacity • Create long-term value in portfolio assets
Financials	• Focus on sustainable growth through client satisfaction and therefore AuM growth • Balancing cost growth vs. revenue growth
Strategy implementation	• Successfully implement key strategic initiatives • Ensure business & ownership excellence across our platform and businesses
Leadership achievements	• Develop organizational effectiveness via an entrepreneurial leadership culture • Develop talented individuals who are committed to our purpose

ExCo ¹⁾ -level	Objectives
Investments	• Achieve asset class-specific investment goals • Meet asset class-specific return targets • Establish best practices in corporate governance amongst portfolio assets
Clients	• Extend client coverage (regional and type of investors) • Best-in-class client coverage (incl. compliance) • Achieve fundraising goals (mandates, flagship programs and structured programs)
Services	• Maintain excellent investment service levels • Provide best-in-class client servicing • Contribute to our PRIMERA²⁾ platform to the benefit of investments, clients & employees
Corporate	• Provide necessary corporate IT infrastructure landscape to ensure operational excellence • Maintain excellent compliance track record • Adherence to financial, operational, regulatory, legal and conduct risk as well as investment risk³⁾
ESG/CSR	• Achieve our 20 by 2020 and 25 by 2025 diversity targets⁴⁾ • Ensure at least 90% of employees are trained on ethics-related issues • Establish a deep-dive ESG engagement with every one of our lead direct investments

Executive Board-level Objectives

Strategy Committee	• Drive the firm via the Board on major business, corporate and organizational initiatives • Guide human capital development, financial planning and use of financial resources
Investment Oversight Committee	• Ensure quality/consistency of decision making processes and investment performance • Implement investment-related quality standards and measurement methods
Client Oversight Committee	• Drive strategic fundraising initiatives and identify new key product & fundraising themes • Lead the coverage of the firm's key client prospects and global consultant network

1) Executive Committee.

2) PRIMERA is our proprietary private markets database.

3) See Corporate Governance report 2020.

4) We have currently achieved 100% of our 20 by 2020 target, which consisted in having female ambassadors at 20 top universities globally in order to attract the next generation of talented young women. Further to this, by 2025, we wish to substantially increase the number of our female Partners and Managing Directors to at least 25 (see CSR report 2019/2020).

Compensation Report

3. Compensation components

The NCC continues to strive for consistency in the firm's approach to compensation and has not changed the methodology used to determine the size of the compensation pools. While the total base compensation is fixed and based on function, the LTI compensation has a clear link to strategy and tangible targets.

Exhibit 3: Compensation components for the Executive Committee

Type of compensation		Instrument
Total cash compensation	Base salary & benefits	Cash
	Deferred cash payment ¹⁾	
Long-term incentives	Management Performance Plan (MPP)	Equity (share-based)
	Employee Participation Plan (EPP)	

1) Deferred cash compensation is awarded at year end. It is intended to be stable and predictable and only adjusted downwards in the case of significant underperformance of the firm or on individual level.

3.1. Total base compensation

At Partners Group, we do not apply the concept of short-term incentives as we put more emphasis on long-term value creation for clients and shareholders. Although there is an annual performance assessment of executives, the outcome can only affect the actual nominal amounts of long-term incentives which will then be allocated to individuals in the respective year under review. As such, the total base compensation is based on function and represents a stable compensation component. More specifically, it is based on an individual's role and level of responsibility for the upcoming year and is typically only adjusted with a change of role. The total base compensation is equally split between a cash base salary and a fixed deferred cash payment.

Cash base salary & pension benefits: cash base salaries are paid on a monthly basis and reviewed annually. The primary purpose of benefits, such as pension and insurance plans, is to establish a level of security for employees and their dependents with regard to the major economic risks of sickness, accident, disability, death and retirement.

The level and scope of pension and insurance benefits provided is country-specific and influenced by local market practice and regulations.

Deferred cash payment: the fixed deferred cash payment is awarded at year-end to the Executive Committee. The individual deferred cash payment set by our compensation framework is intended to be stable and predictable. The NCC has the flexibility to adjust the fixed deferred cash compensation downwards (not upwards) in the rare case the firm or an individual committee member severely underperforms in the year under review. An adjustment could also be applied in exceptional cases, such as crisis years that materially affect the quantitative performance factors. Any such adjustment, and the reason for the adjustment, would be made transparent to shareholders. Executive Committee members are typically notified of their deferred cash payment at year-end and receive the cash the following February.

Exhibit 4: Total cash compensation for Executive Committee members in 2020 (in thousands)

Function	Cash base salary	Deferred cash payment	Total cash compensation
Co-CEO _{CH}	CHF 750	CHF 750	CHF 1'500
Co-CEO _{USA}	USD 750	USD 750	USD 1'500
Executive Committee member	CHF 500	CHF 500	CHF 1'000

3.2. Long-term incentives (LTIs)

LTIs consist of two payout components, the Management Performance Plan and the Employee Participation Plan. The NCC believes that with increasing seniority, a larger part of an employee's total compensation should be variable and tied to long vesting periods and even longer payout mechanisms. This is intended to ensure that the interests of senior leaders are strongly aligned with those of clients and shareholders and involve a focus on both sustainable financial performance and long-term investment success.

Management Performance Plan (MPP): the MPP reinforces a strong alignment of interests with clients and shareholders, as it is dependent on both, the share price development in the first five years and the achievement of a performance fee target thereafter, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios.

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The MPP requires recipients to have a long-term view, as it often takes up to 14 years until the full performance fee payouts from a particular investment year are received. Given the length of this period, we believe the MPP promotes a focus on sustainable value creation and avoids inappropriate risk-taking or short-term profit maximization at the expense of long-term return generation for our clients.

The MPP grants vest linearly over a period of five years. For members of the Executive Committee and executive members of the Board of Directors, the linear vesting is subject to a minimum five-year tenure in the respective committee.

MPP payouts have two performance conditions: the firm's share performance since grant must be positive, and future performance fee potential must translate into actual performance fees. Achieving only one condition while not the other results in no payout. For instance, achieving better than underlying ex ante defined model return targets in our investment portfolio can increase the payout, whereas value creation below targets decreases the MPP payout. In the worst-case scenario of insufficient value creation, it can be zero.

Any payout starts five years after grant and will be in a number of restricted Partners Group shares in the value of the respective payout of actual performance fees generated. We provided a sample calculation in the Appendix A.1. for more detailed information. The shares will have a two-year selling and exercise restriction.

Employee Participation Plan (EPP): Partners Group has a long-term history of granting equity incentives to all its professionals. EPP aims to align all Partners Group employees' interests with those of external shareholders.

The annual EPP allocation is linked to the annual performance review. While there is no direct performance condition after grant, the allocation of restricted shares does indirectly encourage the Executive Committee to create shareholder value through a rising share price by ensuring that the firm (i) continues to raise additional capital to increase its asset base and therefore management fees, (ii) to generate meaningful future performance fee potential and (iii) to maintain the firm's profitability by protecting its EBIT-margin target.

The EPP grants vest linearly over a period of five years, contingent on continued employment with the firm. Any vested EPP to the Executive Committee has a two-year selling restriction.

Exhibit 6: 2020 EPP vesting parameters (shares) for Executive Committee members

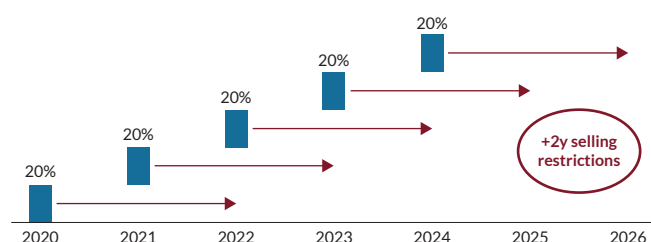
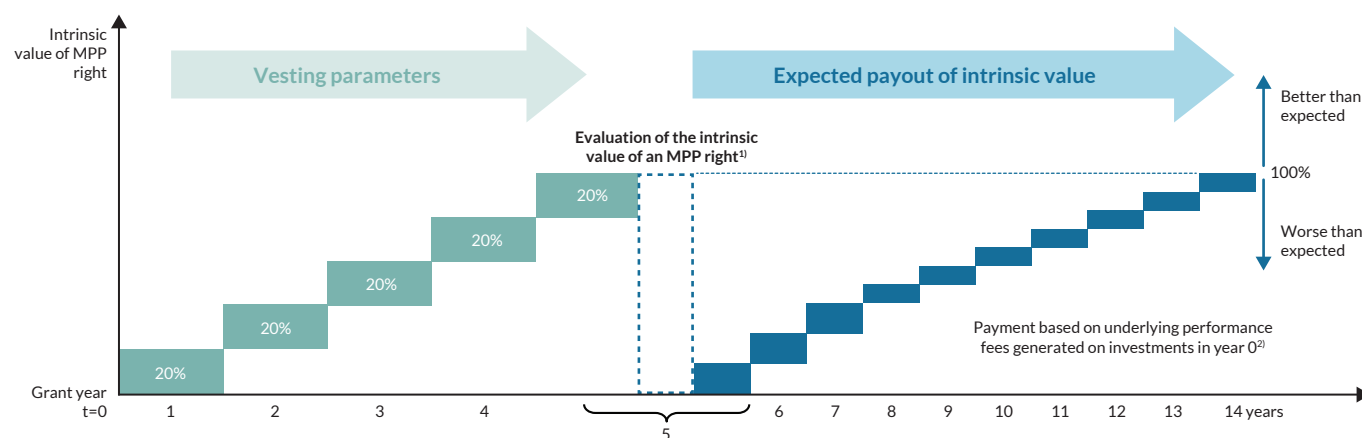


Exhibit 5: Vesting and expected payout of the MPP, one of the firm's LTI payout components



1) The intrinsic value of MPP rights is determined after five years of the grant and relates to absolute shareholder return (net of dividends). Thereby, the intrinsic value of the 2019 MPP cannot exceed 10x the grant fair value. See detailed description in Appendix A.1.

2) The time period following the determination of the intrinsic value of MPP rights focuses entirely on how such value will be paid out in the following years (in the form of restricted Partners Group shares). Both magnitude and timing are dependent on the actual performance fees generated for the firm. See detailed description in Appendix A.1.

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Allocation decisions between MPP and EPP: the NCC makes the allocation of MPP grants dependent on two factors: total performance fee-weighted investment volume generated during the relevant period (more potential performance fees may lead to a higher MPP allocation) and the pricing of MPP rights (a higher targeted share price may lead to a lower MPP allocation).

Thereby, the proportion of MPP relative to the overall LTI pool can range from around one-third to two-thirds. The remainder will be granted in EPP. While this provides a greater flexibility for the NCC, the overall allocation to MPP as opposed to EPP must stay within the overall LTI budgets.

Despite the increased flexibility for the NCC, the compensation of the Executive Committee in 2020 has not changed: two-thirds of the available LTI pool was granted in EPP (2019: two-thirds) and one-third in MPP (2019: one-third).

3.3. Further benefits provided disclosed according to “Ordinance against Excessive Compensation (OaEC)”

The OaEC requires board members of listed companies to disclose all benefits directly or indirectly provided to the Executive Committee and the Board of Directors, even if not related to compensation. As such, in relation to our firm-wide Employee Commitment Plan (ECP), we disclose any preferred terms granted to members of the Executive Committee and the Board for select investments in Partners Group programs.

The firm has a history of investing in its own investment programs alongside its clients (typically around 1% of the program's size) with its balance sheet. This aligns the interests of clients with those of the firm and its employees. For select direct investment programs, our institutional clients' expectations around the size of such investments could increase beyond the typical 1% of the program's size.

Given our strong liquidity position, we could also fund these investments alongside clients from our balance sheet. However, the Board decided to overweight the firm's lean balance sheet approach over a more pronounced usage of the balance sheet for investment purposes and therefore favored a strategy that requires more employees to meet additional investment expectations from clients. The view of our Board also reflects the opinion of external shareholders who value a lean balance sheet strategy higher.

Therefore, Partners Group's Board has introduced the ECP to increase incentives for employees to provide more substantial commitments and also align an even greater number of employees with clients. In line with industry practice, Partners Group offers its employees (including the Executive Committee and the Board of Directors) similar preferential terms & conditions to invest in its private markets programs, offering such investments at no management fees and no performance fees. Generally, the firm does not earn any revenues on its own investments alongside clients as any fees levied are rebated.

According to the OaEC, these discounted fees are subject to approval by shareholders. The NCC discloses in this report all such discounted fees granted to the Executive Committee and members of the Board of Directors for investments made alongside investors in the firm's closed-ended investment programs (see Exhibit 9 for the Executive Committee or see Exhibit 13 for the Board of Directors).

3.4. Equity incentive plans have caused no dilution in the number of shares for shareholders since the IPO

There has been no dilution of Partners Group's share capital since the IPO in March 2006, as the firm holds treasury shares to provide shares for existing equity incentive programs. Furthermore, the treasury shares necessary to cover the granted non-vested shares have already been purchased by the firm. Further information on Partners Group's share-based payment plan can be found in section 4 of the notes to the consolidated financial statements included in the 2020 Annual Report.

As of 31 December 2020, the Group had 1'484'115 options and non-vested shares outstanding (2019: 1'560'494). The treasury shares that are necessary to cover the granted non-vested shares have already been put aside in separate escrow accounts in the name of the employees. Thus, the number of treasury shares is already net of non-vested shares outstanding. As of 31 December 2020, to cover the outstanding in-the-money options at the year-end share price of CHF 1'040.00 (2019: CHF 887.40) 319'783 (2019: 291'045) net treasury shares would be necessary (the amount takes the different strike prices of different option programs into account). As of 31 December 2020, Partners Group held 347'655 treasury shares, corresponding to 1.30% of the total share capital.

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4. Executive Committee compensation

4.1. Total base compensation

The total base compensation granted to each member of the Executive Committee followed the guidance in Exhibit 4 and was therefore similar to the amount granted last year. The overall amount of the total base compensation, incl. other compensation, remained largely flat on individual level but increased slightly on committee level to CHF 8.7 million (2019: CHF 8.1 million) predominately due to the hiring of our new CFO who joined the Executive Committee as of 1 July 2020.

With the COVID-19 global health crisis affecting almost every segment of the economy and temporarily causing unprecedented dislocation across financial markets, the Executive Committee, executive as well as independent members of the Board of Directors and many Partners Group employees contributed to the firm's **Portfolio Employee Support Fund**. Partners Group matched their contribution. The fund was designed to support the most financially vulnerable employees at our portfolio companies during the crisis by addressing the specific needs of the families and individuals in these workforces, in particular for medical expenses, healthcare and childcare. Our Co-CEOs forfeited 6 months of their annual base salary, donating in total CHF 0.7 million to this fund.

4.2. LTIs

We received USD 16.0 billion in new commitments from our global client base in the twelve-month period ending on 31 December 2020 (2019: USD 16.5 billion). The firm's total AuM increased to USD 109 billion as of 31 December 2020 (31 December 2019: USD 94.1 billion), representing a net growth of 16% (2019: 13%). However, this double digit AuM growth in USD did not translate in a similarly strong average AuM growth in CHF due to an unfavorable FX development. As such, management fee EBIT growth was lower than targeted (one of the two quantitative measures determining the LTI pool).

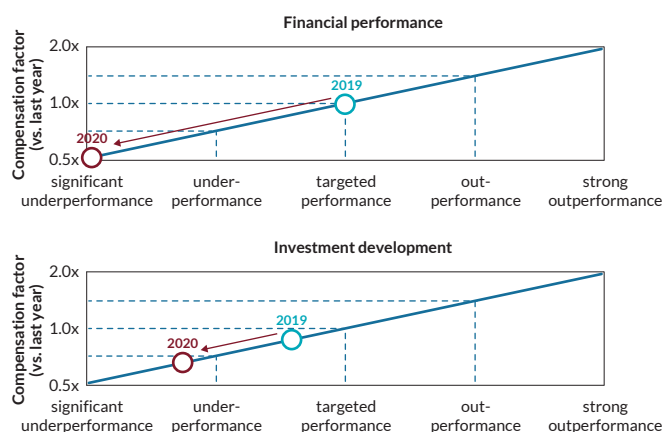
We also observed that many market participants adopted a more cautious investment approach due to government-enforced lockdowns. Our professionals took a similar cautious approach and focused on driving forward performance in our portfolio by creating a COVID-19 action plan for each asset in our portfolio. They – led by our executives – allocated

leadership, operational and financial resources that prioritized business continuity and the preservation of liquidity. This shift in focus during 2020 resulted in lower investment activities amounting to USD 8.8 billion (2019: USD 14.8 billion) and therefore generated lower than expected performance fee-weighted investment volumes (the other key quantitative measure determining the LTI pool).

The **quantitative achievements** in 2020 resulted in an average quantitative compensation factor of **0.6x** (-40% compared to previous year):

- **Formula on financial performance 2020:** The management fee EBIT considered at the time by the NCC has remained largely flat and underperformed the 2020 Board expectations of around +10%. The financial performance therefore did not meet expectations and resulted in a compensation factor of **0.5x**.
- **Formula on investment development 2020:** The firm's performance fee-weighted investment volume decreased by ~30% compared to the previous year. The investment development did not meet expectations and therefore resulted in a compensation factor of **0.7x**.

Exhibit 7: quantitative assessment 2020



The assessment of the **qualitative performance** considers performance metrics such as strategy implementation and leadership achievements. The qualitative compensation factor came in **at the mid-point of 1.00x and 1.25x** due to the stronger leadership achievements of the Executive Committee. Key achievements underlining the change in the assessment are highlighted below.

- **Strategy implementation – expectations were met (1.00x):** **On the investment side**, the Executive Committee further developed and implemented the firm's cutting edge thematic and transformational

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investing strategy, which has been a priority focus area. In this context, it has also successfully re-designed the private equity direct investment team by consolidating the Industry Value Creation team, the ESG team and the Research Team into one single unit organized by the following four sectors: Health & Life, Services, Technology and Goods & Products. Additionally, the Committee established a clear path for our ESG/CSR and climate-related activities to address the Board's strategy around impact and action-oriented sustainability engagements in our lead portfolio assets.

On the client side, the Executive Committee took further action to achieve the firm's ambitions regarding the establishment of our global mandate leadership position. As part of this, it rolled out the firm's new plans for the creation of a strategic portfolio management dialogue with clients. This dialogue is supported by an unparalleled basis of mandate services, tailored to specific risk/return profiles through single or multi-asset class investment pools, and will enable clients to combine equity and debt exposure, match asset/liability needs through cash-flow profiling, and ramp up a portfolio quickly through investment level steering.

On the corporate side, the Executive Committee raised the financial accountability of various departments at the firm for achieving business plans. This included the introduction of management accounting methodology measures and incremental profit contribution assessments, which is designed to give departments better grounds for strategic decision making related to hiring and business build out.

- **Leadership achievements – slightly outperformed (1.25x):** The leadership performance of the Executive Committee exceeded expectations from the NCC and therefore positively influenced the qualitative performance factors in their annual assessment, mainly based on the following achievements:

Crisis performance at portfolio level: not only have executives delivered on their strategic targets but they also showed strong leadership capabilities when managing the firm through one of the sharpest and fastest economic contractions since the Great Depression. Executives focused on protecting and driving forward performance in our portfolio by creating a COVID-19 action plan for each asset and by allocating leadership, operational and financial resources. We can confidently say that the long-term transformational investment theses behind our portfolio assets are even

more compelling today than pre-COVID-19, as measured by higher EBITDA growth (11% y-o-y growth of August EBITDA in our lead direct private equity portfolio) and higher valuations (expressed in higher Money-on-Invested-Capital multiple increases).

Crisis performance at client level: despite COVID-19, Partners Group received USD 16 billion in new commitments across all private markets asset classes and program types in the twelve-month period ending 31 December 2020. This was around the same amount as the firm raised in 2019 (pre-COVID-19) and above the firm's full-year 2020 guidance of USD 12 to 15 billion (guidance communicated in July 2020).

Crisis performance at corporate level: as the pandemic took hold, the Executive Committee was successful in terms of the timing and implementation of COVID-19 measures. From a technology perspective, the Committee ensured minimal disruption to business continuity. From a team perspective, the Committee enabled the firm's professionals to work from home safely and took the necessary measures to protect our colleagues from the initial spread of the virus.

As a result of the quantitative and qualitative assessment, the overall LTI pool in 2020 decreased by 15% to 0.85x of last year's pool (the nominal LTI pool granted for the year 2019 serves as a basis to calculate the LTI pool for the year 2020). The Executive Committee was granted nominal LTI amounting to CHF 15.1 million in 2020 (2019: CHF 16.5 million), including the CFO as a new member of the Executive Committee. Around two thirds of the value was granted in EPP (2019: two-thirds) and one third in MPP (2019: one-third). Exhibit 9 outlines the total full-year compensation of the Executive Committee in detail.

4.3. Co-CEO compensation

The total base compensation across the entire Executive Committee and the Co-CEOs is outlined in Exhibit 4. In 2020, the total compensation for the firm's Co-CEOs are as follows:

David Layton: David Layton receives his total base compensation in USD. Expressed in CHF, he earned a total base compensation of CHF 1.41 million (2019: CHF 1.49 million), of which the cash base salary amounted to CHF 0.70 million and the deferred cash payment CHF 0.70 million. The total base compensation excluded other compensation, such as pension benefits and social security payments as outlined in Exhibit 9, amounting to CHF 0.06 million (2019: CHF 0.06 million). David Layton forfeited 6 months of his annual

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base salary, donating CHF 0.35 million to the firm's Portfolio Employee Support Fund.

David Layton's LTI grant decreased by 10% to 0.90x the previous year's LTI grant and amounted to CHF 3.83 million in 2020 (2019: CHF 4.25 million). The NCC assessed his performance based on his achievements of the Executive Committee-level objectives outlined in Exhibit 2 and concluded that the lower decrease relative to the overall LTI pool was mainly due to the achievements on how the firm protected performance in client portfolios throughout the pandemic. The firm's approach to building and developing businesses re-confirmed its strategic approach to investment. The overall outperformance of the firm's resilient private markets direct portfolios against the relevant public markets benchmarks is testimony to this. David Layton received two thirds of the LTI value in EPP (2019: two-thirds) and one third in MPP (2019: one-third).

André Frei: André Frei earned a total base compensation of CHF 1.50 million (2019: CHF 1.50 million), of which the cash base salary amounted to CHF 0.75 million and the deferred cash payment CHF 0.75 million. The total base compensation excludes other compensation, such as pension benefits and social security payments as outlined in Exhibit 9, amounting to CHF 0.29 million (2019: CHF 0.32 million). André forfeited 6 months of his annual base salary, donating CHF 0.38 million to the firm's Portfolio Employee Support Fund.

André Frei's LTI grant decreased by 20% to 0.80x the previous year's LTI grant and amounted to CHF 3.00 million in 2020 (2019: CHF 3.75 million). The NCC assessed André Frei's performance based on his achievements of the Executive Committee-level objectives outlined in Exhibit 2 and concluded that the slightly larger decrease relative to the overall LTI pool related to the differences in focus between André's role and that of David Layton, who has been more heavily involved in protecting the performance of client portfolios throughout the pandemic, as well as the development of the new Private Equity team set up. In particular during the pandemic, the NCC decided to reward the abovementioned accomplishments of David Layton relatively higher than those of André Frei. André Frei received two thirds of the LTI value in EPP (2019: two-thirds) and one third in MPP (2019: one-third).

4.4. Highest paid Executive Committee member

The highest paid Executive Committee member in 2020 was David Layton, Co-CEO. He was awarded a total base compensation of CHF 1.41 million (2019: CHF 1.49 million)

excluding other compensation, and LTIs to the value of CHF 3.83 million (2019: CHF 4.25 million). The total compensation amounted to CHF 5.23 million in 2020 (2019: CHF 5.74 million), excluding other compensation, such as pension benefits and social security payments as outlined in Exhibit 9.

4.5. Compensation caps

Given that the total base compensation is based on function and represents a stable compensation component, which includes a cash base salary and a deferred cash payment, we make a technical adjustment to the compensation caps. Instead of calculating the compensation caps in relation to the cash base salaries of an individual member of the Executive Committee, we will now calculate the compensation cap in relation to the total base compensation.

As such, there is no longer need for a short-term cap as the relationship between cash base salary and deferred cash compensation is 1.0x. The cap on the LTIs, in relation to the total base salary, will be reduced from 10x to 5x. For 2020, the ratio between the committee members' LTIs compared to their total base compensation ranged from 0.85x to 2.72x in 2020 (cap = new 5x). These ratios exclude any other benefits (social security and pension contributions) and show the varying compensation levels among individuals based on their function, achievements and responsibility.

4.6. Executive Committee loans (audited)

Executive Committee members may apply for loans and fixed advances, subject to an internal review and approval process. As of 31 December 2020, no loans were outstanding to either current or former Executive Committee members or to a related party of a current or former Executive Committee member.

4.7. Employee contracts (audited)

Employee contracts have no special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place in case of the departure of an Executive Committee member. Individual settlements will always be subject to the review and approval of the NCC. Partners Group did not make any such payments to current Executive Committee members in 2019 and 2020.

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Exhibit 8: Composition of the Executive Committee 2020 and functions of its members

Name	Joined Partners Group in	Nationality	Age	Position
André Frei	2000	Swiss	45	Co-Chief Executive Officer
David Layton	2005	American	39	Co-Chief Executive Officer and Head Private Equity
Hans Ploos van Amstel ¹⁾	2020	Dutch	55	Chief Financial Officer, Head Group Finance & Corporate Development
Juri Jenkner	2004	German	45	Head Private Infrastructure
Andreas Knecht	2009	Swiss	51	Chief Operating Officer, General Counsel and Head Corporate Operations
Marlis Morin	2003	Swiss/Italian	50	Head Client Services
Dr. Michael Studer	2001	Swiss	48	Chief Risk Officer and Co-Head Portfolio Solutions

1) Member as of 1 July 2020.

Exhibit 9: Executive Committee compensation for the full-year 2020 (audited)

In thousands of Swiss francs					2020		
	Cash base salary	Deferred cash payment	Other ¹⁾	Subtotal cash compensation	EPP	MPP ²⁾	Total ^{3), 4)}
André Frei, Co-Chief Executive Officer	750	750	297	1'797	2'000	1'000	4'798
David Layton, Co-Chief Executive Officer and Head Private Equity	704	704	55	1'463	2'550	1'275	5'289
Total Executive Committee	3'704	3'704	1'255	8'663	10'054	5'024	23'741

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) Fair value of Management Performance Plan (MPP) as outlined in Appendix A.1.

3) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Executive Committee amounts to CHF 23'796 thousand, including CHF 55 thousand for discounted fees. The total compensation of André Frei and David Layton amounts to CHF 4'811 thousand (including CHF 13 thousand of discounted fees) and CHF 5'302 thousand (including CHF 14 thousand of discounted fees), respectively.

4) Total compensation of the Executive Committee (like-for-like), excluding LTIs and social security costs represents CHF 7.2 million and lies within the approved compensation budget of CHF 7.5 million at the 2019 AGM of shareholders in May. The additional budget required for the new CFO stems from the firm's "additional budget reserve" for new Executive Committee members according to art. 37 lit. 6 in our articles of association.

Exhibit 10: Executive Committee compensation for the full-year 2019 (audited)

In thousands of Swiss francs					2019		
	Cash base salary	Deferred cash payment	Other ¹⁾	Subtotal cash compensation	EPP	MPP ²⁾	Total ^{3), 4)}
André Frei, Co-Chief Executive Officer	750	750	271	1'771	2'500	1'250	5'521
David Layton, Co-Chief Executive Officer and Head Private Equity	745	745	58	1'548	2'751	1'500	5'799
Total Executive Committee	3'495	3'495	1'081	8'071	10'903	5'600	24'574

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) Fair value of Management Performance Plan (MPP) as outlined in Appendix A.1.

3) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Executive Committee amounts to CHF 24'584 thousand, including CHF 10 thousand for discounted fees. The total compensation of André Frei and David Layton amounts to CHF 5'526 thousand (including CHF 5 thousand of discounted fees) and CHF 5'799 thousand (including CHF 0 thousand of discounted fees), respectively.

4) Total compensation of the Executive Committee, excluding LTIs and social security costs represents CHF 7.1 million and lies within the approved compensation budget of CHF 7.5 million at the 2019 AGM of shareholders in May.

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5. Board compensation

The Board has the goal to build a sustainable, entrepreneurial business over the long term for the benefit of its clients, employees and shareholders. It thereby applies the same approach to the firm's governance as it does to the management of its portfolio companies, valuing a long-term approach when it comes to individual board- and management-led value creation projects.

The Board sets the compensation for its members at a level that reflects individual responsibility and contribution, as well as time allocated to the Board mandate. Beyond their statutory duties and supervisory and risk management tasks, Board members contribute to Partners Group's growth and development by supporting the analysis of investment opportunities, coaching senior leaders of the firm, working alongside client teams on business development and major client relationships, and actively contributing to the firm's corporate and cultural development.

5.1. Review of payout structure for independent Board members

Until the AGM of shareholders in 2020, we followed a private markets approach in a public market context and granted restricted options to independent Board members: in private markets, we expect independent directors on portfolio company Boards to actively participate in developing value-enhancing strategies. Therefore, we typically expect that they invest a meaningful proportion of their own net worth into the portfolio company alongside private equity investors in order to participate in both upside potential and downside risk. In line with this principle, and to encourage engagement in value creation initiatives, incentive schemes for independent Board members may allow for additional upside through options – but only if these Board members materially share the downside risk.

This approach to remunerating independent Board members led to discussions with some of our largest shareholders and proxy advisors and, ultimately, to a comparably low acceptance rate of our Compensation Report over the last few years (2020: 64%, 2019: 69%). We have therefore decided to **replace restricted options with restricted shares** when compensating independent Board members and follow the best practice of public market board compensation.

5.2. Compensation 2020

The compensation of the **executive members of the Board of Directors** was set as follows: the cash base salary is fixed at CHF 0.30 million p.a. For overall LTI allocations, the assessment of the compensation of executive members of the Board of Directors is in line with that of the Executive Committee. The NCC determined the overall LTI pool by looking at quantitative and qualitative criteria. In line with the LTI pool for the Executive Committee, the overall LTI pool for executive members of the Board of Directors decreased by 15% compared to the amount granted in 2019. Individual goals differ depending on a member's function and level of responsibility and are outlined in Exhibit 2. At Board committee-level, each executive member of the Board of Directors has additional responsibilities through his/her membership in the respective sub-committees. Due to their already significant shareholding in the firm, executive members of the Board of Directors were granted their LTI entirely in MPP rights (similar to last year).

Executive members of the Board of Directors contributed to the firm's **Portfolio Employee Support Fund**. Partners Group matched their contribution. The fund was designed to support the most financially vulnerable employees at our portfolio companies during the crisis by addressing the specific needs of the families and individuals in these workforces, in particular for medical expenses, healthcare and childcare. All four executive members of the Board of Directors forfeited 9 months of their annual base salary, donating CHF 0.9 million altogether to this fund.

For the compensation of **independent Board members**, the NCC continued to apply the existing detailed module-based approach as outlined in the compensation framework in Exhibit 11. The compensation will largely be determined by the business assignments carried out, the time each member allocates to Board committee responsibilities and their additional contribution to the firm's business beyond their committee responsibilities.

Independent Board members are each paid 50% in cash and – newly – 50% in restricted shares delivered in one installment in the current board period. These restricted shares have a five-year selling restriction². Similar to last year, independent Board members did not receive any LTI and pension benefits.

² Restricted shares have a five-year selling restriction as long as independent Board members serve on the Board of Partners Group Holding AG. Should they not be re-elected the selling restriction will be reduced to one year.

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Exhibit 11: Compensation framework: independent Board members

	Description	Compensation
Board membership	Regular Board work, including offsites; client AGM; and other Board-related work.	Compensation: CHF 0.10 million
Chair/member¹⁾ (NCC, IOC, COC) Member (RAC, SC)	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	Compensation: CHF +0.05 million (for each assignment)
Chair (RAC)	Official RAC meetings and several other - mainly internal - meetings, and traveling.	Compensation: CHF +0.10 million
Ad-hoc Board committee work	Value creation and other PG-related initiatives via specially created committees.	Compensation: CHF +0.05 to 0.10 million, dependent on time allocation

1) The Strategy Committee (SC) and the Client Oversight Committee (COC) are not expected to be led by Independent Board members.

Consistent with industry standards, Board members may also invest into Partners Group investment programs on a no management fee and no performance fee basis. Any such discounted fees granted to members of the Board of Directors for investments made alongside investors in the firm's closed-ended investment programs will be disclosed in the Compensation Report (see section 3.3). The respective revenues not generated due to these fee discounts to independent Board members amounted to around CHF 10 thousand and represented <0.001% of total revenues of the firm. Therefore, they are immaterial to influence their independent judgment.

5.3. Executive Chairman of the Board

The Chairman's role requires a substantial commitment concerning time and involvement. Under the leadership of the Executive Chairman **Steffen Meister**, the Board determines, among other things, the strategy of the firm and exercises ultimate supervision over management. The Chairman has a focus on strategic projects and drives forward business and corporate development (through his engagement as chair of the Strategy Committee). Moreover, he is actively involved in the development of client-related initiatives (through his seat on the Client Oversight Committee). He is, together with the Executive Committee, responsible for the development of the next generation of leaders and serves as a coach for the Executive Committee. The Chairman is also a member of the board of directors of the firm's portfolio company Hearthside

Food Solutions and takes an active role in representing the firm vis-à-vis regulators, key shareholders, investors, and other important external stakeholders.

The Chairman is paid an annual base Board fee of CHF 0.30 million (2019: CHF 0.30 million). Steffen Meister forfeited 9 months of his annual base salary, donating CHF 0.23 million to the firm's Portfolio Employee Support Fund. He was assessed by the NCC and met his Board-level performance objectives outlined in Exhibit 2. Based on his achievements in 2020, he received the same compensation factor as the Executive Committee (0.85x). The Chairman was therefore granted LTIs amounting to CHF 1.28 million (2019: CHF 1.50 million), entirely granted in MPP. This brings his total compensation to CHF 1.64 million, including pension benefits as outlined in Exhibit 13 (2019: CHF 1.86 million).

5.4. Executive members of the Board

There are an additional three executive members of the Board of Directors, **Dr. Marcel Erni**, **Alfred Gantner** and **Urs Wietlisbach**, who are significant shareholders of the firm. Each is a founding partner of the firm and dedicates a substantial amount of his time to the firm. Each of them also plays an instrumental role in determining the firm's business and corporate strategy (via the Strategy Committee), in assessing the quality and consistency of decision processes, the investment performance achieved, the realization of the projected appreciation on individual investments, and the investment risks incurred (via the Investment Oversight Committee), and/or in driving forward major client relationships (via the Client Oversight Committee). Dr. Marcel Erni and Alfred Gantner hold various boards seats in Partners Group's lead/joint-lead portfolio companies.

The NCC assesses their contribution to each Board-level committee throughout the year. Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach were each awarded an annual base Board fee of CHF 0.30 million (2019: CHF 0.30 million). Each founder forfeited 9 months of his annual base salary, donating CHF 0.23 million to the firm's Portfolio Employee Support Fund. With regards to their LTI allocation, each member met the expectations of the NCC on all Board committees and were each awarded an LTI grant of CHF 0.85 million (2019: CHF 1.00 million), entirely granted in MPP. This brings the total compensation of Dr. Marcel Erni to CHF 1.22 million (2019: CHF 1.36 million), Alfred Gantner to CHF 1.23 million (2019: CHF 1.36 million) and Urs Wietlisbach to CHF 1.22 million (2019: CHF 1.36 million), including pension benefits as outlined in Exhibit 13.

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5.5. Independent members of the Board

The independent Board members who focused on Board- and committee-related mandates at Partners Group are **Grace del Rosario-Castaño, Lisa A. Hook, Dr. Martin Strobel** and **Dr. Eric Strutz**. Independent Board members spend a significant amount of time contributing to several strategic board-level initiatives. They have many formal and informal interactions with management and employees across the firm on an extensive range of matters and projects (e.g. key strategic growth projects, key client-related matters, legal, compliance, audit, promotion considerations, leadership development etc.). As of 2020, independent Board members are each paid 50% in cash and 50% in restricted shares. They do not receive any LTIs or pension benefits. Select independent Board members hold board seats in Partners Group's lead/joint-lead portfolio companies (see detailed overview in Partners Group's Corporate Governance Report 2020).

Lisa A. Hook was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.05 million for being a member of the Investment Oversight Committee, CHF 0.05 million for her contribution in the Risk & Audit Committee and CHF 0.05 million for being a member of the NCC. This brings her total compensation to CHF 0.27 million (including base fee and other compensation as outlined in Exhibit 13).

Grace del Rosario-Castaño was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.05 million for chairing the NCC and CHF 0.05 million for being a member of the Investment Oversight Committee. Furthermore, she was entitled to CHF 0.05 million for her special leadership and corporate development assignments in Asia, in particular in the firm's main offices in Manila and Singapore, and her work on the local board of Partners Group's Manila entity. This brings her total compensation to CHF 0.27 million (including base fee and other compensation as outlined in Exhibit 13).

Dr. Eric Strutz acted as Vice Chairman and Lead Independent Director and was paid an annual base Board fee of CHF 0.10 million. He additionally received CHF 0.10 million for chairing the Risk & Audit Committee. He was also entitled to CHF 0.05 million for his special assignment on the local board of Partners Group's UK entity. This brings his total compensation to CHF 0.27 million (including base fee and other compensation as outlined in Exhibit 13).

Dr. Martin Strobel was paid an annual base Board fee of CHF 0.10 million. He additionally received CHF 0.05 million for being a member of the Strategy Committee, CHF 0.05 million for his contribution in the Risk & Audit Committee and CHF 0.05 million for being a member of the NCC. Furthermore, he devoted additional time to Partners Group, providing guidance on operational excellence matters globally. In this ad-hoc Board committee work, Martin Strobel advises the Technology Steering Committee and the firm's "operational excellence" program, amongst others. He received another CHF 0.10 million for this special assignment. This brings his total compensation to CHF 0.37 million (including base fee and other compensation as outlined in Exhibit 13).

5.6. Loans to the Board (audited)

Members of the Board may apply for loans and fixed advances, subject to an internal review and approval process. Loans are made on substantially the same terms as those granted to other employees. As of 31 December 2020, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member.

5.7. Board contracts (audited)

Contracts with members of the Board have no special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place in case of the departure of a Board member. Partners Group did not make any such payments to current members of the Board in 2019 and 2020.

5.8. AGM 2021: Board compensation approvals

In this section, the NCC proposes changes to the compensation for its independent Board members as of 2021. These proposals are made based on the firm having significantly increased in scope and size over the past few years in its global investment, client and corporate activities. One of the consequences of the firm's growth was its inclusion into the Swiss Market Index (SMI) in September 2020, an index that represents the largest 20 listed companies in Switzerland.

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The NCC reviewed the existing compensation framework for independent Board members by conducting a benchmark analysis across 20 publicly listed firms, including US, European and Swiss alternatives and asset managers, as well as select members of the SMI. It concluded that certain adjustments should be made to select functions and responsibilities that reflect the growing regulatory complexity in our industry and increasingly global activities of our company (RAC), the increasing human capital management responsibilities with an increasing number of professionals (NCC), as well as the requirement to dedicate more time to other Board sub-committees (IOC, COC, SC).

The proposed amendments are outlined in Exhibit 12 and are expected to become effective as of 2021, subject to the approval by shareholders at the AGM in May 2021. The NCC decided to not fully close the compensation gap to other large listed Swiss financials firms, which show a higher remuneration for independent Board members, and believes that the proposed adjustment to compensation will provide a more competitive compensation package for independent Board members and continue to allow the firm to access best in class candidates.

Exhibit 12: Amended compensation framework for independent Board members as of 2021

	Current framework	New framework
Board membership	CHF 100'000	CHF 100'000
RAC	Chair: CHF 100'000 Member: CHF 50'000	Chair: CHF 150'000 Member: CHF 100'000
NCC	Chair: CHF 50'000 Member: CHF 50'000	Chair: CHF 100'000 Member: CHF 50'000
IOC, COC, SC	Chair: CHF 50'000 Member: CHF 50'000	Chair: chaired by executive member Member: CHF 100'000
Larger subsidiary PG board	Member: CHF 50'000	Member: CHF 50'000
Ad-hoc Board committee work	Dependent on time allocation. Example: for each additional ~10% estimated time allocation CHF +100'000	Dependent on time allocation. Example: for each additional ~10% estimated time allocation CHF +100'000

The final proposals will be outlined in the invitation sent to shareholders for the AGM to be held on 12 May 2021.

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Exhibit 13: Board compensation for the full-year 2020 (audited)

In thousands of Swiss francs						2020
	Cash	Other ¹⁾	Subtotal cash compensation	Shares	MPP ³⁾	Total ^{4), 6)}
Steffen Meister, Executive Chairman	300	64	364	-	1'275	1'639
Dr. Eric Strutz, Vice Chairman	125	20	145	125	-	270
Dr. Marcel Erni	300	71	371	-	850	1'221
Alfred Gantner	300	75	375	-	850	1'225
Lisa A. Hook	125	19	144	125	-	270
Grace del Rosario-Castaño	125	20	145	125	-	270
Dr. Martin Strobel	175	23	198	175	-	373
Urs Wietlisbach	300	73	373	-	850	1'223
Total Board of Directors	1'750	365	2'115	551	3'825	6'491
Michelle Felman ⁵⁾	46	7	53	46	-	99
Patrick Ward ⁵⁾	60	11	72	46	-	118
Total Board of Directors incl. former members	1'856	383	2'239	644	3'825	6'708

1) Other compensation: other compensation includes payments by Partners Group for pension and other benefits. In particular, the following Board members received pension benefits: Dr. Marcel Erni, Alfred Gantner, Steffen Meister und Urs Wietlisbach. The remaining payments to the following members of the Board exclusively represent social security costs in relation to their compensation: Lisa A. Hook, Grace del Rosario-Castano, Dr. Martin Strobel and Dr. Eric Strutz.

2) Restricted shares were allocated on 18 November 2020 at a share price of CHF 922 per share. Restricted shares have a five-year selling restriction as long as independent Board members serve on the Board of Partners Group Holding AG. Should they not be reelected the selling restriction will be reduced to one year. The number of shares allocated to each Board member is as follows: Lisa A. Hook (136 shares), Grace del Rosario-Castano (136 shares), Dr. Martin Strobel (190 shares) and Dr. Eric Strutz (136 shares).

3) Fair value of Management Performance Plan (MPP) as outlined in section A.1.

4) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 16'777 thousand, including CHF 10'069 thousand for discounted fees. The total fee discounts received by the Board of Directors are listed below:

- Steffen Meister received a technical non-financial income stemming from fee discounts amounting to CHF 96 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from fee discounts amounting to CHF 2'393 thousand
- Alfred Gantner received a technical non-financial income stemming from fee discounts amounting to CHF 3'711 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from fee discounts amounting to CHF 2 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from fee discounts amounting to CHF 8 thousand
- Urs Wietlisbach received a technical non-financial income stemming from fee discounts amounting to CHF 3'857 thousand

5) Board member until the Annual General Meeting of shareholders on 13 May 2020.

6) Total compensation of the Board, excluding LTIs and social security costs represents CHF 2.7 million and lies within the approved compensation budget of CHF 3.0 million at the 2020 AGM of shareholders in May.

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Exhibit 14: Board compensation for the full-year 2019 (audited)

In thousands of Swiss francs						2019
	Cash	Other ¹⁾	Subtotal cash compensation	Shares / options	MPP ³⁾	Total ^{5), 7)}
Steffen Meister, Executive Chairman	300	55	355	-	1'500	1'855
Dr. Eric Strutz, Vice Chairman	100	8	108	100 ⁴⁾	-	208
Dr. Marcel Erni	300	55	355	-	1'000	1'355
Michelle Felman	125	10	135	125 ⁴⁾	-	260
Alfred Gantner	300	65	365	-	1'000	1'365
Grace del Rosario-Castaño	125	10	135	125 ⁴⁾	-	260
Dr. Martin Strobel	175	14	189	175 ⁴⁾	-	364
Patrick Ward	275	20	295	275 ⁴⁾	-	570
Urs Wietlisbach	300	61	361	-	1'000	1'361
Total Board of Directors	2'000	298	2'298	800	4'500	7'598
Dr. Charles Dallara, former member ⁶⁾	195	89	284	84 ²⁾	-	368
Dr. Peter Wuffli, former member ⁶⁾	75	6	81	-	-	81
Total Board of Directors incl. former members	2'270	393	2'663	884	4'500	8'047

1) Other compensation: other compensation includes payments by Partners Group for pension and other benefits. In particular, the following Board members received pension benefits: Dr. Marcel Erni, Alfred Gantner, Steffen Meister und Urs Wietlisbach. Patrick Ward received UK national insurance payments amounting to CHF 7'246. The remaining payments to the following members of the Board exclusively represent social security costs in relation to their compensation: Michelle Felman, Grace del Rosario-Castano, Dr. Martin Strobel, Dr. Eric Strutz and Patrick Ward.

2) Shares: Dr. Charles Dallara was allocated 115 PGH shares in the value of CHF 732 per share on 15 May 2019.

3) Fair value of Management Performance Plan (MPP) as outlined in section A.1.

4) Options: each option has a strike price of CHF 807.60 and vests immediately. The selling restricting is 5 years. The number of options allocated to each Board member is as follows: Michelle Felman (3'264 options), Grace del Rosario-Castano (3'264 options), Eric Strutz (2'611 options) Dr. Martin Strobel (4'570 options) and Patrick Ward (7'181 options). For further information on the fair value of options and shares granted in 2019, please see consolidated financial statement under 4.3.

5) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 13'734 thousand, including CHF 5'687 thousand for discounted fees. The total fee discounts received by the Board of Directors are listed below:

- Steffen Meister received a technical non-financial income stemming from fee discounts amounting to CHF 34 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from fee discounts amounting to CHF 1'568 thousand
- Alfred Gantner received a technical non-financial income stemming from fee discounts amounting to CHF 2'511 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from fee discounts amounting to CHF 0.5 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from fee discounts amounting to CHF 2 thousand
- Urs Wietlisbach received a technical non-financial income stemming from fee discounts amounting to CHF 1'555 thousand
- Dr. Peter Wuffli received a technical non-financial income stemming from fee discounts amounting to CHF 16 thousand

6) Board member until the Annual General Meeting of shareholders on 15 May 2019.

7) Total compensation of the Board, excluding LTIs and social security costs represents CHF 3.0 million and lies within the approved compensation budget of CHF 3.25 million at the 2019 AGM of shareholders in May.

Compensation Report

6. Appendix

A.1. LTIs

The MPP

The MPP consists of a performance right (option-like instrument), which focuses on the firm's share performance, and a performance fee component, which focuses on active value creation in the firm's underlying investment programs. Achieving only one component while not the other results in no payout. Any payout will be in a number of restricted Partners Group shares in the value of the respective payout.

Share price component (year 1 to 5)

As a public firm, we aim to provide superior and sustainable total shareholder return and ensure that senior executives place an emphasis on positive share price development over the mid- to long-term. We therefore link the share price component of the MPP to positive development of the share price of Partners Group Holding AG (i.e. price return on PGHN). A negative development of the share price results in no payout.

For the 2020 MPP grant, the intrinsic value of these MPP rights will be measured five years after the grant date and cannot exceed 7.6x the grant fair value (2019: 10x the grant fair value). We believe that measuring performance over an extended five-year period is consistent with the long-term orientation of the firm's business.

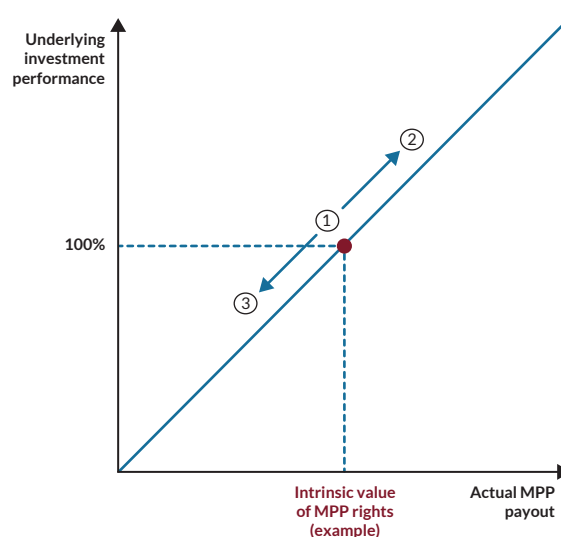
Performance fee component (year 5 to 14)

While the share price component focuses on the price return of the share in order to determine an intrinsic value, the performance fee component focuses entirely on how the intrinsic value will be paid out in the following years (in the form of restricted Partners Group shares). In other words, the performance fee component can further influence the magnitude and the timing of the payout as both are dependent on the actual performance fees generated from the particular year in which MPP rights were granted.

- **Magnitude:** the magnitude depends on the actual performance fees that the firm is able to generate from its 2019 investment vintage throughout the next 15 years. For that purpose, the firm defines a target that is based on ex ante model returns. This target is set at 100% and needs to be achieved over a time period of 15 years ("1" in Exhibit 14). For example, if the intrinsic value of MPP rights is 100 and 100% of the targeted performance fees are actually paid to the firm, the plan

participant receives Partners Group shares in the value of 100. The total payout can be higher than the originally targeted nominal amount in the case of consistent investment performance above underlying assumptions ("2" in Exhibit 15), or lower than the originally anticipated nominal amount in the case of lower investment performance ("3" in Exhibit 15). In the worst-case scenario, the amount can be zero, irrespective of the intrinsic value determined through the share price component.

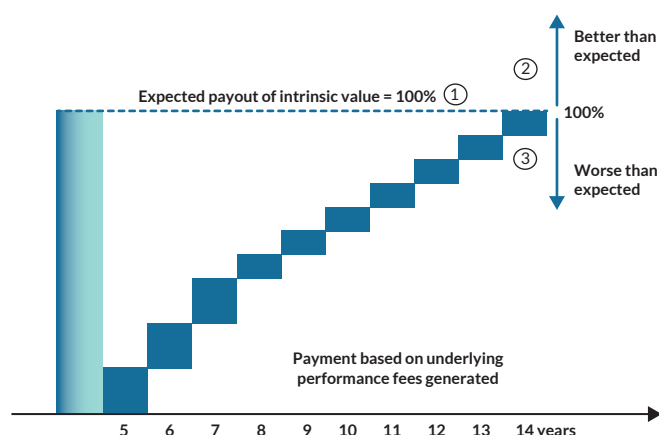
Exhibit 15: Illustration of actual MPP payout based on underlying investment performance



- **Timing:** the MPP payout occurs as the performance fees of the underlying investment vintage materialize, as illustrated in Exhibit 16. After each year, we compare the actual proportion of performance fees generated against the defined target. We then pay out the same proportion of the intrinsic value of the MPP grant in the form of restricted shares. For example, should the 2020 investment year pay out 15% of its anticipated total payout (100%) in 2025, we would pay out 15% of the intrinsic value of MPP rights, determined via the share price component, to plan participants in the form of restricted Partners Group shares in 2025.

Compensation Report

Exhibit 16: Actual MPP payout occurs as the performance fees of the underlying investment vintage materialize (illustration)

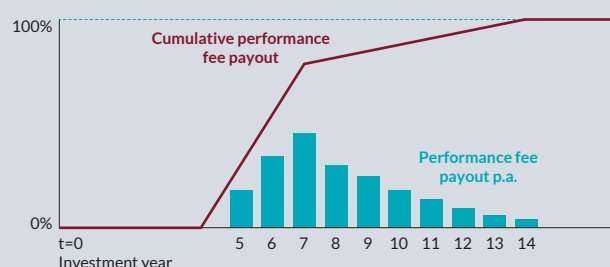


Illustrative example: performance fee payout structure for the 2020 investment year

Future potential performance fees will depend on investments made between Q4 2019 and Q3 2020 ("2020 investment year"). Once profitable investments have been realized, cash is first distributed to the investors in our investment programs.

Only once the hurdle rate that was agreed with the firm's clients has been cleared (i.e. the client has already achieved a certain predefined minimum return, typically 8% p.a.) will a part of the investment profits be distributed to the firm (in the form of performance fees). Depending on the investment outcomes and timing of the investment realizations, it often takes up to 14 years until the full payout of performance fees is received, as illustrated in Exhibit 17.

Exhibit 17: Possible payout pattern of performance fees under MPP



Vesting parameters

The MPP grants vest linearly over a period of five years. For members of the Executive Committee and executive members of the Board of Directors, the linear vesting is subject to a minimum five-year tenure in the respective committee. Before that, it has a five-year cliff vesting attached.

Vesting rules in case of retirement

Given that the firm aims to foster a performance-oriented work environment, senior employees of the firm receive the majority of their compensation in LTIs with long vesting periods. This is also the case for employees nearing their retirement. This can result in senior employees entering their retirement with a meaningful portion of unvested LTIs.

In order to ensure that senior employees continue to contribute to the firm's success until their retirement, the NCC has established special vesting rules for senior employees heading towards their retirement.

At the time of retirement, all LTIs for Executive Committee members and executive members of the Board of Directors shall be deemed to have fully vested and become unrestricted, provided that the employee has reached the age of 55 and has served the firm for ten years or more as a Managing Director/Partner.

The vesting relief is subject to the following conditions: the employee is considered a good leaver, agrees to sign a two-year non-compete agreement and will have no new principal employment in the private markets industry.

The NCC may use its discretion to make further adjustments to the rules outlined above on a case-by-case basis in order to achieve the best result for both the business and the employee coming up to retirement.

Compensation Report

A.2. Compensation governance

Legal framework

The Swiss Code of Obligations as well as the Corporate Governance Guidelines of the SIX Swiss Exchange require listed companies to disclose information about the compensation of members of the Board and Executive Committee, their equity participation in the firm and any loans made to them. This Annual Report fulfills that requirement. In addition, this Annual Report is in line with the principles of the Swiss Code of Best Practice for Corporate Governance of the Swiss Business Federation (economiesuisse).

Compensation decision-making authorities

Compensation allocation is an important and challenging governance and leadership task. As such, Partners Group's Board assigns the NCC with the task of carrying out a systematic process on an annual basis. The Committee has combined responsibilities for "nomination" and "compensation" proposals, as both are an integral and a closely linked part of a typical compensation.

The nomination process ensures the assessment and nomination of individuals is based on their contribution to the firm's success and on their potential for development, while the compensation process ensures the respective adjustments to compensation based on functions, responsibilities and performance. Giving one committee responsibility for both the nomination and compensation processes should ensure a seamless transition between a professional's development and compensation.

The NCC fulfills the duties set out for it in the firm's articles of association. In particular, the committee oversees the firm's compensation structure to ensure adherence to Partners Group's strategy and culture and to recognized best practices:

- It reviews compensation proposals by the Executive Committee to ensure they comply with determined principles and performance criteria and evaluates the proposals' consistency with the firm's values, such as "fair pay" and "pay for performance."
- It advises and supports the Board and the Executive Committee with regard to firm-wide promotions, leadership development measures and succession planning.
- It submits nomination and compensation motions and recommendations to the Board and is also responsible for the preparation of this Compensation Report.

Committee members

As of 31 December 2020, the members of the NCC were Grace del Rosario-Castaño (Chair), Lisa A. Hook and Dr. Martin Strobel. According to the independence criteria outlined in our Corporate Governance Report (section 3), Grace del Rosario-Castaño, Lisa A. Hook and Dr. Martin Strobel are independent Board members. The members were elected by shareholders for a one-year term with the possibility of re-election.

Committee meetings & decisions taken

Throughout the year, members of the NCC interact with the Chairman, the Co-CEOs and other members of the Executive Committee on a regular basis. Throughout 2020, formal and informal meetings were held with a large group of the firm's senior leaders to discuss compensation budgets, department bonus allocation plans, promotion criteria and other compensation-related topics.

Typically, the NCC interacts via several informal meetings throughout the year and holds two decision meetings in the second half of the year:

- In its first decision meeting (Q3), the NCC confirms the budget allocations for short term cash payments and LTIs (MPP and EPP). During the meeting, the committee defines guidelines for the allocation of the various compensation pools.
- In its second decision meeting (Q4), the NCC approves the compensation proposal for the Executive Committee and Global Executive Board members and proposes the compensation for the Co-CEOs and Board members. Compensation authorities are outlined in Exhibit 18. Partner- and Managing Director-level promotions and compensation are ratified individually.

A.3. Review: binding budgets 2014-2018 vs. actual payouts

With the introduction of the Ordinance against Excessive Compensation in listed joint stock companies ("OaEC") of the Swiss Federal council, shareholders can express a binding vote on the compensation of the Board of Directors and Executive Committee as of the financial year 2014 onwards. As of 31 December 2020, the actual payout to current and former Executive Committee member or to executive members of the Board of Directors has never exceeded the approved budgets between 2014 and 2018.

Compensation Report

Exhibit 18: Approval authorities

Compensation pools	Budget/proposal		Approval	
Board of Directors, Executive Committee	NCC	Q4	Shareholders' AGM	May
Group-level budget	NCC	Q3	Board of Directors ratifies	Q4
Department-level budget	Chairman & Co-CEOs	Q3	NCC approves	Q4

Individual compensation	Budget/proposal		Approval	
Chairman of the Board of Directors	Chair of the NCC	Q4	Board of Directors approve	Q4
Members of the Board of Directors	NCC			
Co-CEOs				
Executive Committee, Global Executive Board	Chairman & Co-CEOs	Q4	NCC approves, Board of Directors ratifies	Q4
Senior Members of Management	Executive Committee			
Members of Management and Professionals	Business Department Heads			

Note: in the case of approving the Chairman's compensation and the additional fees for the Nomination & Compensation Committee (NCC) members, the Board member concerned does not participate in the recommendation involving his or her own compensation.

Compensation Report



Statutory Auditor's Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Compensation Report

We have audited the accompanying compensation report of Partners Group Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in sections 4.6 to 4.7 and exhibits 9 to 10 on pages 130 and 131 as well as sections 5.6 to 5.7 and exhibits 13 and 14 on pages 134, 136 and 137 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report for the year ended 31 December 2020 of Partners Group Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Christoph Hochuli
Licensed Audit Expert

Zurich, 15 March 2021

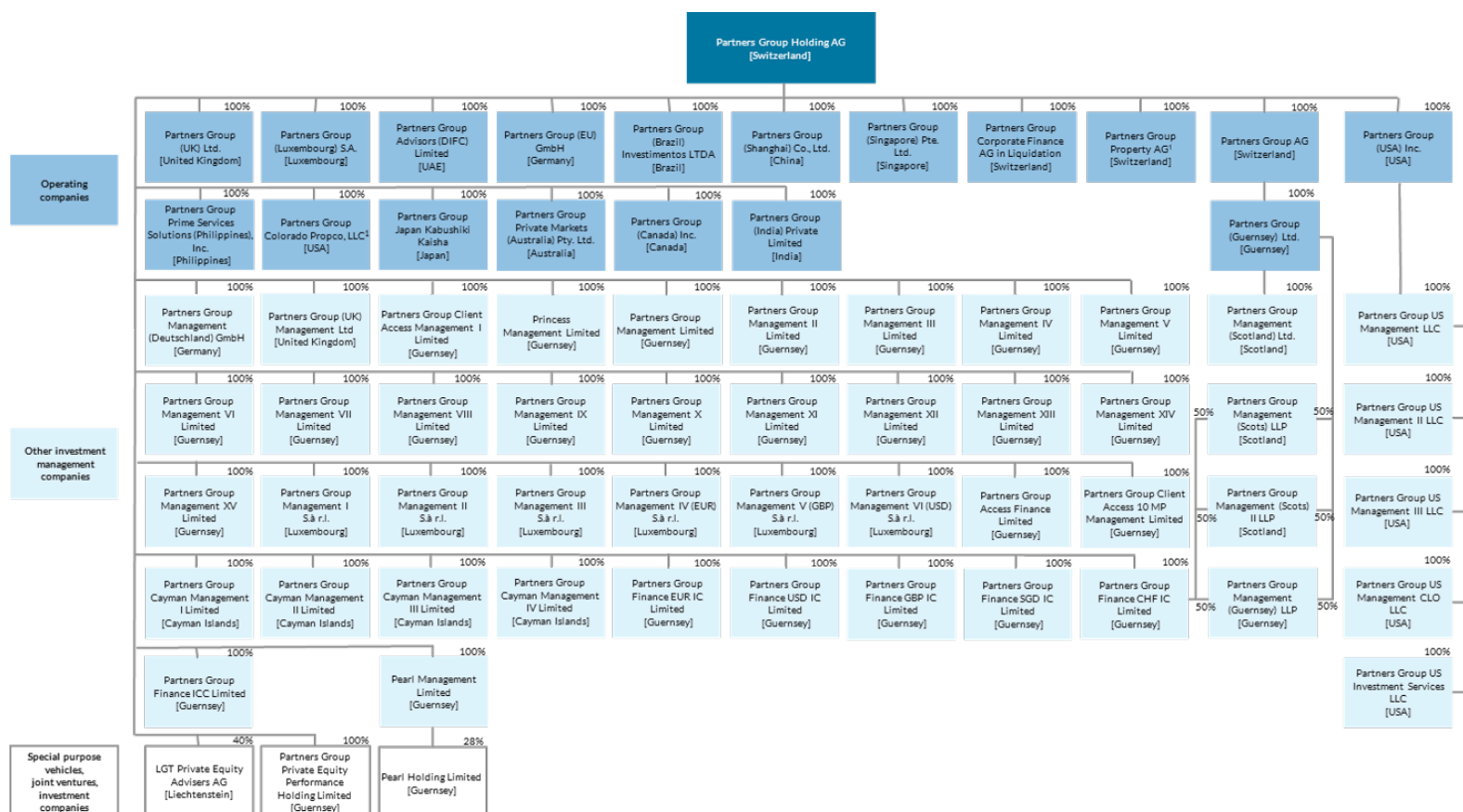
Corporate Governance Report

Partners Group has entities in various jurisdictions regulated by, including but not limited to, the Swiss Financial Market Supervisory Authority (FINMA), the U.S. Securities and Exchange Commission (SEC), the United Kingdom Financial Conduct Authority (FCA), the Monetary Authority of Singapore (MAS), the Commission de Surveillance du Secteur Financier (CSSF) and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), which uphold the requirements that these regulations imply. Partners Group is committed to meeting high standards of corporate governance, with the aim of guiding the firm to further success. Partners Group prepares its Corporate Governance Report according to the "Directive on Information relating to Corporate Governance (including its annex)" issued by the SIX Exchange Regulation and also takes into account the "Swiss Code of Best Practice for Corporate Governance" issued by economiesuisse.

The corporate governance section contains information on the following:

1. Group structure and shareholders
2. Capital structure
3. Board of Directors
4. Executive Committee
5. Global Executive Board
6. Compensation, shareholdings and loans
7. Shareholders' participation rights
8. Changes of control and defense measures
9. Auditors
10. Information policy
11. Non-applicability/negative disclosure

In this Corporate Governance Report, references to "Partners Group", the "firm", the "company", the "entity", "we", "us" and "our" are to Partners Group Holding AG together with its consolidated subsidiaries, unless the context requires otherwise. Furthermore, the board of directors of Partners Group Holding AG shall be referred to as "Board" or "Board of Directors".



1) Formed for the purpose of purchasing, construction, maintenance or management of land and property (non-investment related).

As of 31 December 2020 (Partners Group). The purpose of the chart above is to provide an overview of the group structure of Partners Group Holding AG and its subsidiaries/affiliates. The ownership percentages reflected in the chart are meant for illustrative purposes and are rounded.

Corporate Governance Report

1. Group structure and shareholders

1.1. Group structure

1.1.1. Description

Partners Group operates through majority or wholly owned direct or indirect subsidiaries in Switzerland, the United States, Luxembourg, Germany, the United Kingdom, Guernsey, Singapore and other jurisdictions. The chart on the previous page provides an overview of the group structure as of 31 December 2020.

1.1.2. Listed companies belonging to the Group

Partners Group Holding AG is a stock corporation incorporated under Swiss law with its registered office and headquarters at Zugerstrasse 57, 6341 Baar-Zug. The shares of Partners Group are listed pursuant to the International Reporting Standard on the SIX Swiss Exchange AG under the Valor number 2460882 and ISIN CH0024608827. The market capitalization of the company as of 31 December 2020 was CHF 27.8 billion. All other group companies are privately held.

1.1.3. Non-listed companies belonging to the Group

For more detailed information on the non-listed subsidiaries of the group, including names, domiciles, share capital and ownership interests, please see section 6 of the notes to the financial statements of Partners Group Holding AG in the Annual Report. For more detailed information on the non-listed operating subsidiaries of the group, including principal activity, place of incorporation, registered office and ownership interests, please see section 17 of the notes to the consolidated financial statements in the Annual Report 2020.

1.2. Significant shareholders

Partners Group has the following significant shareholders holding over 3% of the shares and voting rights of Partners Group Holding AG as of 3 March 2021.

The founding partners and largest shareholders of Partners Group Holding AG, Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach (the "Founding Partners"), each hold 1'338'959 shares in Partners Group Holding AG, corresponding to 5.01% each of the total share capital of Partners Group Holding AG.

On 3 December 2015, Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach entered into a five-year

derivative transaction plan with Morgan Stanley & Co. International plc, each for up to 4.12% of Partners Group Holding AG's total share capital (the "Derivative Transaction Plan"). The Derivative Transaction Plan involves collars, which include the purchasing of put and the writing of call options (each a "Derivative Transaction"). Each Derivative Transaction was due to expire on 17 June 2021, subject to early termination, including optional early termination by the Founding Partners. In order to coordinate the exercise of their Derivative Transactions, the Founding Partners have formed a group for their total derivative transaction positions of 12.37% (4.12% each) of the total share capital.

On 20 February 2017, the Founding Partners each extended the Derivative Transaction Plan by another 0.87% of Partners Group Holding AG's total share capital (each an "Extension"). Each Extension involves another collar that was also due to expire on 17 June 2021, subject to early termination, including optional early termination by the three Founding Partners.

On 10 September 2020, each Founding Partner decided to terminate and settle the Derivative Transaction Plan and the Extension early, which lead to a decrease in their shareholding in Partners Group Holding AG of 5.01% each.

In addition, on 18 March 2020, a group controlled by BlackRock, Inc., 55 East 52nd Street, New York, NY 10055, USA, disclosed an acquisition of shares resulting in a shareholding of 1'328'551 shares, corresponding to 4.98% of the total share capital.

On 10 July 2020, a group controlled by Allianz SE, 80802 Munich, Germany, disclosed shareholdings of 900'683 shares, corresponding to 3.37% of the total share capital.

As of 31 December 2020, Partners Group held 347'655 treasury shares, corresponding to 1.30% of the total share capital.

All disclosures according to art. 120 of the Financial Market Infrastructure Act (FMIA), including further details on the lock-up group and organized group referred to above as well as on option plans, can be found on the SIX Exchange Regulation homepage: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

1.3. Cross-shareholdings

Partners Group has no cross-shareholdings of 5% or more with another company or group of companies.

Corporate Governance Report

2. Capital structure

2.1. Capital

The issued nominal share capital of Partners Group amounts to CHF 267'000, divided into 26'700'000 fully paid-in registered shares with a nominal value of CHF 0.01 each.

2.2. Authorized and conditional share capital

As of 31 December 2020, Partners Group has no authorized share capital.

As of 31 December 2020, the following conditional share capital is available to Partners Group's Board of Directors: a maximum amount of CHF 40'050 through the issuance of no more than 4'005'000 registered shares, with restricted transferability, that are to be fully paid-in and that have a nominal value of CHF 0.01 each.

The right to subscribe to new shares as part of the conditional share capital increase is granted to members of the Board of Directors and employees of Partners Group through the exercise of option rights (the "Beneficiaries"). Subscription and pre-emptive rights of shareholders are excluded for this conditional capital increase in favor of the Beneficiaries. The Board of Directors will determine all details of the terms of issue, such as the amount of issue, date of dividend entitlement and kind of contribution, and will establish the related equity investment plan. The acquisition of the registered shares by exercising the option rights and the further transfer of the shares are subject to the transfer restrictions set forth in section 2.6 below.

2.3. Changes in capital

No changes in share capital have occurred during the last three years.

2.4. Shares and participation certificates

Partners Group has issued 26'700'000 fully paid-in registered shares with a nominal value of CHF 0.01 each in accordance with our articles of association (available at <http://www.partnersgroup.com/articlesofassociation>). The shares have been issued in the form of book-entry securities. Shareholders do not have the right to ask for printing, emission or delivery of share certificates. Shareholders may, however, request at any time that Partners Group issues an attestation of their stock holding.

All shares have equal rights. Each share carries one vote at shareholders' meetings. Voting rights and certain other non-economic rights attached to the shares, including the right to call and to attend shareholders' meetings, may be exercised only after a shareholder has been registered in the share register of Partners Group as a shareholder with voting rights. All shares are entitled to full dividend payments.

Partners Group has not issued (non-voting) participation certificates (Partizipationsscheine).

2.5. Dividend-right certificates

Partners Group has not issued any dividend-right certificates (Genussscheine).

Corporate Governance Report

2.6. Transfer of shares, restrictions on transferability and nominee registration

Share transfers, as well as the establishing of a usufruct (each hereafter the “Share Transfer”), require the approval of the Board of Directors of Partners Group Holding AG. A Share Transfer may only be refused if the Share Transfer would cause the shareholder to reach a shareholding exceeding 10% of the total nominal share capital of Partners Group Holding AG or if the shareholder does not expressly declare the acquisition in their own name. Approval for Share Transfers due to inheritance or matrimonial property law may not be refused.

The Board of Directors may grant exceptions to this rule in relation to the trading of shares, for example the recording of persons holding shares in the name of third parties. Nominees may be entered in the share register with voting rights for a maximum of 5% of the total nominal share capital and may be allowed to exceed this limit if they disclose the names, addresses and shareholdings of the persons for account of whom they are holding the shares. The Board of Directors concludes agreements with such Nominees in relation to disclosure requirements, representation of shares and exercise of voting rights.

Share Transfers approved based on false representations of the transferee may be revoked and the shareholder deleted from the share register. A Share Transfer is deemed to have been approved if it has not been declined within 20 days.

Amendments to the applicable transfer restrictions regime requires shareholder approval with a quorum of at least two-thirds of the represented votes and the absolute majority of the represented nominal share capital.

During the financial year 2020, no exceptions to the limitations on transferability and nominee registration were granted.

For more details, please see articles 5 and 6 of our articles of association (available at <http://www.partnersgroup.com/articlesofassociation>).

2.7. Convertible bonds and options

Partners Group currently has no convertible bonds outstanding.

On 7 June 2017, Partners Group issued its first corporate bond, raising CHF 300 million through a fixed-rate senior unsecured CHF-denominated issue (ISIN: CH0361532895). The bond was issued with a seven-year term and a coupon of 0.15% and matures on 7 June 2024. On 21 June 2019, Partners Group issued its second corporate bond, raising CHF 500 million through a fixed-rate senior unsecured CHF-denominated issue (ISIN: CH0419041287). The bond was issued with an eight-year term and a coupon of 0.40% and matures on 21 June 2027. Please see section 13 of the notes to the consolidated financial statements in the Annual Report 2020 for comprehensive information on the bonds issued by the firm.

Since 30 June 2000, Partners Group has established regular share and option programs that entitle management personnel and a large number of employees to purchase and/or hold shares in the entity. The options can be settled either by the issuance of shares out of conditional share capital or by the delivery of existing shares (treasury shares). Please see section 4 of the notes to the consolidated financial statements in the Annual Report 2020 for comprehensive information on the share and option program of the firm.

Partners Group has not issued any further options or warrants.

Corporate Governance Report

3. Board of Directors

The Board of Directors of Partners Group is entrusted with the overall strategy and direction of the company and with the supervision of its management. As of 31 December 2020, the Board of Directors consists of eight members. All members were elected at the annual general meeting of shareholders ("Annual General Meeting") 2020 for a one-year tenure with the possibility of re-election.

The table below shows the current composition of the Board of Directors and Committee membership (for further details and allocation of tasks see section 3.5 below):

Name	Independent Director	Strategy Committee	Investment Oversight Committee	Client Oversight Committee	Risk & Audit Committee	Nomination & Compensation Committee
Steffen Meister, Chairman						
Dr. Eric Strutz, Vice Chairman ¹⁾						
Dr. Marcel Erni						
Alfred Gantner						
Lisa A. Hook						
Grace del Rosario-Castaño						
Dr. Martin Strobel						
Urs Wietlisbach						
 Member	 Chair	 Lead Independent Director				

Note: next to the committees mentioned above, the Crisis Committee has the following members: Steffen Meister (Chairman), Dr. Eric Strutz and Alfred Gantner.

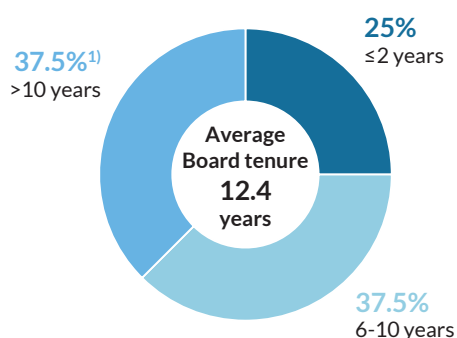
1) Dr. Eric Strutz will retire from the Board of Directors as of 12 May 2021 after ten years as an independent member of the Board.

Corporate Governance Report

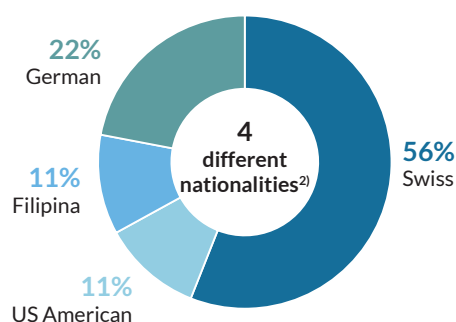
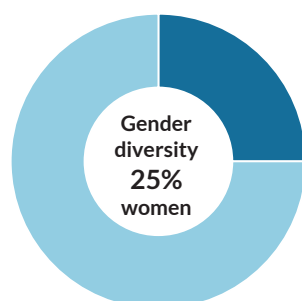
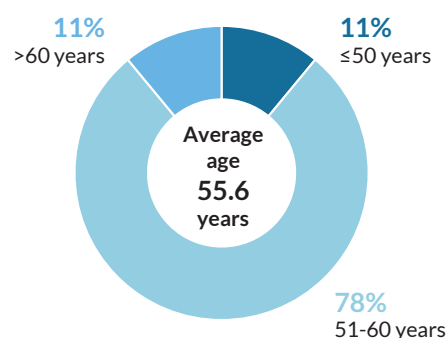
All Board members exhibit:

- Strong alignment with shareholders
- Deeply active engagement with focus on value creation
- Bias towards trusted, long-term relationships
- A commitment to the long-term success of Partners Group
- A proven record of success
- High integrity
- Strong board leadership skills in shaping and directing strategy
- Knowledge of corporate governance requirements and practices
- A commitment to sustainability and corporate responsibility extending beyond our direct stakeholders

Our Board members exhibit an effective and broad mix of skills, experience and diversity



1) Including the Founding Partners.



2) Graph takes into account board members with double nationalities.

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.



8

Private markets industry know-how¹⁾



5

Risk management experience³⁾



8

Broad international exposure⁵⁾



7

C-level experience²⁾



6

Operational experience⁴⁾



7

Investment experience⁶⁾

1) Have had at least **5 years** of experience in the private markets industry

2) Have had at least **5 years** of C-level experience

3) Have had at least **5 years** of involvement in risk management activities

4) Have had at least **5 years** of operational experience (through line or general management roles that included profit and loss responsibility)

5) Have had at least **10 years** of international business exposure

6) Have had at least **10 years** of investment management experience

Corporate Governance Report

3.1. Members of the Board of Directors

All members of the Board of Directors of Partners Group Holding AG are also members of the Board of Directors of Partners Group AG, a 100% privately held subsidiary of Partners Group Holding AG. Individual members of the Board of Directors of Partners Group Holding AG are also members of the Board of Directors of other operating entities of the group, such as group entities in the UK and the Philippines.

The following provides information on the independence criteria for members of the Board of Directors and on the professional history and education of each such member, including other significant activities in governing and supervisory bodies of important financial organizations, institutions and foundations under private and public law, permanent management and consultancy functions for important Swiss and foreign interest groups, official functions and political posts.

Independence statement for members of the Board

Best practice in corporate governance calls for the independence of selected Board members as an important element of its quality and integrity. However, codes of best practice, regulators and proxy advisors tend to use different criteria and no globally accepted standard has yet emerged. Having reviewed a series of possible criteria from different sources, ranging from financial market authorities, other stock exchanges and codes of best practice to foundations and independent asset managers with a focus on sustainable corporate development, Partners Group recognizes differences in the definition of Board member independence. Partners Group follows the general corporate governance principle of “comply or explain” and therefore applies the following criteria to evaluate the independence of its Board members.

First and foremost, when searching for an external independent member of the Board, Partners Group looks for accomplished, distinctive and competent personalities who are respected based on their achievements. Moreover, they are selected based on their ability to contribute relevant professional skills, commit substantial capacity and add to the diversity of the Board in terms of background and unbiased perspectives. In our view, these selection criteria represent the essence of true independence.

In addition, Partners Group applies several formal criteria for Board member independence.

Independent members of the Board may not:

- have a line management function (i.e. positions with substantial decision-making authority) for Partners Group, or any of its affiliates, currently or in the three years prior to their appointment;
- be employed or otherwise affiliated with our statutory auditors, currently or in the three years prior to their appointment;
- have an overall tenure of more than ten years.

Partners Group also applies the following additional criteria to independent Board members, whereby the materiality of such criteria is evaluated on a case-by-case basis:

- limited financial dependence on Partners Group in terms of employment, income and shareholding relative to their individual overall situation; and
- no material direct or indirect business relationship with Partners Group or any of its affiliates (except as an investor in Partners Group products).

As a result of this evaluation process (which is reviewed annually) we consider the following current Board members as independent: Dr. Eric Strutz (Lead Independent Director), Lisa A. Hook, Grace del Rosario-Castaño and Dr. Martin Strobel.

Neither of the independent Board members, nor any of their close family members, have ever been members of the senior executive management of Partners Group, nor any of its subsidiaries, nor do they have any significant business connections with either Partners Group or one of its subsidiaries. None of the independent Board members exercise any official functions or hold a political post, nor do they have any permanent management/consultancy functions for significant domestic and foreign interest groups.

Lead Independent Director

Dr. Eric Strutz is the firm's Lead Independent Director. The Lead Independent Director is an independent Board member with the main mandate to coordinate and align the views of independent Board members in case of fundamental disagreements and conflicts with non-independent, executive Board members. The Lead Independent Director is elected by the Board for a term of office of typically one year. Re-election is possible.

Corporate Governance Report

History and education of each member of the Board of Directors, including their responsibilities and other activities and functions

Steffen Meister



Steffen Meister is a Partner of the firm and Executive Chairman of the Board of Directors of Partners Group Holding AG, based in Baar-Zug. Steffen Meister has been with Partners Group since 2000 and served as Delegate of the Board from 2013 to 2018 and as Chief Executive Officer from 2005 to 2013. Prior to joining Partners Group, he worked at Credit Suisse Financial Products and had part-time assignments at Swiss Reinsurance Co. and the Department of Mathematics of the Swiss Federal Institute of Technology (ETH) in Zurich. He has 25 years of industry experience and holds a master's degree in mathematics from the Swiss Federal Institute of Technology (ETH), Switzerland.

Director since: 2013

Age: 50

Nationality: Swiss

Board Committees:

Strategy Committee (Chairman), Client Oversight Committee

Other board mandates:

Crossiety AG (Co-Founder and Chairman), FAIRTIQ AG

Board mandates at Partners

Group's portfolio companies*:

Hearthside Food Solutions

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

*Partners Group representatives are a member of the board of a portfolio company or a special purpose vehicle (SPV) established in connection with the respective investment.

Dr. Eric Strutz



Dr. Eric Strutz is the Vice Chairman and Lead Independent Director of the Board of Directors of Partners Group Holding AG. Dr. Eric Strutz was Chief Financial Officer and a member of the Board of Managing Directors of Commerzbank AG until March 2012. Prior to joining Commerzbank AG, Dr. Eric Strutz was employed by the Boston Consulting Group from 1993, where he was Vice President, Director and Partner as from 2000. He studied at the Universities of Erlangen-Nürnberg, Germany, and St. Gallen (HSG), Switzerland, and holds an MBA from the University of Chicago, Illinois, USA, as well as a Doctorate summa cum laude in business administration from the University of St. Gallen (HSG), Switzerland.

Director since: 2011

Age: 56

Nationality: German

Board Committees:

Risk & Audit Committee (Chairman)

Other board mandates:

HSBC Bank plc., HSBC Trinkaus & Burkhardt AG

Board mandates at Partners

Group's portfolio companies*:

Global Blue, Techem

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

*Partners Group representatives are a member of the board of a portfolio company or a special purpose vehicle (SPV) established in connection with the respective investment.

Corporate Governance Report

Dr. Marcel Erni



Dr. Marcel Erni co-founded Partners Group in 1996. He is a Partner of the firm and an executive member of Partners Group Holding AG's Board of Directors, based in Baar-Zug. Previously, he served as the Chief Investment Officer of Partners Group until June 2017. Prior to founding Partners Group, he worked at Goldman Sachs & Co. and McKinsey & Co. He has over 30 years of industry experience and holds an MBA from the University of Chicago Booth School of Business, Illinois and a PhD in finance and banking from the University of St. Gallen (HSG), Switzerland.

Director since: 1997

Age: 55

Nationality: Swiss

Board Committees:

Investment Oversight Committee

Board mandates at Partners Group's portfolio companies*:

AMMEGA, Global Blue, GlobalLogic

Key qualifications and skills



Private markets industry know-how



C-level experience



Broad international exposure



Investment experience

*Partners Group representatives are a member of the board of a portfolio company or a special purpose vehicle (SPV) established in connection with the respective investment.

Alfred Gantner



Alfred Gantner co-founded Partners Group in 1996. He is a Partner of the firm and an executive member of Partners Group Holding AG's Board of Directors, based in Baar-Zug. Previously, Alfred Gantner served as Chief Executive Officer of Partners Group from 1996 to 2005 and subsequently as Executive Chairman from 2005 to 2014. He serves on the firm's Global investment Committee which he also chaired from 2011 until 2017. Furthermore he served as a board member at various Partners Group portfolio companies such as Careismatic Brands, Universal Security, VAT, USIC and PCI Pharma Services. Prior to founding Partners Group, he worked at Goldman Sachs & Co. He has over 30 years of industry experience and holds an MBA from the Brigham Young University Marriott School of Management in Utah, USA.

Director since: 1997

Age: 52

Nationality: Swiss

Board Committees:

Strategy Committee, Investment Oversight Committee

Other board mandates:

PG Impact Investments Foundation (Board of Trustees)

Board mandates at Partners Group's portfolio companies*:

Fermaca, Confluent Health

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

*Partners Group representatives are a member of the board of a portfolio company or a special purpose vehicle (SPV) established in connection with the respective investment.

Corporate Governance Report

Lisa A. Hook



Lisa A. Hook is an independent member of the Board of Directors of Partners Group Holding AG. She served as President and Chief Executive Officer of Neustar, Inc. (NYSE: NSR) from October 2010 until July 2018 and as President and Chief Operating Officer from January 2008 until 2010. She joined the Neustar board in 2010 and continued to serve in that capacity until July 2019. Previously, Ms. Hook served as President and Chief Executive Officer of Sunrocket, Inc.; held several executive-level posts at America Online, Inc.; was a partner at Brera Capital Partners, a private equity firm focused on investing in media and telecommunications; managing director of Alpine Capital Group, LLC, an investment banking firm; held several executive and director positions at Time Warner, Inc.; and was a senior attorney at Viacom International, Inc. She currently serves on the National Security Telecommunications Advisory Committee (NSTAC) to which she was appointed in 2012 by President Obama. In this role, she co-led the NSTAC Report to the President on Big Data Analytics. In recognition of her personal and professional achievements, The Dickinson School of Law and Penn State University honored Ms. Hook as a 2012 Penn State Alumni Fellow.

Director since: 2020

Age: 62

Nationality: US American

Board Committees:

Investment Oversight Committee, Risk & Audit Committee, Nomination & Compensation Committee

Other board mandates:

Fidelity National Information Services Inc. (NYSE: FIS), Philip Morris International (NYSE: PM), Unisys Corporation (NYSE: UIS), and Ping Identity Holding Corp. (NYSE: PING), CubelQ, Tritantic Capital Partners (Advisory Board member)

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

Corporate Governance Report

Grace del Rosario-Castaño



Grace del Rosario-Castaño is an independent member of the Board of Directors of Partners Group Holding AG. She spent 22 years at Johnson & Johnson, joining in 1990 as Brand Manager and ending her tenure as Company Group Chairwoman, Asia-Pacific, in July 2014. In that role, Grace del Rosario-Castaño was responsible for all markets in the Asia-Pacific region. In her early years at Johnson & Johnson, she worked for the Consumer Products Worldwide division in the United States. Prior to joining Johnson and Johnson, Grace del Rosario-Castaño spent the formative years of her career with Unilever. She graduated magna cum laude with a degree in Bachelor of Science in Business Administration from the University of the Philippines. She has also completed the Senior Management Programs at the Asian Institute of Management, Smith-Tuck Global Leadership For Women, at the Tuck School of Business in Hanover, New Hampshire and the Advanced Management Program at the University of California in Berkeley, USA.

Director since: 2015

Age: 57

Nationality: Filipina

Board Committees:

Investment Oversight Committee, Nomination & Compensation Committee (Chairwoman),

Board mandates at Partners Group's portfolio companies*:

BCR Group

Key qualifications and skills



Private markets industry know-how



C-level experience



Operational experience



Broad international exposure

*Partners Group representatives are a member of the board of a portfolio company or a special purpose vehicle (SPV) established in connection with the respective investment.

Dr. Martin Strobel



Dr. Martin Strobel is an independent member of the Board of Directors of Partners Group Holding AG. Dr. Martin Strobel's background is in technology and he gained a PhD in business computer science while beginning his career as a consultant at The Boston Consulting Group. He subsequently joined the Swiss insurer Baloise Group to oversee technology, before ultimately spending seven years of his 17-year tenure there as Group CEO. After leaving Baloise Group in April 2016, Dr. Martin Strobel spent almost three years as an operating partner at private equity firm Advent International.

Director since: 2019

Age: 54

Nationality: German/Swiss

Board Committees:

Strategy Committee, Risk & Audit Committee, Nomination & Compensation Committee

Other board mandates:

RSA Insurance Group plc.

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

Corporate Governance Report

Urs Wietlisbach



Urs Wietlisbach co-founded Partners Group in 1996. He is a Partner of the firm and an executive member of Partners Group Holding AG's Board of Directors, based in Baar-Zug. Prior to founding Partners Group, he worked at Goldman Sachs & Co. and Credit Suisse. He has over 30 years of industry experience and holds a master's degree in business administration from the University of St. Gallen (HSG), Switzerland.

Director since: 1997

Age: 59

Nationality: Swiss

Board Committees:

Client Oversight Committee (Chairman)

Other board mandates:

Entrepreneur Partners AG,
PG Impact Investments AG
(President of the Board),
Swiss Startup Factory AG
(Advisory Board member)

Board mandates at Partners

Group's portfolio companies*:

KR Group (Board observer)

Key qualifications and skills



Private markets industry
know-how



Broad international exposure



Investment experience

*Partners Group representatives are a member of the board of a portfolio company or a special purpose vehicle (SPV) established in connection with the respective investment.

Corporate Governance Report

Organizational changes to the Board of Directors

On 3 March 2021, the Board has nominated Joseph P. Landy for election as a new independent member of the Board. Mr. Landy, the former Co-Chief Executive Officer of Warburg Pincus, has been involved in the private equity industry since 1985. During his 20-year tenure as Co-CEO at Warburg Pincus, Mr. Landy was jointly responsible for the management of the firm, including the formulation of strategy, oversight of investment policy and decisions, leadership of the firm's Executive Management Group and the coordination of limited partner communications. Mr. Landy's principal areas of investment focus were information technology, internet applications and infrastructure, communications applications and structured investments.

Separately, Dr. Eric Strutz, currently Vice Chairman, Lead Independent Director and Chairman of the Risk & Audit Committee, will retire from the Board as of 12 May 2021, after reaching Partners Group's maximum term for Independent Board Members of ten years. Following his retirement from Partners Group's Board, Dr. Strutz will remain a member of the firm's Operating Director network and will continue his Board assignments at Partners Group's portfolio companies Global Blue and Techem.

Following Dr. Strutz's departure, the Board proposes to appoint Independent Board Member Dr. Martin Strobel as Vice Chairman of the Board, Lead Independent Director of the Board and Chairman of the Risk & Audit Committee. Dr. Strobel will remain a member of the Nomination & Compensation and Strategy Committees, subject to his re-election at the AGM.

3.2. Other activities and vested interests

Please see note 3.1. above.

3.3. Ordinance against excessive compensation in listed joint stock companies – Number of mandates pursuant to the OaEC

In accordance with art. 12 para. 1 of the OaEC and art. 25 of the articles of association, each Board member may hold a maximum of four additional mandates¹ in listed corporations and a maximum of five additional mandates in other legal entities. The following mandates are exempt from this limitation: mandates in legal entities controlled by Partners Group Holding AG or controlling Partners Group

Holding AG; mandates that are carried out on behalf of, or as directed by, the company or any of its controlled companies in legal entities that are not part of the group, whereby each Board member may hold a maximum of ten such mandates; mandates in associations, non-profit organizations, foundations, trusts, and employee pension foundations, whereby each Board member may hold a maximum of ten such mandates; and mandates in legal entities serving the sole purpose of managing their own private assets, whereby each member Board member may hold a maximum of ten such mandates.

The term "mandate" as used in the articles of association includes activities within other superior governing or administrative bodies of legal entities which must be registered in the Swiss commercial register or a corresponding foreign registry. Mandates in several legal entities that are under joint control or joint beneficial ownership, are considered one mandate.

3.4. Elections and terms of office

The Board of Directors must consist of at least three members. All members, including the Chairman of the Board of Directors, are to be elected individually at the shareholders' meeting, for a term of one year in accordance with the OaEC. Re-election is possible. There are no rules in the articles of association that differ from the statutory legal provisions with regard to the appointment of the chairman, the members of the compensation committee and the independent proxy. The year that each Board member was first appointed is listed in the table at the beginning of this section.

3.5. Internal organizational structure

The Board of Directors has adopted written internal organizational regulations for the management of the company and of its subsidiaries pursuant to art. 716b of the Swiss Code of Obligations, the rules of the SIX Exchange Regulation, the company's articles of association and the Swiss Federal Act on Collective Investment Schemes.

The Board of Directors has ultimate responsibility for the management of Partners Group. Please see the table at the beginning of this section as well as section 3.1 for information on the allocation of tasks within the Board of Directors.

Once a year, during the first Board meeting following the Annual General Meeting of shareholders, the Board of Directors appoints its secretary, who does not need

¹ At the Annual General Meeting to be held on 12 May 2021, the Board will propose to revise the articles of association of the company. The revised version will foresee that each Board member may hold a maximum of three additional mandates in listed corporations and a maximum of five additional mandates in other legal entities.

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to be a member of the Board of Directors. The Board of Directors meets as often as business requires, but no less than four times a year as set forth in the company's Rules of the Organization and of Operations (the "ROO"; *Organisationsreglement*); in 2020, four formal meetings, which lasted between three and eight hours each, were held. The majority of all Board members was present at all meetings. The meetings of the Board of Directors were also attended by relevant non-members of the Board of Directors who hold key functions or responsibilities within the company. The formal meetings were complemented by regular and considerable informal interactions with management and employees across the firm.

The Board of Directors can deliberate if the majority of its members are present. Resolutions are adopted with the majority of the votes of the members present. In the event of a tie, the Chairman casts the deciding vote. Resolutions by circular letter require the absolute majority of all members of the Board of Directors unless higher quorums are provided by applicable provisions.

The Board of Directors has established further committees to promulgate and monitor related directives and policies: the Risk & Audit Committee, the Nomination & Compensation Committee, the Strategy Committee, the Client Oversight Committee, the Investment Oversight Committee and the Crisis Committee. Each committee advises the Board of Directors on the matters specified below, often with the assistance of the Executive Committee and others involved in the management of Partners Group. The members and Chairs of these committees are determined by the Board of Directors, apart from the members of the Nomination & Compensation Committee who are elected individually at the Annual General Meeting for a term of one year in accordance with the OaEC. Please see the table at the beginning of this section for the composition of these committees.

Meetings can be called by each committee member or by the Chairperson. In order for resolutions or motions to be validly taken or made, the majority of the committee members must attend the meeting (in person or, if need be, via phone/video conference). All resolutions or motions must be passed unanimously, otherwise the business activities will be re-assigned to the Board. Quorums and motions may also be passed by circular resolutions.

Risk & Audit Committee ("RAC")

The RAC is in charge of ensuring the diligent performance of internal and external auditing as well as financial controlling in addition to performing other tasks related to risk management. In particular, the RAC (i) approves internal

audit's organization and tasks, (ii) orders the performance of specific audits, (iii) supervises internal audit's activities, (iv) ensures the execution of the external audit, (v) monitors the financial review processes and (vi) ensures the review of the management and internal control processes. Furthermore, the RAC oversees the company's information security strategy. At least once a year, the RAC is informed by senior management on information security and cyber security topics within and outside the firm. The role of the RAC is primarily supervisory and its decision-making authority is limited to those areas which are ancillary to its supervisory role (see also section 3.7.1.2). Subject to limitations provided under the law and the articles of association, the RAC is presided over by, and only consists of, independent Board members. Until 13 May 2020, the members of the RAC were Dr. Eric Strutz (Chair), Michelle Felman and Dr. Martin Strobel. As of 13 May 2020, the members of the RAC are Dr. Eric Strutz (Chair), Lisa A. Hook and Dr. Martin Strobel. The RAC held five formal meetings in 2020 (2019: four), including one ad-hoc meeting, each which lasted approximately two to four hours. In addition, the external auditors attended four meetings (except the one ad-hoc meeting) of the RAC in 2020. All committee members were present at all meetings. The meetings of the RAC were also attended by other non-voting members of the Board of Directors and relevant non-members of the Board of Directors who hold key functions or responsibilities within the firm. The formal meetings were complemented by regular and considerable informal interactions with management and employees across the firm on legal, compliance and audit-related matters or projects.

Nomination & Compensation Committee ("NCC")

The NCC advises and supports the Board of Directors in particular with regard to the determination of the compensation system and principles, as well as with regard to the nomination of members of the Board of Directors and the promotion of executive officers of the company or its controlled companies, as applicable. It assesses the compensation proposals for the company or its controlled companies with regard to compliance with the determined principles. It also prepares the Compensation Report and the motions on the Board of Directors' and executive management's compensation to be submitted to the shareholders' meeting. The Board of Directors may assign further tasks, responsibilities and powers in compensation and nomination matters to the NCC. Subject to limitations provided under the law and the articles of association, the NCC is presided over by, and only consists of, independent Board members. Until 13 May 2020, the members of the NCC were Grace del Rosario-Castaño (Chair), Michelle

Corporate Governance Report

Felman and Dr. Martin Strobel. As of 13 May 2020, the members of the NCC are Grace del Rosario-Castaño (Chair), Lisa A. Hook and Dr. Martin Strobel. The NCC held two formal meetings in 2020 (2019: two), each which lasted approximately two to three hours, to discuss the annual compensation for the Board of Directors and the Executive Committee as well as to confirm the overall compensation policy. All committee members were present at all meetings. The meetings of the NCC were also attended by other non-voting members of the Board of Directors and relevant non-members of the Board of Directors who hold key functions or responsibilities within the firm. The formal meetings were complemented by regular and considerable informal interactions with management and employees across the firm on promotion considerations and leadership development projects.

Strategy Committee ("SC")

The SC directs the firm's major strategic initiatives and advises the Board of Directors on, in particular, major business, corporate and organizational initiatives. It further oversees fundamental initiatives in terms of the firm's human capital development, financial planning and use of financial resources. As of the 31 December 2020, the members of the SC are Steffen Meister (Chair), Alfred Gantner and Dr. Martin Strobel. The SC held nine formal meetings in 2020 (2019: six), including two ad-hoc meetings, each which lasted approximately four to six hours. All meetings were attended by all SC members. The meetings of the SC were also attended by other non-voting members of the Board of Directors and relevant non-members of the Board of Directors who hold key functions or responsibilities within the firm. The formal SC meetings were complemented by regular and considerable informal interactions with management and employees across the firm to implement key strategic growth projects.

Client Oversight Committee ("COC")

The COC coordinates global marketing and (key) client activities, drives strategic fundraising initiatives and identifies new key product and fundraising themes. In addition, it oversees the coverage of the firm's key client prospects, the global consultant network, the firm's global public relations strategy as well as its advisory network. Until 13 May 2020, the members of the COC were Urs Wietlisbach (Chair), Steffen Meister and Patrick Ward. As of 13 May 2020, the members of the COC are Urs Wietlisbach (Chair) and Steffen Meister. The COC held seven formal meetings in 2020 (2019: four) which lasted approximately two hours each. The majority of the meetings were attended by all members. The

meetings of the COC were also attended by other non-voting members of the Board of Directors and relevant non-members of the Board of Directors who hold key functions or responsibilities within the firm. The formal meetings were complemented by regular and considerable informal interactions with management and employees across the firm on key client-related matters or projects.

Investment Oversight Committee ("IOC")

The IOC provides advice and support to the Board of Directors, the management and the Investment Committees on the assessment of quality and consistency of decision processes, the investment performance achieved, the realization of the projected appreciation on individual investments, and the investment risks incurred. It defines quality standards and measurement methods and proposes any measures that may be required. The Board retains the right to discuss any investment proposal in the IOC and therefore it designated Dr. Marcel Erni and Alfred Gantner as voting members in the Global Investment Committee (GIC) as of 1 January 2018. The two IOC voting members have the right to cast a total of one vote on a particular transaction. In case of absences of standing members, each IOC voting member may cast one vote in the GIC. For any transaction approved by the GIC, each IOC voting member furthermore has the right to request a discussion in the IOC about whether or not to approve the respective transaction, whereby any transaction declined by the IOC shall no longer be pursued. Until 13 May 2020, the members of the IOC were Michelle Felman (Chair), Dr. Marcel Erni, Alfred Gantner and Grace del Rosario-Castaño. As of 13 May 2020, the members of the IOC are Alfred Gantner (Chair), Dr. Marcel Erni, Lisa A. Hook and Grace del Rosario-Castaño. Furthermore, Stephan Schäli, Partners Group's CIO, is a non-voting member of the committee. The IOC held four meetings in 2020 (2019: two), which lasted approximately three hours each. The majority of the meetings were attended by all members. The meetings of the IOC were also attended by other non-voting members of the Board of Directors and relevant non-members of the Board of Directors who hold key functions or responsibilities within the firm. The formal meetings were complemented by regular and considerable informal interactions with management and employees across the firm on key investment-related matters or projects.

As a response to the outbreak of the COVID-19 pandemic, the RAC, COC, IOC and SC convened at a higher frequency than normal (as outlined above) to discuss any financial-, client-, investment- and strategy-related risks and implement action plans to drive forward performance across our

Corporate Governance Report

portfolio. Furthermore, from March to June 2020, the Chairman was in regular exchange with the Group Finance department in order to ensure that the RAC and the SC were updated on the firm's most recent liquidity and balance sheet outlook, including potential risk assessments.

Crisis Committee ("CC")

The CC shall ensure appropriate organization, communication and decision-making during a crisis. It consists of the Chairperson, the chair of the RAC and another member of the Board, as determined by the Board (typically for a term of office of one year, whereby re-election is possible). Upon the request of the Chairperson and the chair of the RAC, additional persons can be nominated as ad-hoc members (solely Board members) and/or as non-voting advisors to the CC. During a crisis, the CC may, on behalf of the Board, act in accordance with the ROO and the articles of association, insofar as prompt decision-making is advisable, subject to the applicable instructions. "Crisis" shall mean an emerging or suddenly occurring extraordinary event within Partners Group (including its portfolio companies) that entails significant legal, operational, financial and/or reputational risks with the realistic probability of substantial damage to Partners Group, which calls for prompt decision-making. The CC convenes only on an ad-hoc basis in case of a Crisis. The CC held no formal meetings in 2020. While there was no formal CC meeting during 2020, to address the unprecedented dislocations caused by the COVID-19 global health crisis, the Chairman established in collaboration with the Executive Committee a Crisis Response Team ("CRT") under the lead of the company's Chief Technology Officer that focused on business continuity and assessed operational risk on an ongoing basis. The CRT held regular meetings, typically several times a week. The Executive Committee representatives in these meetings were the Chief Operating Officer and the Chief Risk Officer. At Partners Group, we made safeguarding the health of our employees and our portfolio company employees our immediate priority. As the pandemic took hold, we were successful in protecting our colleagues with minimal disruption to business processes, ensuring flawless business continuity. Over 98% of all employees successfully worked from home during March and April 2020.

Formal meeting attendance

The members of the Board are encouraged to attend all meetings of the Board and the committees on which they serve. The formal meetings were complemented by regular and considerable informal interactions with management and employees across the firm.

Formal meeting attendance

	BoD	RAC	NCC	SC	COC	IOC
Meetings held in 2020	4	5	2	9	7	4
Number of members who missed no meetings	9	4	3	3	2	4
Number of members who missed one meeting	0	0	0	0	0	1
Number of members who missed two or more meetings	1	0	0	0	1	0
Meeting attendance	95%	100%	100%	100%	90%	95%

BoD: Board of Directors, **RAC:** Risk & Audit Committee, **NCC:** Nomination & Compensation Committee, **SC:** Strategy Committee, **COC:** Client Oversight Committee, **IOC:** Investment Oversight Committee

Note: the formal meetings attendance table takes into account the changes to the Board composition and its various committees, as described in greater detail on the previous pages.

Self-assessment

The Board of Directors conducts an annual self-evaluation across several dimensions. This goes beyond assessing the efficiency and effectiveness of its statutory duties and supervisory tasks. The assessment also takes into consideration the Board's contribution to Partners Group's growth by evaluating its impact on investment activities, strategic projects, human capital management, business and corporate development initiatives, as well as the development of client-related initiatives.

Thereby, the firm's open, transparent and critical Board culture – characterized by an entrepreneurial spirit and preparedness to challenge, where appropriate – focuses on areas in which the Board or Executive Committee believe that the Board or any of its Committees could further improve. The self-assessment is in the form of an informal group meeting where Board members assess skills and experience, preparation, attendance, accountability, communication, and contribution to strategic planning.

Overall, the process is comprehensive and provides each Board member with the ability to receive and provide feedback on the workings of the Board and to define take-aways to be incorporated in the goals for the upcoming year.

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3.6. Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Partners Group to the Executive Committee unless provided otherwise by law, the articles of association or as described below. The Board of Directors has the right to issue specific rules for this purpose and to form the respective committees to determine the principles of the business policy, the risk policy of the various business sectors and the authority and responsibilities of each of the company's bodies. The positions of Chairman of the Board of Directors and of the Co-Chief Executive Officers are held by separate people, thus ensuring a system of internal checks and balances and an independence of the Board of Directors from the day-to-day management of the company.

Apart from the non-transferable functions mentioned in the law and in the articles of association, the Board of Directors has a number of additional duties and powers, including (among others) resolutions regarding essential features of the group's organization, all transactions in connection with real estate (outside of investment activities), the establishment of employment conditions, all activities pertaining to the shareholder register, acceptance and handling of audit reports and budgets, and the periodic review of the internal organization. Responsibilities delegated to the Executive Committee of Partners Group are set forth in the company's ROO. The delegated responsibilities are the following:

1. Direct management as well as continual monitoring of business activities within the scope of, and in line with, the regulations, guidelines, competencies, individual resolutions and restrictions imposed by the Board;
2. Conclusion of transactions provided these lie within the limits as determined by the ROO and particularly by the determined authorities and responsibilities set forth in the ROO or by the regulations, guidelines, competencies, individual resolutions and restrictions imposed by the Board of Directors;
3. Establishing subsidiaries and founding new group companies (branches);
4. Developing and issuing directives, policies and job descriptions for employees to the extent that such tasks are not reserved for the Board of Directors;
5. Employment and termination of employees within the authorities and responsibilities set forth in the ROO;
6. Initiating legal actions and concluding settlements according to the authorities and responsibilities set forth in the ROO;

7. Organization, management and implementation of accounting, financial planning and reporting, including preparation of the company's management report and annual financial statements for the attention of the Board of Directors;
8. Preparation of the financial plan (budget) for approval by the Board;
9. Execution of the Board of Directors' resolutions;
10. Organizing, assisting and coordinating the employment benefit plans;
11. Organizing insurance management;
12. Organizing risk management as well as implementing and monitoring the internal control system and compliance;
13. Informing the senior management of relevant resolutions made by the Board of Directors and the Executive Committee;
14. Proposals for all transactions that have to be submitted to the Board of Directors according to the ROO and the authorities and responsibilities set forth in the ROO;
15. Exercising the company's shareholder rights as a shareholder within group companies, including the entitlement to vote on the composition of the members of management, accepting the annual financial statements and matters related to this.

3.7. Information and control instruments vis-à-vis the senior management

The Board of Directors is kept informed of the activities of the Executive Committee through a number of information and control instruments. The Co-Chief Executive Officers, Chief Financial Officer, Chief Operating Officer/General Counsel and respective operating officers with line management functions are in a regular dialogue with the Chairman of the Board of Directors regarding the general course of business, the financial situation of the company and any developments or events of importance to the company and its business. In the event of extraordinary incidents or developments, the Executive Committee notifies the Chairman of the Board without delay.

The Executive Committee submits decisions beyond the scope of ordinary management or decisions that carry major implications to the relevant Board Committee or Board of Directors, including (but not limited to) decisions specifically reserved for the relevant Board Committee or Board of Directors.

Corporate Governance Report

Partners Group's risk governance structure



1) Specialists include Chief Technology Officer, Chief Information Security Officer etc. 2) Investment Specialists include Chief Investment Officer, Chairman Global Investment Committee etc.

3.7.1. Risk governance

Partners Group identifies, assesses, manages and monitors risks on an aggregate basis for relevant business activities across the organization. Partners Group has put in place a risk governance structure comprising the following elements and related responsibilities:

3.7.1.1. Board

The Board of Directors of Partner Group Holding AG is responsible for stipulating risk management and governance principles in line with its obligations under applicable laws and as further defined in the ROOs.

3.7.1.2. Risk & Audit Committee

The RAC advises and supports the Board in the area of audit and risk control, as further defined in the ROOs and described in further detail in chapter 3.5 above. The RAC has the responsibility to review the risk profile of Partners Group and ensure appropriate processes regarding ongoing risk management and audit are in place. It advises and evaluates the effectiveness of group-wide financial reporting, group-wide internal control systems and general risk monitoring. It ensures continuous communication with external auditors.

3.7.1.3. Investment Oversight Committee

The IOC advises and supports the Board on investment risk management and the oversight of investment and value creation processes (including efforts to prevent severe setbacks to Partners Group's track record and reputation). The IOC's responsibilities are further defined in the ROOs and described in further detail in chapter 3.5 above.

3.7.1.4. Executive Committee

The ongoing financial, operational, regulatory, legal and conduct risk as well as investment risk management of Partners Group's activities is delegated to the Executive Committee of PGH ("Executive Committee"), as further defined in the ROOs.

The Executive Committee reports periodically on the effectiveness of Partners Group's risk management to the Board.

3.7.1.5. Investment Committees

The ongoing risk management of Partners Group's investment activities is delegated by the Executive Committee to the Investment Committees as further defined in the Investment Policy Private Markets.

3.7.1.6. Chief Risk Officer

To support the risk governance bodies set out above, the Executive Committee appoints the Chief Risk Officer ("CRO"). The CRO's responsibilities are as follows:

- Collecting, consolidating and assessing risk information from within the organization to enable the RAC to review Partners Group's risk profile.
- Overseeing and steering the execution of Partners Group's risk management process by monitoring Partners Group's risk profile, defining and procuring the implementation of adequate systems and methods for risk supervision, and adjusting such systems and methods to new business lines and products.

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- Supervising and reporting on the adequacy and effectiveness of Partners Group's risk management setup.

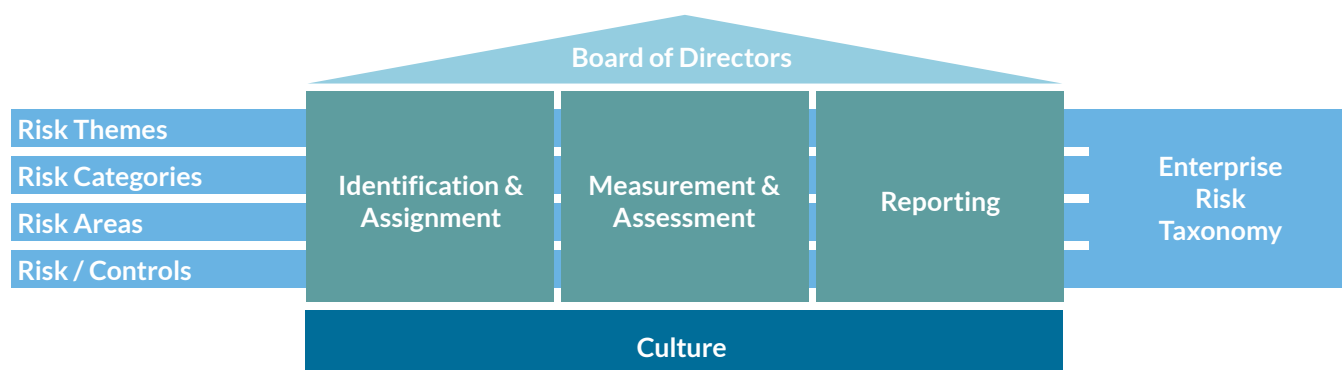
The CRO regularly reports to the Executive Committee and the RAC. The CRO has a direct reporting line to the Co-CEOs. The CRO has unrestricted access to information, locations and documents within the scope of its function.

3.8. Risk culture

Partners Group has a strong risk culture in line with the purpose and values of the firm as articulated in the Partners Group Charter. At the core of Partners Group's risk culture are the following elements:

- **Good judgement:** Partners Group encourages staff to think about the wider implications and impact when making decisions ("connect the dots").
- **Compliance culture:** Partners Group fosters a culture of compliance to protect its reputation as a responsible investment manager.
- **Speaking up:** Partners Group fosters a culture where all staff feel comfortable to pro-actively speak up about concerns, even if they relate to own mistakes, and highlighting things that are believed to be wrong, as further set out in the Speak-up Directive.
- **Ownership & accountability:** Partners Group expects its staff to take on ownership ("own your business") of their business and related risks. Individual ownership and accountability are reinforced through the Three Lines of Defense model.
- **Anticipations:** Partners Group expects all staff to keep abreast of all possible changes and emerging risks in their respective areas of ownership and evolve processes and controls accordingly.

Partners Group's risk governance framework



3.9 Risk management process

Partners Group's risk management approach consists of three key elements: A robust risk governance framework, a strong and broadly embedded risk culture, and a comprehensive risk management process based on a risk taxonomy tailored to Partners Group's business and risk profile.

3.9.1. Enterprise Risk Taxonomy

In order to ensure adequate coverage of relevant risks, Partners Group operates an Enterprise Risk Taxonomy ("ERT") which represents a hierarchical categorization of relevant risks.

The ERT is organized along the four following Risk Themes:

- **Finance risks:** risks related to our balance sheet and income statement (e.g. profitability and liquidity)
- **Operational risks:** risks related to internal processes and operations (e.g. currency hedging, models, service providers, international marketing and technology)
- **Regulatory, legal and compliance risks:** risks related to non-adherence to regulations, laws or internal policies (e.g. market abuse, data privacy and money laundering)
- **Investment risks:** risks related to our investment process and platform (e.g. investment due diligence, ESG, portfolio management and semi-liquid products)

In the ERT, overarching Risk Themes are decomposed into more specific Risk Categories and Risk Areas which facilitate risk management at a more granular level. The lowest level of the ERT relates to risks and related controls as covered by Partners Groups Operational and Financial Internal Control System, which is described in the Operational Internal Control System Directive.

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Enterprise Risk Taxonomy



Partners Group's ERT ensures alignment between the Board, the RAC, the Executive Committee and individual Risk Category, Risk Area and Risk/Control Owners, clear assignment of risk ownership and validation functions as well as consistency in risk categorization across the firm.

Under the lead of the CRO, the ERT is reviewed annually to ensure that it remains up to date.

A key aspect of the ERT is the definition of Risk Claims articulating the level and type of risks Partners Group is willing to take in order to achieve its strategic objectives. Risk Claims shape the requisite controls and dictate risk behaviors.

A second key aspect of the ERT is the clear definition of individual ownership and accountability.

- Each Risk Category, Risk Area and individual risk is assigned to an individual owner who is assigned a pre-defined set of duties and responsibilities (see chapter 3.9.2.)
- In addition to risk ownership, the ERT also sets out validation ownership. Risks are assessed for their materiality (low, medium, high) by considering their likelihood and potential impact across various dimensions. Typically, risks with high materiality are assigned a validation function by the Executive Committee and/or the Board which is assigned a pre-defined set of duties and responsibilities (see chapter 3.9.2)

Partners Group reinforces individual ownership and accountability through the Three Lines of Defense model to support effective risk management. The model defines a clear segregation of duties (and related roles and responsibilities as further defined in this Directive) between risk ownership ("line 1"), risk oversight and validation ("line 1b" and "line 2"), and independent assurance ("line 3"). The model further requests the different "lines" to collaborate and communicate effectively on an ongoing basis.

3.9.2 Roles and responsibilities

Risk Category Owners are typically Executive Committee members or Focus Group members, as further defined in the ROOs. Responsibilities include:

- Ensuring that Partners Group operates within the set Risk Claim for the assigned Risk Category
- Determining the Risk Areas and setting Risk Claims
- Assigning Risk Area Owners
- Assessing reports provided by these Risk Area Owners and implementing corrective measures where required

Risk Category Owners periodically report on the effectiveness of risk management and controls to the Executive Committee and the Board as part of the annual risk report by the CRO. Furthermore, Risk Category Owners provide ad-hoc reporting in case of material breaches of Risk Claims and irregularities in line with the Quality Assurance Directive.

Risk Area Owners are typically Business Unit Heads or Cell Leaders. Responsibilities include:

- Ensuring that Partners Group operates within the set Risk Claim for the assigned Risk Area
- Identifying risks and determining risk descriptions and Key Risk Indicators
- Designing, documenting, implementing and assigning processes and controls to mitigate these risks following Operational Excellence principles
- Taking corrective measures in case Risk Claims are (at risk of) being breached
- Staying abreast of internal and external changes and other factors based on horizon scanning

Risk Area Owners periodically report on the effectiveness of risk management and controls to the Risk Category Owner as defined between Risk Area Owner and Risk Category Owner. Furthermore, Risk Area Owners provide ad-hoc reporting in case of material breaches of Risk Claims and irregularities to the Risk Category Owner for further discussion on the course of action.

Risk/Control Owners are typically part of the operating/ business teams and are responsible for the day-to-day management of risks and corresponding controls.

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Responsibilities include, as further outlined in the Operational Internal Control System Directive:

- Operating defined processes and controls following Operational Excellence principles to ensure identified risks are effectively managed
- Making suggestions on how to increase effectiveness of controls
- Alerting Risk Area Owner of issues, (risk of) breaches and other irregularities
- Reporting on effectiveness of risk management and controls to Risk Area Owners

Validation Owners are typically employees in Risk Management, Compliance, Corporate Legal and other specialized functions. In select cases Validation Owners are part of operating business teams with a different reporting line ("line 1b"). They ensure the effectiveness of risk management and controls as operated by Risk Owners. Their responsibilities include:

- Testing if risk management processes and controls are operated in accordance with the ERT and Partners Group's Operational and Financial Internal Control System (operational effectiveness testing) and testing the effectiveness of operated processes and controls (design effectiveness testing), following a risk-based approach using measures such as spot checks or periodic reviews
- Assessing quality of corrective measures taken in case of breach of Risk Claims
- Reviewing if identified gaps and/or areas for improvement are implemented

Validation Owners typically validate reporting issued by Risk Owners. In addition, Validation Owners issue ad-hoc alerts in case they become aware of material breaches of Risk Claims and irregularities where these are not reported and addressed by the respective Risk Owner.

3.9.3 Identification and designation

The identification of risks and the assessment of their impact is an ongoing process to ensure all material risks are known, well understood, clearly assigned and pro-actively managed based on defined standards. The identification of risks is assigned to the respective Risk Category Owner and Risk Area Owner, respectively, as further discussed above.

Upon the identification of a risk, the respective Risk Category Owner assigns ownership and approves the related Risk Claim.

3.9.4 Risk measurement and management

Risk measurement and management is the ongoing process involving both the respective Risk Owner and Validation Owner, where available, to ensure risks are monitored against defined Key Risk Indicators and managed in accordance with defined Risk Claims.

Where necessary, corrective measures (and escalation) are proactively taken in a timely manner under the lead of the respective Risk Owner.

3.9.5 Stress testing

To help assess business resilience, financial or other consequential impact and the adequacy of the risk management practice, stress testing is periodically conducted. Key tools include:

- Scenario analysis: Risk Owners assess if defined Risk Claims withstand external shocks, such as a global economic downturn, or internal events, such as a system failure
- Fire drills: Test of the effectiveness of decision making, operations and controls across various Risk Areas in the context of a specific mock threat

The CRO is responsible for coordinating stress testing. The Executive Committee reviews the result and mandates corrective measures as and where appropriate. The RAC is informed on the conclusions of stress testing activities and corrective measures taken.

3.9.6 Risk reporting

Risk reporting enables the Risk Owners, the Executive Committee, the RAC and the Board to make informed decisions, as appropriate, by providing insightful analysis on the effectiveness of risk management and related controls based on accurate and timely data.

Risk data aggregation and reporting is defined, mandated and overseen by the CRO with the support of the respective Risk Owners. In areas where validation functions have been defined, these are expected to review the accuracy of the respective reporting, as appropriate.

On an annual basis, the CRO provides the Executive Committee and the Board with an annual risk report discussing – inter alia – the key risk management activities of the respective calendar year, a risk assessment based on the ERT (specifically indicating where defined Risk Claims were not adhered to and corrective measures taken/planned to be taken), the result of stress testing and an outlook on emerging risks and related activities (horizon scanning).

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4. Executive Committee

The table below shows the current composition of the Executive Committee:

Name	Joined Partners Group in	Nationality	Age	Position
André Frei	2000	Swiss	45	Co-Chief Executive Officer
David Layton	2005	US American	39	Co-Chief Executive Officer and Head Private Equity
Hans Ploos van Amstel ¹⁾	2020	Dutch	55	Chief Financial Officer, Head Group Finance & Corporate Development
Juri Jenkner	2004	German	45	Head Private Infrastructure
Andreas Knecht	2009	Swiss	51	Chief Operating Officer, General Counsel and Head Corporate Operations
Marlis Morin	2003	Swiss/Italian	50	Head Client Services
Dr. Michael Studer	2001	Swiss	48	Chief Risk Officer and Co-Head Portfolio Solutions

1) Member as of 1 July 2020.

4.1. Members of the Executive Committee

As also outlined in section 3.6 above, the Board of Directors has delegated the operational management of the company to the extent as permissible by law and the articles of association to the Executive Committee.

The Executive Committee manages day-to-day investment and client activities as well as the firm-wide and cross-departmental aspects, such as human resources, compliance with legal and regulatory requirements, and salary steering.

History and education of each member of the Executive Committee, including other activities and functions



André Frei

is the Co-Chief Executive Officer of Partners Group. He is based in Baar-Zug. Together with David Layton, he leads the Executive Committee and the Global Executive Board. As part of his mandate, André oversees corporate and investment-related environmental,

social and governance topics at Executive Committee level. He has been with Partners Group since 2000 and has 21 years of industry experience. Previously, he served as the Chief Risk Officer of Partners Group between 2008 and 2013 and he was the Head of the Client Services business department. He is a member of the board of the Swiss-American Chamber of Commerce. André is also Chairman of the Board of Restor Eco AG, a company that provides data and monitoring tools for the global ecosystem and offers services for the implementation of climate mitigation projects.

He holds a master's degree in mathematics from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland. He is also a CFA charterholder.



David Layton

is the Co-Chief Executive Officer of Partners Group, based in the firm's Americas headquarters in Colorado. Together with André Frei, he leads the Executive Committee and the Global Executive Board. He is also the Head of the Private Equity

business department and member of the Global Investment Committee. Previously, he was the Head of Partners Group's Private Equity business in the Americas and has represented Partners Group on the Board of Directors of several of the firm's portfolio companies, including Universal Services of America, Nobel Learning Communities, MicroPoise Measurement Systems, Cabot Credit Management, Pacific Bells, and Strategic Partners. David has been with Partners Group since 2005 and has 18 years of industry experience. He holds a bachelor's degree in finance from Brigham Young University's Marriott School of Management.



Hans Ploos van Amstel

is the Chief Financial Officer of Partners Group, based in Baar-Zug. He is Head of the Group Finance & Corporate Development business department and a member of the Executive Committee and Global Executive Board, with 31 years of

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relevant experience. Prior to joining Partners Group, Hans was CFO of Adecco Group, Switzerland, from 2015 to 2020. He started his career in Finance at Procter & Gamble (P&G) in the Netherlands in 1989. Between 1992 and 2003, he held positions of increasing responsibility in P&G across Saudi Arabia, Germany, Belgium and Switzerland. In 2003, he joined Levi Strauss & Co. in Belgium, as Vice President Finance & Operation Europe, and moved to the USA as global Chief Financial Officer in 2005. He was CFO of COFRA Group from 2009 to 2013, before acting as co-CEO of C&A Europe for a transition period until 2015. He holds a Bachelor of Arts from the Economische Hogeschool of Eindhoven, and an MBA in Marketing & Finance from the University of Brabant, both in the Netherlands.



Juri Jenkner

is Head of the Private Infrastructure business department. He is based in Baar-Zug. He is a member of the Executive Committee and the Global Executive Board. He is a member of the Global Investment Committee and the Private Infrastructure Investment

Committee. Previously, he was the Co-Head of the Private Debt business department and Head of the European Private Debt business unit. He has been with Partners Group since 2004 and has 21 years of industry experience. Prior to joining Partners Group, he worked at Privatbankiers Merck Finck & Co. He holds a master's degree in finance from the Lorange Institute of Business Zurich, Switzerland. He is also a Certified European Financial Analyst.



Andreas Knecht

is the Chief Operating Officer and General Counsel of Partners Group. He is based in Baar-Zug. He is the Head of the Corporate Operations business department and member of the Executive Committee and the Global Executive Board. He has been

with Partners Group since 2009 and has 25 years of industry experience. Prior to joining Partners Group, he worked at a number of different law firms, including Niederer Kraft & Frey, and at Man Group. He holds a master's degree in law from the University of Zurich, Switzerland and an LLM from New York University. He is admitted to the Swiss bar.



Marlis Morin

is Head of the Client Services business department. She is based in Singapore. She is a member of the Executive Committee and the Global Executive Board. She has been with Partners Group since 2003 and has 27 years of industry experience, having previously

built and headed the firm's Group Internal Audit function. She also opened Partners Group's services and operations hub in Manila. Prior to joining Partners Group, she worked at Credit Suisse Asset Management Funds, Raiffeisen Landesbank Südtirol and Raiffeisenkasse Eisacktal. She holds a master's degree in international economics and business studies from the University of Innsbruck, Austria and Marquette University, Wisconsin.



Dr. Michael Studer

is the Chief Risk Officer of Partners Group and Co-Head of the Portfolio Solutions business department. He is based in Baar-Zug. He is a member of the Executive Committee, the Global Executive Board and the Global Investment Committee. He has been

with Partners Group since 2001 and has 25 years of industry experience. He holds a PhD in mathematics from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland.

Organizational changes to senior management

Partners Group reviews its organizational structure on an ongoing basis and implements adjustments whenever necessary to support and enable the continued successful growth of its investment platform for the benefit of the firm's clients and shareholders, while ensuring continuity and stability in its core leadership team.

Continuing with this approach, the firm has announced on 16 March 2021 changes to the composition of its Executive Committee that will take effect from 1 July 2021.

After eight years in his current position, André Frei will step back from his roles as Co-CEO and Executive Committee member. André will assume a new responsibility as Chairman of Sustainability, overseeing Partners Group's ESG and stakeholder impact initiatives. He will remain a Partner of the firm. David Layton, who has been a Co-CEO since 2019, will become Partners Group's sole CEO.

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Dr. Michael Studer, currently Chief Risk Officer and Co-Head of Portfolio Solutions, will also leave the Executive Committee. He will remain Chief Risk Officer and will devote more time to relationships with key clients, as well as to continuing his duties on the firm's Global Investment Committee and Global Portfolio Committee. Roberto Cagnati, currently Co-Head Portfolio Solutions, will become the sole head of Portfolio Solutions and will join the Executive Committee.

On the client side, Sarah Brewer and Dr. Guido Koch, today Co-Heads of Client Solutions Europe, will be appointed Co-Heads of the Client Solutions business department globally. Stefan Näf, current Head of Client Solutions, is stepping back to devote more time to relationships with key clients as Chairman of Clients and will serve as Secretary to the Client Oversight Committee, a sub-committee of the Board of Directors. Sarah Brewer will represent the Client Solutions business department in the Executive Committee.

Also joining the Executive Committee will be Kirsta Anderson, current Head of Human Resources, in the newly created role of Chief People Officer. Partners Group is an employer of choice with a global headcount of more than 1,500 diverse professionals and Kirsta's appointment reflects the importance the firm places on the personal and professional development of its employees.

4.2. Other activities and vested interests

Other activities outside of Partners Group, if any, of members of the Executive Committee are listed in section 4.1 for each respective member. None of the members of the Executive Committee hold permanent management or consultancy functions for important Swiss or foreign interest groups, and none of the members have official functions or hold political posts. None of the members of the Executive Committee have carried out tasks for Partners Group prior to joining the firm.

4.3. Number of mandates pursuant to the OaEC

In accordance with art. 12 para. 1 of the OaEC and art. 29 of the articles of association, each member of the executive management may hold a maximum of one additional mandate in listed corporations and a maximum of four additional mandates in other legal entities. For mandates exempt from this limitation, see section 3.3 above.

4.4. Management contracts

Partners Group has not entered into any management contracts with companies or individuals not belonging to the group.

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5. Global Executive Board

In addition to the Executive Committee members, the Global Executive Board includes the following members:

Name	Joined Partners Group in	Nationality	Age	Position
Kirsta Anderson ¹⁾	2020	US American	41	Global Head Human Resources
Bill Berry	2016	US American	53	Head Private Debt
René Biner ²⁾	1999	Swiss	50	Chairman Global Investment Committee
Mike Bryant	2016	British	53	Co-Head Private Real Estate
Roberto Cagnati	2004	Italian	42	Co-Head Portfolio Solutions
Robert Collins	2005	US American	44	Head New York Office
Fredrik Henzler	2012	Swedish	49	Co-Head Private Equity Goods and Products
Dr. Kevin Lu	2014	Chinese	47	Chairman Asia
Stefan Näf	2000	Swiss	47	Head Client Solutions
Amelia Räss-Fernandez ³⁾	2016	Swiss	54	Head Human Resources
Dr. Stephan Schäli	1999	Swiss	52	Chief Investment Officer
Dr. Yves Schneller	2008	Swiss	43	Head Investment Services
Dr. Raymond Schnidrig	2010	Swiss	52	Chief Technology Officer, Head Technology
Martin Scott	2008	Australian	47	Head Client Solutions Australia
Anthony Shontz	2007	US American	42	Co-Head Private Equity Integrated Investments Americas
Christian Unger ⁴⁾	2013	German	53	Head Operating Directors and Entrepreneurial Governance
Marc Weiss	2007	US American	55	Co-Head Private Real Estate

1) Member as of 10 August 2020.

2) Member until 31 December 2020.

3) Member until 31 October 2020.

4) Member as of 1 January 2021.

The Global Executive Board is a diverse global leadership team at group level, charged with driving forward the global business and corporate development of the firm. Members include Partners and Managing Directors from different business lines across the firm's offices in Denver, New York, London, Singapore and Sydney, as well as its headquarters in Baar-Zug, Switzerland. The team works closely with the firm's Executive Committee. Executive Committee members are also members of the extended Global Executive Board (see also section 4.1).

On 1 January 2021, René Biner has left the Global Executive Board, but he will continue to be Chairman of the Global Investment Committee at Partners Group. On the same day, Christian Unger, Head Operating Directors and Entrepreneurial Governance has joined the Global Executive Board.

Members of the Global Executive Board



Kirsta Anderson

Kirsta Anderson is Global Head of the Human Resources business unit, based in Zug and London. She is a member of the Global Executive Board and is also the Co-Chair of the firm's Diversity & Inclusion Committee. She has 19 year of relevant experience. Prior to joining

Partners Group, she was a Senior Partner at Korn Ferry, where she built and led their global Culture Transformation practice. Before that she led global client relationships in the telecoms and financial services sectors and advanced the firm's talent management practice. She holds a master's degree in philosophy of science from Stanford University, California, USA and a bachelor's degree in philosophy and sociology from New York University, USA.

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Bill Berry

is Head of the Private Debt business department, based in Denver. He has 25 years of industry experience. Prior to joining Partners Group, he was Co-President of Capula Investment Management and worked at Bank of America/Merrill Lynch in a variety

of senior roles including Global Co-Head of Counterparty Portfolio Management (CPM) and Head of EMEA Structured Credit and Securitization and Solutions. He holds a bachelor's degree in economics from Princeton University, New Jersey and an MBA from the Wharton School of the University of Pennsylvania, USA.



Mike Bryant

Mike Bryant is Co-Head of Partners Group's London office, Co-Head of the Private Real Estate business department and Head of the European Private Real Estate business unit. He has 32 years of industry experience. Prior to joining Partners

Group, Mike worked at GE Capital Real Estate, HVB Real Estate Capital, Erste Bank, Coopers and Lybrand, and Cushman and Wakefield. At GE Capital Real Estate he held a broad variety of leadership roles, including leading the European asset management and risk functions. He holds a master's degree from Cambridge University, UK, and is a qualified chartered surveyor.



Roberto Cagnati

is Co-Head of the Portfolio Solutions business department and Co-Head of the Portfolio Management business unit, based in Baar-Zug. He has been with Partners Group since 2004 and has 17 years of industry experience. Prior to joining Partners Group,

Roberto worked at Deutsche Bank Asset Management and Credit Suisse Private Banking in the alternative investment space. He holds a master's degree in economics with a specialization in statistics and financial markets from the University of Konstanz, Germany.



Robert Collins

is Head of Partners Group's New York Office. He leads Partners Group's US distribution practice and is President, Portfolio Manager and Member of the Board of Managers of Partners Group Private Equity (Master Fund), LLC and Partners Group Private Income

Opportunities, LLC. He also chairs Partners Group (USA) Inc.'s Investment Committee. Robert joined the firm in 2005 as a member of the Private Equity investment team and has 22 years of industry experience. Prior to joining Partners Group, he worked at UBS Warburg and Salomon Smith Barney. Robert holds an MBA from the Johnson School at Cornell University, New York, USA where he was a Roy H. Park Leadership Fellow, and a BA from Tulane University, Louisiana, USA, where he majored in economics and history. He is a CFA charterholder.



Fredrik Henzler

is Co-Head of the Private Equity Goods and Products business unit, based in Baar-Zug. He is a member of the board of directors of the firm's portfolio companies Form Technologies and United States Infrastructure Corporation. He has been with

Partners Group since 2012 and has 26 years of industry experience. Prior to joining Partners Group, he worked at BrainNet Supply Management Group AG where he led more than 50 operational efficiency projects for portfolio companies of private equity sponsors including APAX, Bridgepoint, Cinven, KKR and Permira. He holds a master's degree in finance and accounting from the University of St. Gallen (HSG), Switzerland.



Dr. Kevin Lu

is Partners Group's Chairman of Asia and Head of Partners Group's Singapore office. He has been with Partners Group since 2014 and has 23 years of industry experience. Prior to joining Partners Group, he was a member of the senior management

team at the World Bank Group's Multilateral Investment Guarantee Agency, as its CFO and Asia-Pacific Regional Director. He holds a PhD in international finance and public policy from New York University, USA. He is a Distinguished Fellow at INSEAD, Singapore.

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Stefan Näf

is Head of the Client Solutions business department, based in Baar-Zug. Previously, he was part of the Private Equity Directs and Primaries business unit and subsequently founded the firm's London office. He has been with Partners Group since 2000 and has 25 years of industry experience. Prior to joining Partners Group, he worked at the European Institute for Risk Management (EIRM). He holds a master's degree in banking and finance from the University of St. Gallen (HSG), Switzerland.



Dr. Stephan Schäli

is the Chief Investment Officer of Partners Group. He is based in Baar-Zug. He has been with Partners Group since 1999 and has 24 years of industry experience. Prior to joining Partners Group, he worked at UBS and Goldman Sachs & Co. He holds an MBA from the University of Chicago, Booth School of Business, Illinois and a PhD in business administration from the University of St. Gallen (HSG), Switzerland.



Dr. Yves Schneller

is Head of the Investment Services business department, based in Baar-Zug. He has been with Partners Group since 2008, previously heading the Transaction Services team, and has 16 years of industry experience. Prior to joining Partners Group, he worked at Baer & Karrer. He holds a PhD in business law from the University of St. Gallen (HSG), Switzerland and he is also admitted to the Swiss bar.



Dr. Raymond Schnidrig

is the Chief Technology Officer of Partners Group and Head of the Technology business unit. He is based in Baar-Zug. He has been with Partners Group since 2010. He has 28 years of industry experience. Prior to joining Partners Group, he worked at Goldman Sachs and Finance Online GmbH. He holds a PhD in computer science from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland.



Martin Scott

is Head of Partners Group's Sydney office and Head of the Australian Client Solutions business unit and Director of Partners Group Australia. He has been with Partners Group since 2008 and has 28 years of industry experience. Prior to joining Partners Group, he worked at Zurich Investments, Tyndall Investment Management and Citigroup. He holds a marketing diploma from the Macquarie Graduate School of Management, Australia and studied business at the University of Technology Sydney, Australia.



Anthony Shontz

is Head of Partners Group's Denver office and Co-Head Private Equity Integrated Investments Americas. He has been with Partners Group since 2007 and has 19 years of industry experience. Prior to joining Partners Group, he worked at Pacific Private Capital and Prudential Capital Group. He holds an MBA from the Northwestern University Kellogg School of Management in Illinois, USA.



Christian Unger

is Head of the Operating Directors and Entrepreneurial Governance business unit, based in Zug. He has been with Partners Group since 2013, bringing 26 years of industry experience in the media and digital space. Prior to joining Partners Group, he was global CEO of Ringier AG, Switzerland's largest media company. He holds a master's degree in economics from the European Business School, Germany.



Marc Weiss

is Co-Head of the Private Real Estate business department and Co-Head of the Private Real Estate Americas business unit, based in New York. He has been with Partners Group since 2007 and has 34 years of industry experience. Prior to joining Partners Group, he worked at Commonfund, Kenneth Leventhal & Company, Ernst & Young, LLP, UBS Asset Management and Pension Consulting Alliance, Inc., whose discretionary asset management business was integrated into Partners Group. He holds an MBA from the Cornell University Samuel Curtis Johnson Graduate School of Management in New York, USA. He was also a certified public accountant.

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6. Compensation, shareholdings and loans

6.1. Principles, content and method of determining the compensation

Pursuant to art. 14 and 15 of the OaEC, all compensation paid in 2020 to the members of the Board of Directors and the Executive Committee, and the outstanding loans, if any, granted to the members of the Board of Directors and the Executive Committee, are disclosed in sections 4 and 5 in the Compensation Report 2020. In the Compensation Report 2020, the firm outlines its compensation principles, components and method. The Compensation Report can be found in the Annual Report 2020 or on the firm's website.

6.2. Loans

Members of the Board of Directors and Executive Committee may apply for loans and fixed advances, subject to an internal review and approval process. Such loans are made on substantially the same terms as those granted to other employees, including interest rates and collateral. There were no loans outstanding as of 31 December 2020 for the Board of Directors and the Executive Committee (refer to sections 4.6 and 5.6 in the Compensation Report).

Pursuant to art. 12 para. 2 section 1 of the OaEC, the maximum amount of loans and credits for members of the Board of Directors and the executive management must be fixed in the articles of association in order to allow the company to grant such loans and credits to members of the Board of Directors and the Executive Committee. Art. 27 and Art. 31 of Partners Group's articles of association state that the members of the Board of Directors and Executive Committee may be granted loans, credits and provided collateral up to certain limits at arm's length conditions. All loans listed in the Compensation Report 2020 were granted before the entering into force of the OaEC.

7. Shareholders' participation

7.1. Voting rights & representation measures

Each share entitles to one vote. The shareholders who are entitled to attend shareholders' meetings and to exercise voting rights are those recorded with voting rights in the shareholder register as of a qualifying date prior to the shareholders' meeting set by the Board of Directors.

Registration in the shareholder register with the attached voting rights is restricted by the limits on transferability and nominee registration as set forth in section 2.6. All registered shareholders are invited to attend shareholders' meetings. If they do not wish to attend, shareholders may be represented at the shareholders' meeting either by a legal representative who needs not be a shareholder or an independent proxy. The Board of Directors issues further rules in relation to attendance and representation at shareholders' meetings, including the electronic issuance of proxies and instructions to the independent proxy.

7.2. Quorums

- The following resolutions of the shareholders' meeting require at least two-thirds of the represented votes and the absolute majority of the represented nominal share value:
- the cases listed in art. 704 para. 1 of the Swiss Code of Obligations, and
- the reversal or amendment of the transfer restrictions (see section 2.6 for details in relation to such restrictions).

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7.3. Convocation of the general meeting of shareholders

The Annual General Meeting of shareholders takes place within six months after the close of the financial year. All registered shareholders receive a written invitation to the Annual General Meeting including detailed descriptions of the items to be discussed and the motions of the Board of Directors no later than 20 days before the date of the Annual General Meeting. In 2021, the Annual General Meeting of shareholders is scheduled for 12 May.

Shareholders representing at least one-tenth of the share capital may at any time request that a shareholders' meeting be called. The request must be submitted in writing at least 45 days ahead of the meeting by stating the items on the agenda and the motions to be introduced by the shareholders.

7.4. Inclusion of items on the agenda

Shareholders representing at least one-tenth of the share capital may submit proposals to be placed on the agenda at a shareholders' meeting, provided these items are received by the Board of Directors no later than 45 days prior to the meeting by stating the items on the agenda and the motions to be introduced by the shareholders.

7.5. Entries in the share register

The general rules for registration as a shareholder apply as described in sections 2.4 and 2.6. The qualifying date for the registration of shares is defined by the Board of Directors for every shareholder meeting.

8. Changes of control and defense measures

8.1. Opting-out

Partners Group has elected to opt out of the rule that an investor acquiring 33 1/3 % of all voting rights has to submit a public offer for all outstanding shares.

8.2. Clauses on change of control

The contracts with the members of the Board of Directors and the Executive Committee do not contain any change of control clauses.

In particular, no protection measures, such as

- severance payments in the event of a takeover ("golden parachutes");
- special provisions on the cancellation of contractual arrangements;
- agreements concerning special notice periods or longer-term contracts where they exceed 12 months (in line with OaEC);
- the waiver of lock-up periods (e.g. no options that can be exercised with immediate effect);
- shorter vesting periods/accelerated vesting; and/or
- additional contributions to pension funds

exist that protect the above-mentioned persons by certain contractual conditions against the consequences of takeovers.

Corporate Governance Report

9. Auditors

9.1. Duration of mandate and term of office

The consolidated financial statements and the statutory accounts of Partners Group Holding AG are audited by KPMG AG. The statutory and group auditors are elected for one-year periods at the Annual General Meeting of shareholders and were re-elected at the Annual General Meeting 2020.

KPMG AG was first elected statutory and group auditor on 21 November 2001. The lead auditor, Thomas Dorst, has been in charge of the mandate since 10 May 2017 and is subject to a seven-year rotation interval.

9.2. Auditing fees

In the financial year 2020, KPMG AG and other KPMG companies received a total of CHF 1.8 million (2019: CHF 1.8 million) for audit services.

9.3. Additional fees

In addition, KPMG AG and other KPMG companies received CHF 0.1 million (2019: CHF 0.1 million) in fees for non-audit related services such as consulting services (tax, regulatory and IFRS) rendered to Partners Group and its subsidiaries in the financial year 2020.

9.4. Supervision and control vis-à-vis the external auditors

The Board of Directors is responsible for the acceptance and processing of the reports from the statutory and group auditors. In this, the Board of Directors is supported by the Risk & Audit Committee, which periodically interacts with and monitors the qualification, independence and performance of the external auditors.

Based on the constant dialogue with KPMG AG and its annual presentation to the Board of Directors evaluating all audit findings, the Risk & Audit Committee conducts its assessment. This assessment further includes oral and written statements made by KPMG AG throughout the year concerning individual aspects or factual issues in connection with the accounting and audit. During the 2020 financial year, the external auditors participated in four meetings (except the one ad-hoc meeting) of the Risk & Audit Committee in order to discuss audit processes as well as regulatory guidelines and monitoring. Among others, the external auditors were also involved in evaluating findings on risk factors and processes.

Key factors in assigning the external audit mandate to KPMG AG were:

- Detailed audit budget proposal containing expected hours and the relevant hourly rate;
- Comprehensive debriefing after completion of audit, during which suggestions for improvement are discussed from both sides;
- Quality of service provided;
- International expertise in regard to audit and accounting;
- Independence and reputation of the audit firm;
- Industry knowledge and qualifications;
- Competitive fees.

The Risk & Audit Committee reviews and assesses the auditor's performance on an annual basis. In this context and in the spirit of upholding good corporate governance, Partners Group periodically conducts appraisals of the audit mandate, in which budget issues, in particular, are reviewed to ensure audit fees are kept at a competitive level in the best interests of shareholders.

Please also refer to section 3.5 concerning the Risk & Audit Committee.

Corporate Governance Report

10. Information policy

As a company with its shares listed on the SIX Swiss Exchange AG, Partners Group is committed to pursuing an open, transparent and consistent communication strategy vis-à-vis its shareholders as well as the financial community.

Key dates for 2021 are as follows

Event	Date
Annual General Meeting of shareholders	12 May 2021
Ex-dividend date	17 May 2021
Dividend record date	18 May 2021
Dividend payment date	19 May 2021
AuM announcement as of 30 June 2021	15 July 2021
Publication of Interim Report as of 30 June 2021	7 September 2021

Partners Group's Interim and Annual Reports are available for download on the website at www.partnersgroup.com/financialreports.

Partners Group also distributes all current news via regular press releases. All published press releases are available on the website at www.partnersgroup.com/pressreleases.

To receive all information automatically upon publication via email, shareholders and other interested parties may subscribe to press releases at www.partnersgroup.com/subscriptionform.

Partners Group's Compensation Report outlining the 2020 compensation recommendations for the Board of Directors and Executive Committee can be found on the Partners Group website at www.partnersgroup.com/compensation-report or in the 2020 Annual Report.

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11. Non-applicability/negative disclosure

It is expressly noted that any information not contained or mentioned herein is non-applicable or its omission is to be construed as a negative declaration (as provided for in the SIX Exchange Regulation Corporate Governance Directive and the Commentary thereto).

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