



As of 31 December 2021

Annual Report 2021



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Contents

Key figures	4
Message from the Chairman and CEO	6
2021 at a glance	
Investments	9
Clients	15
Client outlook	18
Financials	21
Key definitions and alternative performance metrics (APM)	30
Consolidated financial statements	32
Financial statements of Partners Group Holding AG	108
Compensation Report	124
Corporate Governance Report	148
Contacts	178

As our firm continues to grow, we remain committed to driving forward our strategy of delivering sustainable returns through a focus on transformational investing, bespoke client solutions, and positive stakeholder impact.

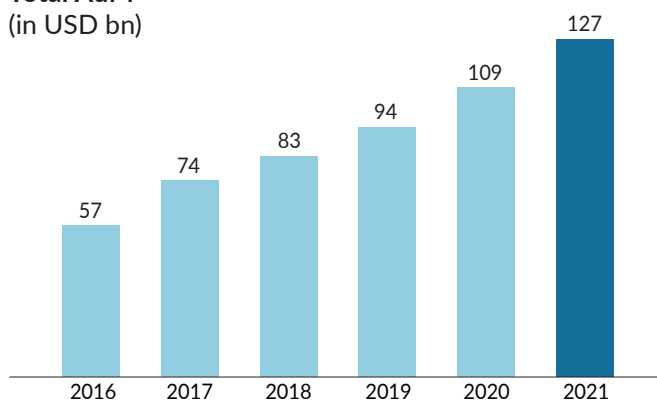
2021 was a record year for the private markets industry and was a particularly successful year across all metrics for Partners Group.

We experienced strong portfolio performance which resulted from our rigorous asset selection process and hands-on value creation approach. On the investment side, we took advantage of the robust market momentum to transact on our thematic pipeline. On the divestment side, we translated the very benign exit environment and the strong demand for our quality assets into significant performance fee growth.

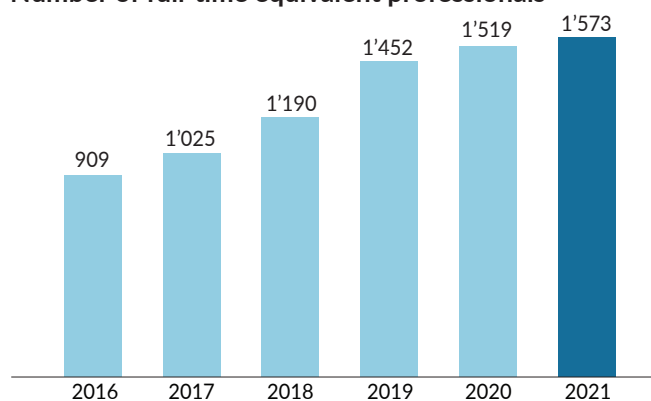
Key figures 2021



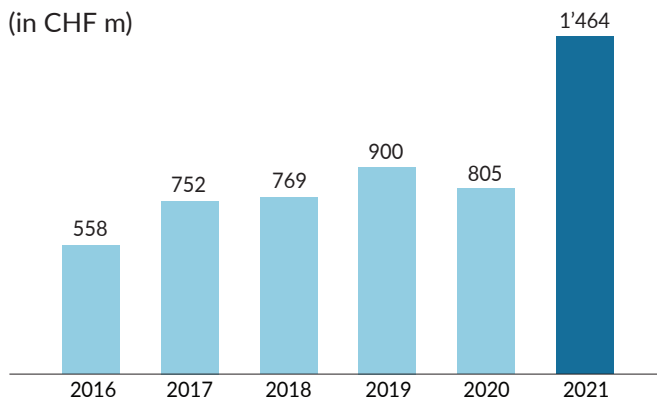
Total AuM¹⁾
(in USD bn)



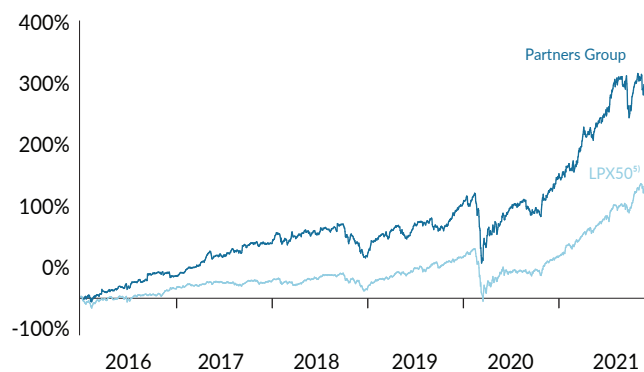
Number of full-time equivalent professionals¹⁾



Profit
(in CHF m)



Share price development as of 31 December 2021⁴⁾



1) As of 31 December.
 2) Revenues from management services, net, and other operating income.
 3) Based on average AuM of CHF 109.3 billion, calculated on a daily basis.
 4) Indexed at 100 as of 31 December 2015.
 5) LPX50TR is the Listed Private Equity Index (EUR).

Key figures 2021

Key performance indicators	2021	2020
Assets under management as of the end of the year (in USD bn)	127.4	109.1
Revenue margin ^{1,2)}	2.41%	1.51%
Revenues (in CHF m) ²⁾	2'629	1'412
EBIT margin	62.8%	62.0%
EBIT (in CHF m)	1'650	875
Financial result (in CHF m)	76	53
Profit (in CHF m)	1'464	805
Management Fee EBIT (in CHF m) ³⁾	895	711
Net cash position at end of year (in CHF m) ³⁾	1'601	1'102
Shareholders' equity (in CHF m)	2'898	2'275
Return on shareholders' equity (ROE) ³⁾	57%	35%
Equity ratio ³⁾	60%	56%

1) Based on average AuM of CHF 109.3 billion in 2021 (2020: CHF 93.8 billion), calculated on a daily basis. 2) Revenues from management services, net, including other operating income.

3) As defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2021 (p. 30).

Share information as of 31 December 2021

Share price (in CHF)	1'512.5
Total shares	26'700'000
Market capitalization (in CHF bn)	40.4
Free float ¹⁾	84.96%
Diluted shares (weighted average)	26'552'523
Diluted earnings per share (in CHF)	55.12
Dividend per share (in CHF) ²⁾	33.00
Dividend yield per share ³⁾	2.2%
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 25 May 2022. 3) Yield as of 31 December 2021.

Corporate calendar

25 May 2022	Annual General Meeting of shareholders
30 May 2022	Ex-dividend date
31 May 2022	Dividend record date
1 June 2022	Dividend payment date
14 July 2022	Assets under management announcement as of 30 June 2022
30 August 2022	Publication of Interim Financials as of 30 June 2022
6 September 2022	Publication of Interim Report as of 30 June 2022

Message from the Chairman and the CEO



Steffen Meister Executive Chairman, **David Layton** Chief Executive Officer

Dear clients, business partners, shareholders, and colleagues,

2021 was an exceptional year for Partners Group, which showed the true potential of the platform we have been building for over two decades. As confidence returned, investment activity in private markets has picked up. Our thematic investing approach and entrepreneurial governance model enabled us to successfully navigate a very competitive market and we invested a record USD 32 billion into companies and assets that we believe are well-positioned for future growth.

Additionally, we took advantage of the strong market appetite for quality assets to realize the transformational business-building we have engaged in over the last few years through a series of exits. This resulted in USD 29 billion of realizations – another record – leading to excellent returns for our clients, stakeholders, and beneficiaries, while confirming the high-quality value creation we have engaged in.

On the client side, we continued to see robust demand for our wide range of private markets offerings. Demand was well diversified across all private markets asset classes, with clients entrusting us with USD 25 billion in new capital commitments.

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 33.00 per share to shareholders at the Annual General Meeting in May 2022.

Today, we look ahead with confidence in our business. While there are clearly clouds on the horizon – a potentially

prolonged period of market volatility and geopolitical instability, inflation, and supply chain disruptions – our unique approach to transformational investing remains the best defense against economic instability.

Transformative trends continue to perform strongly

With downside risks to macroeconomic fundamentals dominating, we maintain a strong conviction in our strategy of transformational investing, which combines thematic sourcing with a hands-on value creation approach. We focus on sectors and areas of the economy that have the potential to grow at above-average rates over a period of at least five to ten years.

The three overarching mega themes that we believe are driving structural change and secular growth – Digitization & Automation, New Living, and Decarbonization & Sustainability – further accelerated in 2021. These themes underscore our thematic investing approach and shape the landscape of opportunities we prioritize across private markets asset classes. We build our investment pipeline based on these themes – within private equity, for example, we pursue 40 to 60 specific themes at any given time. This thematic sourcing results in a steady and predictable pipeline of lead direct investment opportunities, which currently stands at around USD 175 billion of investment volume across our platform.

Last year, we committed to new high-quality investments across all private markets asset classes. For example, within private equity, a key theme within commercial services has been the growing trend towards outsourced maintenance of critical equipment. To access this theme, Partners Group acquired a controlling stake in DiversiTech, a US

Message from the Chairman and the CEO

manufacturer and supplier of parts for heating, ventilation, and air conditioning equipment. In private infrastructure, rapidly rising data consumption globally has highlighted the essential nature of broadband networks, leading to our investment in EOLO, a fixed wireless access provider in Italy that utilizes fixed wireless access technology to bridge the digital divide between the rural and metro areas in Italy. Within private real estate, sustained growth in e-commerce continues to fuel demand for logistics assets located near urban centers. To further increase client exposure to this theme, we invested into a diversified UK Logistics Portfolio.

Continued market demand for quality assets

At Partners Group, we are business builders, dedicated to transforming attractive companies and assets into market leaders. Last year provided a positive environment for exiting many of our more mature assets, which had benefitted from substantial value creation, and realizations from our underlying portfolio reached a new record. For example, we completed the sales of Cerba HealthCare, a leading European player in medical diagnosis, and GlobalLogic, a leading digital engineering services company helping businesses navigate the digital transition, for a combined enterprise value of USD 15 billion.

Strong demand for our private markets solutions

Our total assets under management at the end of 2021 increased by 17% year-on-year, reaching USD 127 billion. In a year that saw demand coming from a broader client base than ever, it is clear that the trend towards bespoke client mandates, an area in which Partners Group has been an industry pioneer, has continued to prove a differentiator for our firm. Today, our bespoke client solutions include single- and multi-asset class private markets mandates and evergreen programs where we actively manage and steer their exposure to private markets in line with longer-term investment horizons. Our bespoke client solutions continued to grow at a faster rate than overall AuM and now represent 64% of the assets we manage on behalf of our clients.

Translating portfolio performance into shareholder returns

We are pleased to report that this exceptional set of results across the board has led to strong financials in 2021. Substantial underlying portfolio realizations translated into significant performance fee growth over the period with performance fees increasing to CHF 1'197 million in 2021

(46% of revenues) from CHF 266 million in 2020 (19% of revenues). Due to the "catch-up" in exit activities that had been postponed from 2020 following the outbreak of the COVID-19 pandemic, as well as select realizations originally planned for 2022 that were brought forward because the firm had already met its value creation targets, we had guided for performance fees to be between 40-45% of total revenues. In the mid- to long-term, we retain our guidance that performance fees will account for 20-30% of total revenues.

As a result, total revenues rose 86% to CHF 2'629 million in 2021. We maintained a disciplined approach to cost management, but we continued to invest in the future growth of our business, leading total costs to grow in line with revenues and EBIT to increase by 89% to CHF 1'650 million. This resulted in a stable EBIT margin, which stood at 62.8%. During the period, our transformational investing strategy facilitated substantial value creation in our investment programs for clients and resulted in an average return across all stages and asset classes of 16% on our own investments on the balance sheet alongside our clients. As a result, profit increased by 82% year-on-year to CHF 1'464 million, in line with revenues.

Update on stakeholder impact

Creating lasting, positive impact for all our stakeholders is key to generating sustainable returns. In 2021, Partners Group became the only global private markets firm to be included in the Dow Jones Sustainability Indices, which assess the performance of companies against a defined set of economic, environmental, and social criteria. This is an important recognition of our firm's position as a corporate sustainability leader in private markets.

We took significant steps last year to further advance our approach to sustainability. This included publishing a climate change strategy that outlines the steps we are taking to reduce carbon emissions across our organization and investment portfolio; ensuring ESG criteria are integrated throughout the entire investment process for 100% of Partners Group's assets under management; introducing new initiatives to substantially increase the diversity of professionals at the firm; and establishing best-in-class talent attraction and retention programs through our PG Academy learning and development platform.

Building on these successes, we are in the process of finalizing our Sustainability Strategy, which will expand our leadership role in this area. Covering both our firm and our portfolio companies, the Strategy is built around

Message from the Chairman and the CEO

environmental, social, and governance priorities, including tackling climate change and carbon reduction; realizing employees' potential; creating positive stakeholder impact; and achieving ownership excellence and sustainability at scale.

We will publish our Corporate Sustainability Report in April 2022 with further details on how we plan to extend our thought leadership in the space.

War in Ukraine

Just a few weeks ago, the unspeakable attack on Ukraine brought to an end our previous understanding of European political stability. The human tragedy caused by this crisis is, of course, forefront in our minds and we have been leveraging our global network of portfolio companies and business partners to respond to the urgent need for humanitarian aid. Our efforts so far have included delivering food, water, and medical supplies to Ukrainian citizens and donating warehouse space to the Polish Red Cross.

While we have marginal direct investment exposure to the region, as far as the potential wider repercussions are concerned, it is too soon to assess the economic and political impact the war in Ukraine will have in Europe and globally, but we will likely enter a phase of increased volatility.

Outlook

We are confident in the long-term outlook for private markets, an industry we believe will grow to USD 30 trillion assets under management in the next decade. Private markets are, in our view, becoming the new 'traditional' asset class, offering tremendous investment opportunities for firms like ours. It will, however, be a market characterized by increased competition, growing regulatory scrutiny, and increasingly specialized market participants. In this environment, firms like Partners Group – well-resourced active managers that focus on thematic sourcing, value creation capabilities, and an entrepreneurial governance approach – will be greatly positioned to navigate these challenges and continue to deliver sustained outperformance to their clients, at scale.

To continue capturing the opportunities represented by the growth of private markets and remain a leader in the industry, we are evolving our firm, building on our proven strengths of leading investment capabilities, a differentiated client offering, and solid operations.

We have identified six strategic focus areas that will support the sustainable and profitable growth of our firm, on behalf of our clients, business partners, shareholders, and Partners

Group professionals. We are confident that success in these areas is the key to unlocking even more value and we look forward to reporting back to you on these focus areas in the coming years.

In closing, we would like to highlight one of our most important assets – our employees. The growth of our business last year would not have been possible without the hard work and dedication of our colleagues, who have shown strength in adversity throughout the global pandemic. In the name of the Board and the Executive Team, we would like to thank them once again for their contribution.

As ever, we remain committed to creating lasting, positive impact for all our stakeholders and thank you for your trust in our firm.

Yours sincerely,



Steffen Meister
Executive Chairman



David Layton
Chief Executive Officer

2021 at a glance – Investments



Investments

We invested USD 32 billion in attractive transformative companies and assets.

Investment environment

2021 was a record year for the private markets industry and was a particularly successful year across all metrics for Partners Group. We experienced strong underlying portfolio performance and took advantage of the robust market momentum to transact on our thematic pipeline. This allowed us to invest a record USD 32 billion into companies and assets that we believe are well-positioned for future growth, while exercising high selectivity and discipline on pricing.

In this competitive environment, we remain true to our belief that "thematic investing is key to unlocking value": we seek opportunities to build resilience instead of buying it by focusing on assets with value creation potential in sub-sectors with above-average, consistent growth rates. We are very selective and source thematically in order to identify these sub-sectors. We then leverage our entrepreneurial governance approach to create market-leaders through business transformation and platform development, leading to long-term value creation for our clients.

Portfolio performance

In 2021, our private markets portfolio continued to perform well. Our portfolio performance was based on our thematic sourcing, rigorous asset selection process and hands-on value creation approach. The portfolio net performance overview for the twelve-month and ten-year period ending on 31 December 2021 is provided in the following table.

Direct portfolio performance track record ^{1),2)}

	1-year	10-year
Private equity	26.0%	19.9%
Private debt	9.3%	6.4%
Private infrastructure	9.7%	13.5%
Private real estate	13.8%	9.4%

1) Currencies were converted to USD based on 31 December 2021 FX rates.

2) Model net returns assume Partners Group's standard management and performance fees and do not include the impact of factors such as taxes incurred by investors, organizational expenses, search fees, ongoing operating costs or expenses incurred by the program, etc. The performance presented reflects model performance an investor may have obtained and does not represent performance that any investor actually attained. Return figures denote annualized pooled internal rates of returns (IRR) of direct investments in the respective asset classes. Private real estate includes all investments underlying Partners Group's Real Estate Opportunity (REO) strategies, representing private real estate direct investments and (direct) secondary investments.

Private equity

Partners Group's direct private equity portfolio achieved a strong net performance of 26.0% during 2021. Record investment activities were supported by strong underlying operational performance, increasing the adjusted EBITDA of our direct lead portfolio by 25%¹. The changing investment environment has created challenges but also opportunities. Contrary to what the market originally expected, valuations for quality companies have not experienced a correction but were rather at new record highs. Our private equity investment strategy remains very disciplined: we invest in themes that offer clear resilience and companies where we are in a position to create fundamental value at the asset level. Our current investment focus themes include robotic process engineering within our technology vertical,

¹ Based on last twelve month ended as of 30 June 2021 adjusted EBITDA, NAV weighted year on year % change.

2021 at a glance – Investments

alternative protein production in goods & products, mission-critical utility maintenance in services, and small-molecule contract development and manufacturing organizations in our health & life vertical.

Private debt

Following a swift normalization, private debt ended 2021 with a net performance of 9.3%. Our private debt strategy continues to be guided by our thematic approach, negotiation of tight credit documentation and favorable economics, and our ownership mentality. We do not foresee a fundamental alteration in our investment approach but continue to move up the capital structure in our direct lending with a greater focus on senior secured debt, such as first lien and unitranche. We remain focused on investments where the level of return is commensurate with the level of risk. This conservative investment philosophy is implemented with an in-depth due diligence process in order to focus on resilient sectors, such as technology, services, software, and healthcare, which have lower relative exposure to economic variances and commodity price-related industries, in a broadly diversified portfolio. We would generally expect our debt strategies to experience less volatility as a result of the focus on high quality, non-cyclical businesses.

Private infrastructure

Partners Group's direct private infrastructure portfolio achieved a net performance of 9.7% during 2021. The acceleration of certain structural changes brought forward a window of opportunity to deploy capital into the next generation of infrastructure. One example of these changes is a trend towards sustainability, which shapes our investment approach and underpins our thematic focus. The current market is priced to perfection and the risk of inflation continues to be a pertinent factor; our preferred approach revolves around platform strategies in high conviction themes. This conviction produced strong results in 2021 as our portfolio benefitted from our investments in industrial carbon capture, wastewater treatment, and "green" data centers.

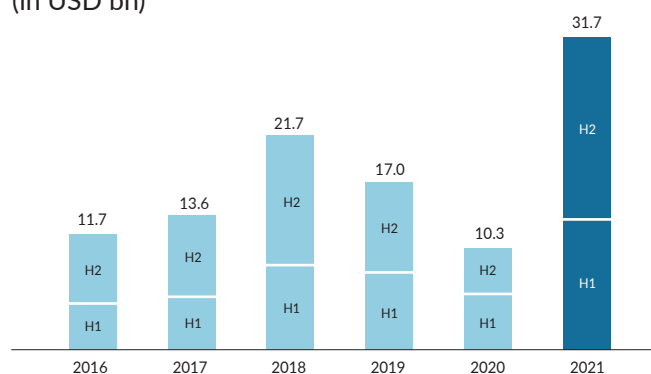
Private real estate

In 2021, our private real estate opportunity strategies achieved a net portfolio performance of 13.8% during the year. There remains a strong appetite for quality assets in good locations, by a variety of yield seeking investors. Our 2021 performance results were underpinned by a focus on our preferred themes of residential-for-rent, high-quality logistics, and specialized high-quality offices in the medical space.

Investments in 2021

During 2021, we invested a total of USD 31.7 billion (2020: USD 10.3 billion) on behalf of our clients across all private markets asset classes. We had a strong year for new investments, which is partially a result of some catch-up effects from the prior year period that was affected by the pandemic.

Partners Group's private markets investments¹⁾ (in USD bn)



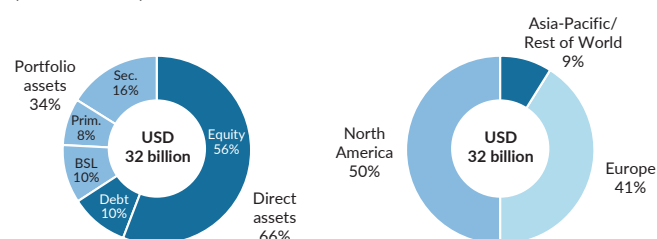
1) Figures include add-on investments but exclude investments executed for short-term loans, cash management purposes, and syndication partner investments. As of 31 December 2021 private markets investments 2016–2021 also include assets raised in the liquid loans business ("BSL") during the period, which includes collateralized loan obligations and net inflows into dedicated liquid loan investment vehicles.

The firm invested USD 20.8 billion, on behalf of our clients, (66% of total investment volume) into direct assets, of which USD 17.6 billion was committed as equity with a focus on value creation through entrepreneurial governance and USD 3.2 billion was committed to corporate direct lending.

To complement our direct investments, we invested USD 10.8 billion, on behalf of our clients, (34% of total investment volume) into portfolio assets. These portfolio assets include USD 5.2 billion of secondary investments into globally diversified private markets portfolios, USD 2.6 billion of select primary commitments to other complementary private markets strategies, and USD 3.0 billion into broadly syndicated loans.

2021 at a glance – Investments

Private markets investments by region and asset class¹ (in USD bn)



1) Figures include add-on investments but exclude 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). Private debt investments include direct lending investments ("direct debt") as well as assets raised in the liquid loans business ("BSL") during the period, which includes collateralized loan obligations and net inflows into dedicated liquid loan investment vehicles.

The US was the most active region for our investment business during 2021, accounting for 50% of all investment commitments vs. 41% in Europe and 9% in Asia-Pacific / Rest of World.

Select private markets investments in 2021²

Private equity

In 2021, we invested USD 16.0 billion in private equity, prioritizing investment opportunities that offer a combination of both resilience and growth. In order to source assets with these components we performed due diligence on hundreds of investment themes, which are underpinned by long-term secular trends. We currently zoom in on more than 50 of them, which are subsequently grouped into our four verticals: Health & Life, Technology, Goods & Products, and Services.

One investment theme that we have focused on for a while is asset and utility maintenance. We concentrate on those asset and utility maintenance businesses looking after mission-critical equipment. One example that fits squarely into this theme is our investment in **DiversiTech**, a leading heating, ventilation, and air conditioning (HVAC) parts manufacturer and supplier in November 2021.

DiversiTech is headquartered in Atlanta, Georgia and provides HVAC services and parts to over 6,000 clients throughout the US, Canada, and the UK. The company offers over 200 product categories leading to supply chain cost advantages for its clients.

DiversiTech is an attractive investment given its entrenched leadership position in the systematically complex US residential HVAC value chain and its growth track record of outgrowing the broader HVAC market for over 15 years. Alongside the management team, Partners Group will

leverage DiversiTech's leading product category positions to gain wallet share with customers in other categories by accelerating new product development, expanding through M&A, and bolstering internal manufacturing capabilities.

Private debt

We invested USD 6.3 billion in direct lending and broadly syndicated loans in 2021. In the current market, we remain focused on providing new or incremental financing to category leaders in non-cyclical, defensive, sponsor-backed businesses. Capital preservation is key in private debt investing and we therefore follow our proven strategy and focus on investing across our current investment themes. For example, advancing the sustainability agenda by rewarding positive environmental, social and governance (ESG) behavior, which in turn improves the overall risk-return profile of a credit. A recent debt investment example with an ESG-linked margin ratchet is the unitranche financing that we provided to **Kusters Beheer**.

Headquartered in Oss, the Netherlands, Kusters Beheer produces fine mechanical components and modules primarily for use in high-tech industries. In line with our process, we defined a set of relevant, meaningful, and challenging KPIs that are appropriate for the issuer, aspirational yet reasonably attainable, and can be independently measured. ESG considerations that are material to Kusters Beheer include energy consumption, waste management, occupational health & safety, and business ethics & governance.

Another theme that we are focused on is providing tailor-made solutions, to complex transactions. In order to generate attractive risk-return profiles, we create bespoke finance solutions which equity investors are willing to pay a premium for. A recent example of this is the senior financing that we provided to support the acquisition of **Ligentia**. We were able to provide pricing and structural flexibility in the documentation to allow for attractive senior pricing and mechanisms for future acquisitions. Our proactive approach allowed us to be the sole lender in the financing.

For all of our investments we stayed in line with our three-prong strategy, by using our thematic approach to find companies in sectors with above-average resilience, investing in debt tranches where we are able to negotiate tight credit documentation and favorable economics, and adopting an ownership mentality.

² 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.

2021 at a glance – Investments



Ligentia

Private real estate

We invested USD 3.9 billion in private real estate in 2021. The real estate market has experienced a profound shift over the last two years with capital increasingly flowing towards residential and industrial sectors. As people spend less time in the office and more time at home, demand for larger, amenity-rich residential units is increasing.

To meet increasing demand for rental units, a key growth theme we have been looking at is the build-to-rent sector in under-supplied European markets. One such market is Spain, where the growing preference for renting rather than owning properties is expected to underpin strong demand for rental units in years to come. To access this theme, we recently launched a new EUR 400 million real estate platform called **Nuva Living** to invest in build-to-rent and private-rented-sector assets located in Spain. Nuva Living already holds a portfolio of approximately 200 homes and is targeting 1,500 units in prime locations within the next five years. This is an opportunity to assemble a portfolio of residential assets that are strategically located, high-quality, and affordable for middle-income earners. Multifamily rent is expected to continue along a strong growth trajectory as rising house prices make buying less affordable and increase demand for rental units.

Another theme we have been following is the demand for high-quality offices in central locations. Beyond traditional office space, we see thematic investing opportunities in the life sciences sector. On a macro level, a record of USD 70 billion went into life sciences-related companies in the US in 2020, a 93% increase from 2018. To capitalize on these tailwinds, we invested in a **life science real estate portfolio in Boulder, Colorado** at the end of 2021. This investment will involve the redevelopment of a seven-building life science business park. Boulder is one of the key small life science markets in the US and offers relative affordability whilst having access to a deep talent pool from the University of

Colorado Boulder. The current life science space in the region is fully leased and there is only one new development under construction, demonstrating the strength of tenancy and the current undersupply of specialty, high-quality office spaces in the area.



Life science office space

Private infrastructure

In 2021, we invested USD 5.4 billion in private infrastructure. Our thematic investing approach in private infrastructure focuses on above-average growth segments that benefit from transformative trends. Within these growth segments, amongst others, we seek out industrial carbon capture and storage assets, data centers, ready-to-use modular facilities, and wired & wireless infrastructure assets. During the pandemic, the essentiality of digital infrastructure became more evident as we all needed to connect virtually for day-to-day activities. High-speed wireless connections also opened up new business opportunities such as wireless broadband provision. To tap this fast-growing market, we invested in **EOLO**, a leader in the Italian fixed wireless access market with an 80% population coverage from a proprietary network. This investment is underpinned by a transformational value creation plan that will include densification of the company's unique fixed wireless access network, further expansion into underserved rural areas, and development of the company's wholesale customer base.

Another recent investment made under our decarbonization & sustainability theme was our acquisition of **Dimension Renewable Energy**. Dimension is a US community solar and battery storage platform with more than 800MW of community solar projects under development across nine states in the US. The company embodies our vision of making renewable electricity directly accessible to more households and businesses to accelerate the energy transition by developing community-based projects.

2021 at a glance – Investments



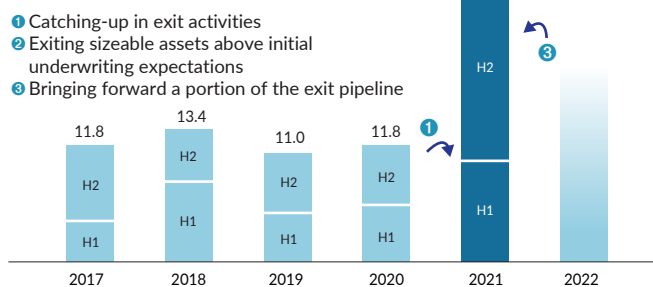
Dimension Renewable Energy

Realizations in 2021

Our portfolio performance has been strong during 2021 as we continued to see solid value creation generated by our transformational investing approach. Supported by robust demand for quality assets, a catch-up in exit activities from 2020, and the bringing forward of a portion of the 2022 exit pipeline, we agreed the sales of a number of mature private markets assets, leading to a total of USD 29.1 billion in underlying portfolio realizations (2020: USD 11.8 billion).

Exceptionally high underlying portfolio realizations in 2021

(in USD bn)



One high-profile exit that we closed in 2021 on behalf of our clients was the sale of a leading US digital engineering services company **GlobalLogic** for an enterprise value of USD 9.5 billion. We applied our entrepreneurial governance approach to drive several transformational value creation initiatives and accelerate the company's growth trajectory. Initiatives included launching dedicated sales strategies to address niche customer segments, such as facilitating strategic introductions and building strategic relationships with over 20 private equity firms, many of which are software and technology focused. Furthermore, we have transformed account planning, expanded key accounts, and increased the client base by almost 20%. During our ownership, we also increased GlobalLogic's employee base by more than 7,000

additional software designers, engineers, and data experts. We completed four strategic add-on acquisitions globally, thereby expanding GlobalLogic's services footprint and engineering capabilities and supporting revenue growth.

Additionally, we have enhanced the Company's focus on ESG initiatives, helping the company to establish a dedicated ESG function and mid-term strategy. Our investment in GlobalLogic generated an average gross multiple in excess of 5.0x for Partners Group's clients and co-investors. Further to this, a number of non-C-level employees across GlobalLogic benefitted from this sale, as Partners Group allocated equity to them to further incentivize successful value creation.

In 2021, we also completed the sale of **Cerba HealthCare**, a leading European player in medical diagnosis, for an enterprise value of over EUR 4.5 billion. During our ownership, we led Cerba's successful consolidation strategy within France. We also penetrated new international markets, including Italy and Africa, and launched a strategic initiative to expand Cerba into an adjacent category of veterinary testing services, where we had already achieved a leadership position in France by the time of our agreed sale. Last but not least, we steered the successful repositioning and expansion of Cerba's research business for biotech and pharma companies. During this past year, we expanded Cerba's core processing capacity dramatically to keep up with demand for COVID-19 testing. Cerba now stands as a uniquely placed company in the European medical diagnostics market, supplying diagnostic tools and providing critical expertise to patients, physicians, hospitals, and the pharmaceutical industry. Our investment in Cerba has generated an average gross multiple of more than 2.5x for Partners Group's clients and co-investors.



Cerba Healthcare

2021 at a glance – Investments

Other 2021 realizations include the sale of a large-scale **US-based portfolio of industrial real estate** with a combined leasable area of 8.6 million square feet.

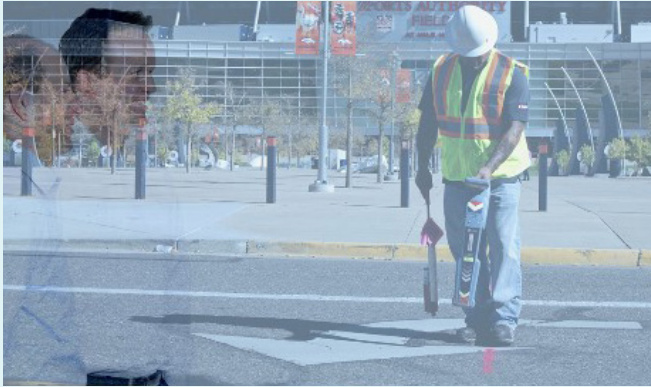
The investment has generated an average gross multiple of more than 2.0x for our clients. We built this portfolio of quality assets across attractive industrial markets, gaining exposure to key transformative trends such as the rise of e-commerce and relatively outsized expansion of regional growth cities. We are proud to see the transformational results our team has driven.



US industrial portfolio

We also recently sold **Straive**, an e-learning and big data platform. We transformed Straive into a technology-driven business with strong positions in the research content, edtech, and data solutions markets. We took Straive's strengths in process automation and content operations and applied them to broader end markets with higher growth, playing into the themes of e-learning and big data. Straive's organic growth was supplemented by three strategic bolt-on acquisitions. We successfully exited this investment in 2021.

2021 at a glance – Clients



Clients

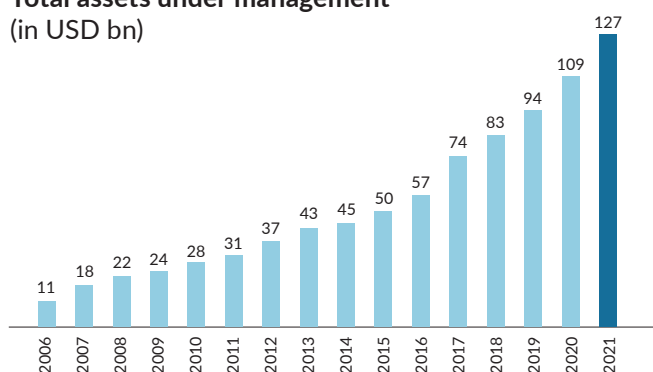
USD 25 billion gross client demand in 2021; AuM increased by 17% to USD 127 billion.

Fundraising environment

We expect the secular growth trajectory of the private markets industry in general, and for Partners Group in particular, to continue and fundraising to remain diversified across regions, asset classes as well as product and client types.

In the 5-year period ending in 2021, private markets AuM grew at 14% p.a.³ Over the same period, Partners Group's AuM grew by 17% p.a. With USD 1'355 billion⁴ raised in 2021, the private markets industry had a record fundraising year across all asset classes. The strong fundraising year was supported by high levels of deployment and solid investment performance.

Total assets under management¹⁾ (in USD bn)



1) Assets under management exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013.

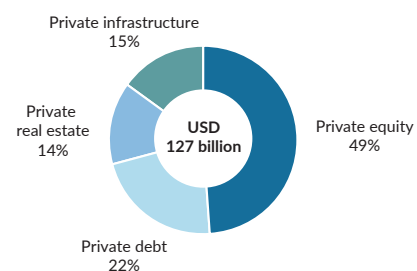
³ Source: Preqin, Alternatives in 2022.

⁴ Source: Private Equity International, January 2022, Fundraising Report 2021.

In 2021, Partners Group also experienced a solid year of fundraising based on sustained client demand, receiving USD 25 billion in new commitments. The demand for programs and mandates brought our total AuM to USD 127 billion as of 31 December 2021 (31 December 2020: USD 109 billion), an increase of 17%.

The breakdown of total AuM across asset classes as of 31 December 2021 is as follows: USD 63 billion private equity (49% of total AuM), USD 27 billion private debt (22%), USD 18 billion private real estate (14%), and USD 19 billion private infrastructure (15%).

AuM by asset class

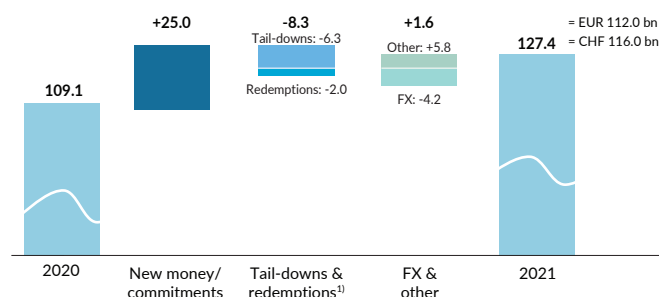


AuM growth in 2021 was further supported by continued strong performance across Partners Group's private markets portfolios, which led to a positive contribution of USD 5.8 billion from a select number of investment programs, which link AuM to NAV-development; this is referred to as "other" in the chart below. Partners Group reports fee-paying AuM and most of the firm's evergreen programs base fees on NAV. The portfolio performance during the period impacts the NAV of these products and this translates to a corresponding change in firm-level AuM. Furthermore, tail-down effects

2021 at a glance – Clients

from mature private markets investment programs amounted to USD 6.3 billion and redemptions from evergreen programs to USD 2.0 billion. Foreign exchange effects negatively impacted underlying AuM growth by USD 4.2 billion, in particular due to the weakening of EUR against USD. Overall, this resulted in net AuM growth of USD 18.3 billion during the period.

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. Gating provisions are a standard feature for those evergreens which allow for redemptions; net redemptions are typically limited up to 25% p.a. of the prevailing NAV (stricter gating rules can be enforced for select share classes). Gating provisions are a standard feature for those evergreens which allow for redemptions; net redemptions are typically limited up to 25% p.a. of the prevailing NAV (stricter gating rules can be enforced for select share classes).

Client demand across all asset classes

Private equity was the largest contributor to assets raised in 2021, representing 50% (USD 12.4 billion) of all new commitments. Client demand was seen across the entire suite of our traditional and bespoke client solutions offerings. On the traditional offerings side, fundraising was supported by demand for the firm's fourth buyout program, which closed in the second half of 2021. On the bespoke client solutions side, along with the strong growth of mandates and other open-ended funds, our flagship US evergreen fund was a key contributor to fundraising, recording one of its highest ever inflows during the period.

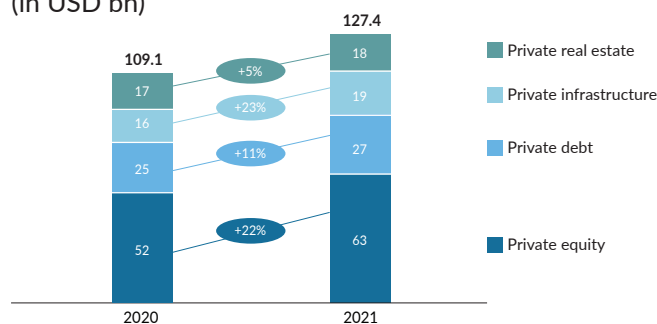
Private debt saw solid inflows, which represented 24% (USD 6.1 billion) of all new commitments. Demand was spread over several different programs and mandates, including our collateralized loan obligations (CLO) focused on broadly syndicated loans (43% of assets raised), as well as our direct lending activities, which contributed the other 57% of new commitments. Today, our entire CLO business represents 6% of our AuM.

New commitments in **private real estate** represented 9% (USD 2.2 billion) of overall new client demand, stemming from a diversified range of investment programs and mandates. Private real estate is in the midst of marketing its new flagship

fund targeting global real estate opportunities and we expect the program to be a relevant contributor to fundraising in 2022.

Client demand for **private infrastructure** represented 17% (USD 4.2 billion) of all new commitments and was the fastest growing asset class in 2021 (+23%). Private infrastructure closed its successor direct offering in February 2022. We have seen a strong demand with a relevant contribution to fundraising over the second half of 2021.

Net AuM growth by asset class¹⁾ (in USD bn)

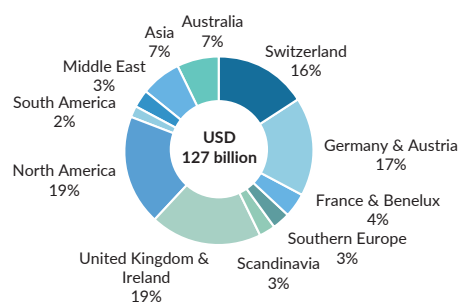


1) Due to rounding, some totals may not correspond with the sum of the separate figures.

Client demand by region and by type

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

AuM by region



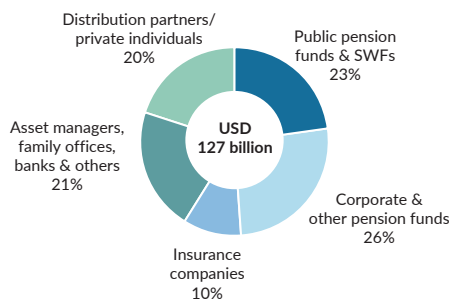
In terms of types of clients, the majority of our AuM stems from institutional clients such as corporate, public, and other pension funds, as well as sovereign wealth funds and insurance companies. These institutional investors often invest via bespoke solutions or traditional long-term closed-ended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

Over the last three years, we have also seen strong interest from distribution partners, which typically accounts for between 15-25% of client demand. They represent private individuals and smaller institutional investors, who

2021 at a glance – Clients

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 2021, 38% (USD 9.5 billion) of overall inflows were raised via **traditional private markets programs**, typically limited partnerships with a pre-defined contractual life and often 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 market's exposure for large institutional clients, typically 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 36% (USD 8.9 billion) of our new client commitments stemmed from relationships with clients through mandates.

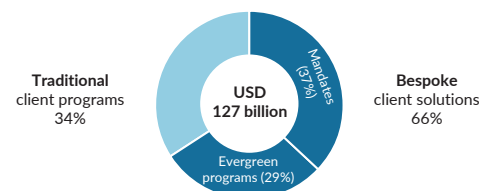
The remaining 26% (USD 6.5 billion) of new commitments stemmed from our **evergreen programs**. Evergreen programs were the fastest growing category and grew 30% in 2021. This was driven by strong performance combined with robust inflows. We are a global leader in evergreen programs for investments in 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 2021, we manage 29% of our AuM (USD 36.7 billion) in evergreen programs.

Gating provisions are a standard feature of these evergreen programs in order to protect remaining investors and performance. Typically limited at up to 25% p.a. of the prevailing net asset value, depending on the investment strategy and content of the program, in severe cases of market distress stricter gating provisions can be applied.

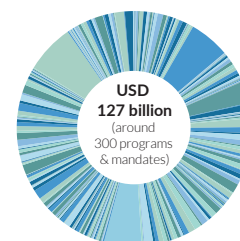
Following these inflows in 2021, our total AuM by product structure as of 31 December 2021 stands as follows:

AuM by program structure



As of 31 December 2021, our two largest investment programs, which are both globally diversified, accounted for 15% of our AuM. The largest and second largest programs combine private equity and private debt investments and cater to private investors in the US and Europe, respectively. We remain highly diversified with approximately 300 programs and mandates as shown in the below graph.

AuM split by private market programs and mandates



2021 at a glance – Client outlook

Client outlook

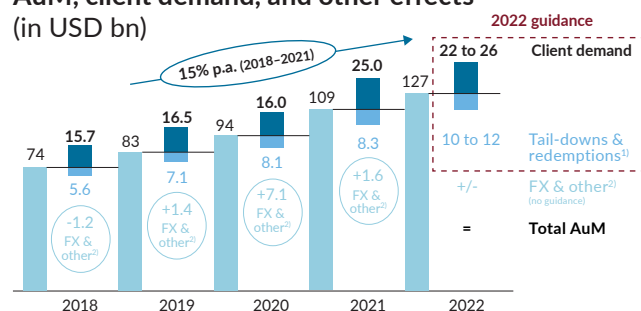
We expect 2022 will be a solid fundraising year. Based on robust client demand for programs and mandates, and facilitated by our robust investment capacity, we issue guidance of USD 22 to 26 billion expected gross client demand for the full-year 2022.

Our full-year estimates for tail-down effects from more mature investment programs and potential redemptions from evergreen programs amount to between USD 10 to 12 billion.

Growing numbers of clients appreciate the flexibility of choice presented by our range of non-traditional private markets offerings. We consider that our ability to provide tailored access to private markets, and to create and actively manage bespoke programs that match the different targets of our clients, remains unparalleled in the industry. As such, we believe that these structures will continue to drive demand for Partners Group in the years to come. Additional building blocks to our future growth are expected to stem from defined contribution ("DC") pension plans as well as from various global initiatives to democratize access to private markets for a broader set of investors.

Based on our strong investment performance track record, as well as client service excellence, we believe that we are well positioned to continue to be a partner of choice for global investors.

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) Other consists of performance and investment program changes from select programs.
For illustrative purposes only. Due to rounding, some totals may not correspond with the sum of the separate figures.

Mid-term outlook

We believe the private markets industry will grow to USD 30 trillion assets under management over the next decade, while undergoing a fundamental shift – public markets and private markets are swapping roles. Private markets are, in our view, becoming the new 'traditional' asset class, offering investors access to the new real economy. In fact, private markets capital formation has already been outpacing traditional

global equity issuances over the last five years. Over the same period, IPOs have been increasingly concentrated in technology and are more recently attracting speculative investment. The industry will also face challenges as it evolves – increased competition, growing regulatory scrutiny, and increasingly specialized market participants. The firms that will deliver sustained outperformance, at scale, for their clients in this environment, are well-resourced active managers that focus on thematic sourcing, value creation capabilities, and an entrepreneurial governance approach.

To ensure we continue to achieve sustainable and profitable growth in a market that is more mature and faster paced, we have defined six strategic focus areas that will guide our growth in the coming years and are designed to strengthen our leading position in private markets further.

Our six strategic focus areas

Investments	Transformational investing
	Scale investment activity
Clients	Differentiate with bespoke solutions
	Grow client base in the US
People	Develop next generation leadership
	Organize for scale

Investments

Transformational investing is our approach to active business building, and our answer to the large set of opportunities and challenges in the years ahead. In order to maintain a growing pipeline of target companies and assets with strong value creation hypotheses in high-conviction thematic growth sectors, we will further invest in research to increase the number of themes we cover at any given point in time, concurrently grow our network of operating directors that are experts in these fields, and more directly map the goals of senior investment leaders to thematic objectives.

As an owner of market leading companies and assets, we work alongside management teams with the mindset of a founder, not a financial investor. Therefore, the design of the board and the cooperation with their executive teams is of the utmost importance. Building on the success of the rollout of PG Alpha, our proprietary board and strategy management system, we are expanding the scope to more of our control assets to help ensure that our portfolio firms are engaging with our framework throughout the lifespan of our ownership.

2021 at a glance – Client outlook

As a recognized, established leader in sustainability, we build better and more sustainable assets and companies. In particular, we focus on driving effective governance at the board and executive team level in our portfolio companies. We believe this lever will be the most impactful to establishing ESG targets in assets we own.

In addition to our direct investing activities, we will grow our portfolio of non-control assets and loans more strongly. The market for non-control assets has significantly evolved in the last years and we intend to capture the numerous opportunities that present themselves in this segment by **scaling our investment activities** and focusing on extension assets.

Clients

As the demand for private markets grows across a variety of investor types, we observe two clear trends that play to our strength as a preferred **bespoke solutions** provider: first, large institutional investors in private markets are becoming more sophisticated and require tailored solutions to address a variety of specific needs. We will therefore more prominently communicate our unique portfolio management capabilities, which enable us to tailor investment content to the specific objectives and parameters of each client's risk/return profile and pre-defined investment level. Furthermore, we will support our established client base in transitioning from traditional limited partnership structures to industry-leading mandates to give them access to the benefits offered by tailored solutions. Second, there is an influx of smaller investors and private individuals seeking to access the asset class for the first time, for whom traditional solutions are not always appropriate. For those clients, we will expand our differentiated bespoke evergreen solutions, which provide access to the same private markets investments as large institutional investors while offering a certain amount of liquidity.

At the same time, we will also focus on **growing our client base, particularly in the United States**. We are actively working to increase our brand recognition, especially among consultants, to transfer the success we have had in creating tailored portfolios for our European clients to the US and win new clients with our bespoke solutions. While the US typically accounts for around half of our private markets investing every year, it currently only makes up around 20% of our annual client demand. We will invest in growing the incremental share of fundraising stemming from the US with an ambition to be above 30% by 2025.

Lastly, the defined contribution ("DC") pensions market in the US – a key driver of future growth for the private markets industry – is expected to slowly open to the asset class. We will take advantage of our experience in establishing solutions with similar liquidity characteristics to develop a leading position in this nascent market.

People

As we implement our system to **develop the next generation of leadership**, we are continually assessing and developing our global management team to create a highly talented and diverse bench of potential next-generation leaders. To underscore these objectives, we aim for a top quartile annual employee engagement score of >75%, a low annual attrition rate of <12.5%, and at least 25 female leaders in Senior Management by 2025.

We will also continue to **organize for scale** through technology and process improvements. We aim to increase efficiency across our platform through additional investment in our digitization efforts that will allow us to manage increasing AuM with the same degree of operational excellence across our services platform.

2021 at a glance – Financials



Financials

Higher management fees and significant performance fees supported by record exit activity; EBIT margin stable at 63%.

Management fees grew by 25%, ahead of average assets under management in CHF growth of 17% as the firm benefited from higher late management fees⁵ received following the final close of several traditional closed-ended programs. Record portfolio realizations amounting to USD 29 billion translated into exceptionally high performance fee growth. Over the period performance fees represented 46% of total revenues, slightly above our 2021 guidance of 40-45%. The substantial increase was also driven in part by a "catch-up" in exit activities that had been postponed from

5 Late management fees typically arise when clients join a commingled closed-ended investment program at a later stage of the fundraising period and are required to pay retroactively for previously delivered management services to this respective program. Any such payments relating to prior accounting years are called late management fees.

2020 following the outbreak of the COVID-19 pandemic, and select realizations originally planned for 2022 that were brought forward because the firm had already met its value creation targets. Following the exceptional 2021, we guide performance fees to account for 20-30% of total revenues over the mid- to long-term.

As a result of a strong year, total revenues rose 86%. Total costs grew in line with revenues and EBIT increased by 89%. Profit increased in line with EBIT by 82% year-on-year. The Board proposes a dividend increase of 20% to CHF 33.00 per share based on continued AuM growth and a confident growth outlook across all business lines.

Key financials

	2021	2020	Growth
AuM as of the end of the period (in USD bn)	127.4	109.1	+17%
AuM as of the end of the period (in CHF bn)	116.0	96.4	+20%
Average AuM as of 31 December (in CHF bn)¹⁾	109.3	93.8	+17%
Revenue margin ^{1),2)}	2.41%	1.51%	
Revenues (in CHF m)²⁾	2'629	1'412	+86%
Management fees (in CHF m) ³⁾	1'432	1'146	+25%
<i>In proportion of total revenues³⁾</i>	54%	81%	
Performance fees (in CHF m)	1'197	266	+349%
<i>In proportion of total revenues</i>	46%	19%	
EBIT (in CHF m)	1'650	875	+89%
EBIT margin	62.8%	62.0%	
Management Fee EBIT (in CHF m) ⁴⁾	895	711	+26%
Profit (in CHF m)	1'464	805	+82%

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.

4) Management fee EBIT is defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2021.

2021 at a glance – Financials

Strong increase in management fees due to AuM growth and higher late management fees

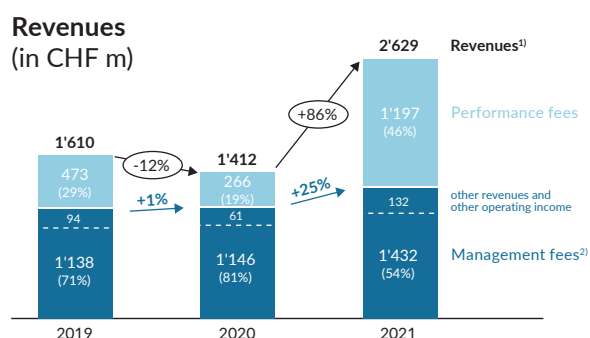
Average AuM in CHF grew by 17% in 2021. Over the same period, management fees increased by 25%, amounting to CHF 1'432 million in 2021 (2020: CHF 1'146 million). The disproportional increase in management fees is mainly due to late management fees received following the final close of a number of traditional programs such as the latest Private Equity Direct IV flagship fund. As a result, other revenues and other operating income increased 115% amounting to CHF 132 million in 2021 (2020: CHF 61 million).

Management fees deviated from the mid- to long-term target range of 70-80%, making up 54% of total revenues (2020: 81%), due to the substantial increase in performance fees. Management fees are expected to make up the majority 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.

Below are some characteristics of the management fees generated by our different offerings:

- **Closed-ended programs:** 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 34% of our total AuM as of the end of 2021.
- **Mandates:** management fees 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 37% of our AuM as of the end of 2021.
- **Evergreen programs:** management fees stem from investment programs with limited liquidity that have no contractual end and cater predominantly to high-net-worth individuals and smaller institutional investors; they represented 29% of AuM as of the end of 2021⁶.

⁶ 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.

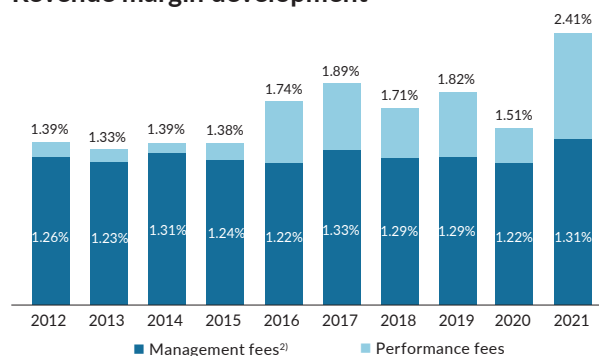


- 1) Revenues from management services, net, and other operating income. Due to rounding numbers might not add up.
 2) Management fees and other revenues, net, and other operating income. Due to rounding numbers might not add up.

Management fee margin underpinned by long-term stability and pricing discipline

The majority of our revenues are recurring and based on long-term contracts with our clients, providing highly visible cash flows. Our management fee margin has been stable since 2012 and ranged between 1.22% and 1.33%. It benefited from long-term price stability in client contracts and consistent pricing discipline. In 2021, the management fee margin increased, driven by higher late management fees, amounting to 1.31% (2020: 1.22%). Performance fees brought the total revenue margin to 2.41% (2020: 1.51%) during the same period.

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.

2021 at a glance – Financials

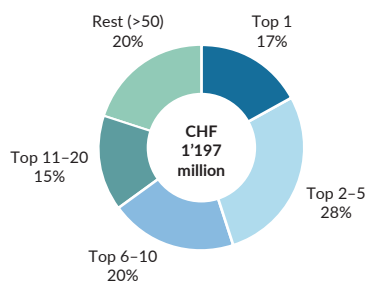
Performance fees driven by 2020 "catch-up" and strong market momentum throughout 2021

Our private markets portfolio generated attractive returns during 2021, supported by strong underlying operational performance. For instance, the firm's transformational investment strategy translated into positive (unrealized) valuation adjustments of Partners Group's own investments on the balance sheet alongside its clients of 16% across all asset classes. This performance in combination with very favorable exit markets throughout 2021 allowed us to generate USD 29 billion in underlying portfolio realizations that translated into an exceptional increase in performance fees.

Contributing to the significant year-on-year increase were a catch-up in exit activities that had been postponed from 2020 and sizeable liquidity events at a number of larger assets that the firm had worked to transform over many years. We were also able to bring forward a portion of the exit pipeline originally planned for 2022 because the firm had already met its value creation targets. Overall, performance fees increased to CHF 1'197 million (46% of revenues) from CHF 266 million (19% of revenues), slightly ahead of the 2021 full-year guidance of 40-45%.

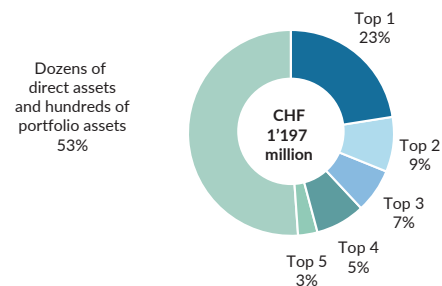
Our performance fees are well diversified across programs and assets. More than 70 investment programs and mandates with portfolios diversified across many vintage years contributed to performance fees in 2021.

Performance fee contribution by investment programs & mandates



Performance fees were also driven by dozens of underlying direct assets and hundreds of portfolio assets. The investment program that contributed the most – a mature private equity evergreen program – represented 17% of the total performance fees. The asset that contributed the most represented 23% of the total performance fees.

Performance fee contribution by single assets



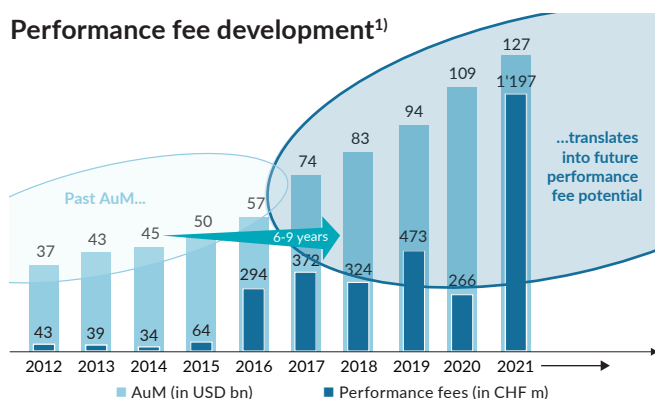
In private markets, performance fees are designed to remunerate investment managers for the long-term value creation they generate for their clients. We follow a prudent approach in recognizing performance fees: in closed-ended investment programs, performance fees are typically charged only once investments are realized and a pre-defined return hurdle has been exceeded. To ensure a very low probability of reversing realized performance fees, we stress-test unrealized investments by applying significant discounts to NAV to assess whether the hurdle rate will still be reached despite these hypothetical mark-downs. These stress-tests are driven by a number of factors including macroeconomic as well as bottom-up asset and portfolio-level data. In line with revenue recognition standards, this approach makes it highly unlikely that we would have to reverse recognized performance fees and therefore significantly reduces the risk of claw backs. The performance fee recognition methodology is explained in detail in the appendix on pages 28 and 29.

Investment track record confirms positive mid-to long-term performance fee outlook

Over the mid- to long-term, we continue to expect our performance fee potential to grow in line with AuM. 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 its underlying investments are successful. For the full-year 2022, of total revenues in the mid- to long-term, assuming market conditions and the exit environment remain supportive.

2021 at a glance – Financials

Performance fee development¹⁾



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.

Cost growth in line with revenue growth

Our employees are our most important asset and the key to our success. We aim to attract and retain highly talented and diverse professionals by offering them a great place to work and the opportunity to grow, both professionally and personally. In order to build out major business, corporate, and organizational initiatives to support continued sustainable growth, we have historically grown the number of professionals in line with our AuM. In financials terms, regular personnel expenses follow management fees. Following an intensified hiring in 2019 which allowed us to sufficiently staff our platform with top talent, our recruiting activities temporarily slowed down in 2020/2021 due to the pandemic and resulted in 1'573 FTEs as of 31 December 2021 (31 December 2020: 1'519 FTEs), an increase of 4% year-on-year. The average number of FTEs amounted to 1'516 FTEs (2020: 1'504 average FTEs) and increased by 1% year-on-year.

Overall, revenues increased by 86% year-on-year and total operating costs increased by 82% year-on-year, directly driven by higher personnel expenses. Personnel expenses represent the vast majority of total operating costs and grew by 100% in 2021. In particular, performance-fee related expenses grew proportionally to the increase of performance fees to CHF 441 million (2020: CHF 101 million), up 335% year-on-year; there is a direct relationship between performance fees earned and compensation paid. Non-performance fee-related personnel expenses increased by 28% to CHF 420 million (2020: CHF 329 million) and included higher bonus payments in line with management fee-growth as well as one-off social security costs on the firm's equity incentive plans as a result of the strong increase in our share price.

Other operating expenses, increased by 14% during the period and amounted to CHF 78 million (2020: CHF 68

million). Depreciation & amortization remained stable at CHF 40 million (2020: CHF 38 million).

EBIT growth in line with revenue growth (in CHF m)

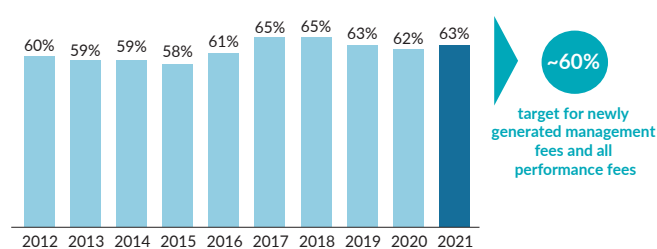
	2021		2020
Revenues¹⁾	2'629	+86%	1'412
Total operating costs, of which	-978	+82%	-537
Personnel expenses	-861	+100%	-430
<i>Personnel expenses (regular)</i>	-420	+28%	-329
<i>Personnel expenses (performance-fee-related)</i>	-441	+335%	-101
Other operating expenses	-78	+14%	-68
Depreciation & amortization	-40	+3%	-38
EBIT	1'650	+89%	875
EBIT margin	62.8%		62.0%
Average FTEs	1'516	+1%	1'504
Year-end FTEs	1'573	+4%	1'519

1) Revenues include management fees and other revenues, net, performance fees, net, and other operating income. Regular personnel expenses exclude performance fee related personnel expenses. Performance-fee related personnel expenses are defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2021 (p. 30).

EBIT margin stands at 62.8%

In 2021, EBIT increased by 89% in line with revenues, amounting to CHF 1'650 million (2020: CHF 875 million) and the EBIT margin increased slightly by 0.8%-point to 62.8% (2020: 62.0%). While we forge ahead with investing for future growth, 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 will be allocated to the firm and its shareholders.

EBIT margin development¹⁾



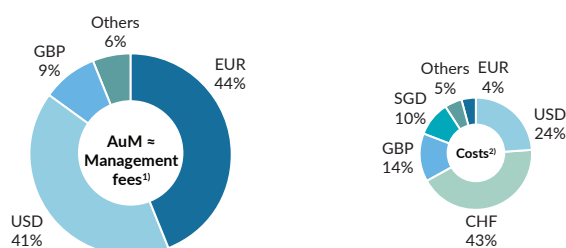
1) For 2012–2014, non-cash items related to the capital-protected product Pearl Holding Limited were excluded from depreciation & amortization.

2021 at a glance – Financials

Diversified FX exposure

Fluctuations in EUR or USD against CHF affect our revenues and costs and, therefore, also our total EBIT margin. This is a result of the difference between the currency mix of our revenues and costs. Most prominently affected by such movements are management fees and our operating costs (excluding performance-fee related expenses). Performance fee revenues and performance fee-related expenses are largely EBIT margin-neutral as both, revenues, and costs, are equally affected by such currency movements.

Currency exposure in 2021



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.

In 2021, currency movements decreased the total EBIT margin by less than 0.2%-points, mainly driven by the USD depreciation against the CHF.

Average FX rates development

FX rates (average)	2021	2020	Delta
1 EUR CHF	1.081	1.070	+1.0%
1 USD CHF	0.914	0.939	-2.6%
1 GBP CHF	1.257	1.204	+4.4%
1 SGD CHF	0.680	0.680	-0.0%

Strong performance in underlying portfolio drove financial result

The financial result amounted to CHF 76 million (2020: CHF 53 million):

- CHF +120 million (2020: CHF +52 million): we invested into our own investment programs alongside our clients (see detailed description of balance sheet investments below). During the period, our transformational investing strategy facilitated substantial value creation in these investment programs and resulted in an average return across all stages and asset classes of 16% (2020: 7%). For further information see note 5.1. to the consolidated financial statements.

- CHF -44 million (2020: CHF +1 million): the negative contribution was driven by negative foreign exchange effects, hedging and other costs. These negative effects are mainly a result of the accounting treatment of intercompany positions currencies different than CHF (mainly USD). We hedge our exposure in currencies other than CHF for our treasury management and short-term financing services.

Corporate taxes amounted to CHF 263 million (2020: CHF 124 million). The tax rate increased to 15.2% (2020: 13.3%). The increase in the tax rate was due to withholding taxes on US dividend distributions to Partner Group Holding AG and changes to the country mix in 2021.

In summary, the firm's profit increased by 82% year-on-year to CHF 1'464 million (2020: CHF 805 million).

Profit development (in CHF m)

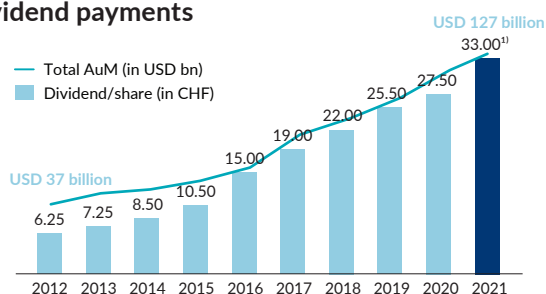
	2021		2020
EBIT	1'650	+89%	875
Total financial result, of which	76		53
<i>Portfolio performance</i>	+120		+52
<i>Foreign exchange, hedging & others</i>	-44		+1
Taxes	-263		-124
<i>Tax rate</i>	15.2%		13.3%
Profit	1'464	+82%	805

Proposed dividend of CHF 33.00 per share (+20%)

Based on the strong development of the business in all asset classes and regions, the operating result, and their confidence in the sustainability of this growth, Partners Group's Board of Directors will propose an increased dividend of CHF 33.00 per share (2020: CHF 27.50 per share) to its shareholders at the Annual General Meeting on 25 May 2022. This proposal represents a dividend increase of 20% and a payout ratio of 60% (2020: 91%), again aligning the firm's progressive dividend strategy to its AuM growth.

2021 at a glance – Financials

Dividend payments



1) The Board of Directors proposes at the Annual General Meeting of shareholders to be held on 25 May 2022 that a dividend of CHF 33.00 per share shall be paid for the financial year 2021.

Available liquidity of CHF 2.5 billion

Our balance sheet remains strong. After a dividend payment of CHF 725 million in May 2021, we have an available liquidity of CHF 2.5 billion (31 December 2020: CHF 2.0 billion) and hold a current net cash position of about CHF 1.6 billion as of 31 December 2021 (31 December 2020: CHF 1.1 billion). With this we have sufficient cash & cash equivalents available to meet expected operational expenses and to service short-term financial obligations. We furthermore ensure that we meet our targeted available liquidity level that would also enable us to well sustain the firm's operations in a financial crisis scenario and/or a depressed economic environment.

The firm maintains three unsecured credit facilities with Swiss and international banks amounting to a total of CHF 865 million as of 31 December 2021 (31 December 2020: 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 2021, no credit facility was drawn (31 December 2020: no credit facility drawn).

Available liquidity of CHF 2.5 billion on balance sheet (in CHF m)

	Assets	Liabilities
Cash & cash equivalents	911	
Short-term loans	1'489	
Long-term debt		799
Total net cash	1'601	
Undrawn credit facilities		865
Total available liquidity	2'466	

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 2021, our long-term outstanding debt amounted to CHF 799 million (31 December 2020: 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).

As of 31 December 2021, 441 short-term loans (31 December 2020: 271) were outstanding with an average loan amount of CHF 3.4 million (31 December 2020: CHF 2.5 million). The duration of these loans typically amount to 1-3 months. The loans are 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 2021, the investments we hold on our own balance sheet alongside clients amount to a total of CHF 0.8 billion (31 December 2020: 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 aggregate net asset value of CHF 715 million as of 31 December 2021 (31 December 2020: CHF 616 million).

Investments in associates amounted to CHF 18 million as of 31 December 2021 (31 December 2020: CHF 25 million), which mainly represent a stake in Pearl Holding Limited, a mature investment program which continues to wind down via ongoing distributions.

2021 at a glance – Financials

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 net asset value and amounted to (net) CHF 37 million as of 31 December 2021 (31 December 2020: CHF 51 million).

Investments alongside clients from balance sheet⁴⁾ (in CHF m)

Financial investments / GP commitment ¹⁾	715
Investments in associates ²⁾	18
Seed investments ³⁾	37
Total investments alongside clients	770

1) NAV excluding CHF 455 million (2020: CHF 290 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 2021 Annual Report.

3) Seed investments presented in the annual report as assets and liabilities held for sale.

4) As of 31 December 2021.

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 zero management fees and zero performance fees.

In total, commitments by the firm's Board of Directors and employees amounted to approximately CHF 2.1 billion as of 31 December 2021 (31 December 2020: CHF 2.0 billion), of which CHF 1.6 billion (2020: CHF 1.6 billion) is committed to closed-ended programs and CHF 0.5 billion (2020: CHF 0.4 billion) to evergreen programs.

Financial outlook

- Management fees:** we expect gross client demand of USD 22 to 26 billion in 2022, together with around USD 10 to 12 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:** after the strong exit environment we experienced in 2021, we expect exits to normalize along the same trajectory as prior years. 2021 was an outlier year and we foresee a return to our mid-term guidance of performance fees consisting of 20-30% of total revenues in the mid- to long-term, assuming market conditions and the exit environment remain supportive. We continue to expect our performance fee potential to grow roughly in line with AuM.
- 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.
- Tax rate:** our overall corporate tax rate derives from various tax rates across many jurisdictions worldwide where we have active business operations. Considering international tax developments, we expect the group tax rate to be between 14-17%.
- Balance sheet:** our balance sheet remains strong. With CHF 2.9 billion in shareholder equity and CHF 2.5 billion available liquidity, we feel well-equipped to realize the potential of private markets in different economic environments.

2021 at a glance – Financials

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 x 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 predefined 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 x 20%) should the portfolio be sold at the indicated value of 60.

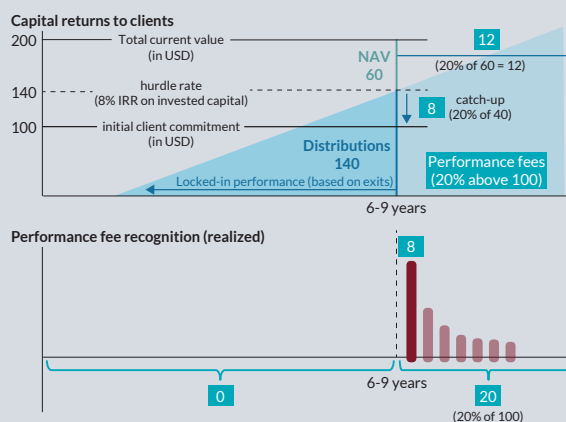
Total performance fees received by the manager are 20 (20% of 40 + 20% of 60 = 8 + 12) and clients receive 80% of profits (80% x (200 - 100)).

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 of investment programs with a claw-back mechanism based on a three-step approach:

- Step 1: the total proceeds from realized underlying investments are determined and the corresponding costs of such realized as well as of fully written-off investments are deducted (“Net Proceeds”).
- Step 2: the NAV of unrealized underlying investments is determined. The respective NAV will be written down to the extent that the probability of a future claw-back risk becomes minimal¹. 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.
- Step 3: performance fees are calculated for (1) and (2) by multiplying (1) and (2) by the applicable performance fee rate subject to exceedance of the hurdle rate. Where the hurdle rate is not exceeded, there will be no performance fees. The lower of such calculated performance fees is recognized.

The illustrative example below explains the approach for performance fee recognition as 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.

¹ As of 31 December 2021, the applied discount was 50% (31 December 2020: 50%), except for selected programs where the discount is determined on the basis of a systematic approach and may be up to 100%.

2021 at a glance – Financials

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 (assuming the hurdle rate is met).
- 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

Key definitions

Assets under management (AuM): Partners Group publishes information on Assets under Management ("AuM"), assets raised, 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 assets raised are counted at 50%. No AuM and assets raised are counted where Partners Group is only providing administrative, transactional, or consultant services.

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.

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	2021	2020
EBIT	1'650	875
Revenues from management services, net, including other operating income	2'629	1'412
EBIT margin	62.8%	62.0%

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 financial result, before taxes, and before depreciation and amortization.

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

Management Fee EBIT is calculated as EBIT (see EBIT definition above) less recognized performance fee revenues adding back Performance Fee Related Expenses (see Performance Fee Related Expenses definition below). Adjustments to the Management Fee EBIT calculation may occur should accounting or other extraordinary adjustments with an effect on the financials make the comparison between the start and end years inconsistent.

Key definitions and alternative performance metrics

Performance fee-related expenses include expenses for the firm's dedicated performance fee-related compensation program (the Management Carry Program), performance fee-related bonus expenses, related social security expenses and social security expenses for the Management Performance Plan.

In millions of Swiss francs	2021	2020
EBIT	1'650	875
Performance fee revenues	(1'197)	(266)
Performance fee related expenses	441	101
Management Fee EBIT	895	711

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	2021	2020
Cash and cash equivalents	911	1'228
Short-term loans	1'489	673
Long-term debt	(799)	(799)
Net cash position	1'601	1'102

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

In millions of Swiss francs	2021	2020
Revenues from management services, net, including other operating income	2'629	1'412
Average AuM (in CHF bn) calculated on a daily basis	109.3	93.8
Revenue margin (annualized)	2.41%	1.51%

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

In millions of Swiss francs	2021	2020
Profit for the period	1'464	805
Average equity attributable to owners of the firm	2'587	2'281
Return on equity	57%	35%

1. Report of the auditors on the consolidated financial statements	33
---------------------------------------------------------------------------	-----------

2. Consolidated financial statements:

- Consolidated income statement for the years ended 31 December 2021 and 2020	38
- Consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020	39
- Consolidated balance sheet as of 31 December 2021 and 2020	40
- Consolidated statement of changes in equity for the years ended 31 December 2021 and 2020	42
- Consolidated statement of cash flows for the years ended 31 December 2021 and 2020	44
- Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020	46

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 2021 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 38 to 107) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 comprise management fees, organizational 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 to clients are recognized 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.

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 46 to 51 and 100 to 101.

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 analyzed independent third party controls reports on fee and 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 revenues from management services and 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 realizations 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 recognized 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 recognized during the 2021 financial year.

Report of the auditors on the consolidated financial statements



Valuation of financial investments

Key Audit Matter

As at 31 December 2021, financial investments on the Group's balance sheet amounted to CHF 715.2 million (2020: CHF 615.6 million). In addition, financial investments presented as assets held for sale amounted to CHF 79.5 million (2020: 305.7 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 analyzed 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 46, 47, 63 and 64.

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 compensation 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 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.

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.

Report of the auditors on the consolidated financial statements

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



Malea Bourquin
Licensed Audit Expert

Zurich, 18 March 2022

Consolidated income statement for the years ended 31 December 2021 and 2020

In millions of Swiss francs	Note	2021	2020
Management fees and other revenues, net		1'393.3	1'115.7
Performance fees, net		1'196.6	266.4
Revenues from management services, net	3.	2'589.9	1'382.1
Other operating income	5.2.	38.8	30.2
Personnel expenses	4.1.	(860.6)	(430.0)
Other operating expenses	10.	(78.0)	(68.5)
EBITDA¹⁾		1'690.1	913.8
Depreciation and amortization	11.&12.	(39.7)	(38.4)
EBIT¹⁾		1'650.4	875.4
Finance income	5.1.	122.5	65.5
Finance expense	5.1.	(46.7)	(12.3)
Profit before tax		1'726.2	928.6
Income tax expense	9.1.	(262.6)	(123.8)
Profit for the period		1'463.6	804.8
Profit for the period attributable to owners of the Company		1'463.6	804.8
Basic earnings per share (in Swiss francs)	15.	56.19	30.63
Diluted earnings per share (in Swiss francs)	15.	55.12	30.36

¹⁾ For definitions please refer to p. 30.

Consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020

In millions of Swiss francs	Note	2021	2020
Profit for the period		1'463.6	804.8
Other comprehensive income:			
Exchange differences on translating foreign operations		(2.4)	(94.2)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods		(2.4)	(94.2)
Net actuarial gains/(losses) from defined benefit plans	4.5.2.	14.5	0.4
Tax impact on net actuarial gains/losses from defined benefit plans	9.2.	(1.7)	(0.0)
Actuarial gains/(losses) from defined benefit plans, net of tax		12.8	0.4
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax		12.8	0.4
Total other comprehensive income for the period, net of tax		10.4	(93.8)
Total comprehensive income for the period, net of tax		1'474.0	711.0
Total comprehensive income attributable to owners of the Company		1'474.0	711.0

Consolidated balance sheet as of 31 December 2021 and 2020

In millions of Swiss francs	Note	31 December 2021	31 December 2020
Assets			
Cash and cash equivalents		910.7	1'227.6
Derivative assets held for risk management	5.3.1.	7.7	3.3
Trade and other receivables	5.4.1.	642.8	465.4
Short-term loans	5.4.1.	1'489.2	673.5
Assets held for sale	5.3.3.	79.5	305.7
Total current assets		3'129.9	2'675.5
Property, equipment and right-of-use assets	11.	256.4	236.2
Intangible assets	12.	65.9	62.3
Investments in associates	6.	18.3	25.0
Financial investments	5.3.2.	715.2	615.6
Other financial assets	5.3.4.	532.2	353.4
Employee benefit assets	4.5.	10.5	
Deferred tax assets	9.2.	104.4	64.0
Total non-current assets		1'702.9	1'356.5
Total assets		4'832.8	4'032.0

Consolidated balance sheet as of 31 December 2021 and 2020

In millions of Swiss francs	Note	31 December 2021	31 December 2020
Liabilities and equity			
Liabilities			
Trade and other payables	7.	306.6	228.7
Income tax liabilities		90.9	46.2
Provisions		0.1	2.2
Employee benefit liabilities	4.5.	288.1	107.4
Liabilities held for sale	5.3.3.	42.6	254.6
Total current liabilities		728.3	639.1
Employee benefit liabilities	4.5.	296.0	213.6
Provisions		6.5	6.8
Deferred tax liabilities	9.2.	3.4	3.4
Long-term debt	13.	799.1	798.9
Lease liabilities	8.	49.9	56.6
Other long-term liabilities	5.4.3	51.1	39.0
Total non-current liabilities		1'206.0	1'118.3
Total liabilities		1'934.3	1'757.4
Equity			
Share capital	14.	0.3	0.3
Treasury shares		(378.2)	(266.2)
Legal reserves		0.2	0.2
Other components of equity		3'276.2	2'540.3
Equity attributable to owners of the Company		2'898.5	2'274.6
Total liabilities and equity		4'832.8	4'032.0

Consolidated statement of changes in equity

for the years ended 31 December 2021 and 2020

In millions of Swiss francs	Equity attributable to owners of the Company						2021
	Share capital	Treasury shares	Legal reserves	Other components of equity			
Cumulative translation adjustments				Retained earnings	Total other components of equity		
Balance as of 1 January	0.3	(266.2)	0.2	(223.6)	2'763.9	2'540.3	2'274.6
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		(386.0)					(386.0)
Disposal of treasury shares		274.0			(121.0)	(121.0)	153.0
Share-based payment expenses					55.5	55.5	55.5
Tax effect on share-based payment transactions					52.0	52.0	52.0
Dividends paid to owners of the Company					(724.6)	(724.6)	(724.6)
Total contributions by and (distributions to) owners of the Company	-	(112.0)	-	-	(738.1)	(738.1)	(850.1)
Profit for the period					1'463.6	1'463.6	1'463.6
Total other comprehensive income for the period, net of tax	-	-	-	(2.4)	12.8	10.4	10.4
Total comprehensive income for the period, net of tax	-	-	-	(2.4)	1'476.4	1'474.0	1'474.0
Balance as of 31 December	0.3	(378.2)	0.2	(226.0)	3'502.2	3'276.2	2'898.5

Consolidated statement of changes in equity for the years ended 31 December 2021 and 2020

In millions of Swiss francs	Equity attributable to owners of the Company						2020
	Share capital	Treasury shares	Legal reserves	Other components of equity			
Cumulative translation adjustments				Retained earnings	Total other components of equity		
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 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 cash flows

for the years ended 31 December 2021 and 2020

In millions of Swiss francs	Note	2021	2020
Operating activities			
Profit for the period		1'463.6	804.8
<i>Adjustments:</i>			
Net finance (income) and expense	5.1.	(75.8)	(53.2)
Income tax expense	9.1.	262.6	123.8
Depreciation and amortization	11.&12.	39.7	38.4
Share-based payment expenses	4.2.	55.5	57.3
Change in provisions		(2.5)	(0.5)
Change in employee benefit assets/liabilities		262.9	(28.6)
Non-cash change in other financial assets		(185.5)	(50.7)
Non-cash change in other long-term liabilities		12.9	(6.8)
Operating cash flow before changes in working capital		1'833.4	884.5
(Increase)/decrease in trade and other receivables and short-term loans		(1'003.0)	365.5
Increase/(decrease) in trade and other payables		81.3	58.4
Finance expenses (other than interest) paid		(4.4)	(4.1)
Cash generated from/(used in) operating activities		907.3	1'304.3
Income tax paid		(205.5)	(149.9)
Net cash from/(used in) operating activities		701.8	1'154.4
Investing activities			
Proceeds on disposal of property and equipment		0.2	
Purchase of property and equipment	11.	(34.3)	(18.9)
Purchase of intangible assets	12.	(21.9)	(12.0)
Purchase of financial investments & assets and liabilities held for sale		(136.2)	(59.0)
Proceeds on disposal of financial investments & assets and liabilities held for sale		160.6	82.8
Proceeds on disposal of investments in associates	6.	8.5	17.5
Purchase of other financial assets		(3.5)	(21.8)
Proceeds on disposal of other financial assets		2.0	0.9
Interest received ¹⁾	5.1.	2.8	2.8
Net cash from/(used in) investing activities		(21.8)	(7.7)

¹⁾ Excludes CHF 27.5 million (2020: CHF 25.3 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 2021 and 2020

In millions of Swiss francs	Note	2021	2020
Financing activities			
Repayments of credit facilities			(375.0)
Drawdowns from credit facilities			375.0
Payment of principal portion of lease liabilities	8.	(11.7)	(12.1)
Interest paid		(8.7)	(8.4)
Dividends paid to shareholders of the Company	14.	(724.6)	(668.5)
Purchase of treasury shares		(386.0)	(221.2)
Disposal of treasury shares		153.0	74.3
Net cash from/(used in) financing activities		(978.0)	(835.9)
Net increase/(decrease) in cash and cash equivalents		(298.0)	310.8
Cash and cash equivalents as of 1 January		1'227.6	933.0
Exchange differences on cash and cash equivalents		(18.9)	(16.2)
Cash and cash equivalents as of 31 December		910.7	1'227.6

In millions of Swiss francs	31 December 2021	31 December 2020
Bank balances	910.7	1'227.6
Petty cash	0.0	0.0
Total cash and cash equivalents	910.7	1'227.6

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 2021 and 2020 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 18 March 2022 and are subject to approval at the Annual General Meeting of shareholders on 25 May 2022.

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 assesses 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 assesses 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 determines 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 focuses 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 for this year (same as last year) 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 notes 5.3.2. and 5.3.3.

(b) Fair value

A significant portion of the Group’s assets and, to a lesser extent, liabilities are carried at fair value. The fair value of some of these assets is based on quoted prices in active markets or observable market inputs.

In addition, the Group holds financial instruments for which no quoted prices are available, and which have little or no observable market inputs. For these financial instruments, the determination of fair value requires subjective assessment with varying degrees of judgment which take into consideration 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 related to the assumptions that market participants would use in pricing assets or liabilities (including assumptions about risk). These financial instruments mainly include financial investments in the areas of private equity, private debt, private real estate and private infrastructure and derivatives.

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

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(c) Revenue recognition

Instances may arise where the Group must decide whether revenues should be recognized or not. These situations mainly relate to performance fees, which are foreseeable, but have not yet been collected by the Group or are subject to claw-back risk. A “claw-back” ensures that investors in an investment program are returned any performance fees paid in excess of the originally agreed upon 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, loss allowances on financial assets, actuarial assumptions regarding defined benefit plans (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, 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 2021 despite the economic uncertainty caused by the COVID-19 pandemic. Additionally, the Group’s financial investments (see note 5.3.2.), that are measured at fair value, also experienced strong performance in 2021.

The COVID-19 pandemic did not change the Group’s assessment in regards 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.).

While market volatility caused by COVID-19 resulted in a generally weak exit environment in 2020, transactional exit markets recovered and were very favorable in 2021. This resulted in significantly higher performance fees than in 2020 when performance fees were negatively affected by the subdued exit environment caused by the outbreak of COVID-19.

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

While there was no significant impact to 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 clients 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 2021 and 2020

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 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 companies. On behalf of its clients, the Group focuses on investment 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 financing 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 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, across several 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 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 which are 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 2021 and 2020

In millions of Swiss francs							2021
	Operating segments						
	Private equity	Private debt	Private real estate	Private infrastructure	Total reportable segments	Unallocated	Total
Management fees and other revenues	944.6	200.9	212.6	251.2	1'609.3		1'609.3
Revenue deductions related to management fees and other revenues	(125.0)	(21.9)	(36.7)	(32.4)	(216.0)		(216.0)
Performance fees	1'182.5	63.0	12.2	21.1	1'278.8		1'278.8
Revenue deductions related to performance fees	(79.8)	(1.5)	(0.3)	(0.6)	(82.2)		(82.2)
Revenues from management services, net	1'922.3	240.5	187.8	239.3	2'589.9	-	2'589.9
Other operating income	14.3	1.8	8.2	10.7	35.0	3.8	38.8
Revenues and other operating income	1'936.6	242.3	196.0	250.0	2'624.9	3.8	2'628.7
Personnel expenses	(251.0)	(75.7)	(46.3)	(57.1)	(430.1)	(430.5)	(860.6)
Other operating expenses	(3.8)	(0.7)	(2.8)	(0.9)	(8.2)	(69.8)	(78.0)
Gross segment result before depreciation and amortization	1'681.8	165.9	146.9	192.0	2'186.6	(496.5)	1'690.1
Depreciation and amortization						(39.7)	(39.7)
Gross segment result	1'681.8	165.9	146.9	192.0	2'186.6	(536.2)	1'650.4
<i>Reconciliation to profit for the period:</i>							
Net finance income							75.8
Income tax expense							(262.6)
Profit for the period							1'463.6

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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							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 2021 and 2020

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.

In millions of Swiss francs	Revenues from management services, net	
	2021	2020
Switzerland ¹⁾	143.7	(8.9)
Guernsey	1'047.4	681.3
Luxembourg	769.2	398.3
US	396.4	200.9
Others	233.2	110.5
Total revenues from management services, net	2'589.9	1'382.1

¹⁾ Revenue deductions related to management fees, performance fees and other revenues are largely reimbursed by Swiss entities (2021: CHF 131.2 million; 2020: CHF 85.2 million).

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 2021 and 2020, no direct counterparty of the Group contributed more than 13% to the Group's revenues from management services, net.

4. Remuneration

4.1. Personnel expenses

In millions of Swiss francs		2021	2020
Salaries and cash bonus		(406.3)	(258.7)
Share-based payment expenses	4.2.	(54.7)	(56.7)
Other long-term benefits (management carry program)		(268.5)	(55.0)
Retirement schemes - defined contribution plans		(23.3)	(16.1)
Retirement schemes - defined benefit plans	4.5.2.	(4.8)	(3.5)
Other social security expenses		(80.6)	(20.8)
Other personnel expenses		(22.4)	(19.2)
Total personnel expenses		(860.6)	(430.0)

The average number of employees in 2021 was 1'533 (2020: 1'516), which is equivalent to an average of 1'516 full-time employees (2020: 1'504).

The increase in other social security expenses was driven by higher personnel expenses as well as higher accruals for social security costs in relation to share-based payment plans that were driven by the increase of the Company's share price.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

4.2. Share-based payment expenses

The Group recognized the following expenses for grants in 2021, as well as in previous periods:

In millions of Swiss francs	Note	2021	2020
Grants 2015 (options and non-vested shares)		(0.1)	(0.8)
Grants 2016 (options and non-vested shares)		(0.7)	(1.1)
Grants 2017 (options and non-vested shares)		(1.5)	(2.9)
Grants 2018 (options and non-vested shares)		(2.3)	(5.4)
Grants 2019 (options and non-vested shares)		(7.8)	(15.7)
Grants 2020 (options and non-vested shares)		(14.3)	(17.4)
Grants 2021 (non-vested shares)	4.3.1.	(10.9)	
Share grants at start of employment	4.4.	(2.6)	(1.3)
Total options and non-vested shares		(40.2)	(44.6)
Grants 2017 (MPP)		(1.2)	(2.0)
Grants 2018 (MPP)		(3.0)	(4.6)
Grants 2019 (MPP)		(1.9)	(2.9)
Grants 2020 (MPP)		(2.6)	(2.6)
Grants 2020 (MIP)	4.3.2.	(0.4)	
Grants 2021 (MPP)	4.3.2.	(4.3)	
Grants 2021 (MIP)	4.3.2.	(1.1)	
Total MPP and MIP		(14.5)	(12.1)
Total share-based payment expenses¹⁾		(54.7)	(56.7)

¹⁾ Share-based payment expenses for non-executive members of the BoD of CHF 0.8 million (2020: 0.6 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 2021 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 senior members of management and members of management who have significantly contributed to the firm's success in the past and who have the potential to do so in the future. Until 2020, the MIP was a long-term option-only plan that was allocated in two tranches that followed a five-year and six-year cliff-vesting model, respectively. In 2021, the Group replaced the call option that focused entirely on the Partners Group Holding AG share price performance with the development of the Management Fee EBIT (refer to 4.3.2).

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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
	2021	2021	2020	2020
Outstanding as of 1 January	716.38	1'484'115	662.51	1'560'494
Forfeited during the period	362.32	(25'457)	617.24	(45'154)
Exercised during the period	480.95	(315'377)	295.84	(199'488)
Granted during the period - options			1'045.00	111'225
Granted during the period - shares		24'105		57'038
Outstanding as of 31 December	772.91	1'167'386	716.38	1'484'115
Exercisable as of 31 December		198'251		142'089

Of the outstanding 1'167'386 options and non-vested shares (31 December 2020: 1'484'115), 198'251 options are exercisable immediately (31 December 2020: 142'089). All other options and non-vested shares are restricted until at least 29 September 2022.

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 2021	31 December 2020	
Options granted in 2011	195.00		9'468	
Options granted in 2012	236.00	11'879	24'927	
Options granted in 2013 and 8.1.2014	270.00	20'576	35'291	
Options granted in 2014	324.00	2'086	5'358	
Options granted in 2015	340.00	1'418	1'418	
Options granted in 2015	450.00	4'000	59'500	
Options granted in 2015	446.00	1'032	6'127	
Options granted in 2016	682.00	147'150	325'000	
Options granted in 2016	593.00	10'110	10'110	
Options granted in 2017	805.00	291'000	291'000	
Options granted in 2017	810.00	35'078	35'078	
Options granted in 2018	975.00	191'500	191'500	
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	108'925	111'225	
Non-vested shares granted from 2017 to 2021	n/a	107'103	142'584	
Total instruments outstanding		1'167'386	1'484'115	

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

The fair value of the non-vested shares granted is based on the share price at the date of grant.

Fair value of shares granted in 2021 and related assumptions:

	Vested shares	Vested shares	Non-vested shares	Non-vested shares
Date of grant	18.11.2021	31.12.2021	18.11.2021	18.11.2021
Fair value per share at measurement date (share price in CHF)	1'627.00	1'512.50	1'627.00	1'627.00
Vesting conditions	at grant	at grant	3 years	5 years
Total shares granted	488	455	1'302	21'860
Total value granted in 2021 (in millions of CHF)	0.8	0.7	2.1	35.6
Gross amount recognized in profit or loss (in millions of CHF)	0.8	0.7	0.6	9.6
Net amount recognized in profit or loss (in millions of CHF)	0.8	0.7	0.6	9.6
Total amount recognized in profit or loss (in millions of CHF)				11.7
- recognized in personnel expenses related to the grant 2021 (in millions of CHF)				10.9
- recognized in third party services related to the grant 2021 (in millions of CHF)				0.8

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

4.3.2. Management Performance Plan & Management Incentive Plan

(a) Management Performance Plan (“MPP”)

Characteristics

In 2017, the Group introduced the MPP for members of the Executive Team and executive members of the Board of Directors. In 2021, the Group further amended the MPP by replacing the option-like component that focused entirely on the Partners Group Holding AG share price performance with the development of the Management Fee EBIT as defined in the Alternative Performance Metrics on page 30. Information on MPPs of prior years are presented in the annual report of the respective year.

In the first five years following the grant (years 1 to 5), the intrinsic value of the MPP is determined by assessing the growth of the Management Fee EBIT. The 2021 MPP restricts payouts to a positive Management Fee EBIT development above a target growth rate relative to the Management Fee EBIT of the financial year at grant. The payout restriction will be assessed on the basis of the Management Fee EBIT for the fifth financial year after the grant as an intermediate step. For example, for the MPP allocated in 2021, the Management Fee EBIT payout restriction is assessed based on the Management Fee EBIT for 2026. When the Management Fee EBIT for 2026 is below CHF 1'140 million, equal to a 5% Management Fee EBIT growth rate (the floor-strike Management Fee EBIT), the intrinsic value will by default be fixed to zero and there will be no future payout of the plan; when the Management Fee EBIT for 2026 is above CHF 1'800 million, equal to a 15% Management Fee EBIT growth rate (the cap-strike Management Fee EBIT), the intrinsic value by default cannot exceed 11.1x the initial grant value.

Over the period following the fifth financial year after the grant (years 6 to 14), the MPP payout commences if the intrinsic value on the basis of the Management Fee EBIT for the fifth financial year after the grant is positive. The total payout can deviate from the intermediate intrinsic value calculated based on the fifth financial year after the grant. The total payout 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 shares equal to the value of the respective payout. The volume-weighted average share price of a defined period before the payout is used as reference price. For further details regarding the MPP, please refer to the Compensation Report.

Vesting parameters

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, the MPP 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.

(b) Management Incentive Plan (“MIP”)

Characteristics

In 2015, the Group introduced the MIP for senior members of management and members of management who have significantly contributed to the Group's success in the past and who have the potential to do so in the future. In line with the changes to MPP in 2021, the Group replaced the call option that focused on the Partners Group Holding AG share price performance with the development of the Management Fee EBIT. Information on MIPs of prior years are presented in the annual report of the respective year.

The participation rights to the 2021 MIP were granted on 18 November 2021 and are allocated in two tranches in March 2022 and March 2023. These participation rights are based on the Management Fee EBIT for 2021 and 2022, respectively.

The determination of the intrinsic value of the MIP follows the same principles as the MPP (see (a) above for details on the MPP and (c) below for the valuation) with the same floor-strike and cap-strike Management Fee EBIT. The MIP payout is based on the intrinsic value at the end of the fifth financial year (tranche 1) and sixth financial year (tranche 2) after the grant, i.e. the Management Fee EBITs for 2026 and 2027 form the basis of the intrinsic value of the 2021 MIP. Any payout will be in the form of shares equal to the value of the respective payout. The volume-weighted average share price of a defined period before the payout is used as the reference price.

Vesting parameters

MIP participation rights are subject to a five-year (tranche 1) and six-year (tranche 2) cliff-vesting restriction (starting at the date of grant) and a two-year non-compete post-vesting agreement. Any holder of unvested MIP rights leaving the Group has the obligation to forfeit his or her unvested interest back to the Company.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(c) Valuation of MPP and MIP

In accordance with the option-like characteristics of the MPP and MIP, the allocation date fair value is calculated similarly to the valuation of a call spread (a set of two calls: buying a call right and selling a call right at the same time) on Management Fee EBIT. The Black Scholes model is used to value the option element of the contract. MPP and MIP rights are priced in consideration of both the floor-strike Management Fee EBIT (floor/short call), which determines the price at which the Group sells the right to an MPP and MIP recipient, and the cap-strike Management Fee EBIT (cap/long call), which determines the price at which the Group would buy the right from an MPP and MIP recipient, respectively. The difference between the calculated prices of these two rights is considered the net price of the instrument which in turn is used to calculate the allocation date fair value.

Fair value of MPP and MIP granted in 2021 and related assumptions:

	Short-Call	Long-Call
Date of allocation	March 2022	March 2022
Management Fee EBIT (in millions of CHF)	895.0	895.0
Strike (in millions of CHF)	1'140.0	1'800.0
Vesting conditions	5 years	5 years
Expected volatility	18.0%	18.0%
Expected term of execution	5 years	5 years
Expected dividend ratio	0.0%	0.0%
Risk-free interest rate (based on swap rates)	0.0%	0.0%
Total fair value of the 2021 participation right (in millions of CHF)	59.7	

Grants in 2021 to:	% of 2021 participation right	Vesting conditions	In millions of CHF
2021 MPP recipients	26.7%	5 years	15.9
2020 MIP recipients (tranche 2) ¹⁾	5.0%	5 years	3.0
2021 MIP recipients (tranche 1)	6.8%	5 years	4.1
2021 MIP recipients (tranche 2) ²⁾	n/a	6 years	3.3

Amount recognized in profit or loss (in millions of CHF):	
MPP	4.3
MIP	1.5
Gross amount recognized in profit or loss (in millions of CHF)	5.8
Forfeitures	(0.0)
Net amounts recognized in profit or loss (in millions of CHF)	5.8
- recognized in personnel expenses related to grant 2021 (in millions of CHF)	5.4
- recognized in personnel expenses related to grant 2020 (in millions of CHF)	0.4

¹⁾ Under the 26 October 2020 MIP, the Group granted participation rights equaling the fair value of CHF 6.0 million. The amount is allocated to the participants in two tranches, CHF 3.0 million in October 2020 and CHF 3.0 million in March 2022. 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.

²⁾ Under the 18 November 2021 MIP, the Group granted participation rights equaling the fair value of CHF 7.3 million. The amount is allocated to the participants in two tranches, CHF 4.1 million in March 2022 and CHF 3.3 million in spring 2023. 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 2021.

The applied expected volatility is based on the volatility of the Management Fee EBIT of the last 20 quarters.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

4.4. Entry shares

In 2021, the Group further granted 1'993 (2020: 1'930) shares totaling CHF 2.6 million (2020: CHF 1.3 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 waived 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 2021	31 December 2020
Net defined benefit asset	10.5	
Total employee benefit asset	10.5	-
Net defined benefit liability		(2.4)
Accrued variable compensation (cash bonus)	(292.0)	(161.5)
Management Carry Plan	(276.2)	(142.6)
Other employee benefit liabilities	(15.9)	(14.5)
Total employee benefit liabilities	(584.1)	(321.0)
Current liabilities	(288.1)	(107.4)
Non-current liabilities	(296.0)	(213.6)
Balance as of 31 December	(584.1)	(321.0)

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 2021, performance fees recognized in the consolidated income statement amounted to CHF 1'196.6 million (2020: CHF 266.4 million), of which CHF 285.3 million (2020: CHF 58.4 million) had been pre-allocated via the Management Carry Plan ("MCP") (including social security expenses) and CHF 35.9 million (2020: CHF 5.1 million) via the MPP. In addition, CHF 9.8 million (2020: CHF 0.0 million) had been accrued for social security costs in relation to the MPP and CHF 147.6 million (2020: CHF 43.1 million) had been allocated via the Performance Fee Bonus Pool. In 2021, the payout amounted to CHF 212.3 million for these schemes (2020: CHF 156.4 million). Based on performance fees invoiced as of 31 December 2021, the Group expects a cash payout of CHF 196.1 million (2020: CHF 56.9 million) for these schemes in the first half of 2022.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(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 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 employees based on their contribution to performance. The part of the Performance Fee Bonus Pool that is not expected to be settled 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 ("LOB" also referred to as "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 LOB 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 LOB, additional employer and employee contributions may be imposed whenever a significant funding deficit arises in accordance with the LOB. The Pension Fund is exposed to actuarial risks, such as investment risk, longevity risk, disability risk, foreign 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 2021 and 2020

Development of defined benefit asset/(obligation)

In millions of Swiss francs	2021	2020
Present value of benefit obligation as of 1 January	(88.1)	(79.2)
<i>Included in profit or loss:</i>		
Current service cost (employer)	(4.8)	(4.4)
Interest expense on benefit obligation	(0.1)	(0.2)
Plan amendment		1.0
<i>Included in other comprehensive income:</i>		
Actuarial gains/(losses) on benefit obligation arising from:		
- change in demographic assumptions	6.6	
- change in financial assumptions	3.2	(2.3)
- experience gains/(losses)	(12.5)	(1.1)
<i>Other:</i>		
Employee contributions	(3.3)	(3.1)
Benefit payments	1.1	1.2
Present value of benefit obligation as of 31 December	(97.9)	(88.1)
Fair value of plan assets as of 1 January	85.7	76.8
<i>Included in profit or loss:</i>		
Interest income on plan assets	0.1	0.2
Administration cost	(0.1)	(0.1)
<i>Included in other comprehensive income:</i>		
Actuarial gain/(loss) on plan assets	17.2	3.8
<i>Other:</i>		
Employer contributions	3.3	3.1
Employee contributions	3.3	3.1
Benefit payments	(1.1)	(1.2)
Fair value of plan assets as of 31 December	108.4	85.7
Net defined benefit asset/(obligation) as of 31 December	10.5	(2.4)

The weighted average duration of the net defined benefit obligation is 15.5 years as of 31 December 2021 (2020: 17.1 years).

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

Asset allocation as of 31 December

	2021	2020
Cash	5.0%	4.6%
Public debt	5.2%	11.8%
Public equity	32.5%	30.2%
Private markets	52.5%	51.6%
Semi-liquid	3.4%	
Alternatives/other	1.4%	1.8%
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	2021	2020
Discount rate	0.30%	0.10%
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 2020 (GT)	BVG 2015 (GT)
Mortality model used	BFS	Menthonnex

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%)	(8.4)	(0.7)
Increase of discount rate (+0.5%)	7.3	0.6
Decrease of salary increase (-0.5%)	1.1	0.1
Increase of salary increase (+0.5%)	(1.1)	(0.1)
Shorter life expectancy (-1 year)	0.2	0.0
Longer life expectancy (+1 year)	(0.3)	(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 2022 are estimated to be CHF 3.3 million.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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

5.1. Finance income and expense

In millions of Swiss francs	Note	2021	2020
Interest income calculated using the effective interest rate method		2.8	2.8
Net gains on fair value through profit or loss instruments	5.5.	117.0	51.7
Share of results of associates (Pearl)	6.	2.7	0.7
Net foreign exchange gains			10.3
Other finance income			0.0
Total finance income		122.5	65.5
Interest expense calculated using the effective interest rate method		(8.9)	(8.2)
Other finance expense		(4.4)	(4.1)
Net foreign exchange losses		(33.4)	
Total finance expense		(46.7)	(12.3)
Total net finance income		75.8	53.2

5.2. Other operating income

In millions of Swiss francs	Note	2021	2020
Compensation from short-term loans	5.4.1.	27.5	25.3
Share of results of associates (LGT)	6.	0.0	0.0
Other income		11.3	4.9
Total other operating income		38.8	30.2

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 2021	31 December 2020
Financial assets			
Financial assets at amortized cost			
Cash and cash equivalents		910.7	1'227.6
Fee receivables	5.4.1.	353.2	225.4
Short-term loans	5.4.1.	1'489.2	673.5
Other receivables	5.4.1.	24.9	18.7
Accrued revenues	5.4.1.	264.7	221.3
Other financial assets	5.3.4.	532.2	353.4
		3'574.9	2'719.9
Financial assets at fair value through profit or loss			
<i>Mandatorily measured at fair value through profit or loss</i>			
Derivative assets held for risk management		7.7	3.3
Financial investments	5.3.2.	715.2	615.6
Assets held for sale	5.3.3.	79.5	305.7
		802.4	924.6
Total financial assets		4'377.3	3'644.5

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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

In millions of Swiss francs	Note	31 December 2021	31 December 2020
Financial liabilities			
Financial liabilities at amortized cost			
Trade payables	7.	99.2	53.1
Cash collateral for forward contracts	7.	7.7	1.8
Accrued revenue deductions	7.	98.6	104.3
Other payables	7.	49.8	29.4
Goods and services received not yet invoiced ¹⁾	7.	39.4	28.2
Lease liabilities	8.	60.8	66.9
Long-term debt	13.	799.1	798.9
Other long-term liabilities	5.4.3.	50.8	38.7
		1'205.4	1'121.3
Financial liabilities at fair value through profit or loss			
<i>Mandatorily measured at fair value through profit or loss</i>			
Liabilities held for sale	5.3.3.	42.6	254.6
Derivative liabilities held for risk management	7.	1.0	1.6
Other long-term liabilities	5.4.3.	0.3	0.3
		43.9	256.5
Total financial liabilities		1'249.3	1'377.8

¹⁾ Goods and services received not yet invoiced has been added to this table for 2021. Prior year numbers have been re-presented accordingly.

5.3.2. Financial investments

The Group holds financial investments in various investment programs that it manages. These financial 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	2021	2020
Balance as of 1 January	615.6	605.3
Additions	113.4	53.8
Distributions/disposals	(153.5)	(65.7)
Transfers from assets and liabilities held for sale	38.4	
Change in fair value of investments held at period end	110.1	45.8
Exchange differences	(8.8)	(23.6)
Balance as of 31 December	715.2	615.6

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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

In millions of Swiss francs	31 December 2021	31 December 2020
Private equity	347.9	286.5
Private debt	214.5	224.9
Private real estate	72.3	54.8
Private infrastructure	80.5	49.4
Total financial investments	715.2	615.6

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 two (2020: 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 2021 are comprised of private debt related assets and liabilities:

In millions of Swiss francs	31 December 2021	31 December 2020
Assets held for sale	79.5	305.7
Liabilities held for sale	(42.6)	(254.6)
Assets and liabilities held for sale, net	36.9	51.1

5.3.4. Other financial assets

The increase in other financial assets to CHF 532.2 million (2020: CHF 353.4 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.

In millions of Swiss francs	Note	31 December 2021	31 December 2020
Long-term accrued revenues	5.4.1.	450.5	274.0
Long-term loans	5.4.1.	75.2	76.4
Other		6.5	3.0
Total other financial assets		532.2	353.4

5.3.5. Capital commitments

As of 31 December 2021, the Group had capital commitment contracts of CHF 1'036.6 million (2020: CHF 747.8 million), of which CHF 455.1 million (2020: CHF 289.7 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.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

5.4. Financial risk management

Risk exposure

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

- credit risk (related to receivables, cash and cash equivalents and loans);
- market risk (consisting of foreign currency risk, interest rate risk and price risk); and
- liquidity risk.

This note presents both qualitative and quantitative information about the Group's exposure to each of the above listed risks and the Group's objectives, policies and processes for measuring and managing these risks.

Risk management

The Board of Directors ("BoD") has the overall responsibility for the establishment and oversight of the Group's risk management framework. The BoD has formed 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 have been 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 those limits. Management needs to adhere to detailed approval processes as defined by the Rules of the Organization and of Operations. Risk management policies and systems are reviewed regularly to reflect changes in market conditions as well as 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, the Chief Financial Officer as well as Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures and reports their findings to the RAC.

The RAC reviews and monitors the assessment of the risks to which the Group is exposed. In particular, the risk assessment covers financial, operational, regulatory, legal, and conduct risk. As a part of its assessment, the RAC takes into consideration the internal control system designed to monitor and reduce the risks of the Group.

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 arises from the possibility that counterparties to transactions may fail to meet their obligations, causing financial losses to the Group. These counterparties mainly comprise of banks, investment programs managed by the Group on behalf of its clients and their underlying investments. In assessing the risk related to its counterparties, the Group considers both qualitative and quantitative indicators such as overdue status, historical default rates, proprietary internal risk rating and financial information of the investment programs managed by the Group. These indicators are typically based on data developed internally by the Group. Additionally, the Group considers data obtained from external sources (e.g. default probabilities and financial information on underlying investments). The Group has direct insights into the financial situation of most of its counterparties, since the majority of the Group's customers are investment programs that are managed by the Group on behalf of its clients and, to a lesser extent, the investments of such investment programs for which the Group receives detailed financial information.

The assessment of loss allowances for financial assets is based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The Group regularly monitors significant changes in credit risk against defined risk limits and budgets in line with the Group's risk management policies. When there is no reasonable expectation of full recovery, financial assets are written off.

The Group's credit risk exposure arises from trade and other receivables, cash and cash equivalents and loans. To manage credit risk, the Group periodically assesses counterparty credit risk, assigns credit limits on banks, monitors adherence to the risk-weighted maximum exposure on loans, and takes actions to mitigate credit risks where appropriate.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(a) Trade and other receivables

Trade and other receivables are recognized initially at their transaction price and are subsequently measured at amortized cost less loss allowances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for fee receivables. Under this approach, the lifetime expected credit loss is calculated based on historical default rates over the expected life of the receivables, current conditions and adjustments for forward-looking estimates.

The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking into account any collateral held or other credit enhancements, is equal to the carrying amount.

In millions of Swiss francs	31 December 2021	31 December 2020
Fee receivables	353.2	225.4
Other receivables	24.9	18.7
Accrued income	264.7	221.3
Total trade and other receivables - short term	642.8	465.4
Long-term accrued revenues ¹⁾	450.5	274.0
Total trade and other receivables	1'093.3	739.4

¹⁾ Presented in the line item other financial assets in the consolidated balance sheet.

The majority of the Group's customers are investment programs that are managed by the Group on behalf of its clients. This gives the Group insights into the financial situations of such customers. Typically, receivables with such customers are backed by unfunded client commitments. These commitments can be drawn upon to settle outstanding receivables and are jointly backed by the respective clients of the investment program. The underlying assets in the investment programs serve as an additional layer of security.

Measurement

To measure the expected credit losses, fee receivables are grouped based upon the number of days past due. Accrued income is a financial instrument which typically relates to not yet invoiced fees and has similar risk characteristic as fee receivables. Due to its nature, accrued income is considered not yet due.

The Group's trade and other receivables balance as of 31 December 2021 is composed of more than 350 customers of which the largest represents less than 10%. The historic default rate over the past 5 years has been consistently at 0.0% on the annual revenues and, as of the reporting date, no material receivables were overdue (31 December 2020: not material). Additionally, the Group is in direct discussion with the customers that have overdue outstanding amounts. Receivables are written off when there is no reasonable expectation of recovery. For the year ended 31 December 2021, CHF 0.0 million of write offs were reported (2020: CHF 0.0 million). Based on its assessment as of 31 December 2021, the Group's expected credit losses amount to CHF 0.0 million (31 December 2020: CHF 0.0 million). Therefore, the Group has not recognized an allowance as of 31 December 2021 (31 December 2020: none recognized). The COVID-19 pandemic did not change the Group's assessment with regard to the credit risk related to trade and other receivables.

(b) Cash and cash equivalents

Cash and cash equivalents typically include balances with banks and financial institutions that feature a strong credit rating and are cancelable on sight. The Group calculates a 12-month expected credit loss as a simplification for all cash and cash equivalents. However, cash and cash equivalents are typically accessible within a day and latest within 35 days. The Group evaluates each counterparty using an internal proprietary risk rating that includes several observable parameters such as credit risk ratings, credit default swap levels, stock price, capital ratio and return on assets. The internal proprietary risk rating determines the expected credit loss of its bank balances. For bank balances, typically, only independently rated parties with a minimum internal proprietary risk rating of 'high' are accepted. This is typically a proxy of "A-3" or equivalent as per internationally recognized credit scale short-term issue credit ratings definitions (such as Standard & Poor's). In addition, the Group assigns a rating-based maximum

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

exposure limit by counterparty which acts as a further layer of protection. Exposure to these risks is closely monitored by the Group and kept within predetermined parameters.

Measurement

The Group diversifies its cash and cash equivalents across various financial institutions to limit concentration exposure with any one financial institution but is exposed to credit risk in the event of default of such financial institutions. The Group's internal proprietary risk scoring is scaled from 0-10, with 10 being the highest quality / lowest risk. No significant changes to estimation techniques or assumptions were made during the reporting period, and therefore the internal proprietary risk rating is consistent over the reporting period. On that basis, the expected credit loss on cash and cash equivalents as at 31 December 2021 was determined as follows:

In millions of Swiss francs					31 December 2021	
Company internal proprietary risk scoring ¹⁾	Link to international credit ratings ²⁾	Gross carrying amount	% Gross carrying amount	Weighted average expected credit loss rate	Expected credit loss	
Scale 10-6: Low risk	A	910.6	100%	0.1%	0.5	
Scale 5-3: Fair risk	B	0.1	0%	0.4%	0.0	
Scale 2-1: Doubtful	C					
Scale 0: Loss	D					
Total		910.7	100%		0.5	

In millions of Swiss francs					31 December 2020	
Company internal proprietary risk scoring ¹⁾	Link to international credit ratings ²⁾	Gross carrying amount	% Gross carrying amount	Weighted average expected credit loss rate	Expected credit loss	
Scale 10-6: Low risk	A	1'222.8	100%	0.1%	1.0	
Scale 5-3: Fair risk	B	4.8	0%	0.4%	0.0	
Scale 2-1: Doubtful	C					
Scale 0: Loss	D					
Total		1'227.6	100%		1.0	

¹⁾ Internal proprietary risk scoring based on several observable parameters such as credit risk ratings, credit default swap levels, stock price, capital ratio, and return on assets.

²⁾ For illustrative purposes, this column links the Company's internal proprietary risk scoring to internationally recognized credit scale short-term issue credit ratings (such as Standard & Poor's).

Cash and cash equivalents amounted to CHF 910.7 million as of 31 December 2021 (31 December 2020: CHF 1'227.6 million). The risk-weighted average rating of the overall cash portfolio was 'low risk' as of 31 December 2021 (31 December 2020: 'low risk'). The largest bank exposure represents 19% percent of cash and cash equivalents, with a rating of 10 (equivalent to A-1+ as per Standard & Poors) as of 31 December 2021 (31 December 2020: 24% with a rating of 10, equivalent to A-1+). The Group sets clear risk limits to minimize the negative impact that may arise from risk concentrations on its counterparty and possible counterparty defaults. These risk limits are regularly monitored and adherence to this risk framework is regularly reported to the RAC.

The Group considers that its cash and cash equivalents have a low credit risk based on the internal proprietary risk scoring. Based on its assessment as of 31 December 2021, the Group has not identified any material expected credit losses (31 December 2020: not material) and has not booked an allowance (31 December 2020: none). The COVID-19 pandemic did not change the Group's assessment with regards to balances with banks.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(c) Loans

The Group's loans are composed of short-term and, to a lesser extent, long-term loans. The Group's loans are typically granted to various investment programs (including investment vehicles) managed by the Group on behalf of its clients. Typically, the loans to investment programs are granted in the form of bridge loans, credit facility loans, or pre-financing loans.

The fact that 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, most of the loans are backed by unfunded commitments of the clients of the investment programs, which can be drawn upon to repay related loans and which are jointly backed by such clients. The underlying assets in the investment programs serve as an additional layer of security. To manage default risks, the Group ensures that loans to investment programs are classified according to their characteristics and corresponding risk weights and measured against a risk budget. The monitoring of the risk budget forms part of management reporting. The loan approval 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 a high quality of the Group's loan portfolio.

Measurement

The Group reassesses the credit risks of its loans on a regular basis by calculating expected credit losses. The Group hereby applies the general approach as required by IFRS 9. Under this approach, the 12-month expected credit loss is calculated based on historical default rates, current conditions and adjustments for forward-looking estimates so long as the credit risk has not increased significantly relative to the credit risk at the date of initial recognition (stage 1, 'credit risk in line with original expectations'). Otherwise, the Group switches to lifetime expected credit losses (stage 2, 'lifetime ECL not credit impaired', or stage 3 'lifetime ECL credit impaired'). Stage 2 consists of loans for which a significant increase in credit risk has occurred compared to original expectations. A significant increase in credit risk is typically presumed if compensation on short-term loans and/or principal repayments are past due for more than 30 days. Stage 3 is typically characterized by compensation on short-term loans and/or principal repayments being past due and for which no reasonable expectation for full recovery exists.

Short-term loans

The Group classifies its short-term loans into three categories (bridge loans, credit facility loans, pre-financing loans) based on the underlying characteristics of the loans that are described in the table below. These characteristics, including the available information about the borrower, determine the credit risk weights that in turn form the basis for the loan exposures and the calculation of the expected credit loss, if any.

Risk weight per loan		
Loan type	Risk weight	Characteristics
Bridge loans	Low	Loans to investment programs that are typically backed by unfunded client commitments. Investment programs have a low risk of default and a strong capacity to meet contractual cash flows.
Credit facility loans	Low	Loans to investment programs that are backed by the underlying investment portfolio and are typically of limited size compared to the overall investment portfolio, and hence with a low loan-to-value ratio.
Pre-financing loans	Fair	Loans to investment vehicles in an early stage with typically limited or no client commitments to pre-finance upcoming investments. As there are typically limited or no client commitments, these loans could be exposed to the value development of the acquired investments in an adverse scenario. Therefore, these loans are typically subject to higher risk weights and higher loan-to-value ratios than bridge loans and credit facility loans.

Loan exposures are subject to ongoing monitoring. Over the term of the loans, the Group accounts for significant credit risks by providing for expected credit losses on a timely basis. Over the past years the Group has not experienced any material credit losses.

The Group calculates a 12-month expected credit loss as a simplification for all short-term loans for both stages 1 and 2. However, the majority of the Group's short-term loans typically matures within 1 and 3 months.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

The following tables provide information about the exposure to credit risks and expected credit loss related to loans at 31 December 2021 and 2020:

In millions of Swiss francs					31 December 2021
Loan types	Internal risk weight	Nominal carrying amounts Stage 1	Nominal carrying amounts Stage 2	Nominal carrying amounts Stage 3	Expected credit loss ¹⁾
Bridging loans	Low	1'400.2			0.6
Credit facility loans	Low	29.9			0.0
Pre-financing loans	Fair	59.1			0.7
Total		1'489.2	-	-	1.3

In millions of Swiss francs					31 December 2020
Loan types	Internal risk weight	Nominal carrying amounts Stage 1	Nominal carrying amounts Stage 2	Nominal carrying amounts Stage 3	Expected credit loss ¹⁾
Bridging loans	Low	610.4			0.6
Credit facility loans	Low	32.8			0.0
Pre-financing loans	Fair	30.3			0.4
Total		673.5	-	-	1.0

¹⁾ The expected credit loss at stage 1 is the product of the loss expected in a stress scenario times the likelihood of such stress scenario to materialize with 12 months after the period-end date.

As of 31 December 2021, all short-term loans were in stage 1 and no transfers between the different stages were identified. There was no indication of significant credit risk increases relative to the credit risks at the date of initial recognition. As of 31 December 2021, the number of outstanding short-term loans was 441 (31 December 2020: 271) and the average amount per outstanding loan was CHF 3.4 million (2020: CHF 2.5 million). No counterparty represented more than 15% of the overall loan portfolio. In 2021, the Group received an arm's length compensation on short-term loans of CHF 27.5 million (2020: CHF 25.3 million) for the granting of short-term loans as part of its maintenance of investment programs, and hence as part of its operating activities.

Based on its assessment as of 31 December 2021, the Group has not identified any material expected credit losses in relation to its short-term loans and has not recognized any allowance for credit losses (31 December 2020: none). The COVID-19 pandemic did not change the Group's assessment with regards to the credit risk related to short-term loans.

Long-term loans

The majority of long-term loans amounting to CHF 75.2 million (31 December 2020: CHF 76.4 million) is composed of the Group's share in a syndicated loan granted to an investment project into which the Group has insight. The remainder of the loans are typically composed of employee loans. The Group considers the borrowers to have strong capacity to meet their contractual obligations. As of 31 December 2021, all long-term loans were in stage 1 and no transfers between the different stages were identified. Based on its assessment of applying a fair risk weight on the long-term loans as of 31 December 2021, the Group has identified expected credit losses of CHF 2.1 million in relation to its long-term loans (31 December 2020: CHF 2.1 million) and has not recognized any allowance for credit losses (31 December 2020: none). The COVID-19 pandemic did not change the Group's assessment with regards to the credit risk related to long-term loans.

5.4.2. Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and 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. The Group may buy and sell derivatives in order to manage certain market risks.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(a) Foreign currency risk

Foreign currency risk arises because the amounts of local currencies paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates (transaction exposures) and because the foreign currency denominated financial statements of the Group's foreign subsidiaries may vary upon consolidation into the Swiss franc denominated Group financial statements (translation exposures).

The Group is exposed to transactional foreign currency risk mainly on receivables, payables, cash and cash equivalents, employee benefit liabilities as well as loans that are denominated in currencies other than the functional currency of the respective legal entity of the Group. Foreign currency risk mainly results from exposures in Euros (EUR), US dollars (USD), British pounds (GBP) and Singapore dollars (SGD). The Group's hedging policy related to foreign currency risk is to economically hedge the risk with the objective of limiting the volatility of Swiss francs against other denominated transactional currencies. Typically, the Group hedges foreign currency exposures related to loans. Consequently, the Group's net balance sheet currency risk after hedging is limited mainly to intercompany receivables and payables, cash and cash equivalents, trade and other receivables and payables, and employee benefit liabilities.

Sensitivity

The Group's transactional foreign currency exposure at the end of the reporting period on the unhedged positions, expressed in CHF, was as follows:

In millions of Swiss francs	31 December 2021					31 December 2020				
	EUR CHF	USD CHF	GBP CHF	SGD CHF	Others CHF	EUR CHF	USD CHF	GBP CHF	SGD CHF	Others CHF
Foreign currency exposure										
Cash and cash equivalent	58.7	84.0	5.9	1.4	11.2	25.8	105.7	9.8	1.0	6.0
Trade and other receivables	82.1	102.8	20.8	0.0	22.7	63.6	75.0	5.1		32.9
Trade and other payables	(53.6)	(32.5)	(12.2)	(0.0)	(20.0)	(36.9)	(13.0)	(10.4)	(0.0)	(19.6)
Employee benefit liabilities ¹⁾		(204.0)					(107.5)			
Short-term loans		86.6								
Net intercompany positions	151.5	(5.5)	(77.4)	(89.7)	(34.1)	18.6	(148.4)	(6.5)	(59.9)	(7.5)
Net exposure	238.7	31.4	(62.9)	(88.3)	(20.2)	71.1	(88.2)	(2.0)	(58.9)	11.8

¹⁾ Employee benefit liabilities do not form part of financial instruments but are a significant source of foreign currency exposure, and therefore included in this table.

For the foreign currency exchange rates applied against the Swiss franc refer to note 19.5.

(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 interest rate risk with respect to its cash and cash equivalents held at banks. Due to the short-term nature of these balance sheet items and the relatively low sensitivity to interest rates, the Group currently does not actively manage its interest rate risk. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

In millions of Swiss francs	Note	2021	2020
Variable rate instruments			
Financial assets			
Cash and cash equivalents	5.4.1.	910.7	1'227.6
		910.7	1'227.6
Financial liabilities			
Cash collateral for forward contracts	7.	(7.7)	(1.8)
		(7.7)	(1.8)
Total variable rate instruments		903.0	1'225.8

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

Fixed rate instruments			
Financial assets			
Short-term loans	5.4.1.	1'489.2	673.5
Long-term loans	5.4.1.	75.2	76.4
Other		6.5	3.0
		1'570.9	752.9
Financial liabilities			
Lease liabilities	8.	(60.8)	(66.9)
Long-term debt	13.	(799.1)	(798.9)
		(859.9)	(865.8)
Total fixed rate instruments		711.0	(112.9)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 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 exchange rates, remain constant.

In millions of Swiss francs	Profit or loss			
	2021		2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	9.0	(9.0)	12.3	(12.3)

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 market interest rates do not affect profit or loss.

(c) Price risk

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

Most 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, as either equity instruments or debt instruments. Typically, instruments qualifying as debt instruments 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.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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

In millions of Swiss francs	Carrying amount/volatility			
	2021	Volatility	2020	Volatility
Financial investments:				
Private equity	347.9	18%	286.5	18%
Private debt	214.5	8%	224.9	8%
Private real estate	72.3	15%	54.8	15%
Private infrastructure	80.5	12%	49.4	12%
Assets and liabilities held for sale	36.9	8%	51.1	12%
Total	752.1		666.7	

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

In millions of Swiss francs	Profit or loss	
	2021	2020
Financial investments:		
Private equity	62.6	51.6
Private debt	17.2	18.0
Private real estate	10.8	8.2
Private infrastructure	9.7	5.9
Assets and liabilities held for sale	3.0	6.3
Total	103.3	90.0

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.

Cash flow forecasting is performed at group level. Typically, the Group ensures that it has sufficient cash on hand 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 Team formally monitor the liquidity available on a quarterly 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 and money market deposits deemed to have appropriate maturities or sufficient liquidity to provide headroom as determined by the aforementioned cash flow forecasts. Cash and cash equivalents are typically accessible within a day and latest within 35 days.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

Financing arrangements

The Group maintains the following lines of credit:

The Group has two unsecured credit facilities of CHF 460 million (31 December 2020: CHF 460 million) and CHF 375 million (31 December 2020: 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 2020: 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.

Maturity of financial liability

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

In millions of Swiss francs			31 December 2021					
	Note	Carrying amount	Total (undiscounted)	6 months or less	6 - 12 months	13 - 24 months	25 - 60 months	More than 60 months
Trade payables ¹⁾	7.	99.2	99.2	99.2				
Goods and services received not yet invoiced	7.	39.4	39.4	37.1	2.3			
Derivative liabilities held for risk management ¹⁾	7.	1.0	1.0	1.0				
Accrued revenue deductions ¹⁾	7.	98.6	98.6	67.6	31.0			
Cash collateral for forward contracts ¹⁾	7.	7.7	7.7	7.7				
Other payables ¹⁾	7.	49.8	49.8	49.6	0.2			
Lease liabilities	8.	60.8	66.6	5.2	6.7	12.8	18.9	23.0
Long-term debt	13.	799.1	813.8	2.5		2.5	306.7	502.1
Other long-term liabilities ²⁾		51.1	51.1			39.4	11.7	
Unfunded commitments	5.3.5.	455.1	455.1	455.1				
		1'661.8	1'682.3	725.0	40.2	54.7	337.3	525.1

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.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

In millions of Swiss francs				31 December 2020				
	Note	Carrying amount	Total (undiscounted)	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				
Goods and services received not yet invoiced	7.	28.2	28.2	28.2				
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	5.3.5.	289.7	289.7	289.7				
		1'412.9	1'436.3	412.4	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.

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 (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for assets or liabilities that are not based on observable market data (i.e. 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 2021			
		Level 1	Level 2	Level 3	Total
Derivative assets held for risk management ¹⁾			7.7		7.7
Assets held for sale				79.5	79.5
Financial investments ²⁾		0.0		715.2	715.2
Financial assets		0.0	7.7	794.7	802.4
Derivative liabilities held for risk management ³⁾			1.0		1.0
Liabilities held for sale				42.6	42.6
Other long-term liabilities				0.3	0.3
Financial liabilities		-	1.0	42.9	43.9

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

²⁾ Includes marketable securities of CHF 0.0 million that previously have been reported in a separate line in this table.

³⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

In millions of Swiss francs	31 December 2020			
	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management ¹⁾		3.3		3.3
Assets held for sale			305.7	305.7
Financial investments ²⁾	0.0		615.6	615.6
Financial assets	0.0	3.3	921.3	924.6
Derivative liabilities held for risk management ³⁾		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⁾ Includes marketable securities of CHF 0.0 million that previously have been reported in a separate line in this table.

³⁾ Presented in the line item trade and other payables in the consolidated balance sheet.

The carrying amounts 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 2021 and 2020:

In millions of Swiss francs	2021	
	Financial assets	Financial liabilities
Balance as of 1 January	921.3	254.9
Additions	178.9	42.7
Disposals	(423.9)	(263.3)
Change in fair value ¹⁾	117.0	(0.0)
Exchange differences	1.4	8.6
Balance as of 31 December	794.7	42.9

In millions of Swiss francs	2020	
	Financial assets	Financial liabilities
Balance as of 1 January	780.7	115.1
Additions	219.8	160.8
Disposals	(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

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

There were no transfers between levels in 2021 and 2020.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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, reflect the Group's own 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 investments. 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 its own investments 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 or loss statements of underlying investments at regular intervals, risk monitoring and reviews of price verification procedures and models, which are used to estimate the fair value of these investments 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 underlying 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.

Valuation techniques used to determine fair values 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 instruments. The following valuation techniques are applied by the Group to determine fair values of underlying equity and debt instruments 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.

Underlying 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 investments into debt instruments can be valued by using the instrument's expected cash flows while direct investments into equity instruments can be valued by using the "cash flow

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 approach 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 Group 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.

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 in 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 investments valued by using unobservable input factors are directly affected by a change in that factor. The change in valuation of level 3 direct 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 2021	31 December 2020
Adjusted net asset value (1% increase)	7.5	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, and assets and liabilities held for sale. Due to the broad range 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.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

6. Investments in associates

The Group accounted for investments in associates as of 31 December 2021 as summarized below:

In millions of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	17.8	17.8	28%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	0.5	0.5	40%
Total investments in associates			18.3	

In millions of Swiss francs	Note	2021	2020
Balance as of 1 January		25.0	42.1
Redemption of shares (Pearl)		(8.5)	(17.5)
Share of results (Pearl)	5.1.	2.7	0.7
Share of results (LGT)	5.2.	0.0	0.0
Exchange differences		(0.9)	(0.3)
Balance as of 31 December		18.3	25.0

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

In millions of Swiss francs	Pearl		LGT	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Total assets	63.4	89.0	1.4	1.5
Total liabilities	0.1	2.2	0.2	0.3
Equity	63.3	86.8	1.2	1.2
Revenues and other operating income	11.2	7.3	1.4	1.4
Profit/(loss) for the period	9.4	2.7	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 advice, 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 therefore 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.).

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

7. Trade and other payables

In millions of Swiss francs	Note	31 December 2021	31 December 2020
Trade payables		99.2	53.1
Goods and services received not yet invoiced		39.4	28.2
Derivative liabilities held for risk management		1.0	1.6
Accrued revenue deductions		98.6	104.3
Cash collateral for forward contracts		7.7	1.8
Lease liabilities	8.	10.9	10.3
Other payables		49.8	29.4
Total trade and other payables		306.6	228.7

8. Lease liabilities

In millions of Swiss francs	2021	2020
Lease liabilities as of 1 January	66.9	67.6
Additions	4.2	15.9
Removals	(0.4)	(1.1)
Accreted interest	1.0	1.4
Lease payments	(11.7)	(12.1)
Exchange differences	0.8	(4.8)
Lease liabilities as of 31 December	60.8	66.9
Current liabilities	10.9	10.3
Non-current liabilities	49.9	56.6
Lease liabilities as of 31 December	60.8	66.9

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

9. Income tax

9.1. Income tax expense

9.1.1. Recognized in profit or loss

In millions of Swiss francs	Note	2021	2020
<i>Current tax expense:</i>			
Current year		285.1	136.4
Under/(over) provided in prior years		0.0	(1.8)
Total current tax expense		285.1	134.6
<i>Deferred tax expense/(income):</i>			
Deferred tax expense/(income), net relating to the origination and reversal of temporary differences	9.2.	(22.5)	(10.8)
Total deferred tax expense/(income)		(22.5)	(10.8)
Total income tax expense		262.6	123.8

9.1.2. Weighted average expected tax rate reconciliation

In millions of Swiss francs	2021	2020
Profit before tax	1'726.2	928.6
Weighted average expected Group tax rate ¹⁾	14.53%	13.91%
Expected tax expense	250.8	129.2
Non-tax-deductible expense and non-taxable income	(11.4)	(8.9)
Applicable tax rates differing from expected rate	(5.0)	(1.5)
Non-refundable withholding taxes	27.8	
Under/(over) provided in prior years	0.0	(1.8)
Other impacts	0.4	6.8
Total income tax expense	262.6	123.8

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.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 2021	31 December 2020
Deferred tax assets	104.4	64.0
Deferred tax liabilities	(3.4)	(3.4)
Deferred tax assets/(liabilities), net	101.0	60.6

In millions of Swiss francs	2021	2020
Balance as of 1 January, net	60.6	39.8
Changes recognized in profit or loss	22.5	10.8
Changes recognized in equity	18.3	14.7
Changes recognized in other comprehensive income	(1.7)	(0.0)
Exchange differences	1.3	(4.7)
Balance of deferred tax assets/(liabilities) as of 31 December, net	101.0	60.6

Analysis of deferred tax assets and liabilities

The following table shows the development of deferred tax assets and liabilities by category:

In millions of Swiss francs	2021						
	Financial investments	Other non-current assets	Defined benefit plan	Share-based payment transactions	Accrued variable compensation & MCP	Others	Total
Balance as of 1 January, net	1.6	(4.5)	0.4	37.6	24.0	1.5	60.6
Changes recognized in profit or loss	(1.0)	(0.3)	0.1	4.3	19.4	(0.0)	22.5
Changes recognized in equity				18.3			18.3
Changes recognized in other comprehensive income			(1.7)				(1.7)
Exchange differences	0.1	(0.1)		0.9	0.4	(0.0)	1.3
Balance as of 31 December, net	0.7	(4.9)	(1.2)	61.1	43.8	1.5	101.0

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

In millions of Swiss francs							2020
	Financial investments	Other non-current assets	Defined benefit plan	Share-based payment transactions	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

Financial investments

Taxable temporary differences arise between the tax bases of financial investments and their carrying amounts in the consolidated financial statements (fair values with regard to the application of IFRS 9). As of 31 December 2021, the Group has such temporary differences of CHF 71.4 million for which no deferred tax liabilities have been recognized (31 December 2020: CHF 334.2 million). The liability was not recognized as the Group controls the dividend policy of the subsidiary, i.e. the Group controls the timing of reversal of the related taxable temporary differences and considers it probable that the temporary difference will not reverse in the foreseeable future. A reversal of these temporary differences would result in estimated income tax expenses of CHF 3.8 million (31 December 2020: 16.9 million).

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 as result of applying IAS 19 (for further information see note 4.5.2.).

Share-based payment transactions

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, while the tax deductions in relation to these expenses materialize 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 or the Management Fee EBIT for the financial year of 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.

Others

Others mainly include impacts from 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 2021 and 2020

10. Other operating expenses

In millions of Swiss francs	2021	2020
Third party services	(23.3)	(18.1)
Property-related costs	(4.9)	(4.8)
Administrative expenses	(35.3)	(28.1)
Travel and representation expenses	(8.5)	(7.5)
Pandemic-related costs and impact contributions	(6.0)	(10.0)
Total other operating expenses	(78.0)	(68.5)

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

In millions of Swiss francs								2021
	Land	Buildings	Right-of-use assets	Construction in progress	Office furniture	Interior fittings	Equipment and IT fittings	Total
Cost								
Balance as of 1 January	63.1	87.3	89.0	5.5	11.5	28.7	12.8	297.9
Additions	0.4	2.6	4.4	28.8	0.7	1.2	1.0	39.1
Disposals	(0.6)		(2.5)		(0.5)	(0.8)	(0.4)	(4.8)
Exchange differences	0.2	2.5	0.7	0.0	0.1	0.1	0.1	3.7
Balance as of 31 December	63.1	92.4	91.6	34.3	11.8	29.2	13.5	335.9
Accumulated depreciation								
Balance as of 1 January		4.0	25.4		5.4	18.2	8.7	61.7
Depreciation		1.9	12.4		1.9	2.5	2.9	21.6
Accumulated depreciation on disposals			(2.3)		(0.5)	(0.8)	(0.4)	(4.0)
Exchange differences		0.1	0.0		0.0	(0.0)	0.1	0.2
Balance as of 31 December	-	6.0	35.5	-	6.8	19.9	11.3	79.5
Carrying amount								
As of 1 January	63.1	83.3	63.6	5.5	6.1	10.5	4.1	236.2
As of 31 December	63.1	86.4	56.1	34.3	5.0	9.3	2.2	256.4
Impairment losses incurred in 2021								nil

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 2021 and 2020

12. Intangible assets

In millions of Swiss francs						2021
	Goodwill	Acquired client contracts	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	30.8	4.5	21.7	55.5	9.1	121.6
Additions			2.4	19.5		21.9
Disposals			(2.0)			(2.0)
Exchange differences	(0.1)	0.1	0.0	(0.2)		(0.2)
Balance as of 31 December	30.7	4.6	22.1	74.8	9.1	141.3
Accumulated amortization and impairment losses						
Balance as of 1 January		4.5	13.5	33.5	7.8	59.3
Amortization			5.5	11.8	0.8	18.1
Accumulated amortization on disposals			(2.0)			(2.0)
Exchange differences		0.1	0.0	(0.1)		-
Balance as of 31 December	-	4.6	17.0	45.2	8.6	75.4
Carrying amount						
As of 1 January	30.8	-	8.2	22.0	1.3	62.3
As of 31 December	30.7	-	5.1	29.6	0.5	65.9
Impairment losses incurred in 2021						nil

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

In millions of Swiss francs						2020
	Goodwill	Acquired client contracts	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	32.4	4.8	23.4	52.9	9.1	122.6
Additions			6.4	5.6		12.0
Disposals			(8.1)	(0.8)		(8.9)
Exchange differences	(1.6)	(0.3)		(2.2)		(4.1)
Balance as of 31 December	30.8	4.5	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

Impairment testing for CGU's containing goodwill

The carrying amount of goodwill as of 31 December 2021 of CHF 30.7 million (2020: CHF 30.8 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 16.2 million (2020: CHF 15.7 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 14.5 million (2020: CHF 15.1 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 2021 and 2020

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 four-year estimate (2022–2025). 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 2022 to 2025.
- Growth of other operating expenses was applied at a constant rate of 10% p.a. (2020: 10% p.a.).
- Growth of personnel expenses was applied at a constant rate of 5% p.a. (2020: 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 (2020: 35%)).
- After-tax discount rates of 8.5% (PG RE; 2020: 6.8%) and 7.9% (PG Italy; 2020: 6.4%), respectively, were applied in determining the recoverable amounts of the CGU's. The Group applied risk-free interest rates of 1.5% (PG RE; 2020: 0.9%) and 0.9% (PG Italy; 2020: 0.6%), 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	2021	2020
Balance as of 1 January	798.9	798.6
Accreted interest	0.2	0.3
Balance as of 31 December	799.1	798.9

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 2021 were CHF 302.3 million and CHF 508.3 million, respectively (2020: CHF 302.3 million and CHF 512.0 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 2021 and 2020

14. Share capital, capital management and reserves

In effective number of shares	2021	2020
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 (2020: 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 2021 (31 December 2020: CHF 218'100), consisting of CHF 217'100 (31 December 2020: CHF 217'100) for legal reserves from capital contributions and of CHF 1'000 (31 December 2020: 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 330'966 (2020: 347'655) of the Company's issued shares. The Group holds treasury shares to provide for existing share and option programs.

Cumulative Translation Adjustments

Cumulative Translation Adjustments 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 27.50 per share on 19 May 2021 (19 May 2020: CHF 25.50). As the Company's treasury shares are not eligible for a dividend payment, the dividend distribution of CHF 734.3 million approved in May 2021 (May 2020: CHF 680.9 million) was not fully distributed, i.e. a total of CHF 724.6 million was paid out (May 2020: 668.5 million). After the balance sheet date, the BoD proposes a dividend distribution of CHF 881.1 million (CHF 33.00 per share) for 2021.

Capital management

The BoD's objective is to maintain a strong capital base in order 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 or regulators) 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 2021 and 2020.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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			2021
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January	26'700'000	347'655	26'352'345
Purchase of treasury shares		265'847	(265'847)
Disposal of treasury shares		(282'536)	282'536
Balance as of 31 December	26'700'000	330'966	26'369'034
Weighted average number of shares outstanding during the period (360 days)			26'048'756
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%
BlackRock Inc.		1'339'857	5.02%
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%

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

15. Earnings per share

In Swiss francs	2021	2020
Average fair value of one ordinary share during the period	1'369.19	849.52
Weighted average exercise price for shares under option during the period	818.99	748.50

2021				
	Note	Earnings per share	Profit for the period	Number of shares
Profit for the period (in millions of Swiss francs)			1'463.6	
Weighted average number of ordinary shares outstanding	14.			26'048'756
Basic earnings per share (in Swiss francs)		56.19		
Weighted average number of shares under option during the period				1'253'630
Number of shares that would have been issued at fair value ¹⁾				(749'863)
Diluted earnings per share (in Swiss francs)		55.12		26'552'523

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

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.

As of 31 December 2021, the Group had 1'167'386 options and non-vested shares outstanding (2020: 1'484'115) (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 2021 and 2020

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 2021, associates purchased services from the Group in the amount of CHF 1.1 million (2020: CHF 2.9 million).

As of 31 December 2021, loans to employees of the Group amounted to CHF 11.1 million (2020: CHF 8.2 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	2021	2020
Purchase of treasury shares from shareholders employed by the Group	35'075	16'380
Average purchase price per share (in Swiss francs)	1'528.32	873.34

The Group is managed by the Board of Directors ("BoD") and the Executive Team of the Company. The total personnel expenses for the BoD as well as the Executive Team 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	2021	2020
Board of Directors:		
Short-term employment benefits	2.0	1.9
Other compensation	0.1	0.2
Share-based payment expenses	5.1	4.3
Other long-term benefits (MCP)	6.2	2.5
Post-employment benefits	0.2	0.2
Total Board of Directors	13.6	9.1
Executive Team:		
Short-term employment benefits	7.9	7.4
Other compensation	0.2	0.5
Share-based payment expenses	13.1	14.2
Other long-term benefits (MCP)	14.5	3.5
Post-employment benefits	1.1	0.8
Total Executive Team	36.8	26.4
Total Board of Directors and Executive Team	50.4	35.5

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

At the relevant balance sheet date, the BoD and the Executive Team 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 2021	31 December 2020
Board members (vested options)	16'296	29'469
Members of the Executive Team (options and non-vested shares)	92'697	129'780
Total	108'993	159'249

Share ownership (unrestricted):

In effective number of shares	31 December 2021	31 December 2020
Board members	4'368'366	4'368'934
Members of the Executive Team	44'248	125'041
Total	4'412'614	4'493'975

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 2.1 billion as of 31 December 2021 (31 December 2020: CHF 2.0 billion), of which CHF 1.6 billion (2020: CHF 1.6 billion) are committed to closed-ended programs and CHF 0.5 billion (2020: CHF 0.4 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 Investment Services AG	27 July 2021	Provide administrative services for group entities
Partners Group Investment Management S.à.r.l., Luxembourg	12 May 2021	Serve as manager to investment programs
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

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 Rules of the Organization and of Operations. 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:

Name of the subsidiary	Place of incorporation and operation		Share Capital in thousands	Interest %	
	Registered office	Country of incorporation		31 December 2021	31 December 2020
				31 December 2021	31 December 2020
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	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%

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 2021	31 December 2020
Financing/treasury	Switzerland	2	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	8	7
Financing/treasury	Luxembourg	1	1
Client access management	Guernsey	1	1
Financing/treasury	Guernsey	6	6
Management services to investment programs	Guernsey	2	2

18. Subsequent events

Adjusting events

No events took place between 31 December 2021 and 18 March 2022 that would require material adjustments to the amounts recognized in these consolidated financial statements.

Non-adjusting events

The Russian invasion of Ukraine on 24 February 2022 led to uncertainties in the markets that resulted in higher volatilities, as well as sanctions implemented by Switzerland, the United States, the European Union, the United Kingdom and others against Russia and certain Russian entities and nationals.

The Group's direct exposure to Russia and Ukraine consists of financial investments of CHF 2.3 million across 30 investment programs. In addition, the Group has indirect exposures through bridge loans to investment programs with a certain Russia exposure that amount to CHF 68.3 million. These bridge loans are backed by unfunded client commitments that can be drawn upon to settle outstanding amounts and are jointly backed by the respective clients of the investment program. The underlying assets in the investment programs serve as additional layer of security.

The events could have an impact and affect the Group's performance and results in 2022 and beyond. Based on its assessment, the Group does, however, not expect significant impacts from these events at this stage but will continue to monitor the developments and any potential changes to this conclusion.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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.

Some line items in the consolidated balance sheet have been disaggregated (e.g. derivative assets held for risk management on the consolidated balance sheet) and some note disclosures have been improved (e.g. notes 5.3.1. and 5.4.) to make the information and disclosure more relevant. Comparative amounts have been re-presented accordingly.

19.2. Changes in accounting policies

The accounting policies adopted for the year ended 31 December 2021 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 2021 are consistent with those of the previous financial year. A number of new standards became effective on 1 January 2021, but they do not have a significant 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:

- COVID-19-Related Rent Concessions (Amendments to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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			
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)	*	1 April 2021	Reporting year 2022
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
Reference 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
Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)	*	1 January 2023	Reporting year 2023
Definition of Accounting Estimate (Amendments to IAS 8)	*	1 January 2023	Reporting year 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes	*	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

* Standards and interpretation in the above table have no or an insignificant impact on the Group's financial position or performance.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 as financial investment 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 2021 and 2020

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 cumulative translation adjustments 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 cumulative translation adjustments (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 2021 and 2020

(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
2021	EUR	1.0362	1.0812
	USD	0.9111	0.9142
	GBP	1.2342	1.2574
	SGD	0.6758	0.6803

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

19.6. Financial instruments

(a) Recognition

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

(b) 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.

For assets measured at fair value, gains and losses will be recorded in profit or loss. None of the Group's financial assets are classified as financial asset at fair value through other comprehensive income. 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 2021 and 2020

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 as incurred.

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 instrument 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. Changes in fair value are recognized in finance income and expense as net gains on fair value through profit or loss instruments. A gain or loss on a debt instrument 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.

(c) 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:

(a) 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 an initial 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. In relation to certain private market transactions, the Group receives transaction fee income. 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. The Group also charges fees to select underlying lead and joint lead investments for value-added services provided to them during the holding period of the relevant investment. These fees are charged on an ongoing basis.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

(b) Performance fees

Typically, performance fees are recognized so that they do not exceed the portion of performance fees from realized underlying 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 underlying 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 underlying 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 are calculated for (1) and (2) by multiplying (1) and (2) by the applicable performance fee rate subject to exceedance of the hurdle rate. Where the hurdle rate is not exceeded, there is no performance fees. The lower of such calculated performance fees is recognized.

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 2021, the applied discount was 50% (31 December 2020: 50%), except for selected programs where the discount is determined on the basis of a systematic approach and may be up to 100%.

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.

(c) Revenue deductions

Revenue deductions mainly include fee rebates to third parties. Such rebates may be one-off or recurring, depending on individual agreements. Fees charged multiple times in multi-layer structures (e.g. through pooling vehicles) are typically waived and rebated.

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

(a) Definition of a lease

The Group assesses whether a contract is either a lease or contains a lease based on the IFRS lease definition. 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.

(b) As a lessee

The Group recognizes a right-of-use asset and its corresponding lease liability at the lease commencement date. The right-of-use asset is measured at cost and depreciated over its useful life which typically is the lease period defined within the lease contract. Subsequently, the right-of-use asset is measured 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.

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

Any remeasurement is generally adjusted against the right-of-use asset.

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

(c) 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 and 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 2021 and 2020

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 disposal 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 2021 and 2020

19.17. Intangible assets

(a) 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 at least annually for impairment.

(b) Acquired 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.

(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 four to five years.

(e) Other intangible assets

Other intangible assets, which the Group acquires and recognizes as assets, usually have a definite useful life. Such intangible assets are carried at cost less accumulated amortization and impairment losses.

(f) 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.

(g) 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 with indefinite useful life is 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 and are tested for impairment if indicated. The estimated useful life of intangible assets is as follows:

- | | |
|-----------------------------|------------|
| • Goodwill | indefinite |
| • Acquired client contracts | 3–5 years |
| • Software | 3–5 years |
| • Contract costs | 4–5 years |
| • Other intangible assets | 3–10 years |

The carrying amount of these intangible assets 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.).

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

19.18. Investments

(a) Financial investments

Financial investments (see note 5.3.2.) are measured at fair value through profit or loss. The fair values of quoted financial 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 5.4.1.), 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 5.3.4.).

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 IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. For loans, the Group applies the general approach and uses the 12-month credit loss as basis for its calculations of the expected credit loss. 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 that has an indefinite useful life or other intangible assets that are not yet available for use, the recoverable amount is estimated annually.

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

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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 significant, 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.

(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

Notes to the consolidated financial statements for the years ended 31 December 2021 and 2020

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.

Index to the financial statements of Partners Group Holding AG and report of the auditors

1. Report of the auditors on the financial statements of Partners Group Holding AG	109
-------------------------------------------------------------------------------------------	------------

2. Financial statements of Partners Group Holding AG:

- Income statement for the years ended 31 December 2021 and 2020	112
- Balance sheet as of 31 December 2021 and 2020	113
- Notes to the financial statements for the years ended 31 December 2021 and 2020	114

3. Proposal by the Board of Directors of Partners Group Holding AG for the appropriation of available earnings as of 31 December 2021	123
----------------------------------------------------------------------------------------------------------------------------------------------	------------

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 2021, 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 112 to 123) for the year ended 31 December 2021 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.

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



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.

As part of an audit in accordance with Swiss law 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 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

A handwritten signature in black ink, appearing to read 'T. Dorst', written over a light blue horizontal line.

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'M. Bourquin', written over a light blue horizontal line.

Malea Bourquin
Licensed Audit Expert

Zurich, 18 March 2022

Income statement of Partners Group Holding AG for the years ended 31 December 2021 and 2020

In millions of Swiss francs	Note	2021	2020
Dividend income	2.	1'769.9	683.0
Other finance income	3.	39.4	85.8
Other service income		0.4	0.3
Total income		1'809.7	769.1
Third party services		(5.8)	(2.5)
General and administrative expenses		(29.6)	(1.6)
Travel and representation expenses		(0.1)	(0.1)
Other service expenses			(2.5)
Finance expense	4.	(157.2)	(139.0)
Profit before tax		1'617.0	623.4
Direct taxes			
Profit for the period		1'617.0	623.4

Balance sheet of Partners Group Holding AG as of 31 December 2021 and 2020

In millions of Swiss francs	Note	31 December 2021	31 December 2020
Assets			
Cash and cash equivalents		494.4	881.6
Other current receivables	5.	1'378.9	518.5
Accrued income	2.	1'120.0	615.0
Total current assets		2'993.3	2'015.1
Financial assets	6.	61.1	64.1
Participations	7.	2'325.6	1'927.5
Total non-current assets		2'386.7	1'991.6
Total assets		5'380.0	4'006.7
Liabilities and equity			
Liabilities			
Current interest-bearing liabilities to subsidiaries		2'143.3	1'553.8
Other current liabilities	8.	8.3	4.5
Total current liabilities		2'151.6	1'558.3
Non-current interest-bearing liabilities	9.	800.0	800.0
Other non-current liabilities		0.4	0.5
Provisions	10.	3.8	4.0
Total non-current liabilities		804.2	804.5
Total liabilities		2'955.8	2'362.8
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		1'184.9	1'286.2
Profit for the period		1'617.0	623.4
Treasury shares	11.	(378.2)	(266.2)
Total equity		2'424.2	1'643.9
Total liabilities and equity		5'380.0	4'006.7

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

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 1'120 million (2020: CHF 615 million) of dividend income related to the 2021 financial year profit of its subsidiary Partners Group AG in 2021 (the year in which it was earned). As this dividend will not be paid until 2022, this amount has been recorded as accrued income.

3. Other finance income

In millions of Swiss francs	2021	2020
Interest income	6.6	5.7
Foreign exchange gains	17.6	69.6
Gain on treasury shares transactions	15.2	10.5
Total other finance income	39.4	85.8

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

4. Finance expense

In millions of Swiss francs	2021	2020
Interest expense	(17.9)	(21.2)
Foreign exchange losses	(35.1)	(60.8)
Loss on treasury shares transactions	(103.3)	(56.1)
Other finance expense	(0.9)	(0.9)
Total finance expense	(157.2)	(139.0)

5. Other current receivables

In millions of Swiss francs	31 December 2021	31 December 2020
Third parties	0.2	0.2
Subsidiaries	1'378.7	518.3
Total other current receivables	1'378.9	518.5

6. Financial assets

In millions of Swiss francs	31 December 2021	31 December 2020
Loans to subsidiaries	61.1	64.1
Total financial assets	61.1	64.1

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

7. Participations

	Domicile	Ownership and voting interest	
		31 December 2021	31 December 2020
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 Investment Services AG ¹⁾	Switzerland	100%	
Partners Group (EU) GmbH	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 Investment Management S.à r.l. ²⁾	Luxembourg	100%	
Partners Group Orbit S.à r.l.	Luxembourg	100%	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⁾ The company was incorporated on 27 July 2021

²⁾ The company was incorporated on 12 May 2021

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

	Domicile	Ownership and voting interest	
		31 December 2021	31 December 2020
Pearl Management Limited	Guernsey	100%	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%

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

8. Other current liabilities

In millions of Swiss francs	31 December 2021	31 December 2020
Accrued audit expenses	0.2	0.3
Other accrued expenses	7.1	3.4
Tax liabilities	0.2	0.2
Other liabilities	0.8	0.6
Total other current liabilities	8.3	4.5

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 2021	31 December 2020
Provisions for compensation to board members		
Option grants	2.7	3.0
Management carry program	1.0	0.9
Social security expenses on management carry program	0.1	0.1
Total provisions	3.8	4.0

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

11. Treasury shares

	Number of shares	Weighted average price	Total value
		In Swiss francs	In millions of Swiss francs
Balance as of 1 January 2020	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
Purchase of treasury shares	265'847	1'451.77	386.0
Disposal of treasury shares	(282'536)	969.57	(274.0)
Balance as of 31 December 2021	330'966	1'142.67	378.2

The Company has 1'167'386 (31 December 2020: 1'484'115) 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 Team

In Swiss francs	2021			2020		
	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	488	1'627.00	0.8	698	922.00	0.6
Executive Team						
Shares	6'256	1'627.00	10.2	10'905	922.00	10.1

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

13. Commitments and contingent liabilities

In millions of Swiss francs	31 December 2021	31 December 2020
Guarantees for third parties	55.5	54.3
Guarantees for subsidiaries	865.0	865.0

The Company and certain subsidiaries maintain the following lines of credit as of 31 December 2021 (see note 5.4.3. of the consolidated financial statements):

- CHF 460 million (31 December 2020: CHF 460 million)
- CHF 375 million (31 December 2020: CHF 375 million)
- CHF 30 million (31 December 2020: CHF 30 million)

The amounts drawn by subsidiaries are guaranteed by the Company.

As of 31 December 2021 there are no amounts drawn (31 December 2020: CHF 0.0).

14. Shareholders above 5%

As of 31 December 2021, the Company had received notification of four significant shareholders whose voting rights exceed 5%.

	31 December 2021	31 December 2020
Dr. Marcel Erni	5.01%	5.01%
Alfred Gantner	5.01%	5.01%
Urs Wietlisbach	5.01%	5.01%
BlackRock, Inc.	5.02%	4.98%

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

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

Number of shares and options	31 December 2021		
	Share ownership	Non-vested shares	Options
Board of Directors			
Steffen Meister, Executive Chairman	350'675		
Dr. Martin Strobel, Vice Chairman	360		4'570
Dr. Marcel Erni	1'338'959		
Alfred Gantner	1'338'959		
Joseph P. Landy	108		
Grace del Rosario-Castaño	346		11'726
Urs Wietlisbach	1'338'959		
Total Board of Directors	4'368'366	-	16'296
Executive Team			
David Layton, Chief Executive Officer and Head Private Equity	6'015	6'161	7'500
Kirsta Anderson, Chief People Officer	33	144	
Sarah Brewer, Co-Head Client Solutions	637	1'155	31'530
Roberto Cagnati, Chief Risk Officer and Head Portfolio Solutions	1'477	793	18'850
Juri Jenkner, Head Private Infrastructure	7'950	3'948	
Andreas Knecht, Chief Operating Officer and General Counsel	9'099	3'152	17'000
Marlis Morin, Head Client Services	17'845	1'423	
Hans Ploos, Chief Financial Officer	1'192	1'041	
Total Executive Team	44'248	17'817	74'880
Total	4'412'614	17'817	91'176

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2021 and 2020

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 Team			
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 Team	125'041	22'621	107'159
Total	4'493'975	22'621	136'628

16. Full-time employees

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

17. Subsequent events

The Russian invasion of Ukraine on 24 February 2022 led to uncertainties in the markets that resulted in higher volatilities, as well as sanctions implemented by various countries against Russia and certain Russian entities and nationals. The Company does not have any direct exposure to Russia and Ukraine. For indirect exposure please refer to note 18. of the consolidated financial statements.

No events took place between 31 December 2021 and 18 March 2022 that would require material adjustments to the amounts recognized in these statutory financial statements.

Proposal by the Board of Directors of Partners Group Holding AG for the appropriation of available earnings as of 31 December 2021

In millions of Swiss francs	31 December 2021
Profit for the period	1'617.0
Results carried forward	1'184.9
Total voluntary retained earnings available for appropriation	2'801.9
Proposal by the Board of Directors to the Annual General Meeting of shareholders:	
To be distributed to shareholders	(881.1)
To be carried forward	1'920.8

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 2021. In this report, the Nomination & Compensation Committee (NCC) explains how the compensation for the Executive Team and members of the Board of Directors is aligned to the firm's investment and financial performance.

The NCC strives to continuously improve the communication and clarity of the firm's approach to compensation and, in 2021, we engaged with our key shareholders, representing about 15% of the total share capital, and proxy advisors to reflect on industry trends and gather outside perspectives. These dialogues also allow the NCC to further refine the firm's approach to compensation and to ensure the interests of clients, shareholders, employees, and other stakeholders are aligned with the best-practice compensation approach.

While we believe we made material changes to Board compensation last year, we continued to receive a comparably low acceptance rate of our Compensation Report (2020 report: 64%, 2019 report: 64%, 2018 report: 69%). One of the reasons mentioned by proxy advisors and shareholders was that performance-based compensation only represented a minority of the LTI awards. We have therefore decided to increase the proportion of performance-based compensation to 50% and introduce several other amendments to the compensation of Executive Team members as outlined on the next page. We believe that these amendments further contribute to making our approach to compensation compliant to shareholder and proxy advisor expectations.

2021 was a successful year

2021 was a successful year across all metrics for Partners Group. We took advantage of the strong market momentum to transact on our thematic pipeline. The firm invested a record USD 32 billion into companies and assets that we believe are well-positioned for future growth. At the same time, our entrepreneurial governance model has also led to significant value creation.

Client demand for Partners Group's investment solutions resulted in new commitments of USD 25 billion in 2021. The firm's innovative bespoke client solutions, which cater to client needs for tailored private markets solutions, were again the largest contributor. These efforts resulted in an overall assets under management growth of 17% to USD 127 billion in 2021.

As our firm continues to grow, we remain committed to delivering sustainable performance across economic cycles, and therefore focus on three key pillars:

- **Transformational investing:** as an investment firm, we seek to generate strong returns by capitalizing on thematic growth trends and transforming attractive businesses into market leaders.
- **Bespoke client solutions:** as a client-centric organization, we provide tailored access to private markets and seek to enhance returns through our portfolio management capabilities.
- **Stakeholder impact:** as a responsible investor, we realize potential in private markets and seek to create sustainable returns with lasting, positive impact for all of our stakeholders.

Compensation Report

Executive Team's compensation amendments in 2021

Framework	2020	2021	Rationale for the change
Base compensation	Co-CEO: USD 750K Executive Team: CHF 500k for each member, no distinction	CEO: USD 900K ¹⁾ Executive Team: based on function and level of responsibility	CEO base compensation was increased due to the additional responsibilities and time commitment required by a sole CEO function. The sole CEO now oversees all of Partners Group's activities as opposed to the firm's Co-CEO structure which separated responsibilities.
	LTI award pool		
Quantitative Assessment (50% weighting)	(1) Financial performance, (2) Investment development	No change	Quantitative LTI factors continue to be driven by a formulaic calculation based on performance and actual numeric results.
Qualitative Assessment (50% weighting)	(1) 80% strategy implementation, (2) 20% leadership achievements	(1) 80% strategy implementation, including leadership achievements (2) 20% ESG targets	ESG considerations are now separately defined underlining their importance to the firm. The NCC expects the Executive Team to lead and implement defined ESG targets and aspects throughout the firm.
	Management Performance Plan (MPP)		
	<u>Performance condition 1:</u> Share price performance	<u>Performance condition 1:</u> Management Fee EBIT growth	Management Fee EBIT growth replaces share price performance as it is directly linked to the measurable operating performance of the firm and by extension the Executive Team while the share price is influenced by many factors outside of the Executive Team's control. It sets the right focus and requires the Executive Team – amongst others – to maintain pricing stability, focus on sustained assets under management growth without compromising on investment returns, and preserve margin targets and cost discipline across the entire organization.
	<u>Performance condition 2:</u> No change	<u>Performance condition 2:</u> No change	The performance fee generation of the underlying investments continues to be the second performance condition determining MPP payout. It ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios. This methodology remains unchanged. Achieving performance condition 1 but not performance condition 2 results in no payout.
Long-term incentives	<u>Cap/floor:</u> LTI pool 2020: old range of 0.5x – 2.0x of the previous year's LTI pool.	<u>Cap/floor:</u> LTI pool 2021: new range of 0.0x – 2.0x (i.e. floor removed) of the previous year's LTI pool.	The floor was removed in 2021 to eliminate any guaranteed level of LTI compensation for the Executive Team. This ensures that a year of severe under performance and failure to meet targets will result in an LTI pool of zero.
	<u>Selling restriction after payout in Partners Group shares:</u> 2 years	<u>Selling restriction after payout in Partners Group shares:</u> Removed due to long-term nature of program (up to 14 years)	The selling restriction was removed as the program is already long-term, taking up to 14 years and a minimum of 6 years prior to any payout being made.
	<u>MPP allocation:</u> 33%	<u>MPP allocation:</u> 50%	The amount of LTI with a performance condition (MPP) was intentionally increased to 50% providing a more balanced approach to incentives. Executive members of the Board continue to receive 100% of their LTI in MPP.
	Share-based Participation Plan (SPP)		
	<u>Vesting:</u> 5-year linear vesting with a 2-year selling restriction	<u>Vesting:</u> Vesting in year 3 (34%), year 4 (33%) and year 5 (33%). No selling restrictions. Minimum shareholding guidelines implemented.	The removal of the selling restriction is balanced by the implementation of a stricter and longer term vesting condition, i.e. no vesting until year 3.
	<u>SPP allocation:</u> 67%	<u>SPP allocation:</u> 50%	The amount of LTI without a performance condition (SPP) was intentionally decreased to 50% providing a more balanced approach to incentives.
Minimum shareholding guidelines	No guidelines	<u>CEO:</u> 6x of cash base salary; 5 years to achieve <u>Executive Team:</u> 3x of cash base salary; 5 years to achieve	Minimum shareholding guidelines were introduced to be in line with market practice by further aligning the Executive Team with the interests of our shareholders. The minimum shareholding requirements encompass shares granted under the firm's LTI plans as well as shares an Executive Team member privately purchases outside of these plans.

1) Implemented as of 1 July 2021 with sole CEO structure.

Compensation Report

As a firm, we link pay to long-term performance by aligning the compensation of executives to long-term value creation for our clients and shareholders. We achieve this by connecting long-term incentives (“LTI”) to Management Fee EBIT growth and performance fee generation in client portfolios. These LTI plans run for 14 years which ensures that the Executive Team and executive Board members have a long-term view on building shareholder value creation.

We put less emphasis on short-term targets and therefore do not include a variable short-term incentive concept. As such, we provide a total base compensation, determined by an individual’s role and level of responsibility, which consists of a cash base salary and a deferred cash component in the same amount. The two base compensation components together result in a reasonable total base compensation for Executive Team members.

In 2021, 72% of the current Executive Team’s total compensation is variable in the form of LTI and tied to long vesting periods and even longer payout mechanisms. We link the size of the annual LTI grants for the Executive Team to quantitative and qualitative performance targets. Based on the assessment of each, 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, preventing excessive upside for LTI participants. In addition, the NCC has removed the floor (0.5x in 2020) thereby eliminating any guaranteed level of value or downside protection. The quantitative metric focuses on the firm’s strategy to deliver sustained profitable growth as measured by Management Fee EBIT growth and the generation of performance fee-weighted investment volume (also known as “carry potential”) in the respective year under review. The qualitative metric focuses on strategy implementation and ESG. Both metrics directly influence the LTI award pool and subsequently align the Executive Team to the outcome of the firm’s long- and short-term strategy.

Staying true to our principle that we need to be aligned with our shareholders, LTI grants are share-based incentive plans. Our Executive Team and CEO are awarded shares through their LTI grants. To further emphasize the importance of this principle and given the recent additions to the Executive Team, the NCC has implemented minimum shareholding guidelines and strengthened the vesting period for the Executive Team.

Concretely, in 2021 the **Executive Team** was able to translate the firm’s overall investment and fundraising achievements into strong operational results (quantitative

achievements). Management Fee EBIT increased by over 20% and performance fee-weighted investment volume increased by over 100% year-on-year. With regards to qualitative achievements, the Executive Team continued to work on its Group- as well as Executive Team-level objectives that represent 80% of the total weight of the qualitative assessment and are strategic in nature. These objectives are centered around the firm’s investment, client, service, and corporate areas. ESG targets, representing 20% of the total weight of the qualitative assessment, remain one of the core principals of our charter. 2021 ESG targets remained unchanged to the prior year and include the promotion of ESG governance throughout the firm with measurable diversity and inclusion goals. In 2022, we will go a step further and bring our ESG targets in line with our sustainability strategy, which will outline a detailed ESG strategy to be rolled out across our portfolio and within the firm with clearly defined targets, which will be released at the end of April. Given its importance, the NCC believes it is essential that ESG holds its own assessment value in order to achieve sustainable growth over the coming years. Based on the performance of the Executive Team in 2021 the overall LTI grants increased by a factor of 1.50x and was subsequently adjusted for new joiners and leavers. The nominal LTI pool granted for the year 2020 serves as a basis to calculate the 2021 LTI pool. Similar to last year, LTI will be granted in two distinct plans for Executive Team members, the Management Performance Plan (“MPP”) and the Share Participation Plan (“SPP”). Different to last year, we increased the proportion of the MPP which is entirely performance based, from 33% to 50% for the Executive Team in order to make the allocation compliant to shareholder and proxy advisor expectations. Executive Board members continue to receive 100% of their LTI awards in MPP.

- **MPP** represents 50% of the LTI grant value and aims to drive sustainable and continued profitable growth. This is achieved by setting a minimum Management Fee EBIT¹ growth rate measured over a five-year period, as well as attractive investment performance amongst client portfolios, through investment performance fee generation between year 6 and year 14. We believe that achieving Management Fee EBIT growth is the result of making the right decisions on an operating level. For example, it requires the Executive Team to maintain pricing stability and a focus on sustained assets under management growth as well as to preserve margin targets and cost discipline across the entire organization. Once the minimum growth

¹ Management Fee EBIT equals total EBIT (IFRS) less recognized performance fee revenues adding back performance fee related expenses. For a detailed definition please refer to the ‘Key definitions and alternative performance metrics’ section of the Annual Report 2021.

Compensation Report

rate on Management Fee EBIT is achieved, MPP payouts commence in line with the underlying performance fees generated. This link ensures that client performance targets are achieved and that Executive Team members maintain a long-term focus as performance fee generations can take up to 14 years to be fully realized.

- The remaining 50% of the LTI grant is in the form of shares (**SPP**) which aims to create shareholder value through a rising share price. This component – in combination with our newly introduced minimum shareholding guidelines – drives ownership behavior amongst Executive Team members.

With regards to the compensation of **executive members of the Board of Directors**, the total base compensation granted in 2021 was equal to the amount granted in 2020. Their overall LTI pool increased in line with the LTI pool of the Executive Team by a factor 1.50x. Due to the already significant shareholding in the firm by executive members of the Board of Directors, they were only granted MPP (entirely performance-based LTI). **Independent Board members** were compensated in line with the firm's compensation framework for independent Board members, which is outlined in this report. They received half of their Board fee in restricted shares and the other half in cash.

Outlook

Building on the firm's strong foundation, in 2021, the Executive Team together with the Board laid out a strategic roadmap to continue driving forward multi-year sustainable growth. This strategic roadmap is comprised of key initiatives across the firm's six strategic focus areas and is centered around the following themes: investments, clients, and people. On the investment side, we will further deepen our transformational investment know-how and focus on scaling our non-control investments. On the client side, we will advance our thought-leadership by growing our bespoke solutions, particularly in the US, the largest private market. On the people side, we will put emphasis on developing the next generation of leadership and employing efficiency and effectiveness programs to scale-up our service organization. These pillars are defined by specific and measurable targets which, taken together, will lead us to achieve sustainable growth over the coming years.

In 2022, we will be evaluating the Executive Team against both strategy implementation, specifically of these new key initiatives (80%), and our new ESG targets (20%) which are engrained in how we sustainably develop assets over the long-term. We will continue to evaluate Management

Fee EBIT growth as well as the generation of performance fee-weighted investment volume in our assessment of the quantitative performance factors. Together, these components will protect our foundation and guide us forward ultimately benefitting our shareholders and all other stakeholders.

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

Grace del Rosario-Castaño

Chairwoman of the Nomination & Compensation Committee

Compensation Report

1. Pay for performance & compensation governance

Our compensation philosophy is based upon our firm's values. We are committed to driving forward our strategy of delivering sustainable returns through a focus on transformational investing, bespoke client solutions, and positive stakeholder impact. At the same time, we strive for attractive financial returns and a premium valuation to honor the long-term trust of our shareholders. In this context, our charter defines our overriding compensation philosophy for the most important asset of our firm, our employees.

1.1. 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 related 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, race, nationality, or any other basis that is inconsistent with our guiding values. The firm commits to a "pay for performance" and "fair pay" policy and systematically conducts equal pay analyses across our main departments and regions assured by a third party.
- **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.

1.2. Pay for performance

We fundamentally believe that our compensation system should reflect our emphasis on long-term value creation for clients and shareholders. We therefore do not apply the concept of variable short-term incentives for the Executive Team. The NCC follows the general corporate governance principle of "comply or explain" when Partners Group's compensation philosophy and principles deviate from what are considered best practices, as is the case with short-term incentives. As our firm continues to grow, we remain committed to delivering sustainable performance delivered across economic cycles while focusing on what truly sets us apart in our industry:

- **Transformational investing:** as an investment firm, we seek to generate strong returns by capitalizing on thematic growth trends and transforming attractive businesses into market leaders.
- **Bespoke client solutions:** as a client-centric organization, we provide tailored access to private markets and seek to enhance returns through our portfolio management capabilities.
- **Stakeholder impact:** as a responsible investor, we realize potential in private markets and seek to create sustainable returns with lasting, positive impact for all of our stakeholders.

In Exhibit 1, we translate our strategy into specific Group- and Executive Team-level objectives and executive Board committee responsibilities.

Outlook 2022

In 2021, the Executive Team together with the Board laid out a strategic roadmap to continue driving forward multi-year sustainable growth by building on the firm's strong foundation. This strategic roadmap is comprised of key initiatives across the firm's six strategic focus areas. As a result, we will be amending the framework for the qualitative assessment criteria for Executive Team members in 2022.

The qualitative factor will newly be based on these key initiatives (80%) and ESG targets (20%), with both components further divided into key areas. Not only does this provide clear direction to senior members of the firm but it also enhances the transparency around our Executive Team's performance assessment. There will be no changes to the quantitative performance measures.

Compensation Report

Exhibit 1: 2021 Group- and Executive Team- level objectives & executive Board committee responsibilities

Group level	Objectives
Investment platform	<ul style="list-style-type: none"> Achieve sustainable growth and scale of investment capacity Create long-term value in portfolio assets
Financials	<ul style="list-style-type: none"> Focus on sustainable growth through client satisfaction and therefore AuM growth Balancing cost growth vs. revenue growth
Strategy implementation	<ul style="list-style-type: none"> Successfully implement key strategic initiatives – six strategic focus areas Ensure business & ownership excellence across our platform and businesses
ESG	<ul style="list-style-type: none"> Promote ESG governance throughout the firm with measurable D&I goals Implement a robust and detailed ESG strategy to be rolled out across the portfolio

Executive Team level		Objectives
80%	Investments	<ul style="list-style-type: none"> Achieve asset class-specific investment goals Meet asset class-specific return targets Establish best practices in corporate governance amongst portfolio assets
	Clients	<ul style="list-style-type: none"> Extend client coverage (regional and type of investors) Best-in-class client coverage (including compliance) Achieve fundraising goals (mandates, flagship programs and structured programs)
	Services	<ul style="list-style-type: none"> Maintain excellent investment service levels Provide best-in-class client servicing Contribute to our PRIMERA¹⁾ platform to the benefit of investments, clients & employees
	Corporate	<ul style="list-style-type: none"> Provide necessary corporate IT infrastructure landscape to ensure operational excellence Maintain excellent compliance track record Establish framework for hiring, onboarding, developing, and retaining top talent
20%	ESG	<ul style="list-style-type: none"> Achieve our 25 by 2025 female leadership targets²⁾ Develop and implement an entire suite of ethical, diversity, and behavioral trainings according to our Code of Conduct Establish a deep-dive ESG engagement with every one of our lead direct investments

Executive Board level	Objectives
Strategy Committee ³⁾	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Ensure quality/consistency of decision making processes and investment performance Implement investment-related quality standards and measurement methods
Client Oversight Committee	<ul style="list-style-type: none"> 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) PRIMERA is our proprietary private markets database.

2) By 2025, we wish to substantially increase the number of our female Board members and Senior Members of Management to at least 25 (as of 31 December 2021: 12).

3) As of 1 January 2022, the Strategy Committee will be renamed to "Corporate Development Committee"; members of the Corporate Development Committee are Steffen Meister and Dr. Martin Strobel.

Compensation Report

For Executive Team members, LTI consists of two plans, the MPP and the SPP. As in previous years, executive members of the Board of Directors were granted their LTI entirely in MPP due to their significant shareholding in the firm.

Linking LTI pay to performance

	Management Performance Plan (MPP)	Share-based Participation Plan (SPP)
Philosophy	Drive profitable growth and investment performance	Drive ownership mentality
Performance condition	(1) Minimum growth of Management Fee EBIT over a 5-year period and (2) Generation of performance fees	No direct performance condition; indirect via appreciation of share price
Vesting¹⁾	Vests linearly over a 5-year period, subject to a minimum 5-year tenure in the respective committee. Before that, it has a 5-year cliff vesting	Vests in years three (34%), four (33%) and five (33%), contingent on continued employment
Payout	In Partners Group shares, from year 6 until year 14	In Partners Group shares upon vesting
Allocation 2021²⁾	50% of LTI	50% of LTI
Percentage of total compensation³⁾	36%	36%

1) Vesting rules in case of retirement: at the time of retirement, all LTIs for Executive Team 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

2) The NCC decides the allocation of MPP grants based on the total performance fee-weighted investment volume generated during the relevant period. The more potential performance fees generated, the larger the potential upside which may lead to a higher MPP allocation. Thereby, the proportion of MPP relative to the overall LTI pool can range from approximately one-third to two-thirds. The remainder will be granted in SPP.

3) Excludes former Executive Team members.

1.2.1. Management Performance Plan (MPP)

MPP is the core LTI program as it allows for significant upside and reinforces a strong alignment of interests with clients and stakeholders through its two components. Its first component focuses on achieving Management Fee EBIT growth measured over a five-year period, while the second component focuses on the generation of performance fees, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios. Achieving only one condition while not the other results in no payout. For instance, as shown in Exhibit 3, if better than ex ante defined return targets for our client

portfolios are achieved than the MPP payout can increase. The reverse holds true, if returns for clients fall below performance targets than the MPP payout will decrease. In the worst-case scenario of insufficient value creation, the payout can be zero.

In order to become eligible for a potential payout, the firm's Management Fee EBIT must grow at a defined minimum rate over a five-year period. This rate is set with both a floor rate, below which payout will be zero, and a cap rate, thus limiting the upside potential. The floor and cap growth rates will be disclosed each year by the NCC. For the 2021 MPP, the minimum annual growth rate was set at 5% p.a. and the cap was set at an annual growth rate of 15% p.a. over a 5-year period. The full performance fee payouts resulting from the grant year's investment vintage, if any, begin to be generated after five years and will be received by MPP participants from year 6 onwards. The payout will be made in a number of Partners Group shares in the value of the respective payout of actual performance fees realized. 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 and shareholders.

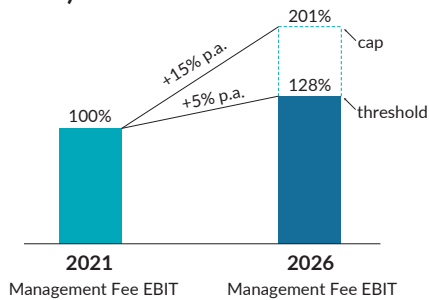
Condition 1: Management Fee EBIT component (year 1 to 5)

The Management Fee EBIT is an alternative performance metric and is calculated as total EBIT (IFRS) less recognized performance fee revenues adding back performance fee related expenses. For a detailed definition please refer to the 'Key definitions and alternative performance metrics' section of the Annual Report 2021. Adjustments to the Management Fee EBIT calculation may occur should accounting or other extraordinary adjustments with an effect on the financials make the comparison between the start and end years inconsistent.

For the purpose of the MPP assessment, the actual and audited Management Fee EBIT from the respective year under review will be used. As an example, a Management Fee EBIT growth of 10% after a 5-year period (the first MPP interval) results in a multiplier of the initial grant value of 5.1x. If the initial grant value in 2021 was CHF 1.0 million then, the intrinsic value of the first MPP interval would be CHF 5.1 million in 2026. The payout of this intrinsic value will then be linked to the performance fee pool of the respective MPP grant year as explained further below (the second MPP interval). A growth rate below 5.0% after a 5-year period results in no payout.

Compensation Report

Exhibit 2: Minimum Management Fee EBIT growth of 5% needed to create value in MPP (illustration)



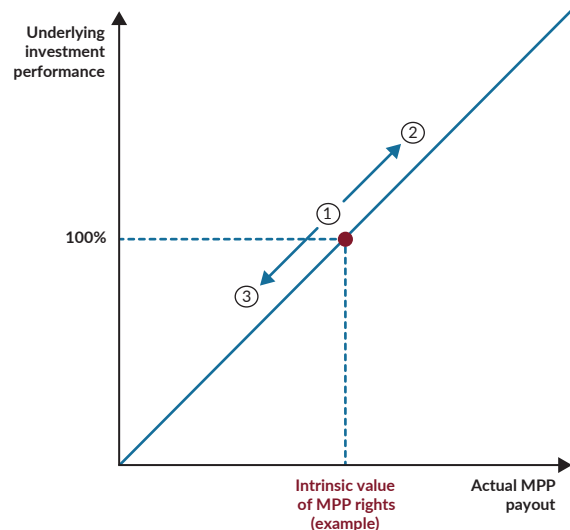
For the 2021 MPP grant, the intrinsic value of the MPP right will be measured five years after the grant date and cannot exceed 11.1x of the grant fair value. We believe that measuring performance over an extended five-year period is consistent with the long-term orientation of the firm’s business.

Condition 2: Performance fee component (year 6 to 14)

While the Management Fee EBIT focuses on the profitable growth of the firm 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 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.

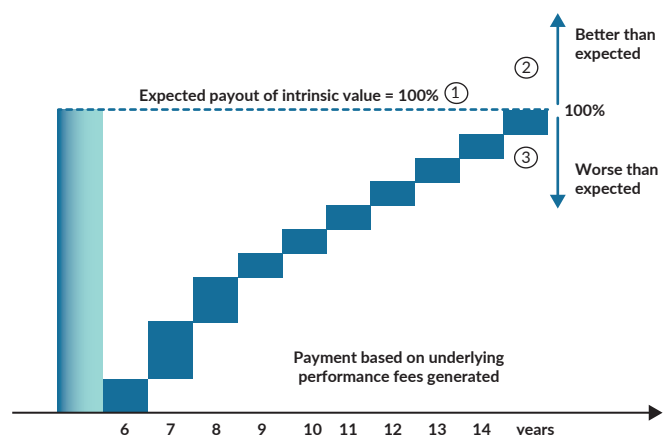
- Magnitude:** the magnitude depends on the actual performance fees that the firm generates from the investment period² of the respective year over the next 14 years. For that purpose, the firm defines a target that is based on ex ante model returns. This target is set at 100% and needs to be achieved over a time period of 14 years (number “1” in Exhibit 3). 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 (number “2” in Exhibit 3), or lower than the originally anticipated nominal amount in the case of lower investment performance (number “3” in Exhibit 3). In the worst-case scenario, the amount can be zero, irrespective of the intrinsic value determined through the Management Fee EBIT component.

Exhibit 3: 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 4. 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 Partners Group shares. For example, should the 2021 investment year pay out 15% of its target payout in 2027, we would pay out 15% of the intrinsic value of MPP (as determined by the first MPP interval) to plan participants in the form of Partners Group shares in 2027.

Exhibit 4: Actual MPP payout occurs as the performance fees of the underlying investment vintage materialize (illustration)



² Investment period is defined as Q4 of the prior year until Q3 of the respective financial year under review.

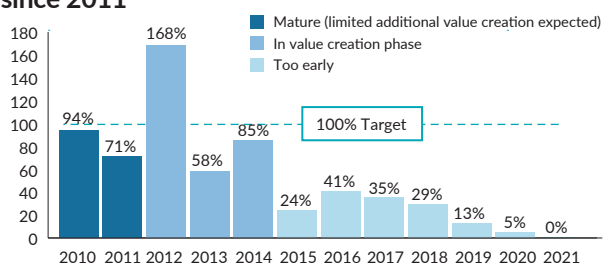
Compensation Report

Historic performance fee payouts vs. target

Future potential performance fees will depend on the development of the investments of a reference vintage³. 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 of 31 December 2021, the actual performance fees paid from the reference investment vintage can be below or above the target intrinsic value payout of 100% as displayed in Exhibit 4. Over the 11-year period from 2010 to 2021, so far, actual payout of Global Management Carry Pools has only exceeded 100% on one occasion in 2012 as displayed in Exhibit 5. While all reference investment pools are expected to continue to pay out performance fees in the years to come, they also demonstrate the rigor of past target setting.

Exhibit 5: Actual performance fee payout since 2011¹⁾



1) Any payouts received of a reference investment vintage in the first five years, a time period where performance condition 1 has not been fully assessed, will be accrued and only paid out in year 6 contingent on the performance of the Management Fee EBIT.

1.2.2. Share Participation Plan (SPP)

The SPP encourages the Executive Team to create shareholder value through a rising share price. SPP not only fosters an ownership mentality but also incentivizes Executive Team members to drive the operational performance of the firm and protect its reputation. The SPP promotes a long-term vision and therefore vests according to the following schedule: 34%, 33% and 33% over years 3, 4 and 5, respectively, contingent on continued employment with the firm.

1.3. Equal pay analysis

Partners Group is an equal opportunity employer and complies with all applicable fair employment practice laws. In order to provide equal employment and advancement opportunities to all individuals, Partners Group commits to making all employment decisions based on merit, qualifications, and abilities.

³ Example: investments made between Q4 2020 and Q3 2021 "2021 investment vintage".

Partners Group's share purchase strategy has led to no share capital dilution since IPO in 2006

Partners Group places a high level of importance on avoidance of share capital dilution for the protection of all stakeholders. A strict process is followed each year to ensure that the firm holds ample treasury shares to cover existing equity incentive programs.

As testament to this process, there has been zero dilution of Partners Group's share capital since the IPO in March 2006. Furthermore, the treasury shares necessary to cover the granted non-vested shares are systematically purchased by the firm in advance. Further information on Partners Group's share-based payment plans can be found in note 4 to the consolidated financial statements included in the 2021 Annual Report.

As of 31 December 2021, the Group had 1'167'386 options and non-vested shares outstanding (2020: 1'484'115). 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 2021, 463'732 (2020: 319'783) net treasury shares are necessary to cover the outstanding in-the-money options at the year-end share price of CHF 1'512.50 (2020: CHF 1'040.00). This amount takes into account the different strike prices of different option programs.

As of 31 December 2021, Partners Group held 330'966 treasury shares therefore if all options shares were exercised today an additional 132'766 shares would be needed in excess of the treasury shares already held. The aggregate number of shares required is 0.50% of the total share capital. We monitor dilution indicators and will report any changes in the annual Compensation Report.

Compensation Report

On an annual basis, the human resources team performs an equal pay analysis, which has shown no pay inequalities in 2021 or in recent years. The 2021 analysis was performed using the assessment methodology of the EDGE Certified Foundation. EDGE is a leading diversity and inclusion organization, offering a global standard with independent verification. The analysis was performed at a global level and confirmed that Partners Group's pay gap is deemed insignificant.

In addition, Partners Group complied with its legal obligation to perform a separate Swiss equal pay analysis under the requirements of the Gender Equality Act and Ordinance and was awarded the "We Pay Fair" certificate from the Center of Diversity and Inclusion of the University of St. Gallen last year. Given that the firm performed the analysis in 2020, it was exempt from performing a separate Swiss equal pay analysis again in 2021.

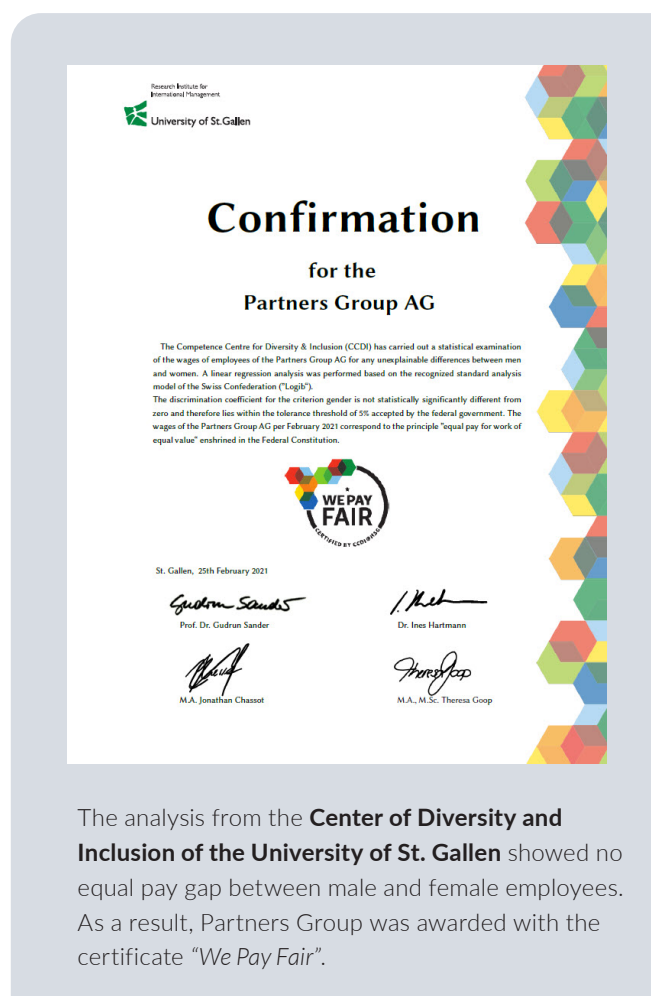
1.4. Non-financial income / benefits disclosed according to the Ordinance against Excessive Compensation ("OaEC")

The OaEC requires Board members of listed companies to disclose all benefits directly or indirectly provided to the Executive Team 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 Team 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 sheet⁴. 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 increase beyond the typical 1% of the program's size.

Given our strong liquidity position, Partners Group could also fully fund these investments alongside clients from its balance sheet. However, the Board decided to overweight the firm's lean balance sheet approach versus 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.

⁴ Generally, the firm does not earn any revenues on its own investments alongside clients as any fees levied are rebated.



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".

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 Team and the Board of Directors) similar preferential terms and conditions to invest in its private markets programs, offering such investments at no management fees and no performance fees.

According to the OaEC, these waived fees are subject to approval by shareholders. The NCC discloses in this report all such waived fees granted to the Executive Team and members of the Board of Directors for investments made alongside investors in the firm's closed-ended investment programs (see Exhibit 12, footnote 3 for the Executive Team and Exhibit 15, footnote 4 for the Board of Directors). The respective revenues not generated due to the fees waived

Compensation Report

for independent Board members amounted to approximately CHF 7 thousand and represented <0.0003% of the firm's total revenue. The waived fees are therefore immaterial to influence their independent judgment.

1.5. Bonus-malus system

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 personal conduct of an award recipient has proven to be in material breach of applicable laws, regulations or internal conduct rules. Materiality is typically given where such conduct resulted in serious damages, including loss of business and reputation damages, suffered by Partners Group. In 2021, no action by the Board in this respect was taken.

1.6. Compensation governance

1.6.1. 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 Team, 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).

1.6.2. 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 recognize best practices:

- It reviews compensation proposals by the Executive Team 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 Team 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.

1.6.3. Committee members

As of 31 December 2021, the members of the NCC were Grace del Rosario-Castaño (Chair), Joseph P. Landy, and Dr. Martin Strobel. According to the independence criteria outlined in our Corporate Governance Report (section 3), Grace del Rosario-Castaño, Joseph P. Landy, 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.

1.6.4. Committee meetings & decisions taken

During the year, members of the NCC interact with the Chairman, the CEO, and other members of the Executive Team on a regular basis. Throughout 2021, 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 total cash compensation and LTIs (MPP and SPP). 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 Team and proposes the compensation for the CEO and Board members. Compensation approval authorities are outlined in Exhibit 6. Partner- and Managing Director-level promotions and compensation are ratified individually.

Compensation Report

Exhibit 6: Approval authorities

Compensation pools	Budget/proposal		Approval	
Board of Directors, Executive Team	NCC	Q4	Shareholders' AGM	May (following year)
Group-level budget	NCC	Q3	Board of Directors ratifies	Q4
Department-level budget	Chairman & CEO	Q3	NCC approves	Q4

Individual compensation	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			
CEO				
Executive Team	Chairman & CEO	Q4	NCC approves, Board of Directors ratifies	Q4
Senior Members of Management	Executive Team			
Members of Management & other professionals	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

2. Executive Team

The NCC continues to strive for consistency in the firm's approach to compensation. While the total base compensation is fixed and based on function, the LTI compensation has a clear link to strategy and tangible targets.

Exhibit 7: Executive Team's compensation

Type of compensation		Instrument	Timing
Total base compensation	Fixed cash base salary & benefits	Cash/ fixed ¹⁾	Short-term
	Deferred cash payment		
Long-term incentives	Share Participation Plan (SPP)	Equity (share-based)/ variable	Long-term
	Management Performance Plan (MP)		

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 by the firm or on individual level.

2.1. Total base compensation

The total base compensation is based on function and represents a stable compensation component. The cash base salary and deferred cash payment, together, comprise the total base compensation. As of 2021, cash base salaries, and by extension deferred cash payments, for Executive Team members are set dependent on an individual's function. For the sole CEO, the cash base salary and deferred cash payment are each set at USD 900'000, as of 2021. The cash base salary of the new sole CEO was increased by 20% due to the change of role (from co-function to sole function). The new cash base salary reflects the increased responsibility (from overseeing more investment-related activities to all of Partners Group's activities) and was primarily based on increased levels of complexity as the firm builds out its international footprint.

Exhibit 8: Total base compensation for Executive Team members in 2021 (in thousands)

Function	Cash base salary (a)	Deferred cash payment (b)	Total cash compensation
CEO	USD 900	USD 900	USD 1'800
Executive Team	Capitalize dependent on function	Capitalize equal to cash base salary	(a) + (b)

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 regards 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.

The total cash base salary received as Executive Team, including existing members, new joiners as well as leavers, amounted to CHF 4.0 million (2020: CHF 3.7 million). The increase in cash base salary is almost exclusively due to the rotation of Executive Team members.

Deferred cash payment: the fixed deferred cash payment is awarded at year-end to the Executive Team. This is a component of the total base compensation and is not considered a variable short-term incentive. 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 deferred cash payment downwards (not upwards) in the rare case the firm or an individual Executive Team 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 Team members are typically notified of their deferred cash payment at year-end and receive the cash the following February.

The total deferred cash payments received by the Executive Team amounted to CHF 3.8 million (2020: CHF 3.7 million). This amount includes existing members, new joiners, and leavers of the Executive Team. The increase in total deferred cash payments is almost exclusively due to the rotation of Executive Team members.

2.2. Total long-term incentives ("LTI")

LTI continue to encourage true entrepreneurialism and a long-term perspective. The nominal LTI pool granted for the year 2020 serves as a basis to calculate the LTI pool for the year 2021. Therefore, we linked it to two equally weighted annual performance assessments:

- **Quantitative achievements:** assess the firm's financial performance and investment development.
- **Qualitative achievements:** consider whether the firm's target objectives and ESG targets set for 2021, as outlined in Exhibit 1, were met.

Compensation Report

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, preventing excessive upside for LTI participants. In addition, the NCC has removed the floor (0.5x in 2020) thereby removing any guaranteed level of value or downside protection.

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 (adjusted for leaving or new team members). Due to the removal of the floor, in the most severe case, a compensation factor of 0.0x means that the nominal LTI pool would be equal to zero. In such cases of significant underperformance, the subsequent year's reference LTI pool would consequently also be zero. Should this occur, the NCC would reference an LTI pool in a year which is most comparable to the year under review, the NCC would disclose the reason and the LTI reference pool chosen.

The performance assessment of the Executive Team in 2021 applied the methodology described above. In 2021 the firm experienced strong client demand underlined by USD 25 billion in new commitments in the twelve-month period ending on 31 December 2021 (2020: USD 16.0 billion). The firm's total AuM increased to USD 127 billion as of 31 December 2021 (31 December 2020: USD 109 billion), representing a net growth of 17% (2020: 16%). Investment activities amounted to USD 33 billion (2020: USD 10 billion) and therefore generated significantly higher performance fee-weighted investment volumes than in the previous year.

2.2.1. Quantitative measures (50% weighting)

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 Management Fee EBIT is one of two quantitative input components used to determine the compensation factor.

• Financial performance (50% weighting)

Assessment: we assess financial performance based on the year-on-year change in Management Fee EBIT. The Management Fee EBIT is defined as total IFRS EBIT less recognized performance fee revenues adding back performance fee related expenses, as defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2021. Adjustments to the Management Fee EBIT calculation may occur should accounting or other extraordinary adjustments with an effect on the financials make the comparison between the start and end years inconsistent.

Result: the Management Fee EBIT⁵ considered at the time by the NCC has risen by 20%. The financial performance therefore strongly outperformed expectations and resulted in a compensation factor of 2.0x.

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 component determining the compensation factor.

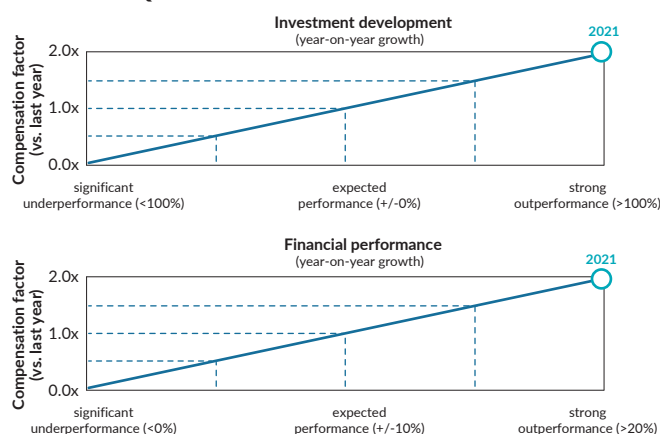
• Investment development (50% weighting)

Assessment: we assess investment development based on the year-on-year change in the performance fee-weighted investment volume (based on standardized model return targets as defined on the investment date, adjusted for non-ordinary effects).

Result: the performance fee-weighted investment volume increased by more than 100% compared to the prior year. The investment development therefore strongly outperformed expectations and resulted in a compensation factor of 2.0x.

As a result of the above, the quantitative achievements in 2021 resulted in an average quantitative compensation factor of 2.0x.

Exhibit 9: Quantitative assessment 2021



2.2.2. Qualitative measures (50% weighting)

The assessment of the qualitative achievements considers performance metrics such as strategy implementation and ESG targets. The Executive Team performance objectives, as outlined in Exhibit 1, differ depending on a member's function and level of responsibility. At Executive Team-level, each member has additional objectives with a greater focus on either investment-, client-, corporate-, service- or environmental, social, and governance (ESG) as well as corporate social responsibility (CSR)-related activities. At Board committee-level, each executive member of the Board

⁵ Management Fee EBIT as of latest 2021 forecast available at the time of assessment.

Compensation Report

of Directors has additional responsibilities through his or her membership in the respective sub-committees. The 2021 performance of the Executive Team as well as the executive Board was described below:

- **Strategy implementation (80% weighting):**

Assessment: we assess the implementation of key strategic initiatives as well as continued business and operational excellence across our platform and businesses. In 2021, the key focus was on the implementation and development of the firm's Group- and Executive Team-level objectives as outlined in Exhibit 1. These objectives focus on the firm's investment, client, service, and corporate areas and contain further sub-targets.

Result: the Executive Team met expected performance through a successful implementation of the firm's Group- as well as Executive Team-level objectives. Furthermore, the Executive Team together with the Board designed a strategic roadmap comprised of key initiatives across the firm's six strategic focus areas that will serve as the baseline for the Executive Team's qualitative assessment in 2022.

Performance factor: 1.00x

- **ESG targets (20% weighting):**

Assessment: we have a strong commitment to sustainability. Creating a lasting positive impact is one of the core principles of our Charter and thus it is crucial for it to be one of the factors in the overall performance assessment.

Result: in 2021 the Executive Team worked towards specific ESG targets. These targets are centered around our 25 by 2025 initiative, ethics-related training requirements, and ESG engagement across our lead direct investments. The Executive Team also advanced the firm's efforts on the climate front by developing the climate change strategy across our firm. In addition, the Executive Team also developed the firm's sustainability strategy. Its implementation and targets will serve as a basis for their qualitative evaluation in 2022.

Performance factor: 1.00x

Summary

As a result of the quantitative and qualitative assessment, the overall LTI pool in 2021 increased by 50% to 1.5x last year's pool (the nominal LTI pool granted for the year 2020 serves as a basis to calculate the LTI pool for the year 2021). Adjustments are made as necessary to account for new joiners and leavers of the Executive Team.

The Executive Team was granted nominal LTI amounting to CHF 20.6 million in 2021, adjusted for leavers and new team

members (2020: CHF 15.1 million). Half of the value was granted in SPP and half in MPP. The allocation for executive members of the Board was fully in MPP (100% performance based). Exhibit 12 shows the total full-year compensation of the Executive Team in detail.

Once the top-down allocation for the Executive Team has been completed and the overall LTI pool has been determined, the individual assessment of each Executive Team member commences.

2.3. CEO compensation

David Layton: receives his total base compensation in USD; for the purpose of the below his compensation is expressed in CHF. David Layton assumed the sole CEO role effective 1 July 2021. Until 30 June 2021, as Co-CEO, he received an annualized cash base salary of CHF 0.69 million. From 1 July 2021, as sole CEO, he received an annualized cash base salary of CHF 0.82 million. Thus, he earned an average cash base salary of CHF 0.75 million in 2021. His full year 2021 total base compensation amounted to CHF 1.51 million (2020: CHF 1.41 million) and includes the average deferred cash payment of CHF 0.75 million. The total base compensation including other compensation, such as pension benefits and social security payments amounting to CHF 1.8 million (2020: CHF 1.5 million).

David Layton's LTI grant increased by 57% to 1.57x the previous year's LTI grant thus amounting to CHF 6.00 million in 2021 (2020: CHF 3.83 million), outperforming the average LTI pool increase of 1.50x. David Layton received 50% of the LTI value in SPP and 50% in MPP. The outperformance is based on a number of factors according to Exhibit 1: based on Group level objectives, David Layton, as CEO and Co-CEO respectively, substantially contributed to the overall outperformance of the investment platform as well as the outperformance on the firm's financials. In the second six months of 2021, he co-led the strategy implementation which will serve as a benchmark for the Executive Team's performance measure in the years to come. Based on Executive Team level objectives, David Layton – as Head Private Equity – drove the outperformance of the private equity business department.

2.4. Highest paid Executive Team member

The highest paid Executive Team member in 2021 was the firm's CEO, David Layton.

Compensation Report

2.5. Compensation caps

In 2020, the NCC introduced a compensation cap for the LTI, with the granted nominal value of LTI not to exceed 5x the total base compensation of an Executive Team member (cash base salary + deferred cash payment). For 2021, the ratio between the committee members' LTIs compared to their total base compensation ranged from 0.75x to 3.98x. These ratios exclude any other benefits (social security and pension contributions) and show the varying compensation levels amongst individuals based on their function, achievements, and responsibility.

2.6. Minimum shareholding guidelines

Given the recent rotation of members within the Executive Team who own a limited number of Partners Group shares, the NCC has implemented minimum shareholding guidelines for all Executive Team members as of 2021. These guidelines further accentuate the alignment between shareholders and the Executive Team.

The minimum shareholding requirement is based on a multiple of the Executive Team member's respective cash base salary. The CEO must hold a minimum of 6.0x his cash base salary and Executive Team members must hold a minimum of 3.0x their respective cash base salary in Partners Group shares.

Members will have a 5-year period to become compliant with this requirement, starting from 2021 or the year of their appointment, whichever is later. Once achieved, the shares must be held throughout their tenure on the Executive Team. The minimum shareholding requirement encompasses shares granted under the firm's LTI plans as well as shares privately purchased by Executive Team members outside of these plans.

Exhibit 10: 2021 Minimum Shareholding Guidelines

Function	Multiple of base salary	Cash base salary (in thousands)	Minimum shareholding requirement (in thousands)
CEO	6.0x	USD 900	USD 5'400
Executive Team	3.0x	Example: CHF 500	Example: CHF 1'500

Of the Executive Team's eight members, five members were found to be compliant with the new minimum shareholding guidelines. Each of the three remaining members will have 5-years to become compliant with the minimum shareholding threshold. Compliance with the minimum shareholding guidelines will be evaluated and reported on an annual basis. The shareholdings of Executive Team members as of

31 December 2021 are shown in note 15 to the financial statement of Partners Group Holding AG.

2.7. Executive Team loans (audited)

Executive Team members may apply for loans and fixed advances, subject to an internal review and approval process. As of 31 December 2021, no loans were outstanding to either current or former Executive Team members or to a related party of a current or former Executive Team member.

2.8. Employee contracts (audited)

In the event of the departure of an Executive Team member, employee contracts do not have special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place. 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 Team members in 2020 or 2021.

2.9. Approved budgets of predecessor programs and their payouts

In 2010, Partners Group launched a dedicated performance fee-related compensation program, the Management Carry Plan (MCP), whereby a percentage of the potential future performance fees from investments is allocated to senior professionals as well as the Executive Team. The MCP was designed as a long-term incentive plan which aligns the rewards for the firm's professionals with investment performance and the firm's overall financial success.

For the years 2014 until 2017, under the Ordinance against Excessive Compensation in listed joint stock companies ("OaEC") issued by the Swiss Federal council, shareholders expressed a binding vote on the MCP budgets of the Board of Directors and Executive Team. As of 31 December 2021, the actual payout to current and former Executive Team members or to executive members of the Board of Directors has not exceeded the approved budgets for the years 2014 through 2017.

Compensation Report

Exhibit 11: Composition of the 2021 Executive Team and function of its members

Name	Joined Partners Group in	Nationality	Age	Position
David Layton	2005	US American	40	Chief Executive Officer, Head Private Equity
Kirsta Anderson ¹⁾	2020	US American	42	Chief People Officer
Sarah Brewer ¹⁾	2008	British	38	Co-Head Clients Solutions
Roberto Cagnati ¹⁾	2004	Swiss/Italian	43	Chief Risk Officer ³⁾ , Head Portfolio Solutions
Juri Jenkner	2004	German	46	Head Private Infrastructure
Andreas Knecht	2009	Swiss	52	Chief Operating Officer and General Counsel, Head Corporate Operations
Marlis Morin	2003	Swiss/Italian	51	Head Client Services
Hans Ploos van Amstel	2020	Dutch	56	Chief Financial Officer, Head Group Finance & Corporate Development
Former members of the Executive Team				
André Frei ²⁾	2000	Swiss	46	Chairman Sustainability
Dr. Michael Studer ²⁾	2001	Swiss	49	Chief Risk Officer

1) Member as of 1 July 2021.

2) Member until 30 June 2021, Dr. Michael Studer Chief Risk Officer until 31 December 2021.

3) As of 1 January 2022.

Exhibit 12: Executive Team compensation for the full-year 2021 (audited)

In thousands of Swiss francs								2021
	Cash base salary	Deferred cash payment	Other ¹⁾	Subtotal cash compensation	LTI (SPP)	LTI (MPP) ²⁾	MCP ⁶⁾	Total ^{3), 4)}
David Layton, Chief Executive Officer and Head Private Equity	754	754	312	1'820	3'000	3'000		7'820
Total Executive Team	3'397	3'381	1'154	7'933	10'179	10'175	-	28'286
Former members of the Executive Team⁵⁾	625	455	116	1'196	197	-	8'685	10'077
Total Executive Team, incl. former members	4'022	3'836	1'270	9'129	10'375	10'175	8'685	38'363

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) The valuation of Management Performance Plan (MPP) is outlined in the notes to the consolidated financial statement for the year 2021 (note 4.3.2. to the consolidated financial statements).

3) Figures above exclude non-financial income (waived fees) for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program (see section 1.4 of this report). Including these accrued but not yet paid items the total compensation for the entire Executive Team amounts to CHF 38'446 thousand, including CHF 83 thousand of waived fees. The total compensation of David Layton amounts to CHF 7'868 thousand, including CHF 48 thousand of waived fees.

4) At the AGM in May 2021, shareholders approved a revised maximum total short-term cash compensation budget of CHF 9.00 million for the Executive Team for the fiscal year 2021. The budget includes cash base salary, pensions, other benefits and a deferred cash payment and excluded social security payments. The actual compensation, excluding social security in the amount of CHF 1'105 thousand, received in 2021 was in aggregate below the approved compensation budget.

5) André Frei, Co-CEO and Dr. Michael Studer, CRO: members until 30 June 2021.

6) Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2021.

For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from CHF 0 to CHF 34'665 thousand and used CHF 23'110 thousand as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD). In 2010, Partners Group launched a dedicated performance fee-related compensation program, the Management Carry Plan (MCP), whereby a percentage of the potential future performance fees from investments is allocated to senior professionals (non-Executive Team members). The MCP was designed as a long-term incentive plan which aligns the rewards for the firm's professionals with investment performance and the firm's overall financial success. It is not a share-based incentive plan.

Compensation Report

Exhibit 13: Executive Team 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 Team	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) The valuation of Management Performance Plan (MPP) is outlined in the notes to the consolidated financial statement for the year 2020 (note 4.3.2. to the consolidated financial statements).

3) Figures above exclude waived 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 Team amounts to CHF 23'796 thousand, including CHF 55 thousand for waived fees. The total compensation of André Frei and David Layton amounts to CHF 4'811 thousand (including CHF 13 thousand of waived fees) and CHF 5'302 thousand (including CHF 14 thousand of waived fees), respectively.

4) Total compensation of the Executive Team (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 2020 AGM of shareholders in May. The additional budget required for the new CFO stems from the firm's "additional budget reserve" for new Executive Team members according to art. 37 lit. 6 in our articles of association.

Compensation Report

3. Board of Directors

Partners Group's Board of Directors is entrusted with the ultimate responsibility for Partners Group's strategy and development. The Board applies the same "entrepreneurial governance" approach to its own firm as Partners Group applies to its portfolio companies.

The Board consists of executive Board members - the Executive Chairman and the three founders - and independent Board members. None of the directors of the Board have line management functions. Through the Board's committees, Board members contribute to investment- as well as client-related activities and corporate development initiatives. The Chairman also oversees the global Executive Team in leading the operations and execution of the strategy.

The Executive Chairman typically invests 3-5 days a week towards his mandate. The founders dedicate approximately 2-3 days a week to Partners Group's Board activities. Independent Board members devote 1-2 days a week to their Board mandates. The substantial time commitment of Partners Group's Board is the foundation of a successful governance geared towards enabling proactive value creation.

The Board sets the compensation for its members at a level that reflects individual responsibility, contribution, and time allocated to their Board mandates.

3.1. Compensation guidelines

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.; LTI allocations for the executive members of the Board are assessed in line with those of the Executive Team and increased by 50% to 1.5x of the amount granted in 2020. Individual goals are dependent on a member's individual function and level of responsibility as outlined in Exhibit 1. 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. Due to their significant shareholding in the firm, executive members of the Board of Directors were granted 100% of their LTI in MPP.

For the compensation of **independent Board members**, the NCC applied the module-based compensation framework as outlined below. The compensation is fundamentally determined by the delegated individual mandates and committee appointments, the time allocation a Board member dedicates to their respective duties, and any additional

contribution made by the members to the firm's business. Independent Board members are each paid 50% in cash and 50% in restricted shares⁶ delivered in one installment during the current board period. Independent Board members do not receive LTI or pension benefits.

Exhibit 14: Compensation framework: independent Board members

	Description	Compensation
Board membership	Regular Board work, including offsites; client AGM; and other Board-related work.	CHF 100'000
RAC	Chair: Official RAC meetings and several other, mainly internal, meetings and travel, including the preparation of meeting materials; regular calls; and Partners Group team interaction. Member: Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	Chair: CHF +150'000 Member: CHF +100'000
NCC	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	Chair: CHF +100'000 Member: CHF +50'000
IOC, COC, SC¹⁾	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	Chair: chaired by executive member Member: CHF +100'000
Larger subsidiary PG board	Board meetings, including standard board work, offsites; client AGM; and other Board related work.	Member: CHF +50'000
Ad-hoc Board committee work	Value creation and other PG-related initiatives via specially created committees.	Dependent on time allocation. Guideline: for each additional ~10% estimated time allocation CHF +100'000
Waived fees	Consistent with industry standards, independent Board members may also invest into Partners Group's investment programs on a no management fee and no performance fee basis. Waived fees claimed are shown in Exhibit 15.	

1) The Strategy Committee (SC), Investment Oversight Committee (IOC) and the Client Oversight Committee (COC) are not expected to be led by Independent Board members.

⁶ 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.

Compensation Report

3.2. Executive Chairman of the Board

The Chairman's role requires a substantial time commitment and significant involvement. Under the leadership of the Executive Chairman **Steffen Meister**, the Board shapes the strategy of the firm and exercises ultimate supervision over management, amongst other duties. As chair of the Strategy Committee, the Executive Chairman drives forward strategic projects, business development, and corporate development initiatives. He is also actively involved in the advancement of client-related projects as a member of the Client Oversight Committee. He is further responsible for the growth of the next generation of leaders, together with the Executive Team, to whom he acts as a coach and sounding board. The Executive Chairman takes an active role in representing the firm vis-à-vis regulators, key shareholders, investors, and other important external stakeholders.

The Executive Chairman is paid an annual base Board fee of CHF 0.30 million (2020: CHF 0.30 million). He received the same LTI compensation factor as the overall Executive Team (1.50x) and was granted LTIs amounting to CHF 1.91 million (2020: CHF 1.28 million). This brings his total compensation to CHF 2.27 million (2020: CHF 1.64 million), including pension benefits as outlined in Exhibit 15.

3.3. Executive members of the Board

There are three additional executive members of the Board of Directors, **Dr. Marcel Erni**, **Alfred Gantner**, and **Urs Wietlisbach**, who are the founding partners of the firm. Each of them plays an important role in determining the firm's business and corporate strategy via their respective Board committees (see Corporate Governance report). None of the executive members of the Board mentioned above have line management functions.

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 (2020: CHF 0.30 million). With regards to their LTI allocation, each member was awarded an LTI grant of CHF 1.28 million (2020: CHF 0.85 million), entirely granted in MPP. This represents the same compensation factor (1.50x) as the overall Executive Team and the Executive Chairman of the Board and brings the total compensation of Dr. Marcel Erni to CHF 1.64 million (2020: CHF 1.22 million), Alfred Gantner to CHF 1.64 million (2020: CHF 1.23 million) and Urs Wietlisbach to CHF 1.64 million (2020: CHF 1.22 million), including pension benefits as outlined in Exhibit 15.

3.4. 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**, **Joseph P. Landy**, and **Dr. Martin Strobel**. 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. vital strategic growth projects, key client-related matters, legal, compliance, audit, promotion considerations, leadership development, operational excellence, etc.). 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 2021).

In 2021 there were three notable changes to the roster of independent members of the Board. Dr. Eric Stutz retired from the Board after serving for the maximum period of 10 years; his retirement was made effective on 12 May 2021. Due to personal reasons, Lisa A. Hook stepped back from the Board effective on 3 September 2021; she received pro-rated compensation for her time served. Joseph P. Landy was appointed to the Board at the Annual General Meeting of Shareholders on 12 May 2021.

Following the step down of Lisa A. Hook, the Board of Directors voted for Steffen Meister to join ad interim the Risk & Audit Committee and Joseph P. Landy to join ad interim the Risk & Audit Committee and the Nomination & Compensation Committee until the next Annual General Meeting of Shareholders in May 2022. The election of Steffen Meister to the Risk & Audit Committee is temporary. The Board does not foresee the election of any executive Board member to the Risk & Audit Committee or the Nomination & Compensation Committee after the next Annual General Meeting of Shareholders in May 2022.

Grace del Rosario-Castaño was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.10 million for chairing the NCC and CHF 0.10 million for being a member of the Investment Oversight Committee. Furthermore, she was entitled to CHF 0.05 million for her work on the local board of Partners Group's Manila entity. This brings her total compensation to CHF 0.38 million, including other compensation.

Joseph P. Landy was paid a base Board fee of CHF 0.10 million for time served from 12 May 2021. He additionally received a compensation of CHF 0.10 million for being a member of the Risk & Audit Committee and CHF 0.10 million for being a member of the Client Oversight Committee.

Compensation Report

Mr. Landy joined the NCC ad-interim until the next Annual General Meeting of Shareholders in May 2022, a role he took over from Ms. Hook effective 3 September 2021. For time served on the NCC Mr. Landy received a prorated fee of CHF 0.02 million. Furthermore, Mr. Landy received a prorated fee of CHF 0.03 million for ad-hoc board committee work. This brings his total compensation to CHF 0.38 million, including other compensation.

Dr. Martin Strobel acted as Vice Chairman and Lead Independent Director and was paid an annual base Board fee of CHF 0.10 million. Martin Strobel chaired the Risk & Audit Committee effective from 12 May 2021, prior to which he was a member, and he received a combined fee of CHF 0.13 million for his work on the Risk & Audit Committee. He additionally received CHF 0.10 for being a member of the Strategy Committee, CHF 0.05 million for being a member of the NCC, and CHF 0.05 million for his work on the local board of Partners Group's UK entity. Furthermore, he devoted additional time to Partners Group, providing guidance on operational excellence matters globally. In his 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 0.57 million, including other compensation.

3.5. 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 2021, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member.

3.6. Board contracts (audited)

Contracts with members of the Board do not have 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 2020 and 2021.

Compensation Report

Exhibit 15: Board compensation for the full-year 2021 (audited)

In thousands of Swiss francs						2021
	Cash	Other ¹⁾	Subtotal cash compensation	Shares ²⁾	MPP ³⁾	Total ^{4), 5)}
Steffen Meister, Executive Chairman	300	56	356		1'913	2'269
Dr. Martin Strobel, Vice Chairman	275	22	297	277		573
Dr. Marcel Erni	300	61	361		1'275	1'636
Alfred Gantner	300	61	361		1'275	1'636
Joseph P. Landy ⁶⁾	175	27	202	176		378
Grace del Rosario-Castaño	175	27	202	176		378
Urs Wietlisbach	300	63	363		1'275	1'638
Total Board of Directors	1'825	317	2'142	628	5'738	8'507
Lisa A. Hook ⁷⁾	109	9	118	111		229
Dr. Eric Strutz ⁸⁾	54	4	59	55		114
Total Board of Directors incl. former members	1'988	331	2'319	794	5'738	8'851

1) 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 other compensation: Lisa A. Hook, Grace del Rosario-Castano, Joseph P. Landy, Dr. Martin Strobel and Dr. Eric Strutz.

2) Restricted shares were allocated on 18 November 2021 at a share price of CHF 1'627 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 (68 shares), Grace del Rosario-Castano (108 shares), Joseph P. Landy (108 shares), Dr. Martin Strobel (170 shares) and Dr. Eric Strutz (34 shares).

3) The valuation of Management Performance Plan (MPP) is outlined in the notes to the consolidated financial statement for the year 2021 (note 4.3.2. to the consolidated financial statements).

4) Figures above exclude non-financial income (waived fees) for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program (see section 1.4 of this report). Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 25'792 thousand, including CHF 16'941 thousand for waived fees. The total waived fees received by the Board of Directors are listed below:

- Steffen Meister received a technical non-financial income stemming from waived fees amounting to CHF 64 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from waived fees amounting to CHF 1'809 thousand
- Alfred Gantner received a technical non-financial income stemming from waived fees amounting to CHF 7'486 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from waived fees amounting to CHF 1 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from waived fees amounting to CHF 6 thousand
- Urs Wietlisbach received a technical non-financial income stemming from waived fees amounting to CHF 7'575 thousand

5) At the AGM in May 2021, shareholders approved the maximum total short-term cash compensation budget of CHF 3.00 million for the Board of Directors until the next ordinary annual shareholders' meeting in 2022. The budget includes cash base salary, shares in the value of the respective fees, pensions and other benefits and excludes social security payments. The actual compensation, excluding social security in the amount of CHF 185 thousand, received in 2021 was in aggregate below the approved compensation budget.

6) Board member effective from the Annual General Meeting of shareholders on 12 May 2021.

7) Board member until 3 September 2021.

8) Board member until the Annual General Meeting of shareholders on 12 May 2021.

Compensation Report

Exhibit 16: Board compensation for the full-year 2020 (audited)

In thousands of Swiss francs						2020
	Cash	Other ¹⁾	Subtotal cash compensation	Shares ²⁾	MPP ³⁾	Total ^{4), 5)}
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 and 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) The valuation of Management Performance Plan (MPP) is outlined in the notes to the consolidated financial statement for the year 2020 (note 4.3.2. to the consolidated financial statements).

4) Figures above exclude waived 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 waived fees. The total waived fees received by the Board of Directors are listed below:

- Steffen Meister received a technical non-financial income stemming from waived fees amounting to CHF 96 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from waived fees amounting to CHF 2'393 thousand
- Alfred Gantner received a technical non-financial income stemming from waived fees amounting to CHF 3'711 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from waived fees amounting to CHF 2 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from waived fees amounting to CHF 8 thousand
- Urs Wietlisbach received a technical non-financial income stemming from waived fees 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.

Compensation Report



Report of the Statutory Auditor

To the General Meeting of Partners Group Holding AG, Baar

We have audited the compensation report of Partners Group Holding AG for the year ended 31 December 2021. 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 2.7 to 2.8 and exhibits 12 to 13 on pages 139 to 141 as well as sections 3.5 to 3.6 and exhibits 15 to 16 on pages 144 to 146 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 remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 remuneration, 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 2021 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

Malea Bourquin
Licensed Audit Expert

Zurich, 18 March 2022

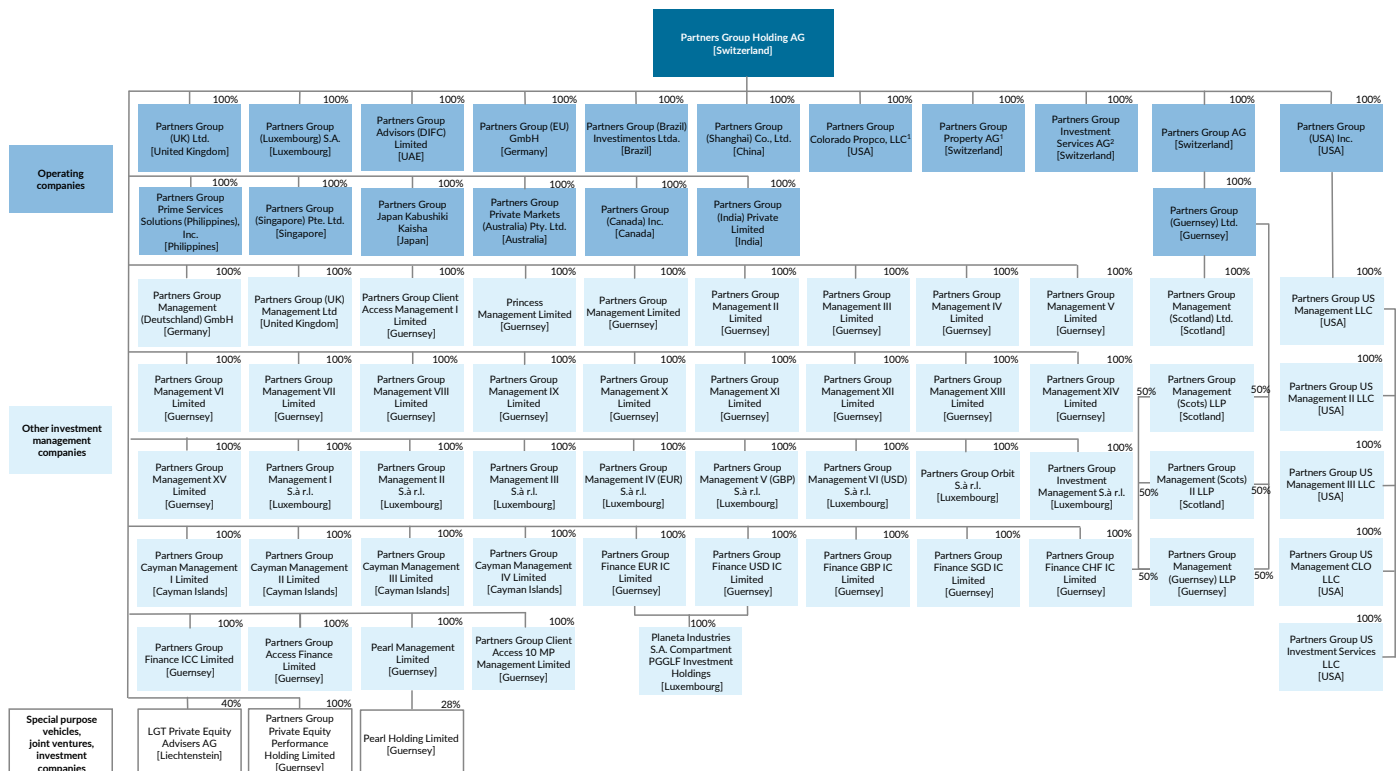
Corporate Governance Report

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 Team
5. Compensation, shareholdings, and loans
6. Shareholders’ participation rights
7. Changes of control and defense measures
8. Auditors
9. Information policy
10. Quite periods
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)
 2) Formed for the purpose of providing invoice handling, cash management, cost recharging and other related administrative services
 Source: Partners Group, as of 10 February 2022. 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 10 February 2022.

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 2021 was CHF 40.4 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 7 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 note 17 to the consolidated financial statements in the Annual Report 2021.

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 7 March 2022.

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.

In addition, on 9 August 2021, 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 1'339'857 shares, corresponding to 5.02% of the total share capital.

As of 31 December 2021, Partners Group held 330'966 treasury shares, corresponding to 1.24% 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 2021, Partners Group has no authorized share capital.

As of 31 December 2021, 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*).

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.

Corporate Governance Report

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 2021, 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. Bonds, 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 note 13 to the consolidated financial statements in the Annual Report 2021 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 note 4 to the consolidated financial statements in the Annual Report 2021 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






















Partners Group's Board Governance

Partners Group's Board of Directors is entrusted with the ultimate responsibility for Partners Group's strategy and development. The Board applies the same "entrepreneurial governance" approach to its own firm as Partners Group applies to its portfolio companies.

The Board consists of executive Board members - the Executive Chairman and the three founders - and independent Board members. None of the directors of the Board have line management functions.

Through the Board's committees, Board members contribute to investment - as well as client-related activities and corporate development initiatives. The Chairman also oversees the global Executive Team in leading the operations and execution of the strategy.

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. Martin Strobel						
Dr. Marcel Erni						
Alfred Gantner						
Joseph P. Landy						 **
Grace del Rosario-Castaño ¹⁾						
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. Martin Strobel and Alfred Gantner.

1) Grace del Rosario-Castaño will retire from the Board of Directors as of 25 May 2022.

* As of 1 January 2022, the Strategy Committee will be renamed to "Corporate Development Committee"; members of the Corporate Development Committee are Steffen Meister and Dr. Martin Strobel.

** Following the step down of Lisa A. Hook as of 3 September 2021, the Board of Directors voted for Steffen Meister to join ad interim the Risk & Audit Committee and Joseph P. Landy to join ad interim the Nomination & Compensation Committee until the next Annual General Meeting of shareholders in May 2022. The election of Steffen Meister to the Risk & Audit Committee is temporary. The Board does not foresee the election of any non-independent Board members to the Risk & Audit Committee or the Nomination & Compensation Committee after the next Annual General Meeting of shareholders.

*** On 9 March 2022, Partners Group announced changes and nominations to the composition of its Board of Directors and related committees, which will be proposed at the next Annual General Meeting of shareholders on 25 May 2022. Anne Lester will be nominated for election as a new independent member of the Board and as a member of the Risk & Audit Committee, the Nomination & Compensation Committee and the Client Oversight Committee. Also nominated for election as a new independent member of the Board will be Flora Zhao. She will be nominated as a member of the Nomination & Compensation Committee and the Investment Oversight Committee.

The Executive Chairman typically invests 3-5 days a week towards his mandate. The founders dedicate approximately 2-3 days a week to Partners Group's Board activities. Independent Board members devote 1-2 days a week to their Board mandates.

The substantial time commitment of Partners Group's Board is the foundation of a successful governance model geared towards enabling proactive value creation.

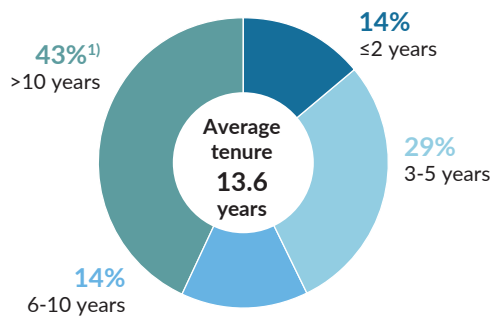
As of 31 December 2021, the Board of Directors consists of seven members. All members were elected at the annual general meeting of shareholders ("Annual General Meeting") 2021 for a one-year tenure with the possibility of re-election.

Corporate Governance Report

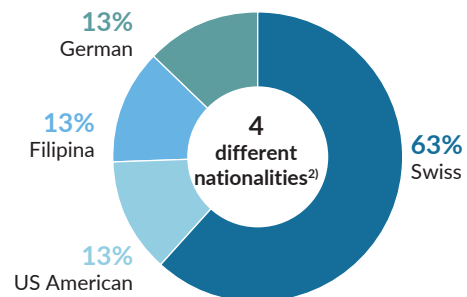
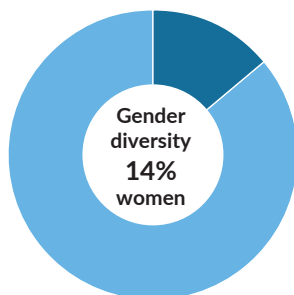
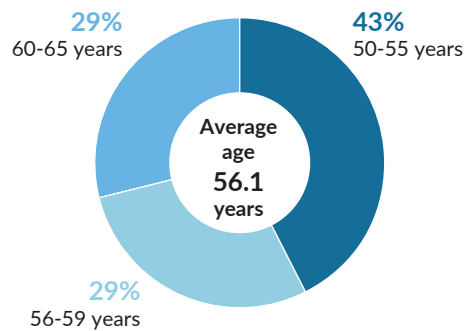
All Board members exhibit:

- 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.



■■■■■■■■■ 7

Private markets industry know-how¹⁾



■■■■■■■■■ 6

C-level experience²⁾



■■■■■■■ 4

Risk management experience³⁾



■■■■■■■ 5

Operational experience⁴⁾



■■■■■■■■■ 7

Broad international exposure⁵⁾



■■■■■■■■■ 6

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

7) Based on the PG Board Diversity objectives, the Board has established a target of ensuring that the proportion of newly elected independent directors is comprised of at least 50 percent of the following groups on a three-year rolling-basis: (1) persons identifying other than (cis-)male, (2) persons from the LGBT+ community, or (3) persons from under-represented ethnic minority groups. With the departure of Lisa A. Hook on 3 September 2021, the proportion of women on the Board of Directors temporarily decreased. On 9 March 2022, the Board of Directors nominated Ms. Anne Lester and Ms. Flora Zhao as independent members of the Board of Directors of Partners Group Holding AG, which will be proposed at the next Annual General Meeting of shareholders on 25 May 2022.

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. Select 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. Martin Strobel (Lead Independent Director), Joseph P. Landy and Grace del Rosario-Castaño. With the departure of Lisa A. Hook on 3 September 2021, the number of independent members of the Board of Directors temporarily decreased.

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. Martin Strobel 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 functions¹⁾

Steffen Meister



- **Director since:** 2013
- **Age:** 51
- **Nationality:** Swiss
- **Board Committees:** Strategy Committee (Chairman), Client Oversight Committee, Risk & Audit Committee (ad-interim)
- **Other board mandates:** Crossiety AG (Co-Founder and Chairman), FAIRTIQ AG
- **Board mandates at Partners Group's portfolio companies:** Hearthside Food Solutions

Steffen Meister is a Partner of the firm and Executive Chairman of the Board of Directors of Partners Group Holding AG, based in 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 26 years of industry experience and holds a master's degree in mathematics from the Swiss Federal Institute of Technology (ETH), Switzerland.

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

Dr. Marcel Erni



- **Director since:** 1997
- **Age:** 56
- **Nationality:** Swiss
- **Board Committees:** Investment Oversight Committee
- **Other board mandates:** PG3 AG, Kompass Association (Board of Trustees member)
- **Board mandates at Partners Group's portfolio companies:** AMMEGA, Global Blue, Telepass

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 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 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.

Key qualifications and skills



Private markets industry know-how



C-level experience



Broad international exposure



Investment experience

¹⁾ Partners Group representatives are a member of the board of a Partners Group portfolio company or a number of special purpose vehicles (SPV) established in connection with the respective investment.

Corporate Governance Report

Alfred Gantner



- **Director since:** 1997
- **Age:** 53
- **Nationality:** Swiss
- **Board Committees:** Strategy Committee, Investment Oversight Committee (Chair)
- **Other board mandates:** PG3 AG, Kompass Association (Board of Trustees member)
- **Board mandates at Partners Group's portfolio companies:** Confluent Health, Fermaca, Breitling

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 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 was also Chairman of Partners Group's Global Investment Committee from 2011 until June 2017. Furthermore, he has 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.

Key qualifications and skills



Private markets industry know-how



C-level experience



Risk management experience



Operational experience



Broad international exposure



Investment experience

Joseph P. Landy



- **Director since:** 2021
- **Age:** 60
- **Nationality:** US American
- **Board Committees:** Client Oversight Committee, Risk & Audit Committee, Nomination & Compensation Committee (ad-interim)
- **Other board mandates:** New York University (Board of Trustees member), National Park Foundation

Joseph P. Landy is an independent member of the Board of Directors of Partners Group Holding AG. He is a former Co-Chief Executive Officer of Warburg Pincus, and has been involved in the private equity industry since 1985. During his tenure, Mr. Landy was jointly responsible for the management of the firm for over 20 years, 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 relationships. Mr. Landy's principal areas of investment focus have been information technology, Internet applications and infrastructure, communications applications and structured investments. Mr. Landy holds a B.S. degree in Economics from The Wharton School at the University of Pennsylvania and an M.B.A. from The Leonard N. Stern School of Business at New York University.

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



- **Director since:** 2015
- **Age:** 58
- **Nationality:** Filipina
- **Board Committees:** Investment Oversight Committee, Nomination & Compensation Committee (Chairwoman)
- **Board mandates at Partners Group's portfolio companies:** BCR Group

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.

Key qualifications and skills



Private markets industry know-how



C-level experience



Operational experience



Broad international exposure

Dr. Martin Strobel



- **Director since:** 2019
- **Age:** 55
- **Nationality:** German/Swiss
- **Board Committees:** Strategy Committee, Risk & Audit Committee (Chairman), Nomination & Compensation Committee
- **Other board mandates:** Aviva plc, msg life AG

Dr. Martin Strobel is the Vice Chairman and Lead Independent Director 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.

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



- **Director since:** 1997
- **Age:** 60
- **Nationality:** Swiss
- **Board Committees:** Client Oversight Committee (Chairman)
- **Other board mandates:** Blue Earth Capital (Chairman), Blue Earth Foundation, Entrepreneur Partners AG, PG3 AG, Kompass Association (Board of Trustees member)
- **Board mandates at Partners Group's portfolio companies:** KR Group (Board observer)

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 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.

Key qualifications and skills



Private markets industry
know-how



Broad international exposure



Investment experience

Corporate Governance Report

Organizational changes to the Board of Directors

Lisa A. Hook, an independent member of the Board of Directors of Partners Group Holding AG, has stepped back from the Board with effect from 3 September 2021 for personal reasons. **Joseph P. Landy**, also an independent member of the Board of Directors of Partners Group Holding AG, has taken over Ms. Hook's Nomination & Compensation Committee responsibilities ad-interim until the next Annual General Meeting of shareholders in May 2022. **Steffen Meister** has taken over Ms. Hook's Risk & Audit Committee responsibilities ad-interim until the next Annual General Meeting of shareholders in May 2022. The election of Steffen Meister to the Risk & Audit Committee is temporary and the Board does not foresee the election of any non-independent Board members to the Committee after the next Annual General Meeting of shareholders.

On 9 March 2022, Partners Group, a leading global private markets firm, today announces amendments and nominations regarding the composition of its Board of Directors and related committees, which will be proposed at the next Annual General Meeting of shareholders on 25 May 2022.

Anne Lester will be nominated for election as a new independent member of the Board and as a member of the Risk & Audit Committee, the Nomination & Compensation Committee and the Client Oversight Committee. Through her Board committee assignments, in particular the Client Oversight Committee, Ms. Lester would dedicate her time to further drive the firm's bespoke private markets solutions for the Defined Contribution pensions market.

Also nominated for election as a new independent member of the Board will be **Flora Zhao**. She will be nominated as a member of the Nomination & Compensation Committee and the Investment Oversight Committee. Through her Board committee assignment on the Investment Oversight Committee, Ms. Zhao would drive forward Partners Group's transformational investment approach and contribute to strategic Board-level initiatives, with a focus on entrepreneurial governance for the benefit of the firm's portfolio companies, especially in Asia and in infrastructure related assets.

Joseph P. Landy, an independent member of the Board of Directors, will again be nominated for election. Upon his election, he will remain a member of the Risk & Audit Committee and will newly become a member of the Investment Oversight Committee.

Grace del Rosario-Castaño, an independent member of the Board of Directors of Partners Group Holding AG, will step down from the Board with effect from 25 May 2022 after serving for eight years on the Board of Partners Group Holding AG.

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 assume a maximum of nine additional mandates in companies that pursue an economic purpose, which includes a maximum of three additional mandates in listed companies. The following mandates are exempt from this limitation: mandates in legal entities controlled by 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.

3.4. Elections and terms of office, succession planning, qualifications and diversity

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. The tenure for independent board members is limited to a maximum of ten years. 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.

Corporate Governance Report

Succession planning

Succession planning is of significant importance to the Board of Directors. The Nomination and Compensation Committee supports the Chairman of the Board in the review and assessment of newly appointed directors. The Nomination and Compensation Committee together with the Chairman of the Board will oversee the development of a diverse succession pipeline for the Board. They regularly analyse its composition to confirm that its members' qualifications, skills and experience correspond to the Board's needs and requirements. The Board of Directors initiates the evaluation of potential new Board members in a timely manner with the aim of continuing to ensure its members have the desired qualifications and experience, as well as to further diversify and renew its composition.

The Board of Directors nominates candidates for Board membership for election at the Annual General Meeting, ensuring that the Board retains an adequate size and well-balanced composition. All Board appointments and succession plans are based on merit and objective criteria, in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

Qualifications

The Board of Directors needs to secure the necessary qualifications, skills and diversity to perform all required responsibilities. The Board must assemble among its members the balance of managerial expertise and knowledge from different fields required for the fulfilment of its oversight responsibility as well as for sound, independent decision-making in line with the needs of the business. The Board defines the selection criteria against which candidates for Board membership are assessed. The requirements that potential Board members have to meet in terms of knowledge in various key areas and the industry are constantly increasing. The Board design leans towards the strategic value drivers and needs of the organization. That said, The Board applies the same "entrepreneurial governance" approach to its own firm as Partners Group applies to its portfolio companies

Membership on the Board of Directors requires skills or knowledge of matters such as private markets know-how, investment management, risk management and/or operational experience (through line or general management roles that included profit and loss responsibility) as well as leadership and decision-making experience in large, complex institutions or having had broad international exposure.

Diversity of perspectives and experience

A central pillar of our diversity policy is our conviction that diversity of perspectives and experience will ultimately lead to better results by the Board of Directors. As such, as we have spelled out in our diversity policy, Partners Group recognizes and embraces the benefits of having a Board that is adequately staffed with diverse and accretive skills to drive strategy and support value creation initiatives. A truly diverse Board will include and make good use of differences in the technical know-how, regional and industry experience, social and ethnic background, race, gender, as well as other distinctions between directors, such as cognitive and personal strengths (the "PG Board Diversity").

The Nomination and Compensation Committee will discuss and agree annually on measurable objectives for achieving the PG Board Diversity mentioned above and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of the objectives of the PG Board Diversity.

Based on the PG Board Diversity objectives, the Board has established a target of ensuring that the proportion of newly elected independent directors is comprised of at least 50 percent of the following groups on a three-year rolling-basis:

- persons identifying other than (cis-)male,
- persons from the LGBT+ community, or
- persons from under-represented ethnic minority groups

While this target is maintained going forward, the Board recognizes that periods of change in the Board composition may result in temporary periods when this balance is not achieved.

Partners Group's Board Diversity Policy is available for download on the website at <https://www.partnersgroup.com/en/about/corporate-governance/policies-directives>.

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 page 152 for the Board composition as well as section 3.1 for information on the allocation of tasks within the Board of Directors.

Corporate Governance Report

During the first Board meeting following the Annual General Meeting of shareholders, the Board of Directors appoints its secretary, who does not need 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 2021, five formal meetings were held (2020: four), which lasted between three and eight hours each. The majority of all Board members were 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 Team 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 such as (i) finance risk oversight, (ii) operational risk oversight and (iii) regulatory, legal and conduct risk oversight. 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 an independent Board member. Until 12 May 2021, the members of the RAC were Dr. Eric Strutz (Chair), Lisa A. Hook and Dr. Martin Strobel. As of 12 May 2021 until 3 September 2021, the members of the RAC were Dr. Martin Strobel (Chair), Lisa A. Hook and Joseph P. Landy. As of 3 September 2021, the members of the RAC are Dr. Martin Strobel (Chair) and Joseph P. Landy. Steffen Meister has taken over Ms. Hook's Risk & Audit Committee responsibilities ad-interim until the next Annual General Meeting of shareholders in May 2022. The election of Steffen Meister to the Risk & Audit Committee is temporary and the Board does not foresee the election of any non-independent Board members to the Committee after the next Annual General Meeting of shareholders. The RAC held five formal meetings in 2021 (2020: five), which lasted approximately two to four hours each. In addition, the external auditors attended four meetings (except the one ad-hoc meeting) of the RAC in 2021. The majority of all committee members were present at all meetings. The meetings of the RAC may be 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. The NCC also supports

Corporate Governance Report

the Chairman 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 an independent Board member.

Until 3 September 2021, the members of the NCC were Grace del Rosario-Castaño (Chair), Lisa A. Hook and Dr. Martin Strobel. As of 3 September 2021, the members of the NCC are Grace del Rosario-Castaño (Chair) and Dr. Martin Strobel. Joseph P. Landy, also an independent member of the Board of Directors of Partners Group Holding AG, has taken over Ms. Hook's Nomination & Compensation Committee responsibilities ad-interim until the next Annual General Meeting of shareholders in May 2022. The NCC held two formal meetings in 2021 (2020: two), which lasted approximately two to three hours each, to discuss the annual compensation for the Board of Directors and the Executive Team 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 2021, the members of the SC are Steffen Meister (Chair), Alfred Gantner and Dr. Martin Strobel. The SC held five formal meetings in 2021 (2020: nine), each of which lasted approximately four to six hours. The majority of 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. As of 1 January 2022, the Strategy Committee was renamed to Corporate Development Committee ("CDC"). Members of the CDC are Steffen Meister and Dr. Martin Strobel. The CDC will meet on a monthly basis together with the Executive Team to discuss major corporate and organizational initiatives.

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 12 May 2021, the members of the COC were Urs Wietlisbach (Chair) and Steffen Meister. As of 12 May 2021, the members of the COC are Urs Wietlisbach (Chair), Joseph P. Landy and Steffen Meister. Furthermore, Stefan Näf, Partners Group Chairman of Clients, is a non-voting member of the committee. The COC held seven formal meetings in 2021 (2020: seven), 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. Furthermore, it oversees the implementation of ESG initiatives and tracking of ESG performance for our direct lead assets. 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

Corporate Governance Report

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 3 September 2021, the members of the IOC were Alfred Gantner (Chair), Dr. Marcel Erni, Lisa A. Hook and Grace del Rosario-Castaño. As of 3 September 2021, the members of the IOC are Alfred Gantner (Chair), Dr. Marcel Erni 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 2021 (2020: four), which lasted approximately three hours each. All of the meetings were attended by the majority of 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.

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 2021.

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 2021	5	5	2	5	7	4
Number of members who missed no meetings	6	4	3	2	2	1
Number of members who missed one meeting	1	1	0	1	0	3
Number of members who missed two or more meetings	2	0	0	0	1	0
Meeting attendance	84%	93%	100%	93%	75%	79%

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 Team 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. The 2021 assessment took place during the November 2021 Board meeting.

In 2021, the self-assessment commended key achievements across client- and investment-related activities, the firm's public communication and positioning, shareholder

Corporate Governance Report

activities as well as human resources and corporate operations projects. The Board also highlighted some further development areas. For example, the need for clearer governance of responsibilities between the Strategy Committee and the Board's Trimestral Investment Update Meetings and a stronger focus and support on hiring more senior female and diverse talent.

3.6. Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Partners Group to the Executive Team 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 Chief Executive Officer 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 Team 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 Team;
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 Team through a number of information and control instruments. The Chief Executive Officer, 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 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 Team notifies the Chairman of the Board without delay.

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.

The Executive Team 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 Chairman, the relevant Board Committee or Board of Directors.

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 Team

The ongoing management of financial, operational, regulatory, legal and conduct risk as well as investment risk management of Partners Group's activities is delegated to the Executive Team of PGH ("Executive Team"), as further defined in the ROOs.

The Executive Team 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 Team 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 Team 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.

Corporate Governance Report

- 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.
- Supervising and reporting on the adequacy and effectiveness of Partners Group's risk management setup.

The CRO regularly reports to the Executive Team and the RAC. The CRO has a direct reporting line to the CEO. The CRO has unrestricted access to information, locations and documents within the scope of its function. The CRO is supported in his duties by the Deputy CRO. The Deputy CRO reports to the Executive Team and the RAC on an as needed basis.

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.

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.

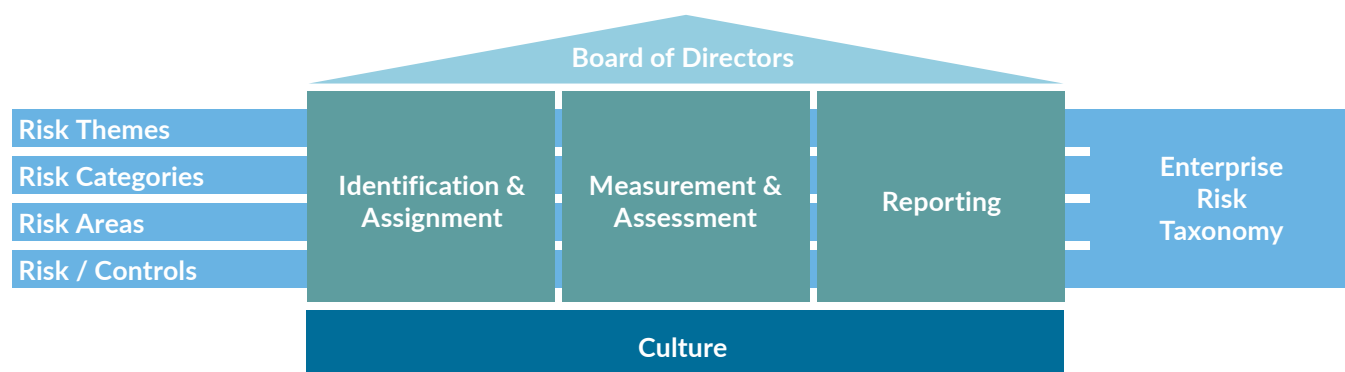
3.9.1. Enterprise Risk Taxonomy

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)

Partners Group's risk governance framework



Corporate Governance Report

Enterprise Risk Taxonomy



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.

Partners Group's ERT ensures alignment between the Board, the RAC, the Executive Team 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 behaviours. Risk Claims for identified Risk Themes are:

- **Finance risks:** we support the development of our platform and strive for stable revenues while keeping a strong but light balance sheet able to sustain difficult market environments.
- **Operational risks:** we achieve operational excellence and therefore have low tolerance for costly or otherwise consequential operational errors and incidents.
- **Regulatory, legal and compliance risks:** we protect our reputation as a responsible investment manager and therefore have zero tolerance for regulatory and legal fines, misconduct and resulting financial losses.
- **Investment risks:** we are a recognized industry leader in investment management and target systemic outperformance for our clients while keeping low tolerance for overall negative developments in single investment programs.

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 Team 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 Team 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 Team 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

Corporate Governance Report

- 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.

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 the effectiveness of processes and controls (design and operational 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 downturns, or power outages and cyber attacks
- 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 Team 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.

Corporate Governance Report

3.9.6. Risk reporting

Risk reporting enables the Risk Owners, the Executive Team, 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 Team 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).

Corporate Governance Report

4. Executive Team

The table below shows the current composition of the Executive Team:

Name	Joined Partners Group in	Nationality	Age	Position
David Layton	2005	US American	40	Chief Executive Officer, Head Private Equity
Kirsta Anderson	2020	US American	42	Chief People Officer
Sarah Brewer	2008	British	38	Co-Head Clients Solutions
Roberto Cagnati	2004	Swiss/Italian	43	Chief Risk Officer ¹ , Head Portfolio Solutions
Juri Jenkner	2004	German	46	Head Private Infrastructure
Andreas Knecht	2009	Swiss	52	Chief Operating Officer and General Counsel, Head Corporate Operations
Marlis Morin	2003	Swiss/Italian	51	Head Client Services
Hans Ploos van Amstel	2020	Dutch	56	Chief Financial Officer, Head Group Finance & Corporate Development

1) Chief Risk Officer as of 1 January 2022.

4.1. Members of the Executive Team

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 Team.

The Executive Team 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 Team, including other activities and functions



David Layton

Partner, Chief Executive Officer and Head Private Equity

He is the Chief Executive Officer and Partner of Partners Group, based in the firm's Americas headquarters in Denver, Colorado. He leads the Executive Team 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 19 years of industry experience. He holds a bachelor's degree in finance from Brigham Young University's Marriott School of Management, USA.



Kirsta Anderson

Partner, Chief People Officer

She is Partners Group's Chief People Officer and Global Head of the Human Resources business department, based in Zug and London. She is a member of the Executive Team, the Global Executive Board

and is also the Co-Chair of the firm's Diversity & Inclusion Committee. She has 20 years 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.

Corporate Governance Report



Sarah Brewer

Partner, Co-Head Client Solutions

She is Co-Head of the Client Solutions business department, Co-Head of the European Client Solutions business unit and Head of Client Solutions for the UK, based in London and Zug. She is a member of the Executive Team.

She has been with Partners Group since 2008 and has 17 years of industry experience. Prior to joining Partners Group, she worked at Bloomberg LP. She holds a bachelor's degree in philosophy, politics and economics from the University of Oxford, UK.



Roberto Cagnati

Partner, Chief Risk Officer, Head Portfolio Solutions

He is Partners Group's Chief Risk Officer and Head of the Portfolio Solutions business department, based in Zug. He is a member of the Executive Team, the Global Portfolio

Committee as well as the Global Executive Board. He has been with Partners Group since 2004 and has 18 years of industry experience. Prior to joining Partners Group, he 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.



Juri Jenkner

Partner, Head Private Infrastructure

He is Head of the Private Infrastructure business department. He is based in Zug. He is a member of the Executive Team 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 22 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

Partner, Chief Operating Officer, General Counsel and Head Corporate Operations

He is the Chief Operating Officer and General Counsel of Partners Group. He is based in Zug. He is the Head of the Corporate Operations business

department and member of the Executive Team and the Global Executive Board. He has been with Partners Group since 2009 and has 26 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, USA. He is admitted to the Swiss bar.



Marlis Morin

Partner, Head Client Services

She is Head of the Client Services business department. She is based in Singapore. She is a member of the Executive Team and the Global Executive Board. She has been with Partners Group since 2003 and has

28 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, USA.



Hans Ploos van Amstel

Partner, Chief Financial Officer, Head Group Finance and Corporate Development

He is the Chief Financial Officer of Partners Group, based in Zug. He is Head of the Group Finance & Corporate Development business

department and a member of the Executive Team and Global Executive Board, with 32 years of relevant experience. Prior to joining Partners Group, Hans was CFO of Adecco Group, Switzerland, from 2015 to 2020. He

Corporate Governance Report

started his career in Finance at Procter & Gamble (P&G) in the Netherlands in 1989, working across Saudi Arabia, Germany, Belgium and Switzerland (1992-2003). 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.

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 had announced on 16 March 2021 changes to the composition of its Executive Committee that took effect from 1 July 2021.

André Frei stepped back from his roles as Co-CEO and Executive Team member and assumed 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, became Partners Group's sole CEO.

Dr. Michael Studer, previously Chief Risk Officer and Co-Head of Portfolio Solutions, also left the Executive Team. He 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. He remained Chief Risk Officer until 31 December 2021. Roberto Cagnati, previously Co-Head Portfolio Solutions, has become the sole head of Portfolio Solutions and joined the Executive Team. Roberto Cagnati took over the function as Chief Risk Officer of Partners Group Holding AG from Dr. Michael Studer as of 1 January 2022.

On the client side, Sarah Brewer and Dr. Guido Koch, previously Co-Heads of Client Solutions Europe, were appointed Co-Heads of the Client Solutions business department globally. Stefan Näf, previous Head of Client Solutions, stepped 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 Team.

Kirsta Anderson, previous Head of Human Resources, has joined the Executive Team 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 Team are listed in section 4.1 for each respective member. None of the members of the Executive Team 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 Team 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 Team may assume a maximum of five additional mandates in companies that pursue an economic purpose, which includes a maximum of three additional mandates in listed companies. For the definition of the term "mandates" and 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 third parties.

4.5. Global Executive Board

The Executive Team is supported by a global leadership team comprising of Partners and Managing Directors as well as senior managerial employees of different departments/units and regions across the firm's offices in Denver, New York, London, Singapore, Manila and Sydney, as well as its headquarters in Zug, Switzerland.

Internally referred to as Global Executive Board, the team works closely with the firm's Executive Team on a consulting basis without decision authority. Executive Team members are also members of the extended Global Executive Board.

Corporate Governance Report

5. Compensation, shareholdings, and loans

5.1. Principles, content, and method of determining the compensation

Pursuant to art. 14 and 15 of the OaEC, all compensation paid in 2021 to the members of the Board of Directors and the Executive Team, and the outstanding loans, if any, granted to the members of the Board of Directors and the Executive Team, are disclosed in the Compensation Report 2021. In the Compensation Report 2021, the firm outlines its compensation principles, components and method. The Compensation Report can be found in the Annual Report 2021 or on the firm's website.

5.2. Loans

Members of the Board of Directors and Executive Team 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.

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 Team. Art. 27 and Art. 31 of Partners Group's articles of association state that the members of the Board of Directors and Executive Team may be granted loans, credits and provided collateral up to certain limits at arm's length conditions.

There were no loans outstanding as of 31 December 2021 for the Board of Directors and the Executive Team (refer to sections 2.7 and 3.5 in the Compensation Report).

6. Shareholders' participation

6.1. 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.

6.2. 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).

6.3. 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 2022, the Annual General Meeting of shareholders is scheduled for 25 May.

Corporate Governance Report

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.

6.4. 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.

6.5. 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.

7. Changes of control and defense measures

7.1. 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.

7.2. Clauses on change of control

The contracts with the members of the Board of Directors and the Executive Team 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

8. Auditors

8.1. 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 2021. 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.

8.2. Auditing fees

In the financial year 2021, KPMG AG and other KPMG companies received a total of CHF 1.8 million (2020: CHF 1.8 million) for audit services.

8.3. Additional fees

In addition, KPMG AG and other KPMG companies received CHF 0.1 million (2020: 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 2021.

8.4. 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 2021 financial year, the external auditors participated in four meetings 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

9. 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 2022 are as follows

Event	Date
Annual General Meeting of shareholders	25 May 2022
Ex-dividend date	30 May 2022
Dividend record date	31 May 2022
Dividend payment date	1 June 2022
AuM announcement as of 30 June 2021	14 July 2022
Publication of interim financials as of 30 June 2022	30 August 2022
Publication of Interim Report as of 30 June 2022	6 September 2022

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 2021 compensation recommendations for the Board of Directors and Executive Team can be found on the Partners Group website at www.partnersgroup.com/compensation-report or in the 2021 Annual Report.

For all investor enquiries Philip Sauer can be reached as follows:

Philip Sauer
Zugerstrasse 57
6341 Baar-Zug
Switzerland
Phone: +41 41 784 66 60
Email: shareholders@partnersgroup.com

10. Quiet periods

In line with Partners Group's Personal Account Dealing Directive (issued by the Executive Team), Partners Group imposes upon its employees market conduct rules related to personal securities transactions: e.g. disclosure, pre-approval, and trading restriction requirements. These rules are designed to protect Partners Group and its employees.

Partners Group allows its employees to transact in "PGH Securities" defined as: Partners Group Holding AG listed shares and options written on Partners Group Holding AG listed and listed debt instruments issued by Partners Group Holding AG or any subsidiary.

Partners Group's employees are allowed to transact in PGH Securities during two order windows per calendar year (each an "Order Window") following the public announcement of Partners Group Holding AG financials.

Furthermore, non-executive Board members of Partners Group Holding AG are only allowed to transact in PGH Securities during the same two Order Windows.

Order Windows take place after annual financial results and interim financial results are communicated, on the following dates each year:

Public announcement	Order Window
Annual financial results	25 March – 25 May
Interim financial results	18 September – 18 November

While all orders must be placed within an Order Window, the term of an order can run beyond, i.e. execution of the order can take place until 6 months after the end of the Order Window. Any orders not executed within this timeframe automatically expire. After an Order Window closes, no adjustments to orders are permitted, including terminating the order.

The Chairman or the Vice Chairman of the Board together with the General Counsel or his deputy have the authority to amend or terminate an Order Window.

If Partners Group's employees are in the possession of price sensitive, non-public information in respect to PGH Securities due to the work they do, they will be added to an insider list, prohibiting them from trading in PGH Securities.

Corporate Governance Report

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).

Contacts

Shareholder relations contact

shareholders@partnersgroup.com

www.partnersgroup.com

Follow us on LinkedIn 

Follow us on Twitter 

Follow us on YouTube 

Media relations contact

media@partnersgroup.com

Zug

Zugerstrasse 57
6341 Baar-Zug
Switzerland
T +41 41 784 6000

Denver

1200 Entrepreneurial Drive
Broomfield, CO 80021
USA
T +1 303 606 3600

Houston

5847 San Felipe Street, Suite 1730
Houston, TX 77057
USA
T +1 713 821 1622

Toronto

Exchange Tower, 130 King Street West, Suite
1820
Toronto, ON M5X 1E3
Canada
T +1 416 865 2033

New York

The Grace Building
1114 Avenue of the Americas, 37th Floor
New York, NY 10036
USA
T+1 212 908 26 00

São Paulo

Rua Joaquim Floriano, 1120 – 11º andar
CEP 04534-004, São Paulo – SP
Brazil
T +55 11 3528 6500

London

110 Bishopsgate, 14th floor
London EC2N 4AY
United Kingdom
T +44 20 7575 2500

Guernsey

P.O. Box 477
Tudor House, Le Bordage
St Peter Port, Guernsey
Channel Islands, GY1 1BT
T +44 1481 711 690

Paris

29-31 rue Saint Augustin
75002 Paris
France
T +33 1 70 99 30 00

Luxembourg

35D, avenue J.F. Kennedy
L-1855 Luxembourg
B.P. 2178, L-1021 Luxembourg
T +352 27 48 28 1

Milan

Via della Moscova 3
20121 Milan
Italy
T +39 02 888 369 1

Munich

Skygarden im Arnulfpark
Erika-Mann-Str. 7
80636 Munich
Germany
T +49 89 38 38 92 0

Dubai

Office 601, Level 6
Index Tower, DIFC
P.O. Box 507253
Dubai, UAE
T +971 4 316 9555

Mumbai

Suite 3103 (Four Seasons Hotel)
Plot No. 1/136, Dr. E Moses Road, Worli
Mumbai 400 018
India
T +91 22 2481 8750

Singapore

8 Marina View
Asia Square Tower 1 #37-01
Singapore 018960
T +65 6671 3500

Manila

18/F Seven/NEO Building
5th Avenue Corner 26th Street
Bonifacio Global City, Taguig
Metro Manila 1634
Philippines
T + 632 8 804 7100

Shanghai

Unit 1904-1906A, Level 19
Tower I, Jing An Kerry Center
No. 1515 West Nanjing Road
Jing An District, Shanghai 200040
China
T +8621 2221 8666

Seoul

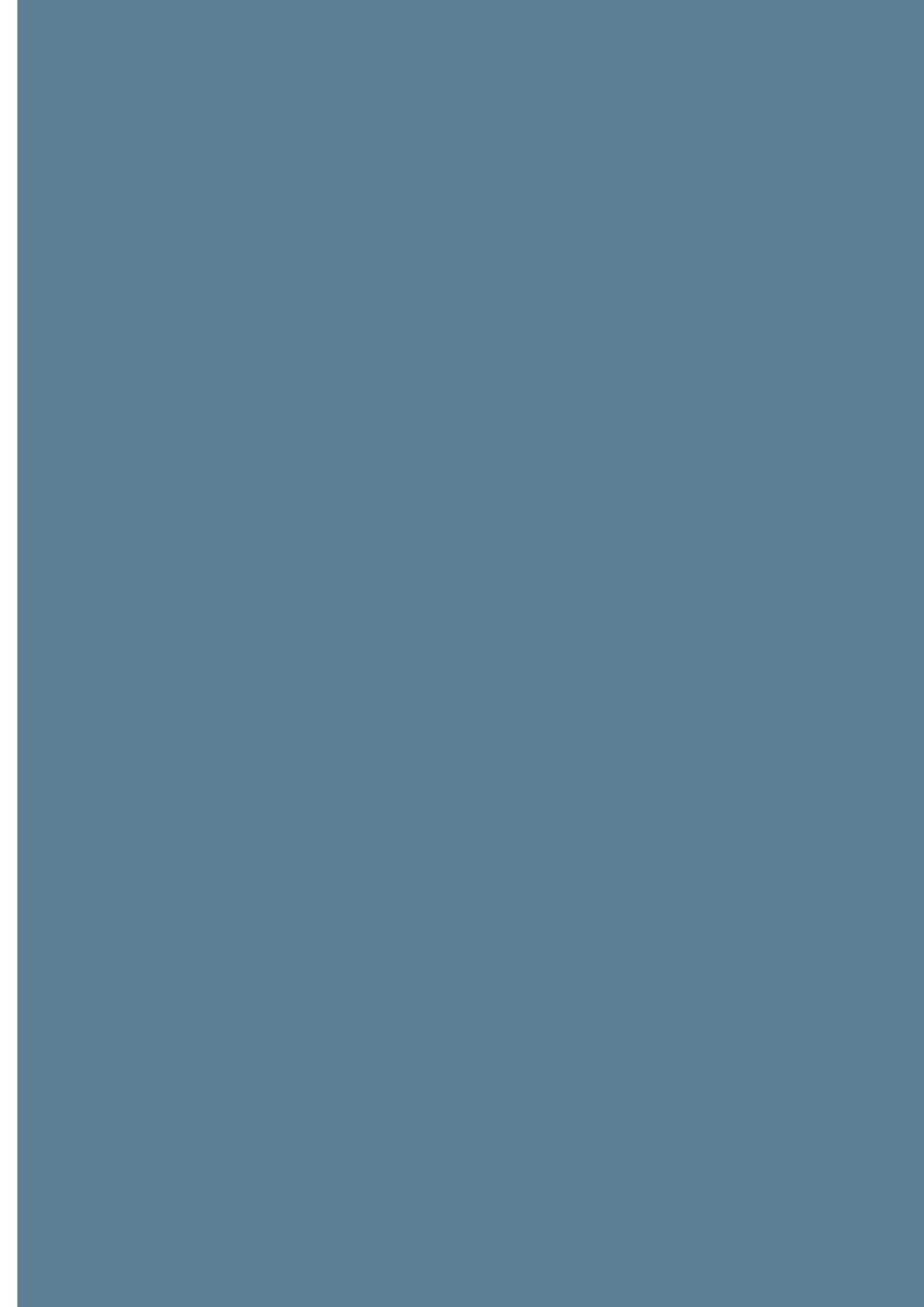
25th Fl. (Gangnam Finance Center,
Yeoksam-Dong) 152 Teheranro
Gangnam-Gu, Seoul 135-984
South Korea
T +82 2 6190 7000

Tokyo

Daido Seimei Kasumigaseki Bldg. 5F
1-4-2 Kasumigaseki, Chiyoda-ku
Tokyo 100-0013
Japan
T +81 3 5532 2030

Sydney

Level 32, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000
Australia
T +61 2 8216 1900





Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS