Luv Parikh Co-Head Private Infrastructure Asia | Esther Peiner Co-Head Private Infrastructure Europe

As of 31 December 2022

Annual Report 2022

Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

Contents

Key figures	**4**
Message from the Chairman and CEO	**7**
2022 at a glance	
Investments	10
Clients	16
Client Outlook	20
Financials	22
Key definitions and alternative performance metrics (APM)	**32**
Consolidated financial statements	**34**
Financial statements of Partners Group Holding AG	**113**
Compensation Report	**130**
Corporate Governance Report	**155**
Contacts	**186**

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.

Given the more challenging market environment, we are especially pleased to report a solid set of financial results for 2022 and robust operational performance across the businesses and assets under our stewardship.

Throughout the year, we continued to commit to resilient companies and assets that stand to benefit from the transformative trends driving future earnings growth under our entrepreneurial governance framework. We selectively capitalized on the continued demand for our high-quality assets, generating attractive returns for our clients.

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

Key figures 2022

1'836

Full-time equivalent professionals[1]

20

offices around the world

USD **135** billion

assets under management[2]

1.51%

revenue margin[2, 3]

CHF **1'872** million

revenues[3]

CHF **1'132** million

EBIT[2]

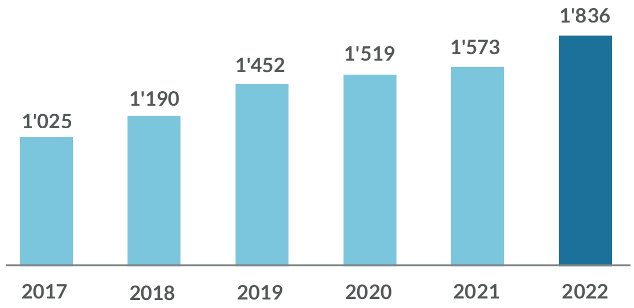
[1] As of 31 December 2022.
[2] As defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2022 (p. 32).
[3] Revenues from management services, net, and other operating incomes.

Key figures 2022

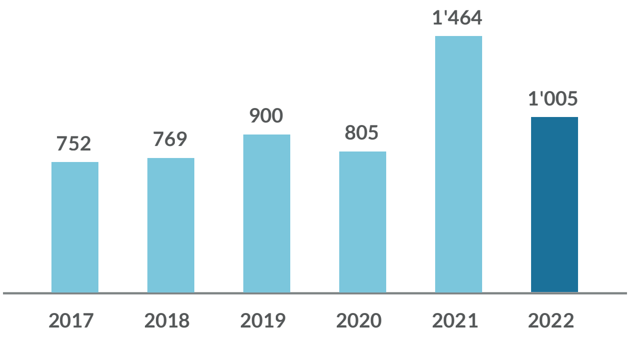
CHF
1'005
million
profit

CHF
37.00
per share
proposed dividend

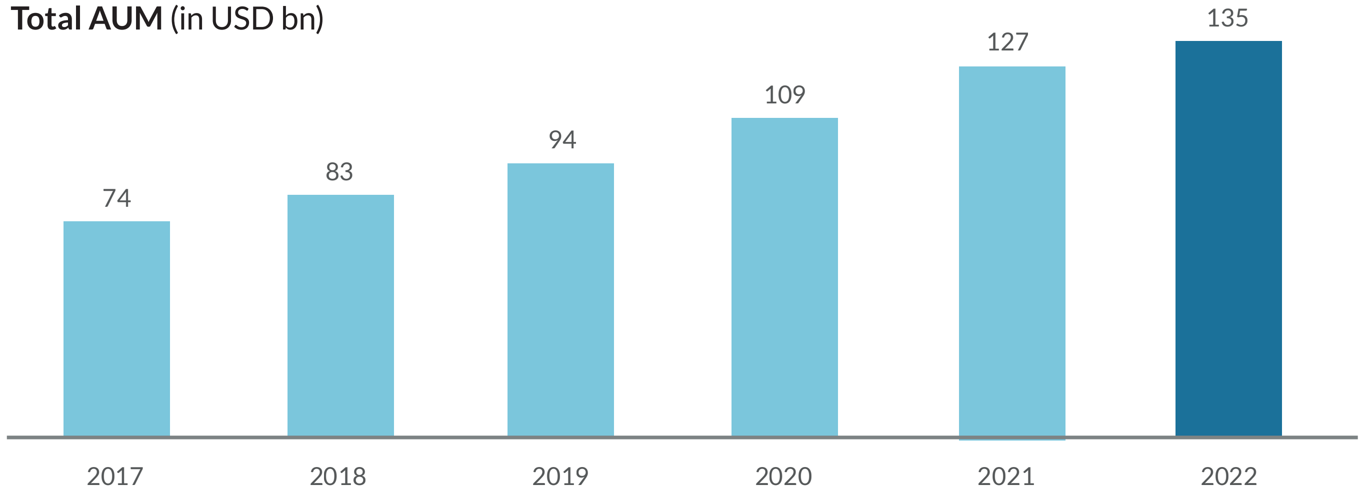
Number of equivalent full-time professionals[1]



Profit (in CHF m)



Total AUM (in USD bn)



[1] As of 31 December 2022.

Key figures 2022

Key performance indicators	2022	2021
Assets under management as of the end of the year (in USD bn)	135.4	127.4
Revenue margin[1, 2]	1.51%	2.41%
Revenues (in CHF m)[2]	1'872	2'629
EBIT margin	60.5%	62.8%
EBIT (in CHF m)[3]	1'132	1'650
Financial result (in CHF m)	-2	76
Profit (in CHF m)	1'005	1'464
Management Fee EBIT (in CHF m)[3]	963	895
Shareholders' equity (in CHF m)	2'416	2'898
Return on shareholders' equity (ROE)[3]	38%	57%
Equity ratio[3]	53%	60%

Share information as of 31 December 2022	
Share price (in CHF)	816.80
Total shares	26'700'000
Market capitalization (in CHF bn)	21.8
Free float[4]	84.94%
Diluted shares (weighted average)	25'709'270
Diluted earnings per share (in CHF)	39.09
Dividend per share (in CHF)[5]	37.00
Dividend yield per share[6]	4.5%
Bloomberg ticker symbol	PGHN SW
Reuters ticker symbol	PGHN.S

Corporate calendar	
24 May 2023	Annual General Meeting of shareholders
26 May 2023	Ex-dividend date
30 May 2023	Dividend record date
31 May 2023	Dividend payment date
13 July 2023	Assets under management announcement as of 30 June 2023
5 September 2023	Publication of Interim Financial Results as of 30 June 2023
14 September 2023	Publication of Interim Financial Report as of 30 June 2023

[1] Based on average AuM of CHF 124.1 billion in 2022 (2021: CHF 109.3 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 2022 (p. 32).
[4] According to the SIX Swiss Exchange definition.
[5] As per proposal to be submitted to the next ordinary Annual General Meeting of shareholders on 24 May 2023.
[6] Yield as of 31 December 2022.

Message from the Chairman and CEO

Steffen Meister, David Layton

Dear clients, business partners, shareholders, and colleagues,

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

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

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

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

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

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

Focus on thematic investing and entrepreneurship at scale

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

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

Message from the Chairman and CEO

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

For the 12-month period ending on 31 December 2022, our direct private equity portfolio achieved an overall valuation increase of 2.8%. Over the same period, private infrastructure delivered a strong performance, returning 13.5%, whilst private debt and private real estate remained relatively flat[1].

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

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

Bespoke solutions are driving robust client demand

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

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

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

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

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

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

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

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

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

Message from the Chairman and CEO

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

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

Sustainability remains a priority for the firm

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

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

Outlook: sustainable growth expected to continue

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

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

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

Yours sincerely,

Steffen Meister
Executive Chairman

David Layton
Chief Executive Officer

2022 at a glance - Investments

Investments

We invested USD 26 billion into attractive transformative companies and assets.

Market environment

2022 was a period marked by change: concerns about inflation, higher interest rates, as well as energy and supply chain constraints, led to a disruption across the financial markets. In this environment, we remain true to our belief that our thematic sourcing and entrepreneurial governance model are key to unlocking value for our clients.

Our investment process begins with our proprietary and systematic approach to identifying strong investment and asset development opportunities in today's fast-changing world. We are very selective and only source investments in sub-sectors with above-average, consistent growth rates across market cycles.

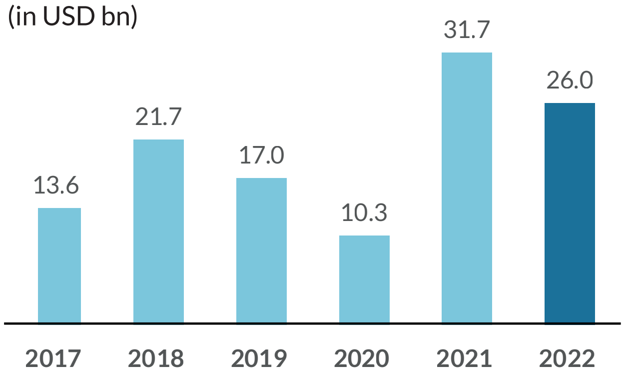
After we have invested into the asset, we then leverage our entrepreneurial governance approach to create market-leaders through business transformation and platform development, leading to long-term value creation for our clients.

With our investment process, we are able to deliver clients a truly diversified portfolio with vintage year diversification in any given macro backdrop.

Investments 2022[1]

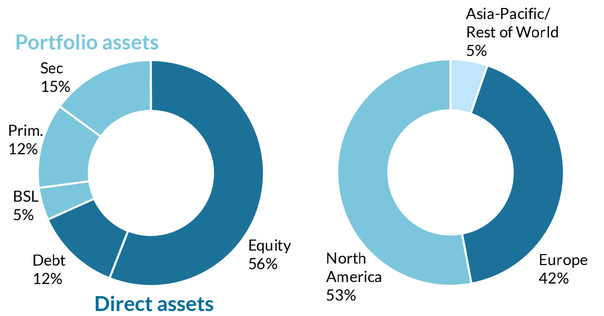
In 2022, our investment process ultimately led to a successful year with USD 26.0 billion (2021: USD 31.7 billion) invested into companies and assets that we believe are well positioned for future growth. The firm deployed USD 17.7 billion (68% of total investment volume) into direct assets, of which USD 14.5 billion was committed as equity and USD 3.2 billion was committed to corporate direct lending.

Partners Group's private markets investments[2] (in USD bn)



To complement our direct investments, we invested USD 8.2 billion (32% of total investment volume) into portfolio assets. These portfolio assets include USD 3.9 billion of secondary investments, USD 3.2 billion of select primary commitments to other third-party private markets strategies, and USD 1.2 billion into broadly syndicated loans.

Private markets investments by region and asset class[3] (in USD bn)



Diversification does not ensure a profit or protect against loss. Past performance is not indicative of future results. For illustrative purposes only. There is no assurance that similar investments will be made. Investments selected represent illustrative examples in each of the Partners Group investment themes discussed. A full list of all investments in every asset class is available upon request. There is no assurance that the above stated investment strategies and value creation strategies will occur. Actual performance may vary.

[1] All investments referenced herein were made on behalf of our clients.

[2] As of 31 December 2022. Figures include add-on investments but exclude investments executed for short-term loans, cash management purposes, and syndication partner investments. Private markets investments for 2017–2022 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.

[3] As of 31 December 2022. 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.

2022 at a glance - Investments

North America was the most active region for our investment business in 2022, accounting for 53% of all investment commitments versus 42% in Europe and 5% in Asia-Pacific / Rest of World.

Portfolio performance

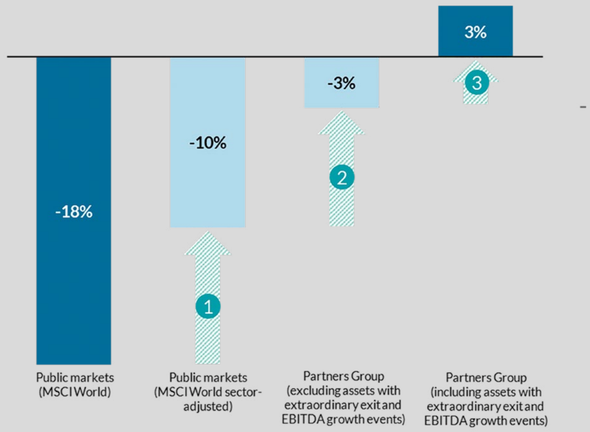
In 2022, our portfolio performance was supported by our rigorous asset selection process and hands-on transformational investing approach. The portfolio performance overview net of fees for the 12-month and 10-year period ending on 31 December 2022 is provided in the following table.

Net returns of direct portfolio performance[4,5]		
	1-year	10-year
Private equity	2.8%	17.8%
Private debt	2.1%	6.1%
Private infrastructure	13.5%	13.9%
Private real estate	(0.4)%	8.1%

Private equity

Our private equity direct portfolio continued to exhibit strong underlying operational performance which allowed us to partially mitigate the full impact of valuation changes brought upon by public market devaluations. In 2022, the adjusted EBITDA margin of our direct lead portfolio was 20% with an EBITDA growth rate of 16%[6].

Performance bridge for direct private equity portfolio[7]



1: The performance of the MSCI World improves from -18% to -10% when sector-adjusted for those sectors we identified and invested in through our thematic sourcing process, accounting for 38% of our outperformance.

2: The operating performance of our direct private equity businesses further widened the outperformance from -10% to -3% (in this step we exclude our six top-performing investments). Our portfolio's strong operational growth accounted for 33% of our outperformance.

3: Six exceptionally strong investments, driven by operational value creation initiatives resulting in favorable exits and/or below-average multiple contraction, accounted for 50% of our portfolio's positive value creation in 2022. These six extraordinary growth events, further increased the portfolio's performance from -3% to +3%, accounting for 29% of our outperformance.

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

[4] Currencies were converted to USD based on 31 December 2022 FX rates. Source: Bloomberg.

[5] Partners Group model net return data year-to-date ("YTD") 2022 as of 31 December 2022. All cash flows and valuations are converted to USD using fixed FX rates as of the date of the track record. Return figures denote pooled internal rates of returns ("IRR"). Performance fees were included for Private Equity, Private Real Estate, Private Infrastructure, and Direct Lending. Model net returns assume Partners Group's standard management and performance fees with a fee ratchet equivalent to a USD 500 milliion mandate. Model net figures do not include the impact of other possible factors such as any taxes incurred by investors, organizational expenses typically incurred at the start of the investment program, search fee, admin fee, ongoing operating costs or expenses incurred by the investment program (e.g. audit, hedging) or cash drag. The performance presented reflects model performance an investor may have obtained and does not represent performance that any investor actually attained. 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, private debt, and private infrastructure refer to direct investments. Hypothetical performance has inherent limitations. Investors should be aware that the performance presented may not come to pass and should not be relied upon solely in making an investment decision.

[6] Yearly (last twelve months) adjusted EBITDA growth rate calculated for Q4 2022 and adjusted EBITDA margins for Q4 2021 & Q4 2022 on a NAV-weighted basis (unaudited). Adjusted EBITDA reflects normalized earnings (recurring and operational, including inorganic growth).

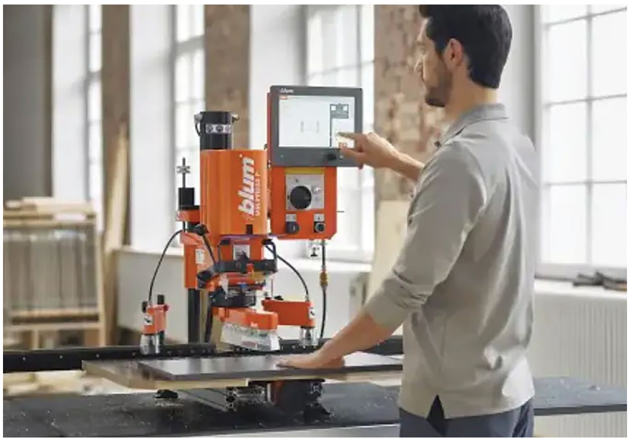
[7] The inclusion of this benchmark is used for comparison purposes and should not be construed to mean that there will necessarily be a correlation between the investment returns and the benchmark. Public Markets consists of MSCI World Net TR USD (NDDUWI Index), Public Markets (sector-adjusted) consists of public markets comparables as chosen by Partners Group for individual direct private equity asset valuation purposes. Partners Group performance consists of Partners Group Direct assets (incl. lead, co-lead and joint transactions).

2022 at a glance - Investments

In private equity, we invested USD 12.9 billion into attractive well-positioned businesses and assets. Throughout the year, we identified niche players across the 40 to 60 specific themes in private equity which we monitor at any given time. We focused on businesses that are well positioned to weather the current macro backdrop. In addition, we made use of our place in the extended middle market, which allows us to use less leverage than in the standard large-cap market, by focusing on smaller transactions at an enterprise value of between USD 500 million to USD 2 billion. While the changing investment environment has created challenges, it has also produced opportunities.

One example is our investment in **Cloudflight**, a leading digital transformation services provider, in November 2022. We identified Cloudflight early on, within our digital transformation and cloud computing investment theme. In times when automation and operational digitization can mitigate cost inflation, we see an increased demand from mid-sized companies globally for such services.

Headquartered in Europe, Cloudflight provides scalable solutions and tailor-made software to help companies digitize their business models, processes, and products. It has more than 1'000 employees and 19 offices across the continent Cloudflight has broad technological capabilities and deep expertise in software development for long-term digital transformation projects. We will leverage our operational expertise in the sector to help build the company for scale and ready it for expansion into other high-growth European markets.



Cloudflight

Within the digitization theme, we also invested in **Version 1**, a leading digital transformation services provider in the UK and Ireland. The company's services include application modernization, cloud migration services, and cloud-native software engineering. Our value creation plan aims to achieve double-digit growth by developing the company's service offering and technical depth, while building its international presence, and pursuing accretive M&A.

Private debt

For our private debt investments we leverage our roots as a private equity investor by using private equity style due diligence and taking the perspective of an owner and not just a financial investor. While this process may take longer, it ensures that the associated risks of each of our investments is accounted for and, where necessary, it allows us to structure the appropriate level of downside protection, in order to potentially mitigate the risk of future loss. In the current market, we focused on providing new or incremental financing to category leaders, in non-cyclical, defensive, sponsor-backed businesses, across the same themes that we focus on in our private equity practice.

During the year, we invested USD 4.4 billion in direct lending and broadly syndicated loans. In H1 we had a tilt towards broadly syndicated loans which shifted towards direct lending as we entered H2, and the syndication market began to slow. Within direct lending, we differentiate in our ability to provide tailor-made solutions to complex transactions. A recent example of this is the senior financing that we provided to support the acquisition of **Ligentia**, a UK based company providing tech enabled supply chain management services to a diverse range of industries. 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.

Private infrastructure

For private infrastructure, our preferred approach revolves around platform building strategies in high conviction themes. In the past, private infrastructure was largely characterized as project financing. Today, successful investments require platform expansion and active business building, such as transforming a wind platform from one wind turbine into multiple wind farms spanned pan globally. The assets which best suit platform expansion include those with infrastructure characteristics: hard assets and strong businesses with long-term contracted cash flows, and high barriers to entry. In 2022, we invested USD 5.7 billion into new private infrastructure assets.

2022 at a glance - Investments

One of our 2022 investments was **Budderfly**, a business that we identified within our long-standing theme, Energy-as-a-Service ("EaaS"). Budderfly helps businesses with cost-effective decarbonization and energy saving solutions and is currently the most comprehensive EaaS provider in North America, serving more than 2'750 customer sites in 49 states. Budderfly provides a holistic outsourced solution for energy management and infrastructure upgrades for underserved small and middle market commercial and industrial businesses such as assisted living facilities and restaurant chains. The company benefits from long-term contracts with customers and earns revenues through a share of the energy savings generated by efficiency upgrades. This investment is underpinned by a value creation plan that will include expanding its service offerings, broadening its customer base, and solidifying its position as an industry leader through scale.

Budderfly

An additional 2022 investment was **Sunsure,** a leading renewable energy and decarbonization solutions platform in India. Sunsure has historically built solar plants for commercial and industrial customers and third-party renewable energy projects. During our holding period we aim to transform Sunsure into a next generation independent power producer that will not only build but also own utility-scale solar, wind, solar-wind hybrid, and battery storage renewable energy projects. In doing so, Sunsure will be able to expand its business by selling energy directly to commercial and industrial customers through long-term power purchase agreements.

Private real estate

The real estate market has experienced a profound shift, most recently with interest rate hikes and with capital increasingly flowing towards residential and industrial sectors. Nevertheless, there remains a strong appetite for quality real estate assets in good locations, such as multi-family and industrial assets in the US and logistics and warehouse assets in Asia.

Today, our investment process revolves around acquiring and building assets in growing sectors and locations, with a focus on environmental and connectivity factors. For the high conviction opportunities in the logistics and residential sectors, we see value in pursuing portfolio aggregation strategies. In terms of locations, we remain focused on areas supported by above-average population and employment growth that offer high living standards to tenants and a favorable environment to businesses. Our preferred themes include residential-for-rent and high-quality logistics. We continued to focus on these themes in 2022, investing USD 2.9 billion in new private real estate assets and platforms.

A key growth theme we have been looking at is the rental single-family homes sector in the under-supplied Sunbelt region of the US. To access this theme, we recently invested in a platform that consists of a leading technology enabled operator, **Kairos Living**, along with a large portfolio of homes across 17 states. This investment represents an opportunity to assemble a portfolio of residential assets that are strategically located, high-quality, and affordable for young families with stable incomes which provide the highest quality living experiences. Kairos Living has developed a technology platform with a centralized operational approach that enables potential residents to quickly find, tour, lease, and live in a property through their platform without the need for in person assistance. The platform and operating model, which provides real time data, together with automated underwriting of both on market and off market opportunities, will allow for more targeted acquisitions, higher operating margins, superior resident service and a highly scalable investment. Our vision is to capitalize on the fragmented nature of the single-family rental market to build a platform across the region whilst ensuring superior tenant experiences..

US single-family home portfolio

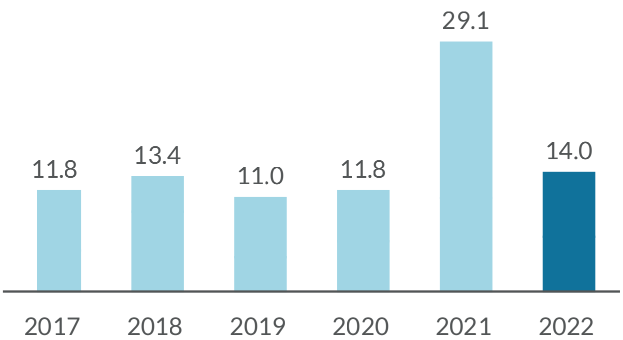
Realizations in 2022

Our portfolio realizations during 2022 amounted to USD 14.0 billion (2021: USD 29.1 billion). We elected to exit a few select investments which had infrastructure-like

2022 at a glance - Investments

characteristics and were therefore ideally positioned in the current market environment. For other mature assets within our portfolio we decided to continue growing the businesses and generating value through our hands-on transformational investment approach.

Partners Group's portfolio realizations (in USD bn)



One high-profile exit that we closed in 2022 on behalf of our clients was the sale of a 50% stake in **USIC** (United States Infrastructure Corporation), a leading North American provider of utility location services, at an enterprise value of USD 4.1 billion. USIC provides outsourced "utility locate" services, which involve locating, identifying, and marking sub-surface utility infrastructure such as pipes, cables, and fiber. These services are executed on behalf of public utilities that are required by law to ensure underground infrastructure is marked correctly before ground is broken on any new project. USIC benefits from consistent demand from a blue-chip customer base and long-term contracted cash flows. Since acquiring it in 2017, we applied our entrepreneurial governance approach to drive several transformational value creation initiatives in order to accelerate USIC's growth trajectory. During our first year we installed an entrepreneurial Board that has helped to transform the company and drive strong organic growth, with EBITDA increasing 77% over the last five years.

A key initiative which strongly contributed to USIC's growth included launching a company-wide diagnostic which took place in 2019. We conducted over 140 interviews with technicians, supervisors, and senior management. Worker safety emerged as an obvious priority for the company, and we therefore launched a pilot program in Western Missouri and Houston, Texas was introduced that focused on safety, quality, inventory, delivery, and production. USIC introduced “lean tools”, such as daily discussions where supervisors ask technicians about their workload, scheduled tasks, and whether they have the right tools to complete each job. An untidy truck is inefficient: tools are harder to find or sometimes missing when technicians are hundreds of miles from base. The Tidy Truck initiative harmonized truck layouts and inventories of paint and flags. Job quality improved almost immediately, leading to the initiative being rolled out nationwide by April 2020. Under our ownership, we also renewed USIC’s entire fleet of trucks. Newer models are safer, more fuel efficient, and internet connected. Proprietary USIC software makes rostering and route planning more efficient, with no left turns imposed wherever possible to cut the biggest cause of accidents. With new drones in their toolboxes, technicians will also be able to service inaccessible locations quickly and safely. Since these initiatives, motor vehicle accidents have fallen by a third and field injuries and lost- time incident rates have been halved.

In addition, we focused on improving employee well being. Staff turnover at USIC is now at historic lows, which is a fundamental value driver for the business. New initiatives have been introduced to ensure staff feel valued and to optimize their working conditions. For example, any employee can now contact the “Hey Mike” hotline to USIC CEO Michael Ryan to raise issues, from their work-life balance to training or problems related to a specific job.

USIC

In 2022, we completed our largest ever sale of a renewable energy platform with the realization of **CWP Renewables**, a major Australian renewable energy platform. Partners Group developed CWP from the ground up and focused on platform expansion to grow it to where it is today: a pan-Australian platform that operates over 1.1 GW of wind assets. Including late-stage construction assets, CWP can create enough energy to power 200'000 homes, employ more than 1'000 people, and avoid 2.1 million tons of emissions through its renewable power generation.

In building CWP, we managed projects towards commercial operation dates, installed best-in-class teams to handle

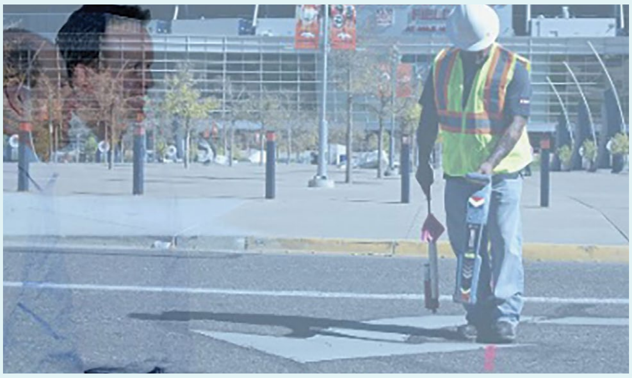
2022 at a glance - Investments

daily operations, and arranged long-term power purchase agreements. In addition, we implemented a portfolio debt staple to replace individual specific project finance facilities. Each of these projects was carried out with a view to the long-term sustainability of the platform.

Stakeholder impact was also a key consideration for Partners Group throughout our holding period. With CWP we focused on community impact and rolled out a 13-point reconciliation action plan to ensure diversity and inclusion of indigenous groups. One example, increasing integration with local populations, was the launching of a program to give community members the opportunity to participate in local co-investment funds.

CWP Renewables

2022 at a glance - Clients



Clients

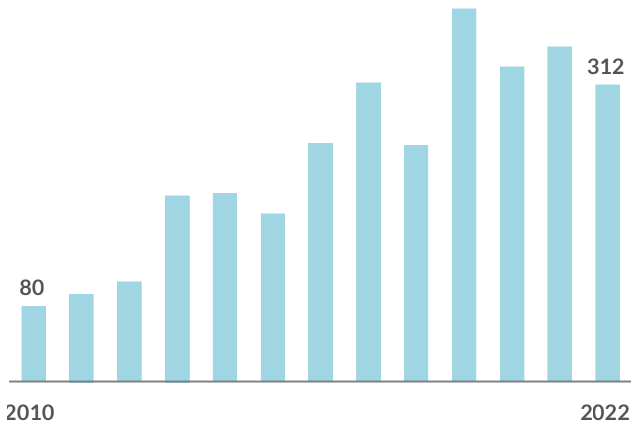
USD 22 billion gross client demand in 2022; **AuM** stands at **USD 135 billion.**

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.

Across the buyout industry, fundraising grew to USD 312 billion in 2022 from USD 80 billion in 2010. Despite the macroeconomic challenges, fundraising in 2022 was resilient and remained largely in line with prior years. This is a testament to the increasing demand we see from clients who are looking for exposure to the growing portion of the real economy that can be accessed through private markets.

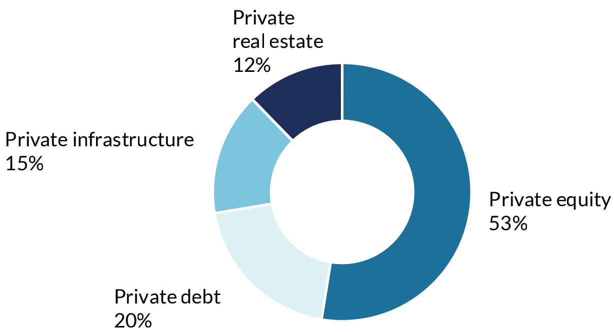
Private markets industry fundraising[1] (USD bn)



We acknowledge that our clients are also impacted by the current environment. The sharp rise in interest rates and increasing inflation across the globe have a contagion effect for many businesses and people. This has resulted in a slowing down of conversion speed across our client base and is reflected in the lower fundraising we had during the second half of the year, particularly in Q4. In this environment, investors naturally take more time to make decisions. This slow-down in client decision making is, however, not fundamental as our clients continue to maintain their mid- to long-term allocation targets. In this period of increased market uncertainty we successfully raised USD 22.3 billion and met our fundraising guidance which we issued in January 2022. The steady demand for our bespoke client solutions and traditional product offering brought our total AuM to USD 135.4 billion as of 31 December 2022 (31 December 2021: USD 127.4 billion), an increase of 10% year-on-year excluding foreign exchange effects (6% including these effects).

The breakdown of total AuM across asset classes as of 31 December 2022 is as follows: USD 71 billion in private equity, USD 27 billion in private debt, USD 21 billion in private infrastructure, and USD 17 billion in private real estate.

AuM by asset class (as of 31 December 2022)



[1] Source: Preqin: Global Report 2023: Alternative Assets.

2022 at a glance - Clients

Next to 2022 fundraising, AuM growth was further influenced by the performance across Partners Group's private markets portfolios, which led to a positive contribution of USD 0.6 billion from a select number of investment programs that link AuM to net asset value ("NAV") development[2]. Tail-downs from mature private markets investment programs amounted to USD 7.3 billion while redemptions from evergreen programs accounted for USD 2.9 billion. Foreign exchange effects negatively impacted underlying AuM growth by USD 4.7 billion, in particular due to the weakening of EUR against USD. Taking into account these factors Partners Group had a net AuM growth of USD 8.0 billion during the period.

Private equity was the largest contributor to assets raised in 2022, representing 59% (USD 13.2 billion) of all new commitments. Client demand was seen across the entire suite of our traditional and bespoke client solutions offerings. On the bespoke client solutions side, along with our open-ended funds, our mandates were a key contributor to fundraising, recording one of its highest ever inflows during the period.

Private debt also had solid inflows, which represented 20% (USD 4.5 billion) of all new commitments. Demand was spread over several different programs and mandates, including our collateralized loan obligations focused on broadly syndicated loans (34% of assets raised in private debt) which led fundraising in the first half of the year, as well as our direct lending activities, which contributed the other 66% of new private debt commitments.

Client demand for **private infrastructure** represented 16% (USD 3.5 billion) of all new commitments. Private infrastructure closed its successor direct offering in February 2022 with the majority of capital committed during 2021.

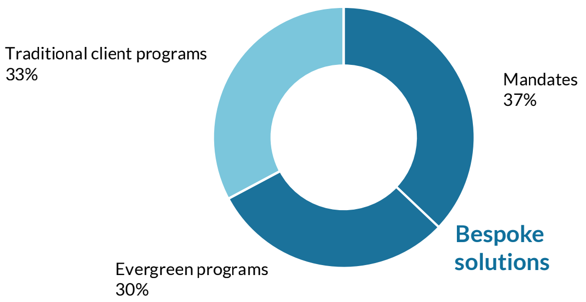
New commitments in **private real estate** represented 5% (USD 1.0 billion) of overall new client demand, stemming from a diversified range of investment programs and mandates. Private real estate was focused on deploying client commitments from its last flagship program ahead of launching its new real estate strategy in 2023.

Client demand by product structure

Managing around 300 diverse private markets portfolios in different stages of their lifecycle across all private market asset classes is our strength and a key differentiator for our firm.

We are market leaders in providing bespoke, tailored solutions to our clients. Our ability to create and actively manage bespoke programs that match different clients' targets remains unmatched in the industry and accounted for 70% of our 2022 fundraising.

AuM by program structure (as of 31 December 2022)



Starting with our largest product structure, our **mandate** business focuses on building up private market's exposure over time, allowing large institutional clients to reach their target allocation size at their own pace. As a result of our unique portfolio management capabilities we are able to tailor the investment content to the specific objectives and parameters of each client's risk/return profile and pre-defined investment level. This flexibility is particularly attractive to clients given the current environment. For instance, clients concerned about further rising rates tend to prefer private debt allocations with floating rates in their mandates while clients who are more concerned about future inflation levels tend to prefer increased exposure to private infrastructure. Capital is invested via long-term partnerships, which are often not limited to a specific contractual life and will continue for a perpetual term, unless new investments are discontinued. 38% (USD 8.4 billion) of our new client commitments stemmed from relationships with clients through mandates. As of 31 December 2022, we manage 37% of our AuM (USD 50.2 billion) in these solutions.

32% (USD 7.2 billion) of new commitments stemmed from our **evergreen programs**. Evergreen programs remained a net contributor to AuM growth in both the first and second half of 2022. These open-ended vehicles provide a certain level of liquidity and cater to those clients who are seeking to access the asset class where traditional solutions are not always appropriate. Evergreens cater mostly to high-net-worth clients and small institutional investors and have no contractual end

[2] Partners Group reports fee-paying AuM while 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.

2022 at a glance - Clients

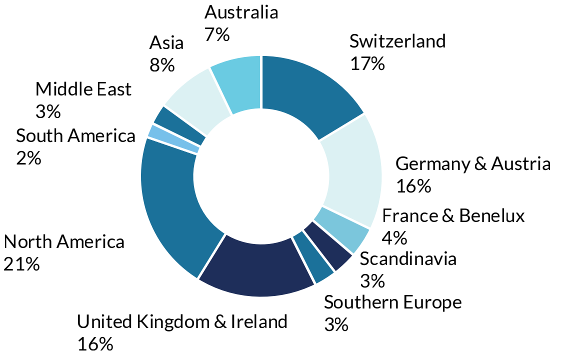
but are subject to potential redemptions[3]. As of 31 December 2022, our two largest investment programs, which are both globally diversified, accounted for 16% of our AuM. The largest and second largest programs combine private equity and private debt investments and cater to private investors in the US and Europe, respectively. As of 31 December 2022, we manage 30% of our AuM (USD 40.8 billion) in evergreen programs.

Beside these bespoke solutions, we continue to offer traditional programs. In 2022, 30% (USD 6.7 billion) of overall inflows were raised via **traditional private markets programs**, which are commingled funds with multiple investors. These programs are 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. As of 31 December 2022, we manage 33% of our AuM (USD 44.4 billion) in traditional private markets programs.

Client demand by region and by type

Across each of our three program structures, we have a broadly diversified and international client base spanning a range of client types.

AuM by region (as of 31 December 2022)



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. >

Bespoke Solutions: A case study[4]

Private equity investments have a growing attraction for large institutions, offering a combination of stability and the potential for dynamic and opportunistic investments. However, many institutions do not have the in-house investment team resources necessary to take a direct approach to private equity investing and are often restricted to investing in existing funds. The ability to make investments directly in businesses and assets, alongside investments in other funds, allows truly targeted investing and the potential for attractive returns. But for an in-house investment team to do this – analyze, select, and monitor direct investments – it takes resources which are not always available.

This was the challenge facing one client who came to Partners Group for a solution. The investment team was lean and handling a multi-billion-dollar portfolio, acting on behalf of the pension plan and charitable foundation linked to the company sponsor.

With limited resources, taking a view across all potential opportunities, carrying out due diligence, managing capital calls, cash management, and reinvestment risk were proving to be a significant challenge. Combining two pools of capital - pension plan and foundation - brought additional complexity to the allocation.

The solution was a custom mandate. Partners Group analyzed the specifics of the client's needs, long-term objectives, and the regulatory aspects specific to their business in order to design the right tailored model.

The vital feature of the bespoke solution is its flexibility. This mandate's investments include a combination of private equity control investments to generate maximum returns and non-control investments to deliver diversification. While the focus of the mandate is direct private equity investments, the solution gives the client the ability to invest opportunistically in other strategies and asset classes, including private equity secondaries along with private real estate and private infrastructure, adding a comprehensive real asset dimension to the portfolio.

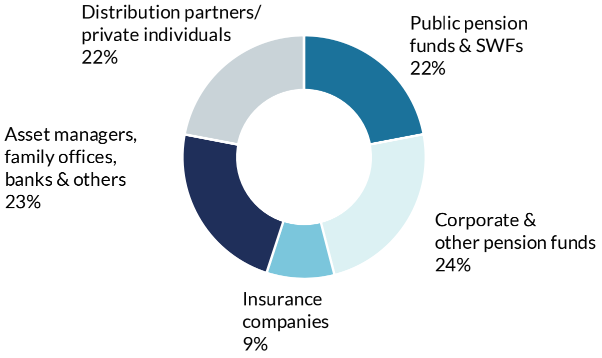
[3] Gating provisions are a standard feature of these evergreen programs in order to protect remaining investors and performance. Typically limited at up to 25% p.a. of the prevailing net asset value, depending on the investment strategy and content of the program, in severe cases of market distress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

[4] Past performance is not indicative of future results. For illustrative purposes only. There is no assurance that similar results will be achieved in the future. Diversification does not ensure a profit or protect against loss. Investments in funds are speculative and will involve significant risks.

2022 at a glance - Clients

>We continue to see strong interest from distribution partners, which typically accounts for between 20% to 30% of total client demand. They represent private individuals and smaller institutional investors. These client groups increasingly recognize the benefits of private markets and aim to mirror the allocations of larger 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 (as of 31 December 2022)



2022 at a glance - Client outlook

Outlook 2023

We issue a guidance of USD 17 to 22 billion expected gross fundraising for the full-year 2023, with a tilt towards the second half. We base our guidance on the normalization of client conversion pace and on financing markets stabilizing sufficiently during H1 to support an increase in investment activity later in the year. H2 fundraising is expected to be further supported by the launch of a number of next-generation flagship strategies coming to market at that time.

Our full-year estimates for tail-down effects from more mature investment programs and potential redemptions from evergreen programs amount to between USD 10.5 and 12.5 billion. This guidance includes an expected increase in potential redemptions throughout the year.

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.

Mid-term outlook

For the mid- to long-term we maintain our support for the general consensus in the industry which points towards a compound annual growth rate in AuM of 10% plus from 2021 onwards. This consensus is based on the structural shift between public markets and private markets which are swapping roles. Private markets are, in our view, becoming the new "traditional" asset class, offering investors access to the real economy.

The industry will also face challenges as it evolves, including increased competition, growing regulatory scrutiny, and increasingly specialized market participants. A part of this challenge will result from the democratization of the industry through the growth of wealth management, defined contribution plans and retail investor access, which will open the door to new market entrants. This democratization will significantly develop the private markets investor landscape and DNA. We expect that as new entrants enter the industry along with a new type of clientele, private markets AuM will switch from largely institutional money with a private markets' DNA and limited variability in investment approach to a more tailored investment offering leaning towards what today is considered to be public market DNA.

The firms that will deliver sustained outperformance at scale for their clients in this environment are likely to be well-resourced active managers that focus on thematic sourcing, value creation capabilities, and an entrepreneurial governance approach. The bifurcation between active and passive asset ownership will become more pronounced and future AuM will span between the two. We maintain the belief that while some private market asset managers will take a more passive approach, the answer to the future environment will be found in transformational investing and a focus on designing and managing private markets portfolios as a business ecosystem. As is true in today's market, active growth will remain key in a new era with higher rates and without valuation tailwinds.

In addition, we believe that investors will continue to look for managers of private markets assets which have a differentiated product offering. The significant scale of private markets will require new allocation strategies. Managers who offer differentiated solutions will have a disproportionate benefit and growth from the expansion of the industry as a whole.

2022 at a glance - Financials

Financials

Management fees increased by 12%, supported by continued AuM growth; EBIT margin at 60.5%, in line with long-term target.

We saw continued solid growth in average assets under management ("AuM") in CHF of 14% as we delivered USD 22 billion fundraising, within our guidance of USD 22 to 26 billion. This resulted in management fee growth of 12% to CHF 1'603 million. Following from 2021's exceptional performance fees of 46% of total revenues, lower levels of portfolio realizations translated into performance fees of CHF 269 million or 14% of total revenues. In total, revenues decreased by 29% to CHF 1'872 million.

Total operating costs decreased by 24% to CHF 740 million, mainly driven by lower variable performance fee-related personnel expenses. Total personnel expenses decreased by 31% year-on-year to CHF 596 million. In turn, a resumption in travel, continued investments in technology and cost inflation resulted in an increase of other operating expenses of 33% to CHF 104 million. Altogether, EBIT decreased by 31% year-on-year to CHF 1'132 million driven by lower performance fees. The EBIT margin decreased to 60.5% due to rising labor costs and foreign exchange effects.

For the financial year 2022, the Board proposes a dividend increase of 12% to CHF 37.00 per share based on continued AuM growth and a confident growth outlook across all business lines.

Key financials

	2022	2021	Growth
AuM as of the end of the period (in USD bn)	135.4	127.4	+6%
AuM as of the end of the period (in CHF bn)	125.3	116.0	+8%
Average AuM as of 31 December (in CHF bn)[1]	**124.1**	**109.3**	**+14%**
Revenue margin[1, 2]	1.51%	2.41%	
Revenues (in CHF m)[2]	**1'872**	**2'629**	**(29)%**
Management fees (in CHF m)[3]	1'603	1'432	+12%
In proportion of total revenues	*86%*	*54%*	
Performance fees (in CHF m)	269	1'197	(78)%
In proportion of total revenues	*14%*	*46%*	
EBIT (in CHF m)	**1'132**	**1'650**	**(31)%**
EBIT margin	60.5%	62.8%	
Management Fee EBIT (in CHF m)[4]	963	895	+8%
Profit (in CHF m)	**1'005**	**1'464**	**(31)%**
Dividend (in CHF per share)	**37.00**	**33.00**	**+12%**

Past performance is not indicative of future results. For illustrative purposes only. There is no assurance that similar results will be achieved in the future.

[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.

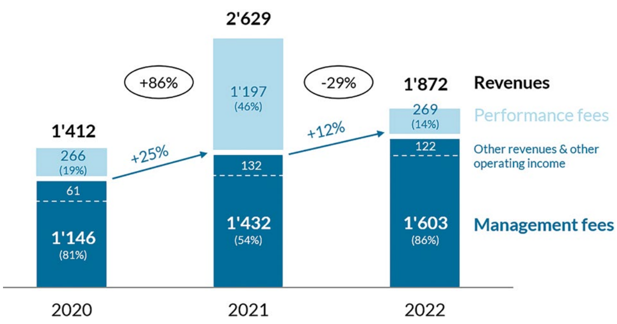
[4] Management Fee EBIT is defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2022 (p32).

2022 at a glance - Financials

Solid management fee growth of 12%

Average AuM in CHF grew by 14% in 2022 resulting in a management fee increase of 12% to CHF 1'603 million (2021: CHF 1'432 million). Of this amount, other revenues and other operating income decreased by 7% to CHF 122 million (2021: CHF 132 million). Despite being lower than 2021, we continued to benefit from late management fees in large part due to the closing of our third direct infrastructure flagship program in early 2022. We also saw higher other non-recurring operating income related to higher income from our treasury management services.

Revenues[5]
(in CHF million)



Continued management fee margin stability

Over the last 10 years, our management fee margin has been stable and ranged between 1.22% and 1.33% (average 1.27%). This confirms that clients value our solutions and allows us to benefit from pricing stability. In any given year, total management fees may vary slightly based on late management fees levied and other operating income stemming from our treasury management services. In 2022, the management fee margin was at the upper end of the historical bandwidth at 1.29% due to higher late management fees. The lower performance fees brought the total revenue margin to 1.51% (2021: 2.41%).

Management fees make up most of our revenues

Today, we manage over 300 diverse private markets portfolios in different stages of their lifecycle across all private market asset classes contributing to our highly diversified management fees. These broadly fall under three main categories: first, closed-ended limited partnerships; second, 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 third, evergreen programs, which allow our investors to gain full access to private markets from day one.

- **Closed-ended programs** (33% of AuM) are long-term closed-ended investment partnerships typically represented by our traditional flagship programs. Their 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.

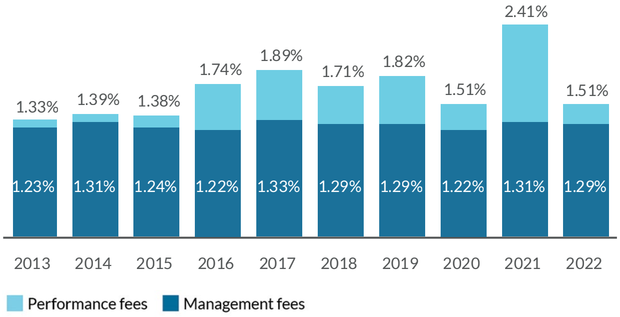
- **Mandates** (37% of AuM) are long-term partnerships between Partners Group and an institutional investor with a highly specific and tailored investment mandate which Partners Group manages. Management fees are charged on investment exposure via long-term partnerships, which are often not limited to a specific contractual life and will continue for a perpetual term, unless new investments are discontinued.

- **Evergreen programs** (30% of AuM) cater predominantly to high-net-worth individuals and smaller institutional investors and provide access to various private markets asset classes under the form of funds with limited liquidity. Management fees are typically charged on the fund's investment exposure.[6]

[5] Revenues from management services, net, and other operating income. Management fees and other revenues, net, and other operating income. Due to rounding, numbers might not add up.
[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.

2022 at a glance - Financials

Revenue margin[7]

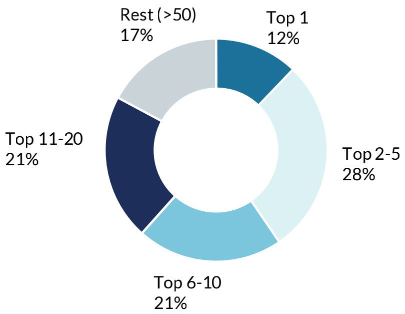


Performance fees lower following exceptional 2021

Following from last year's exceptional performance fees of 46% of revenues, performance fees for 2022 represented 14% of total revenues, or CHF 269 million (2021: CHF 1'197 million). This was primarily driven by two factors. In H1 2022, performance fees were lower as we decided in 2021 to bring forward select realizations originally planned for 2022 into 2021 because the firm had already met its value creation targets and exit conditions were particularly favorable. In H2 2022, we did not realize our full performance fee potential as we postponed the realization of more mature businesses and assets considering the changing market environment.

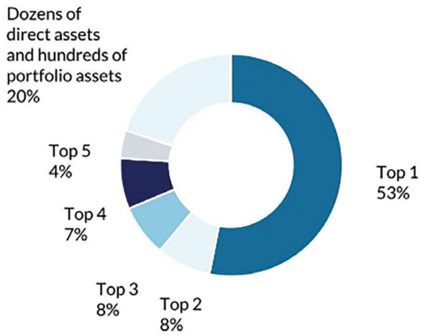
Our performance fees are well diversified across programs and assets. More than 70 investment programs and mandates with portfolios diversified across many vintage years contributed to performance fees in 2022.

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 12% of the total performance fees. The asset that contributed the most to total performance fees was the sale of a 50% stake in USIC (United States Infrastructure Corporation) at an enterprise value of USD 4.1 billion, representing 53% of total performance fees generated. USIC is a leading North American provider of utility location services providing outsourced "utility locate" services, which involve locating, identifying, and marking sub-surface utility infrastructure such as pipes, cables, and fiber. Given the size of the transaction, performance fees were less diversified than in a normalized market environment with stable financing markets. The sale of USIC is a testament of the continued demand for strongly performing businesses, especially those with infrastructure-like characteristics.

Performance fee contribution by single assets



Underlying portfolio performance confirms positive mid-to long-term performance fee outlook

For 2023, we expect performance fees to be within our mid- to long-term guidance of 20% to 30% as a proportion of total revenues, with a tilt to H2. Our expectations are based on the strong underlying performance of our portfolio as well as on financing markets stabilizing sufficiently during H1 to support an increase in divestment activity later in the year.

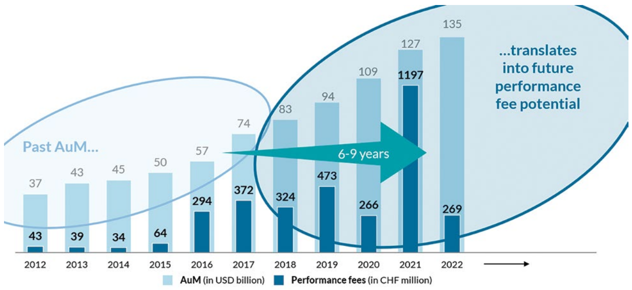
We follow a prudent approach in recognizing performance fees. In closed-ended investment programs and mandates, performance fees are recognized only once investments are realized and a pre-defined return hurdle has been exceeded, after stress-testing unrealized investments. We stress-test unrealized investments by applying significant NAV write-downs, of at least 50% from the initial investment levels 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. The performance fee recognition methodology for closed-ended programs is explained in detail on pages 30 to 31, as well as in note 19.7 (b) of the notes to the consolidated financial statements.

[7] Calculated as revenues divided by average assets under management, on a daily basis.

2022 at a glance - Financials

Over the longer 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.

Performance fees



FTE growth in line with AuM growth

The average number of FTEs for 2022 was 1'705 as of 31 December 2022 (31 December 2021: 1'516 FTEs), an increase of 13% year-on-year. 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.

Performance fees main driver of lower total costs

In 2022, total operating costs decreased by 24% to CHF 740 million (2021: CHF 978 million). The decrease was mainly driven by lower variable performance fee-related personnel expenses and was partially offset by increased investments in talent, by cost inflation, and by a normalization of travel.

Personnel expenses

Personnel expenses decreased by 31% to CHF 596 million and represented 80% of total operating costs in 2022. Personnel expenses consist of both regular and performance fee-related expenses.

- **Regular personnel expenses** grew by 18% to CHF 496 million (2021: CHF 420 million). They grew ahead of average FTE growth of 13% as we decided to make adjustments to compensation. This was to account for a more competitive environment for talent as well as for the effects of inflation. The total growth in regular personnel expenses was mitigated by a release of social security provisions from the firm's equity incentive plans, which resulted from the decrease in the firm's share price in 2022.
- **Performance fee-related personnel expenses** decreased by 77% to CHF 100 million (2021: CHF 441 million), in line with performance fees. Performance fees and performance fee-related expenses have a direct relationship to each other as we allocate up to 40% of all performance fees to our staff and as a result, foresee these two elements to move in tandem.

Other operating expenses and depreciation & amortization

Other operating expenses increased by 33% during the period to CHF 104 million (2021: CHF 78 million). This was driven by a normalization of travel post-pandemic to continue driving fundraising and investment activity as well as by increased technology investments to support the sustained growth of our platform in the years to come. We expect those expenses to move in line with management fees going forward. Depreciation & amortization remained stable at CHF 40 million (2021: CHF 40 million).

EBIT in line with revenues[8]
(in CHF m)

	2022		2021
Revenues	**1'872**	**(29)%**	**2'629**
Total operating costs, of which	-740	(24)%	-978
Personnel expenses	-596	(31)%	-861
Personnel expenses (regular)	*-496*	*+18%*	*-420*
Personnel expenses (performance-fee-related)	*-100*	*(77)%*	*-441*
Other operating expenses	-104	+33%	-78
Depreciation & amortization	-40	+2%	-40
EBIT	**1'132**	**(31)%**	**1'650**
EBIT margin	60.5%		62.8%
Average FTEs	1'705	+13%	1'516
Year-end FTEs	1'836	+17%	1'573

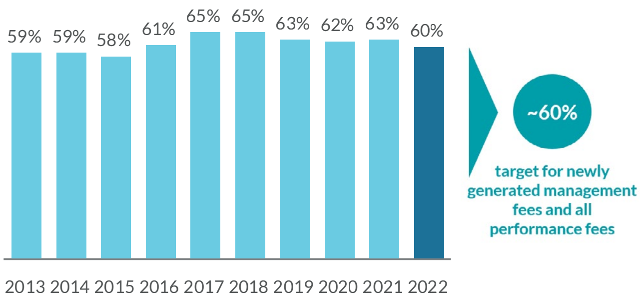
[8] Revenues include management fees and other revenues, net, performance fees,net, and other operating income. Regular personnel expenses exclude performance fee related personnel expenses. Performance-fee related personnel expenses are defined in the "Key definitions and alternative performance metrics" section of the Annual Report 2022 (p. 32).

2022 at a glance - Financials

EBIT margin at 60.5%, aligned with long-term target of ~60% on new business

EBIT amounted to CHF 1'132 million (2021: CHF 1'650 million), mainly driven by lower performance fees. At the same time, the EBIT margin decreased to 60.5% (2021: 62.8%). This was driven by two factors in about equal proportions: first, rising labor costs due to a more competitive environment for talent and the effects of inflation, and second, foreign exchange effects such as the strengthening of the CHF against the EUR. We provide further details on our currency exposure in the following section.

EBIT margin[9]

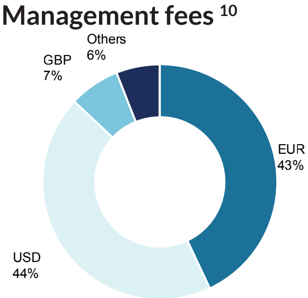


FX exposure

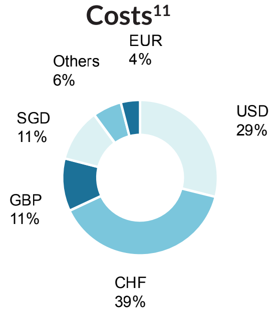
In 2022, foreign exchange fluctuations negatively impacted the firm's operating margin by approximately 1.5%-points. In general, fluctuations in EUR or USD against CHF affect our revenues and costs and, therefore, also our total EBIT margin. This is a result of the difference between the currency mix of our revenues and costs. Most prominently affected by such movements are our management fees and 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 2022

Management fees [10]



Costs[11]



Average FX rates

Average FX rates	2022	2021	Delta
1 EUR CHF	1.005	1.081	(7)%
1 USD CHF	0.955	0.914	4%
1 GBP CHF	1.179	1.257	(6)%
1 SGD CHF	0.692	0.680	2%

Underlying operational performance offset by adverse foreign exchange movements

The financial result amounted to CHF -2 million (2021: CHF 76 million):

- **Portfolio performance:** we saw an average net investment result of 2%, or CHF +14 million (2021: CHF +120 million), stemming from our own investment programs in which we invest alongside our clients (see detailed description of balance sheet investments below). Our transformational investing approach continued to result in strong underlying asset and portfolio performance, which mitigated the effect of valuation changes brought upon by public market devaluations, resulting in a slight uplift across our investments alongside our clients for the twelve-month period ending on 31 December 2022. For further information see note 5.5 to the consolidated financial statements.

- **Foreign exchange hedging and others:** the negative contribution of CHF -16 million (2021: CHF -44 million) was driven by negative foreign exchange effects, hedging and other costs. These negative effects are mainly a result of the accounting treatment of financial positions in currencies different than CHF. We hedge our exposure in currencies other than CHF for our treasury management and short-term financing services.

The actual tax rate stood at 11.0% (2021: 15.2%) resulting in corporate taxes of CHF 124 million (2021: CHF 263 million). This reduction was mainly driven by a one-time recognition of goodwill in the tax accounts in 2022. Adjusting for the effects from the recognition of goodwill, the tax rate for 2022 would have been 15.4%. Assuming the OECD domestic tax base erosion and profit shifting ("BEPS") Pillar II initiative will be implemented in 2024, we expect the tax rate to increase to 18% to 19% for 2024 and onwards.

[9] For 2013–2014, non-cash items related to the capital-protected product Pearl Holding Limited were excluded from depreciation & amortization.
[10] Includes management fees and other revenues, net, and other operating income. Currency of the firm's AuM used as proxy for currency exposure of management fees.
[11] Includes regular personnel expenses (excluding performance fee-related expenses), other operating expenses as well as depreciation and amortization.

2022 at a glance - Financials

In summary, the firm's profit decreased to CHF 1'005 million (2021: CHF 1'464 million), developing broadly in-line with revenue.

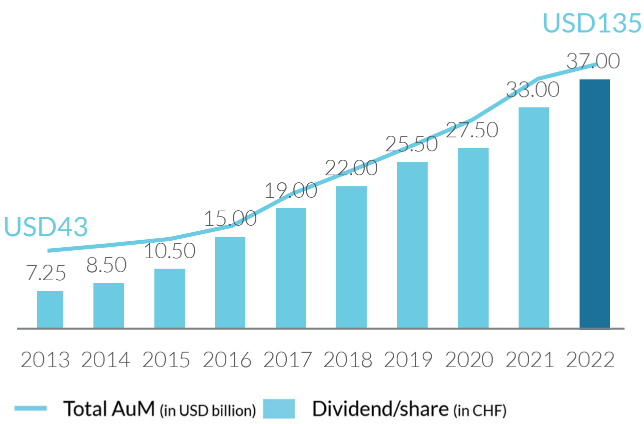
Profit
(in CHF m)

	2022		2021
EBIT	**1'132**	**(31)%**	**1'650**
Total financial result, of which	*-2*		*76*
Portfolio performance	*+14*		*+120*
Foreign exchange, hedging & others	*-16*		*-44*
Taxes	-124		-263
Tax rate	*11.0%*		*15.2%*
Profit	**1'005**	**(31)%**	**1'464**

Proposed dividend of CHF 37.00 per share (+12%)

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 37.00 per share (2021: CHF 33.00 per share) to its shareholders at the Annual General Meeting on 24 May 2023. This proposal represents a dividend increase of 12% and a payout ratio of 95% (2021: 60%), on a diluted earnings per share basis.

Dividend



Strong balance sheet

Our balance sheet remains strong with total available liquidity of CHF 3'071 million, represented by the sum of our cash & cash equivalents positions, of our undrawn credit facilities, and of our short-term loans. As such, we have sufficient liquidity 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.

In CHF m	2022
Cash & cash equivalents	779
Undrawn credit facilities	967
Cash liquidity	**1'746**
Short-term loans	1'325
Total available liquidity	**3'071**

As of 31 December 2022, the firm held a total of CHF 779 million in cash & cash equivalents. The short-term loans related to our treasury management services further complement our total cash & cash equivalents, strengthening our short-term liquidity. In fact, as at year-end 2022, 477 short-term loans (31 December 2021: 441) were outstanding with an average loan amount of CHF 2.8 million (31 December 2021: CHF 3.4 million). representing a total of CHF 1'325 million (31 December 2021: CHF 1'489 million). The durations 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.

The firm maintains three unsecured credit facilities with Swiss and international banks amounting to a total of CHF 1'237 million as of 31 December 2022 (31 December 2021: 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 2022, CHF 270 million was drawn from the credit facilities (31 December 2021: no credit facility drawn).

2022 at a glance - Financials

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 2022, our long-term outstanding debt amounted to CHF 799 million (31 December 2021: 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).

Continued balance-sheet light approach

As of 31 December 2022, the investments we hold on our own balance sheet alongside clients amount to a total of CHF 811 million (31 December 2021: CHF 770 million).

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 767 million as of 31 December 2022 (31 December 2021: CHF 715 million).

Investments in associates amounted to CHF 13 million as of 31 December 2022 (31 December 2021: CHF 18 million), which mainly represent a stake in Pearl Holding Limited, a mature investment program which continues to wind down via ongoing distributions.

Partners Group also provides seed financing to certain early stage investment programs managed by the firm. The scope of these investments is limited due to the firm's strict balance sheet risk management framework. The underlying assets of these investment programs are typically private market assets valued at the net asset value and amounted to (net) CHF 31 million as of 31 December 2022 (31 December 2021: CHF 37 million).

Investments alongside clients from balance sheet[12] (in CHF m)

Financial investments / GP commitment[13]	767
Investments in associates[14]	13
Seed investments[15]	31
Total investments alongside clients	**811**

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 2.2 billion as of 31 December 2022 (31 December 2021: CHF 2.1 billion), of which CHF 1.7 billion (2021: CHF 1.6 billion) is committed to closed-ended programs and CHF 0.5 billion (2021: CHF 0.5 billion) to evergreen programs.

[12] As of 31 December 2022.
[13] NAV excluding CHF 323 million (2021: CHF 455 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.
[14] Investments in associates described in detail in note 6 of the consolidated financial statements.
[15] Seed investments presented in the annual report as assets and liabilities held for sale.

2022 at a glance - Financials

Financial outlook

- **Management fees:** we expect gross client demand of USD 17 to 22 billion in 2023, together with around USD 10.5 to 12.5 billion in tail-down effects from the more mature closed-ended investment programs and redemptions from evergreen programs. We base our guidance on a normalization in the pace of client conversions and on financing markets stabilizing sufficiently during H1 to support an increase in investment activity later in the year. Our fundraising in H2 should be further supported by a number of next-generation flagship strategies coming to market at that time. 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:** assuming that financing markets stabilize sufficiently during H1, we expect the exit environment to become gradually more benign and anticipate exits to normalize around our mid- to long-term guidance of 20% to 30% of total revenues with a tilt to H2 2023. 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. We will continue to target a ~60% EBIT margin on new business as we continue to develop our talented professionals and invest in key areas of strategic focus, such as clients and technology.

- **Tax rate:** our overall corporate tax rate derives from various tax rates across many jurisdictions worldwide where we have active business operations. For 2023, we anticipate the tax rate to be in the range of 15% to 17%. And for 2024 onwards, we expect the tax rate to increase to around 18% to 19% assuming the OECD BEPS Pillar II initiative will be implemented in 2024.

2022 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.

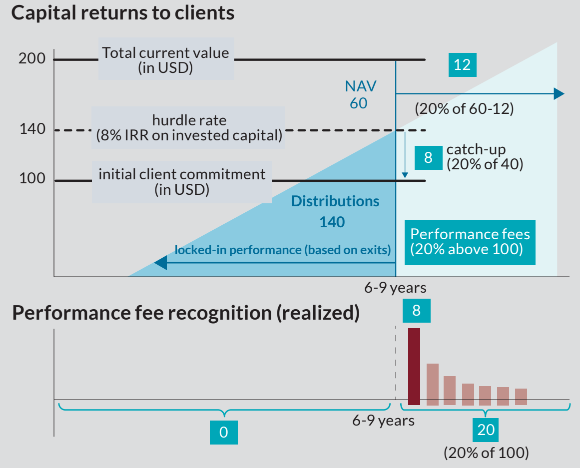
Total performance fees received by the manager are 20 (20% of 40 + 20% of 60 = 8 + 12) and clients receive 80% of profits (80% x (200 – 100)).

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 minimal[1]. 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 2022, the applied discount was 50% (31 December 2021: 50%), except for selected programs where the discount is determined on the basis of a systematic approach and may be up to 100%.

2022 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 x 50% = 500; 500 (stress-tested NAV) – 450 (cost of investments Y and Z) = 50 (value gain); 50 (value gain) x 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) x 20% = 20 performance fees.

- Step 2: stress-test on remaining NAV: 800 (unrealized investment Y) x 50% = 400; 400 (stress-tested NAV) + 200 (realized investment Y) – 450 (cost of investment Y and Z) = 150 (value gain); 150 (value gain) x 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) x 20% = 20 performance fees.

- Step 2: stress-test on remaining NAV: 500 (unrealized investment Y) x 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	2022	2021
EBIT	1'132	1'650
Revenues from management services, net, including other operating income	1'872	2'629
EBIT margin	**60.5%**	**62.8%**

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	2022	2021
EBIT	1'132	1'650
Performance fee revenues	(269)	(1'197)
Performance fee related expenses	100	441
Management Fee EBIT	**963**	**895**

Total net debt is calculated as long-term debt plus credit facilities drawn, minus cash and cash equivalents as well as short-term loans.

In millions of Swiss francs	2022	2021
Long-term debt	799	799
Credit facilities drawn	270	0
Cash and cash equivalents	(779)	(911)
Short-term loans	(1'325)	(1'489)
Total net debt	**(1'035)**	**(1'601)**

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	2022	2021
Revenues from management services, net, including other operating income	1'872	2'629
Average AuM (in CHF bn) calculated on a daily basis	124	109
Revenue margin (annualized)	**1.51%**	**2.41%**

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	2022	2021
Profit for the period	1'005	1'464
Average equity attributable to owners of the firm	2'657	2'587
Return on equity	**38%**	**57%**

1. Report of the auditors on the consolidated financial statements	**35**

2. Consolidated financial statements

– Consolidated income statement for the years ended 31 December 2022 and 2021	40
– Consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021	41
– Consolidated balance sheet as of 31 December 2022 and 2021	42
– Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021	44
– Consolidated statement of cash flows for the years ended 31 December 2022 and 2021	46
– Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021	48

Report of the auditors on the consolidated financial statements

KPMG

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 2022 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 40 to 112) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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 Standards on Auditing (SA-CH). 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, together with 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.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the consolidated financial statements

KPMG

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.

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 2022 financial year.

For further information on the recognition of revenues from management services (net) refer to notes 2, 3 and 19.7 to the consolidated financial statements on pages 48 to 53 and 105 to 106.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the consolidated financial statements

KPMG

Valuation of financial investments

Key Audit Matter	Our response
As at 31 December 2022, financial investments on the Group's balance sheet amounted to CHF 766.5 million (2021: CHF 715.2 million). In addition, financial investments presented as assets held for sale amounted to CHF 104.5 million (2021: 79.5 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 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 48, 49, 65 and 66.

Other Information

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.

Board of Directors' Responsibilities 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.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the consolidated financial statements

KPMG

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 SA-CH 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 SA-CH, 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.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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 PS-CH 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, 17 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Consolidated income statement for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Management fees and other revenues, net		1'545.0	1'393.3
Performance fees, net		268.9	1'196.6
Revenues from management services, net	**3.**	**1'813.9**	**2'589.9**
Other operating income	5.2.	58.0	38.8
Personnel expenses	4.1.	(595.8)	(860.6)
Other operating expenses	10.	(103.9)	(78.0)
EBITDA[1]		**1'172.2**	**1'690.1**
Depreciation and amortization	11.&12.	(40.5)	(39.7)
EBIT[1]		**1'131.7**	**1'650.4**
Finance income	5.1.	17.9	122.5
Finance expense	5.1.	(20.2)	(46.7)
Profit before tax		**1'129.4**	**1'726.2**
Income tax expense	9.1.	(124.5)	(262.6)
Profit for the period		**1'004.9**	**1'463.6**
Profit for the period attributable to owners of the Company		1'004.9	1'463.6
Basic earnings per share (in Swiss francs)	15.	39.34	56.19
Diluted earnings per share (in Swiss francs)	15.	39.09	55.12

[1] For definitions please refer to p. 32

Consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Profit for the period		**1'004.9**	**1'463.6**
Other comprehensive income:			
Exchange differences on translating foreign operations		(48.7)	(2.4)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods		**(48.7)**	**(2.4)**
Net actuarial gains/(losses) from defined benefit plans	4.5.2.	(10.0)	14.5
Tax impact on net actuarial gains/losses from defined benefit plans	9.2.	1.2	(1.7)
Actuarial gains/(losses) from defined benefit plans, net of tax		**(8.8)**	**12.8**
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax		**(8.8)**	**12.8**
Total other comprehensive income for the period, net of tax		**(57.5)**	**10.4**
Total comprehensive income for the period, net of tax		**947.4**	**1'474.0**
Total comprehensive income attributable to owners of the Company		947.4	1'474.0

Consolidated balance sheet as of 31 December 2022 and 2021

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents	5.4.1.	779.5	910.7
Derivative assets held for risk management	5.3.1.	5.1	7.7
Trade and other receivables	5.4.1.	641.3	642.8
Short-term loans	5.4.1.	1'324.8	1'489.2
Assets held for sale	5.3.3.	104.5	79.5
Total current assets		**2'855.2**	**3'129.9**
Property, equipment and right-of-use assets	11.	323.6	256.4
Intangible assets	12.	74.6	65.9
Investments in associates	6.	13.4	18.3
Financial investments	5.3.2.	766.5	715.2
Other financial assets	5.3.4.	432.8	532.2
Employee benefit assets	4.5.		10.5
Deferred tax assets	9.2.	110.1	104.4
Total non-current assets		**1'721.0**	**1'702.9**
Total assets		**4'576.2**	**4'832.8**

Consolidated balance sheet as of 31 December 2022 and 2021

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Liabilities and equity			
Liabilities			
Trade and other payables	7.	225.6	306.6
Income tax liabilities		114.9	90.9
Provisions		2.5	0.1
Credit facilities drawn	5.4.3.	270.0	
Employee benefit liabilities	4.5.	200.1	288.1
Liabilities held for sale	5.3.3.	73.0	42.6
Total current liabilities		**886.1**	**728.3**
Employee benefit liabilities	4.5.	334.7	296.0
Provisions		7.3	6.5
Deferred tax liabilities	9.2.	6.7	3.4
Long-term debt	13.	799.4	799.1
Lease liabilities	8.	62.6	49.9
Other long-term liabilities	5.4.3.	63.1	51.1
Total non-current liabilities		**1'273.8**	**1'206.0**
Total liabilities		**2'159.9**	**1'934.3**
Equity			
Share capital	14.	0.3	0.3
Treasury shares		(847.8)	(378.2)
Legal reserves		0.2	0.2
Other components of equity		3'263.6	3'276.2
Equity attributable to owners of the Company		**2'416.3**	**2'898.5**
Total liabilities and equity		**4'576.2**	**4'832.8**

Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Equity attributable to owners of the Company						2022
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Cumulative translation adjustments	Retained earnings	Total other components of equity	Total
Balance as of 1 January	**0.3**	**(378.2)**	**0.2**	**(226.0)**	**3'502.2**	**3'276.2**	**2'898.5**
Transactions with owners of the Company, recorded directly in equity							
Contributions by and (distributions to) owners of the Company:							
Purchase of treasury shares		(569.4)					(569.4)
Disposal of treasury shares		99.8			(74.6)	(74.6)	25.2
Share-based payment expenses					57.9	57.9	57.9
Tax effect on share-based payment transactions					(82.3)	(82.3)	(82.3)
Dividends paid to owners of the Company					(861.0)	(861.0)	(861.0)
Total contributions by and (distributions to) owners of the Company	**–**	**(469.6)**	**–**	**–**	**(960.0)**	**(960.0)**	**(1'429.6)**
Profit for the period					1'004.9	1'004.9	1'004.9
Total other comprehensive income for the period, net of tax				(48.7)	(8.8)	(57.5)	(57.5)
Total comprehensive income for the period, net of tax	**–**	**–**	**–**	**(48.7)**	**996.1**	**947.4**	**947.4**
Balance as of 31 December	**0.3**	**(847.8)**	**0.2**	**(274.7)**	**3'538.3**	**3'263.6**	**2'416.3**

Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Equity attributable to owners of the Company						2021
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Cumulative translation adjustments	Retained earnings	Total other components of equity	Total
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							
Contributions by and (distributions to) owners of the Company:							
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 cash flows for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Operating activities			
Profit for the period		1'004.9	1'463.6
Adjustments:			
Net finance (income) and expense	5.1.	2.3	(75.8)
Income tax expense	9.1.	124.5	262.6
Depreciation and amortization	11.&12.	40.5	39.7
Share-based payment expenses	4.2.	57.9	55.5
Change in provisions		1.5	(2.5)
Change in employee benefit assets/liabilities		(53.9)	262.9
Non-cash change in other financial assets		18.9	(185.5)
Non-cash change in other long-term liabilities		14.3	12.9
Operating cash flow before changes in working capital		**1'210.9**	**1'833.4**
(Increase)/decrease in trade and other receivables and short-term loans		119.5	(1'003.0)
Increase/(decrease) in trade and other payables		(83.2)	81.3
Finance expenses (other than interest) paid		(4.4)	(4.4)
Cash generated from/(used in) operating activities		**1'242.8**	**907.3**
Income tax paid		(183.7)	(205.5)
Net cash from/(used in) operating activities		**1'059.1**	**701.8**
Investing activities			
Proceeds on disposal of property and equipment			0.2
Purchase of property and equipment	11.	(60.5)	(34.3)
Purchase of intangible assets	12.	(28.2)	(21.9)
Purchase of financial investments & assets and liabilities held for sale		(138.3)	(136.2)
Proceeds on disposal of financial investments & assets and liabilities held for sale		81.7	160.6
Proceeds on disposal of investments in associates	6.	4.4	8.5
Purchase of other financial assets		(1.6)	(3.5)
Proceeds on disposal of other financial assets		68.4	2.0
Interest received[2]	5.1.	4.0	2.8
Net cash from/(used in) investing activities		**(70.1)**	**(21.8)**

[2] Excludes CHF 51.3 million (2021: CHF 27.5 million) compensation from short-term loans (included in other operating income) that forms part of net cash flow from operating activities.

Consolidated statement of cash flows for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Financing activities			
Repayments of credit facilities		(950.0)	
Drawdowns from credit facilities		1'220.0	
Payment of principal portion of lease liabilities	8.	(12.9)	(11.7)
Interest paid		(5.6)	(8.7)
Dividends paid to shareholders of the Company	14.	(861.0)	(724.6)
Purchase of treasury shares		(569.4)	(386.0)
Disposal of treasury shares		25.2	153.0
Net cash from/(used in) financing activities		**(1'153.7)**	**(978.0)**
Net increase/(decrease) in cash and cash equivalents		**(164.7)**	**(298.0)**
Cash and cash equivalents as of 1 January		910.7	1'227.6
Exchange differences on cash and cash equivalents		33.5	(18.9)
Cash and cash equivalents as of 31 December		**779.5**	**910.7**

In millions of Swiss francs	31 December 2022	31 December 2021
Bank balances	779.5	910.7
Petty cash	0.0	0.0
Total cash and cash equivalents	**779.5**	**910.7**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022 and 2021 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 17 March 2023 and are subject to approval at the Annual General Meeting of shareholders on 24 May 2023.

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 judgment

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 a subjective assessment with varying degrees of judgment which takes 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.

(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

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 of the business model. These are, however, considered to be of less significance to the Group.

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 determined 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 services in the private markets spectrum. These services comprise both 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.

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 through its 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 that are looking for non-bank financing across the entire debt structure. These investments range from predominantly senior loans to subordinated financing solutions and also span 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 benefiting 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 through its 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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022 and 2021

In millions of Swiss francs							2022
	Operating segments						
	Private equity	Private debt	Private real estate	Private infra-structure	Total reportable segments	Unallocated	Total
Management fees and other revenues	979.3	237.2	219.6	322.5	1'758.6		1'758.6
Revenue deductions related to management fees and other revenues	(120.4)	(22.2)	(34.0)	(37.0)	(213.6)		(213.6)
Performance fees	228.6	18.8	10.2	22.8	280.4		280.4
Revenue deductions related to performance fees	(10.4)	(0.1)	(0.4)	(0.6)	(11.5)		(11.5)
Revenues from management services, net	**1'077.1**	**233.7**	**195.4**	**307.7**	**1'813.9**	**–**	**1'813.9**
Other operating income	19.5	3.6	16.2	16.0	55.3	2.7	58.0
Revenues and other operating income	**1'096.6**	**237.3**	**211.6**	**323.7**	**1'869.2**	**2.7**	**1'871.9**
Personnel expenses	(148.8)	(46.4)	(39.8)	(46.7)	(281.7)	(314.1)	(595.8)
Other operating expenses	(5.1)	(1.3)	(4.4)	(1.3)	(12.1)	(91.8)	(103.9)
Gross segment result before depreciation and amortization	**942.7**	**189.6**	**167.4**	**275.7**	**1'575.4**	**(403.2)**	**1'172.2**
Depreciation and amortization						(40.5)	(40.5)
Gross segment result	**942.7**	**189.6**	**167.4**	**275.7**	**1'575.4**	**(443.7)**	**1'131.7**
Reconciliation to profit for the period:							
Net finance income							(2.3)
Income tax expense							(124.5)
Profit for the period							**1'004.9**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs							2021
	Operating segments						
	Private equity	Private debt	Private real estate	Private infra-structure	Total reportable segments	Unallocated	Total
Management fees and other revenues	900.0	239.1	210.6	259.6	1'609.3		1'609.3
Revenue deductions related to management fees and other revenues	(125.2)	(23.8)	(36.3)	(30.7)	(216.0)		(216.0)
Performance fees	1'065.4	133.9	32.2	47.3	1'278.8		1'278.8
Revenue deductions related to performance fees	(79.5)	(1.7)	(0.4)	(0.6)	(82.2)		(82.2)
Revenues from management services, net	**1'760.7**	**347.5**	**206.1**	**275.6**	**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	**1'775.0**	**349.3**	**214.3**	**286.3**	**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	**1'520.2**	**272.9**	**165.2**	**228.3**	**2'186.6**	**(496.5)**	**1'690.1**
Depreciation and amortization						(39.7)	(39.7)
Gross segment result	**1'520.2**	**272.9**	**165.2**	**228.3**	**2'186.6**	**(536.2)**	**1'650.4**
Reconciliation to profit for the period:							
Net finance income							75.8
Income tax expense							(262.6)
Profit for the period							**1'463.6**

The Group refined the segment allocation of revenues related to its multi-segment investment programs. Comparative amounts have been re-presented.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Geographical information

The operating segments are managed globally with Switzerland as the headquarters. Local offices ensure access to clients and investment opportunities within their geographies. Investment management services are primarily provided out of Switzerland, while 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.

	Revenues from management services, net	
In millions of Swiss francs	**2022**	**2021**
Switzerland[3]	41.9	143.7
Guernsey	607.4	1'047.4
Luxembourg	669.4	769.2
US	285.1	396.4
Others	210.1	233.2
Total revenues from management services, net	**1'813.9**	**2'589.9**

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 2022 there was one direct counterparty (2021: one) exceeding 10% of revenues from management services, net, totaling to CHF 199.9 million (2021 CHF 321.1 million) with an exposure across the segments of Private equity, Private debt and Private infrastructure (2021: Private equity, Private debt and Private infrastructure).

4. Remuneration

4.1. Personnel expenses

In millions of Swiss francs		**2022**	**2021**
Salaries and cash bonus		(428.0)	(406.3)
Share-based payment expenses	4.2.	(57.1)	(54.7)
Other long-term benefits (Management Carry Plan)		(50.2)	(268.5)
Retirement schemes - defined contribution plans		(9.4)	(23.3)
Retirement schemes - defined benefit plans	4.5.2.	(5.5)	(4.8)
Other social security expenses		(6.0)	(80.6)
Other personnel expenses		(39.6)	(22.4)
Total personnel expenses		**(595.8)**	**(860.6)**

The average number of employees in 2022 was 1'724 (2021: 1'533), which is equivalent to 1'705 full-time employees (2021: 1'516).

[3] Revenue deductions related to management fees, performance fees and other revenues are largely reimbursed by Swiss entities (2022: CHF 128.6 million; 2021: CHF 131.2 million).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

4.2. Share-based payment expenses

The Group recognized the following expenses for grants in 2022, as well as in previous periods:

In millions of Swiss francs	Note	2022	2021
Grants 2015 (options and non-vested shares)			(0.1)
Grants 2016 (options and non-vested shares)		(0.3)	(0.7)
Grants 2017 (options and non-vested shares)		(0.6)	(1.5)
Grants 2018 (options and non-vested shares)		(0.9)	(2.3)
Grants 2019 (options and non-vested shares)		(3.7)	(7.8)
Grants 2020 (options and non-vested shares)		(7.1)	(14.3)
Grants 2021 (non-vested shares)		(9.0)	(10.9)
Grants 2022 (non-vested shares)	4.3.1.	(12.3)	
Share grants at start of employment	4.4.	(5.1)	(2.6)
Total options and non-vested shares		**(39.0)**	**(40.2)**
Grants 2017 (MPP)		(0.5)	(1.2)
Grants 2018 (MPP)		(1.8)	(3.0)
Grants 2019 (MPP)		(1.2)	(1.9)
Grants 2020 (MPP)		(1.7)	(2.6)
Grants 2020 (MIP)		(0.4)	(0.4)
Grants 2021 (MPP)		(4.3)	(4.3)
Grants 2021 (MIP)		(1.0)	(1.1)
Grants 2022 (MPP)	4.3.2.	(5.2)	
Grants 2022 (MIP)		(2.0)	
Total rights		**(18.1)**	**(14.5)**
Total share-based payment expenses[4]		**(57.1)**	**(54.7)**

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

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

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 2022 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 an 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 participation rights on the development of the Management Fee EBIT (see note 4.3.2.).

[4] Share-based payment expenses for non-executive members of the BoD of CHF 0.8 million (2021: 0.8 million) are disclosed as a part of third party services (see note 10.).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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
	2022	**2022**	**2021**	**2021**
Outstanding as of 1 January	772.91	1'167'386	716.38	1'484'115
Forfeited during the period	659.19	(34'680)	362.32	(25'457)
Exercised during the period	312.65	(80'767)	480.95	(315'377)
Granted during the period - shares		49'931		24'105
Outstanding as of 31 December	**775.20**	**1'101'870**	**772.91**	**1'167'386**
Exercisable as of 31 December		**470'225**		**198'251**

Of the outstanding 1'101'870 options and non-vested shares (31 December 2021: 1'167'386), 470'225 options are exercisable immediately (31 December 2021: 198'251). All other options and non-vested shares are restricted until at least 26 September 2023.

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 2022**	**31 December 2021**
Options granted in 2012	236.00		11'879
Options granted in 2013 and 8.1.2014	270.00	16'516	20'576
Options granted in 2014	324.00	2'086	2'086
Options granted in 2015	340.00	1'418	1'418
Options granted in 2015	450.00	4'000	4'000
Options granted in 2015	446.00	1'032	1'032
Options granted in 2016	682.00	133'350	147'150
Options granted in 2016	593.00	8'088	10'110
Options granted in 2017	805.00	268'657	291'000
Options granted in 2017	810.00	35'078	35'078
Options granted in 2018	975.00	184'000	191'500
Options granted in 2018	800.00	18'489	18'489
Options granted in 2019	965.00	191'650	196'150
Options granted in 2019	807.60	20'890	20'890
Options granted in 2020	1'045.00	105'135	108'925
Non-vested shares granted from 2018 to 2022	n/a	111'481	107'103
Total instruments outstanding		**1'101'870**	**1'167'386**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022 and related assumptions:

	Vested shares	Non-vested shares	Non-vested shares	Non-vested shares
Date of grant	**30.11.2022**	**30.11.2022**	**14.02.2022**	**30.11.2022**
Fair value per share at measurement date (share price in CHF)	925.00	925.00	1'244.00	925.00
Vesting conditions	at grant	3 years	5 years	5 years
Total shares granted	841	2'005	63	47'022
Total value granted in 2022 (in millions of CHF)	0.8	1.9	0.1	43.5
Gross amount recognized in profit or loss (in millions of CHF)	**0.8**	**0.7**	**0.0**	**11.6**
Net amount recognized in profit or loss (in millions of CHF)	**0.8**	**0.7**	**0.0**	**11.6**

Total amount recognized in profit or loss (in millions of CHF)	**13.1**
- recognized in personnel expenses related to the grant 2022 (in millions of CHF)	12.3
- recognized in third party services related to the grant 2022 (in millions of CHF)	0.8

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 participation rights on the development of the Management Fee EBIT as defined in the Alternative Performance Metrics on page 32. Information on MPP grants from prior years is presented in the annual report for 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 2022 MPP restricts payouts to a 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 2022, the Management Fee EBIT payout restriction is assessed based on the Management Fee EBIT for 2027. When the Management Fee EBIT for 2027 is below CHF 1'063.2 million, equal to a 2% annual 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 2027 is above CHF 1'936.9 million, equal to a 15% annual Management Fee EBIT growth rate (the cap-strike Management Fee EBIT), the intrinsic value by default cannot exceed 10.6 times 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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 participation 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 participation rights on the development of the Management Fee EBIT. Information on MIP grants from prior years is presented in the annual report for the respective year.

Participation rights to the 2022 MIP were granted on 1 July 2022 as well as 30 November 2022 and are typically allocated in two tranches in March 2023 and March 2024. These participation rights are based on the Management Fee EBIT for 2022 and 2023, 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 2027 and 2028 form the basis of the intrinsic value of the 2022 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 participation rights leaving the Group has the obligation to forfeit his or her unvested interest back to the Company.

(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-like element of the contract. MPP and MIP participation 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 or MIP recipient, respectively. The difference between the calculated prices of these two participation rights is considered the net price of the instrument which in turn is used to calculate the allocation date fair value.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Fair value of MPP and MIP granted in 2022 and related assumptions:

	Short-Call	Long-Call
Date of allocation	**March 2023**	**March 2023**
Management Fee EBIT (in millions of CHF)	963.0	963.0
Strike (in millions of CHF)	1'063.2	1'936.9
Vesting conditions	5 years	5 years
Expected volatility[5]	14.3%	14.3%
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 2022 participation right (in millions of CHF)	82.6	

Grants in 2022 to	% of 2022 participation right	Vesting conditions	In millions of CHF
2022 MPP recipients	24.2%	5 years	20.0
2021 MIP recipients (tranche 2)[6]	3.4%	5 years	2.8
2022 MIP recipients (tranche 1)	8.6%	5 years	7.1
2022 MIP recipients (tranche 2)[7]	n/a	6 years	5.6

Amount recognized in profit or loss (in millions of CHF)	
MPP	5.2
MIP	2.4
Gross amount recognized in profit or loss (in millions of CHF)	**7.6**
Forfeitures	(0.0)
Net amounts recognized in profit or loss (in millions of CHF)	**7.6**
- recognized in personnel expenses related to grant 2022 (in millions of CHF)	7.2
- recognized in personnel expenses related to grant 2021 (in millions of CHF)	0.4

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

[6] Under the 18 November 2021 MIP, the Group granted participation rights equaling the initial fair value of CHF 7.3 million. The amount was allocated to the participants in two tranches, CHF 4.1 million in March 2022 and CHF 3.3 million in spring 2023, whereas the latter was reduced to CHF 2.8 million at the time of the effective allocation due to forfeitures. 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.

[7] Under the 1 July 2022 and 30 November 2022 MIP, the Group granted participation rights equaling the fair value of CHF 12.7 million. The amount is allocated to the participants in two tranches, CHF 7.1 million in March 2023 and CHF 5.6 million in spring 2024. 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 2022.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

4.4. Entry shares

In 2022, the Group further granted 4'995 (2021: 1’993) shares, net of forfeitures, totaling CHF 5.1 million (2021: CHF 2.6 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 2022	31 December 2021
Net defined benefit asset		10.5
Total employee benefit assets	**–**	**10.5**
Net defined benefit liability	(1.2)	
Accrued variable compensation (cash bonus)	(329.9)	(292.0)
Management Carry Plan	(184.5)	(276.2)
Other employee benefit liabilities	(19.2)	(15.9)
Total employee benefit liabilities	**(534.8)**	**(584.1)**
Current liabilities	(200.1)	(288.1)
Non-current liabilities	(334.7)	(296.0)
Balance as of 31 December	**(534.8)**	**(584.1)**

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 Management Carry Plan ("MCP") (see (a) below) and the Management Performance Plan ("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 2022, performance fees recognized in the consolidated income statement amounted to CHF 268.9 million (2021: CHF 1'196.6 million), of which CHF 53.0 million (2021: CHF 285.3 million) had been pre-allocated via the MCP (including social security expenses) and CHF 7.4 million (2021: CHF 35.9 million) via the MPP. In addition, CHF 4.3 million were released (2021: CHF 9.8 million were accrued) for social security costs in relation to the MPP and CHF 51.5 million (2021: CHF 147.6 million) were allocated via the Performance Fee Bonus Pool. In 2022, the payout amounted to CHF 238.5 million for these schemes (2021: CHF 212.3 million). Based on performance fees invoiced as of 31 December 2022, the Group expects a cash payout of CHF 73.9 million (2021: CHF 196.1 million) for these schemes in the first half of 2023.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(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 discretionally 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 to be distributed among the employees. 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 a 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.

Furthermore, the Group has a post employment benefit obligation in a jurisdiction other than Switzerland that qualifies as a defined benefit obligation. As of 31 December 2022, this obligation amounts to CHF 1.2 million.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Development of defined benefit asset/(obligation)

In millions of Swiss francs	2022	2021
Present value of benefit obligation as of 1 January	(97.9)	(88.1)
Included in profit or loss:		
Current service cost (employer)	(5.5)	(4.8)
Interest expense on benefit obligation	(0.3)	(0.1)
Included in other comprehensive income:		
Actuarial gains/(losses) on benefit obligation arising from:		
- change in demographic assumptions		6.6
- change in financial assumptions	19.3	3.2
- experience gains/(losses)	(1.7)	(12.5)
Other:		
Employee contributions	(4.0)	(3.3)
Benefit payments	(2.7)	1.1
Present value of benefit obligation as of 31 December	**(92.8)**	**(97.9)**
Fair value of plan assets as of 1 January	108.4	85.7
Included in profit or loss:		
Interest income on plan assets	0.3	0.1
Administration cost	(0.1)	(0.1)
Included in other comprehensive income:		
Actuarial gain/(loss) on plan assets	(10.3)	17.2
Other:		
Employer contributions	3.9	3.3
Employee contributions	4.0	3.3
Benefit payments	2.7	(1.1)
Fair value of plan assets as of 31 December	**108.9**	**108.4**
Total as of 31 December	**16.1**	**10.5**
Impact of asset ceiling as of 1 January		
Included in other comprehensive income:		
Change in asset ceiling excluding amounts included in interest income/(expense)	(17.3)	
Impact of asset ceiling as of 31 December	**(17.3)**	
Net defined benefit asset/(obligation) as of 31 December	**(1.2)**	**10.5**

The weighted average duration of the net defined benefit obligation is 12.7 years as of 31 December 2022 (2021: 15.5 years).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Asset allocation as of 31 December

	Switzerland	
	2022	**2021**
Cash	7.1%	5.0%
Public debt	4.1%	5.2%
Public equity	28.0%	32.5%
Private markets	56.3%	52.5%
Semi-liquid	3.4%	3.4%
Alternatives/other	1.1%	1.4%
Total	**100.0%**	**100.0%**

Principal actuarial assumptions

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

	Switzerland	
Principal actuarial assumptions as of 31 December	**2022**	**2021**
Discount rate	2.30%	0.30%
Interest rate on retirement credits	2.30%	1.00%
Average future salary increases	2.00%	1.50%
Future pension increases	0.00%	0.00%
Mortality tables used	BVG 2020 (GT)	BVG 2020 (GT)
Mortality model used	BFS	BFS

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:

	Switzerland	
In millions of Swiss francs	**Impact on defined benefit obligation**	**Impact on current service cost (employer)**
Decrease of discount rate (-0.5%)	(6.3)	(0.5)
Increase of discount rate (+0.5%)	5.5	0.5
Decrease of salary increase (-0.5%)	0.8	0.1
Increase of salary increase (+0.5%)	(0.8)	(0.1)
Shorter life expectancy (-1 year)	0.1	0.0
Longer life expectancy (+1 year)	(0.1)	(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 2023 are estimated to be CHF 4.0 million.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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

5.1. Finance income and expense

In millions of Swiss francs	Note	2022	2021
Interest income calculated using the effective interest rate method		4.0	2.8
Net gains on fair value through profit or loss instruments	5.5.	13.6	117.0
Share of results of associates (Pearl)	6.	0.3	2.7
Total finance income		**17.9**	**122.5**
Interest expense calculated using the effective interest rate method		(7.1)	(8.9)
Other finance expense		(4.4)	(4.4)
Net foreign exchange losses		(8.7)	(33.4)
Total finance expense		**(20.2)**	**(46.7)**
Total net finance income and (expense)		**(2.3)**	**75.8**

5.2. Other operating income

In millions of Swiss francs	Note	2022	2021
Compensation from short-term loans	5.4.1.	51.3	27.5
Share of results of associates (LGT)	6.	0.0	0.0
Other income		6.7	11.3
Total other operating income		**58.0**	**38.8**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022	31 December 2021
Financial assets			
Financial assets at amortized cost			
Cash and cash equivalents	5.4.1.	779.5	910.7
Fee receivables	5.4.1.	283.6	353.2
Short-term loans	5.4.1.	1'324.8	1'489.2
Other receivables	5.4.1.	39.1	24.9
Accrued revenue	5.4.1.	318.6	264.7
Other financial assets	5.3.4.	432.8	532.2
		3'178.4	**3'574.9**
Financial assets at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss:			
Derivative assets held for risk management		5.1	7.7
Financial investments	5.3.2.	766.5	715.2
Assets held for sale	5.3.3.	104.5	79.5
		876.1	**802.4**
Total financial assets		**4'054.5**	**4'377.3**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Financial liabilities			
Financial liabilities at amortized cost			
Trade payables	7.	59.7	99.2
Cash collateral for forward contracts	7.	1.1	7.7
Accrued revenue deductions	7.	87.1	98.6
Other payables	7.	22.1	49.8
Goods and services received not yet invoiced	7.	37.8	39.4
Lease liabilities	8.	77.5	60.8
Long-term debt	13.	799.4	799.1
Other long-term liabilities	5.4.3.	62.8	50.8
		1'147.5	**1'205.4**
Financial liabilities at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss:			
Liabilities held for sale	5.3.3.	73.0	42.6
Derivative liabilities held for risk management	7.	2.9	1.0
Other long-term liabilities	5.4.3.	0.3	0.3
		76.2	**43.9**
Total financial liabilities		**1'223.7**	**1'249.3**

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. In return the Group 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	2022	2021
Balance as of 1 January	715.2	615.6
Additions	138.3	113.4
Distributions/disposals	(81.3)	(153.5)
Transfers from assets and liabilities held for sale		38.4
Change in fair value	19.4	110.1
Exchange differences	(25.1)	(8.8)
Balance as of 31 December	**766.5**	**715.2**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022	31 December 2021
Private equity	362.0	335.7
Private debt	214.5	218.4
Private real estate	86.1	76.4
Private infrastructure	103.9	84.7
Total financial investments	**766.5**	**715.2**

The Group refined the segment allocation of financial investments related to its multi-segment investment programs. Comparative amounts have been re-presented.

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 (2021: two) 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 2022 are comprised of private debt-related assets and liabilities:

In millions of Swiss francs	31 December 2022	31 December 2021
Assets held for sale	104.5	79.5
Liabilities held for sale	(73.0)	(42.6)
Assets and liabilities held for sale, net	**31.5**	**36.9**

5.3.4. Other financial assets

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Long-term accrued revenue	5.4.1.	420.2	450.5
Long-term loans	5.4.1.	4.4	75.2
Other		8.2	6.5
Total other financial assets		**432.8**	**532.2**

5.3.5. Capital commitments

As of 31 December 2022, the Group had capital commitment contracts of CHF 1'053.6 million (2021: CHF 1'036.6 million), of which CHF 323.2 million (2021: CHF 455.1 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 2022 and 2021

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 is required 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 are mainly comprised of banks, investment programs managed by the Group on behalf of its clients, and their underlying investments. In assessing the risks 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 2022 and 2021

(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 2022	31 December 2021
Fee receivables	283.6	353.2
Other receivables	39.1	24.9
Accrued revenue	318.6	264.7
Total trade and other receivables - short term	**641.3**	**642.8**
Long-term accrued revenue[8]	420.2	450.5
Total trade and other receivables	**1'061.5**	**1'093.3**

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 revenue is a financial instrument which typically relates to not yet invoiced fees and has a similar risk characteristic as fee receivables. Due to its nature, accrued revenue is considered not yet due.

The Group's trade and other receivables balance as of 31 December 2022 is composed of more than 350 customers (31 December 2021: more than 350) of which the largest represents less than 10% (31 December 2021: less than 10%). The historic default rate over the past 5 years has been consistently at 0.0% (2021: 0.0%) on the annual revenues and, as of the reporting date, no material receivables were overdue (31 December 2021: no material ones). 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 2022, CHF 0.0 million of write offs were reported (2021: CHF 0.0 million). Based on its assessment as of 31 December 2022, the Group's expected credit losses amount to CHF 0.0 million (31 December 2021: CHF 0.0 million). Therefore, the Group has not recognized an allowance as of 31 December 2022 (31 December 2021: none recognized).

(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 cancellable on sight. The Group calculates a 12-month expected credit loss as a simplification for all cash and cash equivalents. Cash and cash equivalents are typically accessible within a day and at the 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 '6' ('low risk') 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 exposure limit per counterparty which acts as a further layer of protection. Exposure to these risks is closely monitored by the Group and kept within predetermined parameters.

[8] Presented in the line item other financial assets in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Measurement

The Group diversifies its cash and cash equivalents across various financial institutions to limit concentration of 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 2022 was determined as follows:

In millions of Swiss francs					31 December 2022
Company internal proprietary risk scoring[9]	Link to international credit ratings[10]	Gross carrying amount	% Gross carrying amount	Weighted average expected credit loss rate	Expected credit loss
Scale 10-6: Low risk	A	756.6	97.0%	0.1%	0.5
Scale 5-3: Fair risk	B	22.9	3.0%	0.4%	0.1
Scale 2-1: Doubtful	C				
Scale 0: Loss	D				
Total		**779.5**	**100.0%**		**0.6**

In millions of Swiss francs					31 December 2021
Company internal proprietary risk scoring[9]	Link to international credit ratings[10]	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%	0.1%	0.5
Scale 5-3: Fair risk	B	0.1	0.0%	0.4%	0.0
Scale 2-1: Doubtful	C				
Scale 0: Loss	D				
Total		**910.7**	**100.0%**		**0.5**

Cash and cash equivalents amounted to CHF 779.5 million as of 31 December 2022 (31 December 2021: CHF 910.7 million). The risk-weighted average rating of the overall cash portfolio was 'low risk' as of 31 December 2022 (31 December 2021: 'low risk'). The largest bank exposure represents 38% percent of cash and cash equivalents, with a rating of 10 (equivalent to A-1+ as per Standard & Poors) as of 31 December 2022 (31 December 2021: 19% with a rating of 10, equivalent to A-1+). The Group sets clear risk limits to minimize the negative impact that may arise from counterparty risk concentrations 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 its internal proprietary risk scoring. Based on its assessment as of 31 December 2022, the Group has not identified any material expected credit losses (31 December 2021: not material) and has not booked an allowance (31 December 2021: none).

[9] 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.
[10] 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).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(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 the unfunded commitments of the investment programs' clients, 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 the 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 hence are of limited size compared to the overall investment portfolio and therefore typically have 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 mature within 1 and 3 months.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

The following tables provide information about the exposure to credit risks and expected credit loss related to loans at 31 December 2022 and 2021:

In millions of Swiss francs					31 December 2022
Loan types	**Internal risk weight**	**Nominal carrying amounts Stage 1**	**Nominal carrying amounts Stage 2**	**Nominal carrying amounts Stage 3**	**Expected credit loss[11]**
Bridging loans	Low	1'289.3			0.8
Credit facility loans	Low	7.0			0.0
Pre-financing loans	Fair	28.5			0.2
Total		**1'324.8**	**–**	**–**	**1.0**

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[11]**
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**

As of 31 December 2022, 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 2022, the number of outstanding short-term loans was 477 (31 December 2021: 441) and the average amount per outstanding loan was CHF 2.8 million (2021: CHF 3.4 million). No counterparty represented more than 20% (31 December 2021: not more than 15%) of the overall loan portfolio. In 2022, the Group received arm's length compensation on short-term loans of CHF 51.3 million (2021: CHF 27.5 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 2022, 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 2021: none).

Long-term loans

Long-term loans amounting to CHF 4.4 million (31 December 2021: CHF 75.2 million) are typically composed of employee loans. The decrease compared to 31 December 2021 is mainly driven by the repayment of a syndicated loan granted to an investment project. The employee loans are typically secured by shares of the Company, which are blocked for sale for the tenure of the loan. The Group considers the borrowers to have a strong capacity to meet their contractual obligations. As of 31 December 2022, 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 2022, the Group has identified expected credit losses of CHF 0.0 million in relation to its long-term loans (31 December 2021: CHF 2.1 million) and has not recognized any allowance for credit losses (31 December 2021: none).

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.

[11] 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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(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 to its products. 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 2022					31 December 2021				
Foreign currency exposure	**EUR CHF**	**USD CHF**	**GBP CHF**	**SGD CHF**	**Others CHF**	**EUR CHF**	**USD CHF**	**GBP CHF**	**SGD CHF**	**Others CHF**
Cash and cash equivalent	12.3	181.7	5.9	2.0	10.1	58.7	84.0	5.9	1.4	11.2
Trade and other receivables	106.1	143.7	21.1	1.9	22.5	82.1	102.8	20.8	0.0	22.7
Trade and other payables	(39.9)	(31.2)	(5.7)	(0.5)	(20.7)	(53.6)	(32.5)	(12.2)	(0.0)	(20.0)
Employee benefit liabilities[12]		(131.9)					(204.0)			
Short-term loans							86.6			
Net intercompany positions	118.7	51.2	(39.5)	(63.5)	(22.1)	151.5	(5.5)	(77.4)	(89.7)	(34.1)
Net exposure	**197.2**	**213.5**	**(18.2)**	**(60.1)**	**(10.2)**	**238.7**	**31.4**	**(62.9)**	**(88.3)**	**(20.2)**
Sensitivity on net exposure										
5% appreciation to CHF[13]	9.9	10.7	(0.9)	(3.0)	(0.5)	11.9	1.6	(3.1)	(4.4)	(1.0)
Impact on the profit and loss	**9.9**	**10.7**	**(0.9)**	**(3.0)**	**(0.5)**	**11.9**	**1.6**	**(3.1)**	**(4.4)**	**(1.0)**

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 and its short-term borrowings under its syndicated credit facilities. 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:

[12] 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.
[13] Other assumptions remain unchanged and a depreciation to CHF of 5% would have the converse effect.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Variable rate instruments			
Financial assets			
Cash and cash equivalents	5.4.1.	779.5	910.7
		779.5	**910.7**
Financial liabilities			
Cash collateral for forward contracts	7.	(1.1)	(7.7)
Credit facilities drawn	5.4.3.	(270.0)	
		(271.1)	**(7.7)**
Total variable rate instruments		**508.4**	**903.0**
Fixed rate instruments			
Financial assets			
Short-term loans	5.4.1.	1'324.8	1'489.2
Long-term loans	5.4.1.	4.4	75.2
Other		8.2	6.5
		1'337.4	**1'570.9**
Financial liabilities			
Lease liabilities	8.	(77.5)	(60.8)
Long-term debt	13.	(799.4)	(799.1)
		(876.9)	**(859.9)**
Total fixed rate instruments		**460.5**	**711.0**

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			
	2022		2021	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	5.1	(5.1)	9.0	(9.0)

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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(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.

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 volatility for each asset class.

	Carrying amount/volatility			
In millions of Swiss francs	**2022**	**Volatility**	**2021**	**Volatility**
Financial investments				
Private equity	362.0	18.0%	335.7	18.0%
Private debt	214.5	8.0%	218.4	8.0%
Private real estate	86.1	15.0%	76.4	15.0%
Private infrastructure	103.9	12.0%	84.7	12.0%
Assets and liabilities held for sale	31.5	8.0%	36.9	8.0%
Total	**798.0**		**752.1**	

The Group refined the segment allocation of financial investments related to its multi-segment investment programs. Comparative amounts have been re-presented.

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:

	Profit or loss	
In millions of Swiss francs	**2022**	**2021**
Financial investments		
Private equity	65.2	60.4
Private debt	17.2	17.5
Private real estate	12.9	11.5
Private infrastructure	12.5	10.2
Assets and liabilities held for sale	2.5	3.0
Total	**110.3**	**102.6**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 performs a cash flow forecasting 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 typically 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.

Financing arrangements

The Group maintains the following lines of credit:

The Group has two unsecured credit facilities of CHF 622 million (31 December 2021: CHF 460 million) and CHF 585 million (31 December 2021: 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 2021: 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.

As of 31 December 2022, CHF 270 million of these facilities were drawn (31 December 2021: nil), leaving an undrawn amount of CHF 967 million (31 December 2021: CHF 865 million).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Maturity of financial liability

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

In millions of Swiss francs								31 December 2022
	Note	Carrying amount	Total (undiscounted)	6 months or less	6 - 12 months	13 - 24 months	25 - 60 months	More than 60 months
Trade payables[14]	7.	59.7	59.7	59.7				
Goods and services received not yet invoiced[14]	7.	37.8	37.8	35.5	2.3			
Derivative liabilities held for risk management[14]	7.	2.9	2.9	2.9				
Accrued revenue deductions[14]	7.	87.1	87.1	71.9	15.2			
Cash collateral for forward contracts[14]	7.	1.1	1.1	1.1				
Lease liabilities	8.	77.5	77.7	6.6	6.6	11.9	19.6	33.0
Other payables[14]	7.	22.1	22.1	22.0	0.1			
Credit facilities drawn		270.0	270.0	270.0				
Long-term debt	13.	799.4	811.3	2.5		302.6	506.2	
Other long-term liabilities[15]		63.1	63.1			43.9	18.9	0.3
Unfunded commitments	5.3.5.	323.2	323.2	323.2				
		1'743.9	**1'756.0**	**795.4**	**24.2**	**358.4**	**544.7**	**33.3**

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[14]	7.	99.2	99.2	99.2				
Goods and services received not yet invoiced[14]	7.	39.4	39.4	37.1	2.3			
Derivative liabilities held for risk management[14]	7.	1.0	1.0	1.0				
Accrued revenue deductions[14]	7.	98.6	98.6	67.6	31.0			
Cash collateral for forward contracts[14]	7.	7.7	7.7	7.7				
Lease liabilities	8.	60.8	66.6	5.2	6.7	12.8	18.9	23.0
Other payables[14]	7.	49.8	49.8	49.6	0.2			
Long-term debt	13.	799.1	813.8	2.5		2.5	306.7	502.1
Other long-term liabilities[15]		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**

[14] Presented in the line item trade and other payables in the consolidated balance sheet.
[15] 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 2022 and 2021

5.5. Fair value measurement

Overview

Fair value is the price that would be received for 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, which is classified by the observability of 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 2022
	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management		5.1		5.1
Assets held for sale			104.5	104.5
Financial investments	0.0		766.5	766.5
Financial assets	**0.0**	**5.1**	**871.0**	**876.1**
Derivative liabilities held for risk management[16]		2.9		2.9
Liabilities held for sale			73.0	73.0
Other long-term liabilities			0.3	0.3
Financial liabilities	**–**	**2.9**	**73.3**	**76.2**

In millions of Swiss francs				31 December 2021
	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management		7.7		7.7
Assets held for sale			79.5	79.5
Financial investments	0.0		715.2	715.2
Financial assets	**0.0**	**7.7**	**794.7**	**802.4**
Derivative liabilities held for risk management[16]		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**

The carrying amounts for cash and cash equivalents, trade and other receivables, short-term loans, and trade and other payables, and credit facilities drawn are expected to approximately equal 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 not materially differ from

[16] 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 2022 and 2021

fair values given the outstanding balances and expected settlement dates, except for the corporate bonds whose fair values are disclosed in note 13.

The following tables show the reconciliation of all level 3 financial instruments in 2022 and 2021:

In millions of Swiss francs		2022
	Financial assets	Financial liabilities
Balance as of 1 January	794.7	42.9
Additions	169.0	30.7
Distributions/disposals	(81.7)	
Change in fair value[17]	13.6	0.0
Exchange differences	(24.6)	(0.3)
Balance as of 31 December	**871.0**	**73.3**

In millions of Swiss francs		2021
	Financial assets	Financial liabilities
Balance as of 1 January	921.3	254.9
Additions	178.9	42.7
Distributions/disposals	(423.9)	(263.3)
Change in fair value[17]	117.0	(0.0)
Exchange differences	1.4	8.6
Balance as of 31 December	**794.7**	**42.9**

Change in fair value includes unrealized losses of CHF 43.1 million (31 December 2021: unrealized gains of CHF 43.5 million) for recurring fair value measurements categorized within level 3 of the fair value hierarchy recognized in profit or loss attributable to balances held at the end of the reporting period.

There were no transfers between levels.

[17] Presented in the line items finance income and finance expense in the consolidated income statement.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 a 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 on 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 follow a standardized process which includes several iterations in the Specialist Investment Committee as well as Global Investment Committee. Depending on the investment threshold, the Specialist Investment Committee or the Global Investment Committee signs the Investment Advice. The Global Portfolio Committee supports both committees with regards to the portfolio allocation into Partners Group's programs and mandates. 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 the 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 enterprise value ("EV")/EBITDA ratios, 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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 to equity" method, or indirectly, by deriving the EV 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

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 unobservable 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: EV/EBITDA multiples, discount rates, capitalization rates, price/book as well as price/earnings ratios and EV/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 EV/EBITDA multiples. EV/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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022	31 December 2021
Adjusted net asset value (1% increase)	8.0	7.5

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 values for 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, 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 2022 and 2021

6. Investments in associates

The Group accounted for investments in associates as of 31 December 2022 as summarized below:

In millions of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	12.9	12.9	28.0%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	0.5	0.5	40.0%
Total investments in associates			**13.4**	

In millions of Swiss francs	Note	2022	2021
Balance as of 1 January		18.3	25.0
Redemption of shares (Pearl)		(4.4)	(8.5)
Share of results (Pearl)	5.1.	0.3	2.7
Share of results (LGT)	5.2.	0.0	0.0
Exchange differences		(0.8)	(0.9)
Balance as of 31 December		**13.4**	**18.3**

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

	Pearl		LGT	
In millions of Swiss francs	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Total assets	46.9	63.4	1.3	1.4
Total liabilities	1.0	0.1	0.1	0.2
Equity	45.9	63.3	1.2	1.2
Revenues and other operating income	2.7	11.2	1.1	1.4
Profit/(loss) for the period	0.9	9.4	0.0	0.0

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

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 2022 and 2021

7. Trade and other payables

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Trade payables		59.7	99.2
Goods and services received not yet invoiced		37.8	39.4
Derivative liabilities held for risk management		2.9	1.0
Accrued revenue deductions		87.1	98.6
Cash collateral for forward contracts		1.1	7.7
Lease liabilities	8.	14.9	10.9
Other payables		22.1	49.8
Total trade and other payables		**225.6**	**306.6**

8. Lease liabilities

In millions of Swiss francs	2022	2021
Lease liabilities as of 1 January	60.8	66.9
Additions	32.9	4.2
Removals	(4.1)	(0.4)
Accreted interest	1.3	1.0
Lease payments	(12.9)	(11.7)
Exchange differences	(0.5)	0.8
Lease liabilities as of 31 December	**77.5**	**60.8**
Current liabilities	14.9	10.9
Non-current liabilities	62.6	49.9
Lease liabilities as of 31 December	**77.5**	**60.8**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

9. Income tax

9.1. Income tax expense

9.1.1. Recognized in profit or loss

In millions of Swiss francs	Note	2022	2021
Current tax expense:			
Current year		170.1	285.1
Adjustments for current tax of prior periods		4.5	0.0
Total current tax expense		**174.6**	**285.1**
Deferred tax expense/(income):			
Deferred tax expense/(income), net relating to the origination and reversal of temporary differences	9.2.	(50.1)	(22.5)
Total deferred tax expense/(income)		**(50.1)**	**(22.5)**
Total income tax expense		**124.5**	**262.6**

The Group is in scope of the OECD base erosion and profit shifting ("BEPS") Pillar II and will be impacted by new local tax legislation in countries where the Group has a taxable presence. The rules are not yet enacted in any jurisdiction that is material to the Group and the OECD has not yet published all guidelines.

9.1.2. Weighted average expected tax rate reconciliation

In millions of Swiss francs	2022	2021
Profit before tax	**1'129.4**	**1'726.2**
Weighted average expected Group tax rate[18]	15.38%	14.53%
Expected tax expense	173.7	250.8
Non-tax-deductible expense and non-taxable income	(5.8)	(11.4)
Applicable tax rates differing from expected rate	(7.7)	(5.0)
Non-refundable withholding taxes	11.9	27.8
Adjustments for current tax of prior periods	4.5	0.0
Other impacts[19]	(52.1)	0.4
Total income tax expense	**124.5**	**262.6**

[18] 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
[19] Includes a one-time deferred tax impact resulting from the recognition of goodwill in the tax books of one of the Group's entities

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022	31 December 2021
Deferred tax assets	110.1	104.4
Deferred tax liabilities	(6.7)	(3.4)
Deferred tax assets/(liabilities), net	**103.4**	**101.0**

In millions of Swiss francs	2022	2021
Balance as of 1 January, net	**101.0**	**60.6**
Changes recognized in profit or loss	50.1	22.5
Changes recognized in equity	(48.3)	18.3
Changes recognized in other comprehensive income	1.2	(1.7)
Exchange differences	(0.6)	1.3
Balance of deferred tax assets/(liabilities) as of 31 December, net	**103.4**	**101.0**

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							2022
	Financial investments	Other non-current assets	Defined benefit plans	Share-based payment transactions	Accrued variable compensation & MCP	Others	Total
Balance as of 1 January, net	**0.7**	**(4.9)**	**(1.2)**	**61.1**	**43.8**	**1.5**	**101.0**
Changes recognized in profit or loss	1.5	(0.3)	0.4	(2.9)	3.0	48.4	50.1
Changes recognized in equity				(48.3)			(48.3)
Changes recognized in other comprehensive income			1.2				1.2
Exchange differences	(0.0)	(0.1)	(0.0)	0.5	(0.8)	(0.2)	(0.6)
Balance as of 31 December, net	**2.2**	**(5.3)**	**0.4**	**10.4**	**46.0**	**49.7**	**103.4**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs							2021
	Financial investments	Other non-current assets	Defined benefit plans	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**

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).

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 plans

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 on 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 a one-time deferred tax impact resulting from the recognition of goodwill in the tax books of one of the Group's entities. In addition, as of 31 December 2022, the Group has temporary differences in relation to its investments in subsidiaries of CHF 66.7 million (31 December 2021: CHF 71.4 million) for which CHF 2.5 million of deferred tax liabilities have been recognized (31 December 2021: none). This includes temporary differences of CHF 16.5 million (31 December 2021: CHF 71.4 million) for which no deferred tax liabilities were 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 such temporary differences would result in estimated income tax expenses of CHF 1.1 million (31 December 2021: CHF 3.8 million)

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

10. Other operating expenses

In millions of Swiss francs	2022	2021
Third party services	(26.8)	(23.3)
Property-related costs	(5.8)	(4.9)
Administrative expenses	(47.1)	(41.3)
Travel and representation expenses	(24.2)	(8.5)
Total other operating expenses	**(103.9)**	**(78.0)**

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

In millions of Swiss francs								2022
	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	92.4	91.6	34.3	11.8	29.2	13.5	335.9
Additions			27.2	53.2	0.8	4.2	2.3	87.7
Disposals					(0.0)	(0.0)	(0.9)	(0.9)
Exchange differences	0.1	1.5	(1.3)	(0.0)	(0.1)	(0.3)	(0.1)	(0.2)
Balance as of 31 December	**63.2**	**93.9**	**117.5**	**87.5**	**12.5**	**33.1**	**14.8**	**422.5**
Accumulated depreciation								
Balance as of 1 January		6.0	35.5		6.8	19.9	11.3	79.5
Depreciation		2.0	13.3		2.0	2.2	2.0	21.5
Accumulated depreciation on disposals					(0.0)	(0.0)	(0.9)	(0.9)
Exchange differences		0.0	(0.8)		(0.1)	(0.2)	(0.1)	(1.2)
Balance as of 31 December	**–**	**8.0**	**48.0**	**–**	**8.7**	**21.9**	**12.3**	**98.9**
Carrying amount								
As of 1 January	63.1	86.4	56.1	34.3	5.0	9.3	2.2	256.4
As of 31 December	**63.2**	**85.9**	**69.5**	**87.5**	**3.8**	**11.2**	**2.5**	**323.6**
Impairment losses incurred in 2022								nil

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs								2021
	Land	Buildings	Right-of-use assets	Construc-tion 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 2022 and 2021

12. Intangible assets

In millions of Swiss francs						2022
	Goodwill	Acquired client contracts	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	30.7	4.6	22.1	74.8	9.1	141.3
Additions			2.3	23.2	2.7	28.2
Disposals			(0.1)			(0.1)
Exchange differences	(0.4)	(0.4)	0.0	(0.8)		(1.6)
Balance as of 31 December	**30.3**	**4.2**	**24.3**	**97.2**	**11.8**	**167.8**
Accumulated amortization and impairment losses						
Balance as of 1 January		4.6	17.0	45.2	8.6	75.4
Amortization			3.6	14.8	0.6	19.0
Accumulated amortization on disposals			(0.1)			(0.1)
Exchange differences		(0.4)	0.0	(0.7)		(1.1)
Balance as of 31 December	**–**	**4.2**	**20.5**	**59.3**	**9.2**	**93.2**
Carrying amount						
As of 1 January	30.7	–	5.1	29.6	0.5	65.9
As of 31 December	**30.3**	**–**	**3.8**	**37.9**	**2.6**	**74.6**
Impairment losses incurred in 2022						nil

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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

Impairment testing for CGU's containing goodwill

The carrying amount of goodwill as of 31 December 2022 of CHF 30.3 million (2021: CHF 30.7 million) has been allocated to the following cash generating units ("CGU"), which represent the lowest level within the Group at which goodwill is monitored for internal management purposes:

- Goodwill of CHF 16.5 million (2021: CHF 16.2 million) relating to the acquisition of Partners Group Real Estate LLC ("PG RE") in 2007, which was merged into Partners Group (USA) Inc. as of 1 January 2012, has been allocated to the private real estate segment.
- Goodwill of CHF 13.8 million (2021: CHF 14.5 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.

For both CGUs, the free cash flow of the year 2022 exceeds its total identifiable net assets including goodwill. The Group does not expect this to change in the foreseeable future. No further indicators were identified, which could lead to an impairment. No impairment was recognized in 2022 (2021: none).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

13. Long-term debt

In millions of Swiss francs	2022	2021
Balance as of 1 January	799.1	798.9
Accreted interest	0.3	0.2
Balance as of 31 December	799.4	799.1

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 2022 were CHF 292.7 million and CHF 459.5 million, respectively (2021: CHF 302.3 million and CHF 508.3 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 2022 and 2021

14. Share capital, capital management and reserves

In effective number of shares	2022	2021
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 (2021: 26’700’000) at a nominal value of CHF 0.01 per share. The shareholders are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at the Company's shareholder meetings.

Legal reserves

Legal reserves comprise of 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 2022 (31 December 2021: CHF 218’100), consisting of CHF 217’100 (31 December 2021: CHF 217’100) for legal reserves from capital contributions and of CHF 1’000 (31 December 2021: 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 790'189 (2021: 330'966) 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 33.00 per share on 1 June 2022 (19 May 2021: CHF 27.50). As the Company’s treasury shares are not eligible for a dividend payment, the dividend distribution of CHF 881.1 million approved in May 2022 (May 2021: CHF 734.3 million) was not fully distributed, i.e. a total of CHF 861.0 million was paid out (May 2021: CHF 724.6 million). After the balance sheet date, the BoD proposes a dividend distribution of CHF 987.9 million (CHF 37.00 per share) for 2022.

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 to 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 2022 and 2021.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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			2022
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January	26'700'000	330'966	26'369'034
Purchase of treasury shares		549'118	(549'118)
Disposal of treasury shares		(89'895)	89'895
Balance as of 31 December	**26'700'000**	**790'189**	**25'909'811**
Weighted average number of shares outstanding during the period (360 days)			25'544'839
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		1'342'699	5.03%
BlackRock Inc.		1'339'857	5.02%

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%

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

15. Earnings per share

In Swiss francs	2022	2021
Average fair value of one ordinary share during the period	1'016.16	1'369.19
Weighted average exercise price for shares under option during the period	859.51	818.99

				2022
	Note	Earnings per share	Profit for the period	Number of shares
Profit for the period (in millions of Swiss francs)			1'004.9	
Weighted average number of ordinary shares outstanding	14.			25'544'839
Basic earnings per share (in Swiss francs)		**39.34**		
Effect of options on issue[20]				164'431
Diluted earnings per share (in Swiss francs)		**39.09**		**25'709'270**

				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**		
Effect of options on issue[20]				503'767
Diluted earnings per share (in Swiss francs)		**55.12**		**26'552'523**

As of 31 December 2022, the Group had 1'101'870 options and non-vested shares outstanding (2021: 1'167'386) (see note 4.3.). The treasury shares necessary to cover the obligation for 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.

[20] Calculated on the basis of each individual share option grant.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 key management personnel and their related parties.

In 2022, associates purchased services from the Group in the amount of CHF 1.2 million (2021: CHF 1.1 million).

As of 31 December 2022, loans to employees of the Group amounted to CHF 5.5 million (2021: CHF 11.1 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	**2022**	**2021**
Purchase of treasury shares from shareholders employed by the Group	11'767	35'075
Average purchase price per share (in Swiss francs)	1'033.83	1'528.32

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 million of Swiss francs	**2022**	**2021**
Board of Directors		
Short-term employment benefits	2.0	2.0
Other compensation	0.1	0.1
Share-based payment expenses	6.1	5.1
Other long-term benefits (MCP)	0.6	6.2
Post-employment benefits	0.2	0.2
Total Board of Directors	**9.0**	**13.6**
Executive Team		
Short-term employment benefits	8.3	7.9
Other compensation	0.4	0.2
Share-based payment expenses	14.7	13.1
Other long-term benefits (MCP)	1.3	14.5
Post-employment benefits	1.0	1.1
Total Executive Team	**25.7**	**36.8**
Total Board of Directors and Executive Team	**34.7**	**50.4**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 2022	31 December 2021
Board members (vested options)	4'570	16'296
Members of the Executive Team (options and non-vested shares)	101'090	92'697
Total	**105'660**	**108'993**

Share ownership (unrestricted)

In effective number of shares	31 December 2022	31 December 2021
Board members	4'372'547	4'368'366
Members of the Executive Team	48'836	44'248
Total	**4'421'383**	**4'412'614**

For further information in accordance with Art. 663c of the Swiss Code of Obligations, refer to note 16. 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 2.2 billion as of 31 December 2022 (31 December 2021: CHF 2.1 billion), of which CHF 1.7 billion (2021: CHF 1.6 billion) is committed to closed-ended programs and CHF 0.5 billion (2021: CHF 0.5 billion) to evergreen programs.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

17. Subsidiaries

17.1. Changes in scope of consolidation

Incorporation of new Group entities

Name	Incorporation date	Principal activity
Partners Group Management Direct Infra IV S.à r.l.	19 December 2022	Serve as investment manager
Partners Group Cayman Management Direct Infra IV Limited	4 November 2022	Serve as investment manager
Partners Group Management REO II S.à r.l.	5 July 2022	Serve as investment manager
Partners Group Cayman Management REO II Limited	27 May 2022	Serve as investment manager
Partners Group Management Direct Equity V S.à r.l.	16 May 2022	Serve as investment manager
Partners Group Cayman Management Direct Equity V Limited	11 April 2022	Serve as investment manager
Partners Group Investment Services AG	27 July 2021	Provide administrative services for group entities
Partners Group Investment Management S.à.r.l.	12 May 2021	Serve as manager to investment programs

Liquidation of Group entities

Name	Liquidation date	Principal activity
Partners Group Corporate Finance AG in Liquidation	28 January 2022	Financing/treasury

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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

17.3. Subsidiaries

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

	Place of incorporation and operation				
	Registered office	Country of incorporation	Share Capital in thousands	Interest %	Interest %
Name of the subsidiary			31 December 2022	31 December 2022	31 December 2021
Partners Group AG	Baar-Zug	Switzerland	CHF 200	100%	100%
Partners Group Advisors (DIFC) Limited	Dubai	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.	Halifax	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.	Delaware	USA	USD 75	100%	100%

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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:

	Place of incorporation and operation	Number of subsidiaries	
Principal activity		**31 December 2022**	**31 December 2021**
Financing/treasury	Switzerland	1	2
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	7	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	11	8
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

No events took place between 31 December 2022 and 17 March 2023 that would require material adjustments to the amounts recognized in these consolidated financial statements.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 note disclosures have been improved. Comparative amounts have been re-presented accordingly.

19.2. Changes in accounting policies

The accounting policies adopted for the year ended 31 December 2022 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 2022 are consistent with those of the previous financial year. A number of new standards, amendments and interpretations became effective for the Group for the first time for the financial year starting on 1 January 2022, but they do not have a significant effect on the Group's consolidated financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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			
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
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)	*	1 January 2023	Reporting year 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	*	1 January 2024	Reporting year 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	*	1 January 2024	Reporting year 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	*	1 January 2024	Reporting year 2024
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 2022 and 2021

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 shareholder 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 2022 and 2021

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 2022 and 2021

(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
2022	EUR	0.9872	1.0049
	USD	0.9254	0.9547
	GBP	1.1130	1.1792
	SGD	0.6898	0.6924

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

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 or the status of its solely payments of principal and interest on the principal amount outstanding which is based on the contractual cash flow characteristics of the 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 2022 and 2021

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 for 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 non recurring. 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 2022 and 2021

(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. As a result, there is a very low probability that these fees are subject to a reversal in a potential claw-back situation.

Accordingly, the recognition of performance fees from investment programs with a claw-back is typically 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 and, where applicable, other net assets (such as cash or receivables) held by the investment programs is determined. The respective NAV of unrealized investments 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 and, where applicable, other investment program level costs (such as operating expenses) 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 are 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 2022, the applied discount was 50% (31 December 2021: 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 2022 and 2021

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

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 is mainly comprised of bank interest income and expense, gains and losses on revaluations of financial instruments, foreign exchange gains and losses, and bank charges.

19.12. Income tax expense

Income tax expense for the period is comprised of 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 in the consolidated balance sheet.

19.14. Trade and other receivables

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

19.15. Assets and liabilities held for sale

The Group may invest seed 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 dilution.

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 as investments at fair value through profit or loss and presented as financial investments in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 the disposal of property and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

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. Software-as-a-Service ("SaaS") contracts are only classified as intangible assets when the recognition criteria are fulfilled; otherwise, a SaaS is classified as service contract, for which costs are expensed as incurred.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(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.).

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.).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 a 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.

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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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. Particularly 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 expense in the consolidated income statement with a corresponding increase in equity, over the period until the employees unconditionally become entitled to the awards. The amount recognized as personnel expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as personnel expense is based on the number of awards that 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 are no true-ups for differences between expected and actual outcomes.

(c) Performance fee-related compensation

Each year, the NCC and the BoD allocate 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 discretionary awarded grants and via the MPP Allocation to members of the Executive Team and executive members of the Board of Directors. 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

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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 and MPP 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	**114**

2. Financial statements of Partners Group Holding AG

– Income statement for the years ended 31 December 2022 and 2021	117
– Balance sheet as of 31 December 2022 and 2021	118
– Notes to the financial statements for the years ended 31 December 2022 and 2021	119

3. Proposal by the Board of Directors of Partners Group Holding AG for the appropriation of available earnings as of 31 December 2022	**129**

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

KPMG

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 2022, 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 117 to 129) for the year ended 31 December 2022 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 Standards on Auditing (SA-CH). 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 Company in accordance with the provisions of Swiss law, together with 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.

Board of Directors' Responsibilities 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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

KPMG

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 SA-CH 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 SA-CH, 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 the Company'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 Company'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 Company 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.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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

KPMG

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Malea Bourquin
Licensed Audit Expert

Zurich, 17 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Income statement of Partners Group Holding AG for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Dividend income	2.	998.6	1’769.9
Other finance income	3.	76.2	39.4
Other service income		0.2	0.4
Other income		2.5	
Total income		**1'077.5**	**1’809.7**
Third party services		(1.9)	(5.8)
General and administrative expenses		(11.5)	(29.6)
Travel and representation expenses		(0.2)	(0.1)
Finance expense	4.	(99.1)	(157.2)
Profit before tax		**964.8**	**1’617.0**
Direct taxes			
Profit for the period		**964.8**	**1’617.0**

Balance sheet of Partners Group Holding AG as of 31 December 2022 and 2021

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents		386.2	494.4
Other current receivables	5.	677.5	1'378.9
Accrued income	2.	690.0	1'120.0
Total current assets		**1'753.7**	**2'993.3**
Financial assets	6.	0.0	61.1
Participations	7.	2'781.0	2'325.6
Total non-current assets		**2'781.0**	**2'386.7**
Total assets		**4'534.7**	**5'380.0**
Liabilities and equity			
Liabilities			
Current interest-bearing liabilities	8.	1'667.6	2'143.3
Other current liabilities	9.	4.8	8.3
Total current liabilities		**1'672.4**	**2'151.6**
Non-current interest-bearing liabilities	10.	800.0	800.0
Other non-current liabilities		0.3	0.4
Provisions	11.	3.5	3.8
Total non-current liabilities		**803.8**	**804.2**
Total liabilities		**2'476.2**	**2'955.8**
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		1'941.0	1'184.9
Profit for the period		964.8	1'617.0
Treasury shares	12.	(847.8)	(378.2)
Total equity		**2'058.5**	**2'424.2**
Total liabilities and equity		**4'534.7**	**5'380.0**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

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 690 million (2021: CHF 1'120 million) of dividend income related to the 2022 available earnings of its subsidiary Partners Group AG in 2022. As this dividend will not be paid until 2023, this amount has been recorded as accrued income.

3. Other finance income

In millions of Swiss francs	2022	2021
Interest income	14.7	6.6
Foreign exchange gains	60.8	17.6
Gain on treasury shares transactions	0.7	15.2
Total other finance income	**76.2**	**39.4**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

4. Finance expense

In millions of Swiss francs	2022	2021
Interest expense	(22.6)	(17.9)
Foreign exchange losses	(41.9)	(35.1)
Loss on treasury shares transactions	(33.2)	(103.3)
Other finance expense	(1.4)	(0.9)
Total finance expense	**(99.1)**	**(157.2)**

5. Other current receivables

In millions of Swiss francs	31 December 2022	31 December 2021
Third parties	0.2	0.2
Subsidiaries	677.3	1’378.7
Total other current receivables	**677.5**	**1’378.9**

6. Financial assets

In millions of Swiss francs	31 December 2022	31 December 2021
Loans to subsidiaries		61.1
Other financial assets	0.0	0.0
Total financial assets	**0.0**	**61.1**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

7. Participations

	Place of incorporation and operation			Ownership and voting interest	
	Registered office	Country of incorporation	Share Capital in thousands	31 December 2022	31 December 2021
			31 December 2022		
Partners Group AG	Baar-Zug	Switzerland	CHF 200	100%	100%
Partners Group Property AG	Baar-Zug	Switzerland	CHF 100	100%	100%
Partners Group Investment Services AG	Baar-Zug	Switzerland	CHF 100	100%	100%
Partners Group Corporate Finance AG in Liquidation[1]	Baar-Zug	Switzerland			100%
Partners Group Management (Deutschland) GmbH	Munich	Germany	EUR 25	100%	100%
Partners Group (EU) GmbH	Munich	Germany	EUR 32	100%	100%
Partners Group (EU) GmbH, Paris Branch[2]	Paris	France			
Partners Group Management I S.à r.l.	Luxembourg	Luxembourg	EUR 4'531	100%	100%
Partners Group Management II S.à r.l.	Luxembourg	Luxembourg	EUR 5'231	100%	100%
Partners Group Management III S.à r.l.	Luxembourg	Luxembourg	EUR 31	100%	100%
Partners Group Management IV S.à r.l.	Luxembourg	Luxembourg	EUR 12	100%	100%
Partners Group Management V S.à r.l.	Luxembourg	Luxembourg	EUR 15	100%	100%
Partners Group Management VI S.à r.l.	Luxembourg	Luxembourg	EUR 20	100%	100%
Partners Group Investment Management S.à r.l.	Luxembourg	Luxembourg	EUR 12	100%	100%
Partners Group Orbit S.à r.l.	Luxembourg	Luxembourg	EUR 12	100%	100%
Partners Group Management Direct Equity V S.à r.l.[3]	Luxembourg	Luxembourg	EUR 12	100%	
Partners Group Management REO II S.à r.l.[4]	Luxembourg	Luxembourg	EUR 12	100%	
Partners Group Management Direct Infra IV S.à r.l.[5]	Luxembourg	Luxembourg	EUR 12	100%	
Partners Group (Luxembourg) S.A.	Luxembourg	Luxembourg	EUR 1'350	100%	100%
Partners Group (Luxembourg) S.A., Milan Branch[2]	Milan	Italy			
LGT Private Equity Advisers AG[6]	Vaduz	Liechtenstein		40%	40%
Partners Group Management (Scotland) Limited[7]	Edinburgh	Scotland	GBP 0	100%	100%
Partners Group Management (Scots) LLP[7]	Edinburgh	Scotland	GBP 0	100%	100%
Partners Group Management (Scots) II LLP[7]	Edinburgh	Scotland	GBP 0	100%	100%
Partners Group (UK) Limited	London	UK	GBP 569	100%	100%
Partners Group (UK) Management Limited	London	UK	GBP 20'527	100%	100%
Partners Group Management Limited	St Peter Port	Guernsey	EUR 3'640	100%	100%
Partners Group Management II Limited	St Peter Port	Guernsey	EUR 7'270	100%	100%
Partners Group Management III Limited	St Peter Port	Guernsey	EUR 8'520	100%	100%

[1] The company was voluntarily liquidated and deleted from the commercial register as of 28 January 2022
[2] Branch office
[3] The company was incorporated on 16 May 2022
[4] The company was incorporated on 5 July 2022
[5] The company was incorporated on 19 December 2022
[6] For associated companies please refer to note 6. of the consolidated financial statements
[7] The company is indirectly held by Partners Group Holding AG

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

	Place of incorporation and operation			Ownership and voting interest	
	Registered office	Country of incorporation	Share Capital in thousands	31 December 2022	31 December 2021
			31 December 2022		
Partners Group Management IV Limited	St Peter Port	Guernsey	GBP 20	100%	100%
Partners Group Management V Limited	St Peter Port	Guernsey	USD 13'820	100%	100%
Partners Group Management VI Limited	St Peter Port	Guernsey	EUR 4'820	100%	100%
Partners Group Management VII Limited	St Peter Port	Guernsey	USD 32'620	100%	100%
Partners Group Management VIII Limited	St Peter Port	Guernsey	EUR 94'500	100%	100%
Partners Group Management IX Limited	St Peter Port	Guernsey	EUR 42'020	100%	100%
Partners Group Management X Limited	St Peter Port	Guernsey	USD 92'420	100%	100%
Partners Group Management XI Limited	St Peter Port	Guernsey	USD 13'000	100%	100%
Partners Group Management XII Limited	St Peter Port	Guernsey	EUR 54'020	100%	100%
Partners Group Management XIII Limited	St Peter Port	Guernsey	AUD 78'020	100%	100%
Partners Group Management XIV Limited	St Peter Port	Guernsey	USD 16'020	100%	100%
Partners Group Management XV Limited	St Peter Port	Guernsey	EUR 20	100%	100%
Partners Group Finance ICC Limited	St Peter Port	Guernsey	CHF 0	100%	100%
Partners Group Finance CHF IC Limited	St Peter Port	Guernsey	CHF 0	100%	100%
Partners Group Finance USD IC Limited	St Peter Port	Guernsey	USD 0	100%	100%
Partners Group Finance EUR IC Limited	St Peter Port	Guernsey	EUR 0	100%	100%
Partners Group Finance GBP IC Limited	St Peter Port	Guernsey	GBP 0	100%	100%
Partners Group Finance SGD IC Limited	St Peter Port	Guernsey	SGD 0	100%	100%
Partners Group Access Finance Limited	St Peter Port	Guernsey	USD 20	100%	100%
Partners Group Client Access Management I Limited	St Peter Port	Guernsey	EUR 20	100%	100%
Partners Group Client Access 10 MP Management Limited	St Peter Port	Guernsey	USD 0	100%	100%
Partners Group Management (Guernsey) LLP[8]	St Peter Port	Guernsey	GBP 0	100%	100%
Partners Group Private Equity Performance Holding Limited	St Peter Port	Guernsey	EUR 10	100%	100%
Partners Group (Guernsey) Limited[8]	St Peter Port	Guernsey	GBP 31'500	100%	100%
Princess Management Limited	St Peter Port	Guernsey	EUR 3'000	100%	100%
Pearl Management Limited	St Peter Port	Guernsey	EUR 12'020	100%	100%
Pearl Holding Limited[9]	St Peter Port	Guernsey		28%	28%
Partners Group (USA) Inc.	Delaware	USA	USD 75	100%	100%
Partners Group US Management LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Management II LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Management III LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Management CLO LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Investment Services LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group Colorado Propco, LLC	Delaware	USA	USD 101'140	100%	100%

[8] The company is indirectly held by Partners Group Holding AG
[9] For associated companies please refer to note 6. of the consolidated financial statements

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

	Place of incorporation and operation			Ownership and voting interest	
	Registered office	Country of incorporation	Share Capital in thousands	31 December 2022	31 December 2021
			31 December 2022		
Partners Group Cayman Management I Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management II Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management III Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management IV Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management Direct Equity V Limited[10]	George Town	Cayman Islands	USD 0	100%	
Partners Group Cayman Management REO II Limited[11]	George Town	Cayman Islands	USD 0	100%	
Partners Group Cayman Management Direct Infra IV Limited[12]	George Town	Cayman Islands	USD 0	100%	
Partners Group (Brazil) Investimentos Ltda.	São Paulo	Brazil	BRL 795	100%	100%
Partners Group (Canada) Inc.	Halifax	Canada	CAD 0	100%	100%
Partners Group (Singapore) Pte. Limited	Singapore	Singapore	SGD 1'250	100%	100%
Partners Group (Singapore) Pte. Ltd. Korea Branch[13]	Seoul	South Korea			
Partners Group (Shanghai) Co., Limited	Shanghai	China	CNY 12'363	100%	100%
Partners Group (India) Private Limited	Mumbai	India	INR 29'615	100%	100%
Partners Group Prime Services Solutions (Philippines), Inc.	Taguig City, Metro Manila	Philippines	PHP 13'734	100%	100%
Partners Group Japan Kabushiki Kaisha	Tokyo	Japan	JPY 10'000	100%	100%
Partners Group Advisors (DIFC) Limited	Dubai	UAE	USD 300	100%	100%
Partners Group Private Markets (Australia) Pty. Ltd.	Sydney	Australia	AUD 200	100%	100%

[10] The company was incorporated on 11 April 2022
[11] The company was incorporated on 27 May 2022
[12] The company was incorporated on 4 November 2022
[13] Branch office

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

8. Current interest-bearing liabilities

In millions of Swiss francs	31 December 2022	31 December 2021
Third parties	270.0	
Group companies	1'397.6	2'143.3
Total Current interest-bearing liabilities	**1'667.6**	**2'143.3**

9. Other current liabilities

In millions of Swiss francs	31 December 2022	31 December 2021
Accrued audit expenses	0.4	0.2
Other accrued expenses	3.4	7.1
Tax liabilities	0.1	0.2
Other liabilities	0.9	0.8
Total other current liabilities	**4.8**	**8.3**

10. 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%

11. Provisions

In millions of Swiss francs	31 December 2022	31 December 2021
Provisions for compensation to board members		
Option grants	2.6	2.7
Management carry program	0.8	1.0
Social security expenses on management carry program	0.1	0.1
Total provisions	**3.5**	**3.8**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

12. Treasury shares

	Number of shares	Weighted average price	Total value
		In Swiss francs	In millions of Swiss francs
Balance as of 1 January 2021	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**
Purchase of treasury shares	549'118	1'036.98	569.4
Disposal of treasury shares	(89'895)	1'110.48	(99.8)
Balance as of 31 December 2022	**790'189**	**1'072.88**	**847.8**

The Company has 1'101'870 (31 December 2021: 1'167'386) 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.

13. Share and option grants to members of the Board of Directors and the Executive Team

In Swiss francs	2022			2021		
	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	841	925.00	0.8	488	1'627.00	0.8
Executive Team						
Shares	15'085	925.00	14.0	6'256	1'627.00	10.2

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

14. Commitments and contingent liabilities

In millions of Swiss francs	31 December 2022	31 December 2021
Guarantees for third parties		55.5
Guarantees for subsidiaries	1'237.0	865.0

The Company and certain subsidiaries maintain the following lines of credit as of 31 December 2022 (see note 5.4.3. of the consolidated financial statements):

- CHF 622 million (31 December 2021: CHF 460 million)
- CHF 585 million (31 December 2021: CHF 375 million)
- CHF 30 million (31 December 2021: CHF 30 million)

The amounts drawn by subsidiaries are guaranteed by the Company.

As of 31 December 2022 there are CHF 270 million drawn (31 December 2021: nil).

15. Shareholders above 5%

As of 31 December 2022, the Company had received notification of four significant shareholders whose voting rights exceed 5%

	31 December 2022	31 December 2021
Dr. Marcel Erni	5.01%	5.01%
Alfred Gantner	5.01%	5.01%
Urs Wietlisbach	5.03%	5.01%
BlackRock, Inc.	5.02%	5.02%

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

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

Number of shares and options			31 December 2022
	Share ownership	Non-vested shares	Options
Board of Directors			
Steffen Meister, Executive Chairman	350'675		
Dr. Martin Strobel, Vice Chairman	631		4'570
Dr. Marcel Erni	1'338'959		
Alfred Gantner	1'338'959		
Joseph P. Landy	271		
Anne Lester	190		
Urs Wietlisbach	1'342'699		
Flora Zhao	163		
Total Board of Directors	**4'372'547**	**–**	**4'570**
Executive Team			
David Layton, Chief Executive Officer	7'309	8'786	7'500
Kirsta Anderson, Chief People Officer	38	383	
Sarah Brewer, Co-Head Client Solutions	1'791	2'761	30'180
Roberto Cagnati, Chief Risk Officer and Head Portfolio Solutions	1'586	2'306	18'850
Juri Jenkner, Head Private Infrastructure	8'808	5'523	
Andreas Knecht, Chief Operating Officer, General Counsel and Head Corporate Operations	9'806	4'256	17'000
Marlis Morin, Head Client Services	18'161	1'838	
Hans Ploos, Chief Financial Officer, Head Group Finance and Corporate Development	1'337	1'707	
Total Executive Team	**48'836**	**27'560**	**73'530**
Total	**4'421'383**	**27'560**	**78'100**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

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**

17. Full-time employees

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

18. Subsequent events

No events took place between 31 December 2022 and 17 March 2023 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 2022

In millions of Swiss francs	31 December 2022
Profit for the period	964.8
Results carried forward	1'941.0
Total voluntary retained earnings available for appropriation	**2'905.8**
Proposal by the Board of Directors to the Annual General Meeting of shareholders:	
To be distributed to shareholders	(987.9)
To be carried forward	**1'917.9**

Compensation Report

Flora Zhao member of the Board of Directors and Chairwoman of the Nomination & Compensation Committee

Dear clients, business partners, and fellow shareholders,

We are pleased to present Partners Group's Compensation Report for 2022. 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 as well as key strategy and environmental, social and governance ("ESG") topics.

In 2021 we made significant progress and are proud of the fact that our compensation report received a 92% approval rating. Over the past year, we again engaged with the stewardship teams of our shareholders[1] and proxy advisors to hear their opinions on our compensation structure and its components. We were delighted to hold physical meetings with them for the first time post COVID. These meetings served as a basis for our internal discussions and in 2022, we decided to make further adjustments to our approach towards compensation. I would like to share these with you in this letter.

Transparency on qualitative factors

The nominal long-term incentive ("LTI") pool granted for the year 2022 continues to be linked to two equally weighted annual performance assessments: quantitative achievements which assess the firm's financial performance and investment development as well as qualitative achievements which consider whether the firm's strategy objectives and ESG targets were met.

While the quantitative assessment remains unchanged, we increased the transparency of our qualitative assessment by providing better guidance on what strategy implementation and ESG targets were used to evaluate the Executive Team. For the strategy implementation component, which continues to account for 80% of the qualitative assessment, we evaluated six key long-term focus areas. These include transformational investing, scale investment activity, differentiate with bespoke client solutions, grow US client base, develop next generation leadership, and organize for scale. Within each of these focus areas certain sub-targets have been identified. The Executive Team's progress on these targets will be disclosed on an annual basis from 2022 onwards.

The ESG targets, which make up the remaining 20% of the qualitative assessment reflect those found in the 2021 Corporate Sustainability Report ("CSR"). By linking the targets to the CSR, shareholders will now have insight into what ESG goals the firm considers to be key and therefore integrated into the Executive Team's compensation. In addition, the CSR provides a more comprehensive overview on the status and progress of each target. By providing more definition to the strategy assessment and ESG criteria we aim to underline the growing importance of transparency to our stakeholders.

Proportion of performance-based LTI

Once the LTI pool is determined it is then allocated between our two LTI plans. We received positive feedback from shareholders when we increased the proportion of performance-based LTI from 33% to 50% in 2021. In 2022, we continued to ensure that 50% of the LTI was performance-

[1]During 2022 we met with shareholders representing over 15% of our total share capital.

Compensation Report

based, granted in the form of our Management Performance Plan ("MPP"). MPP continues to have two performance conditions, linked to the firm's financial performance and the generation of potential performance fees which reinforce a strong alignment of interests with clients and stakeholders. Based on the result of both conditions, the value of the MPP can be higher or lower than its grant value.

The remaining 50% of the LTI was again granted via our Share Participation Plan ("SPP"). While MPP focuses on the growth of the company, SPP encourages Executive Team members to maintain an ownership mindset by creating shareholder value through a rising share price.

Board of Directors gender diversity

Board diversity remains important to both Partners Group and our shareholders. There is an expectation in the market for at least 30% of Board members to be female. We acknowledge that despite female Board members accounting for 50% of our independent Board members they only account for 25% of the total Board, and we have therefore not yet met this threshold. As a firm we continue to be guided by our Board Diversity Policy which, amongst other items, requires that diverse individuals account for at least 50% of newly elected independent directors on a three-year rolling-basis. We are proud to say that in the prior three-year period we have adhered to our policy, specifically with the introduction of two female directors to the Board in 2022. We are also happy to share that, at the 2023 Annual General Meeting ("AGM") in May, the NCC will nominate a new female member, Gaëlle Olivier, to the Board. In taking this step we hope to further align our Board with industry best practice and lead by example.

At the end of my first term as Chairwoman of the NCC, I value the conversations which we shared with you and I look forward to working together to ensure that Partners Group continues to be a trusted counterparty to both our shareholders and stakeholders.

On behalf of Partners Group and the NCC, I would like to thank you for your continued trust and support.

Flora Zhao
Chairwoman of the Nomination & Compensation Committee

Compensation Report

1. Pay for performance and 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 not a substitute:** 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 in 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. 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 our firm continues to grow, we remain committed to delivering sustainable performance across economic cycles while focusing on what truly sets us apart:

- **Transformational investing:** as an investment firm, we seek to generate strong returns by capitalizing on thematic growth trends and transforming attractive businesses and assets 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 a lasting, positive impact for all of our stakeholders.

In Exhibit 1, we translate our corporate and ESG strategies into specific Group- and Executive Team-level objectives as well as executive Board committee responsibilities.

Compensation Report

Exhibit 1: 2022 Group- and Executive Team- level objectives and executive Board committee responsibilities

Group-level objectives

Investment platform	• Achieve sustainable expansion and scale of investment capacity • Create long-term value in portfolio assets
Financials	• Focus on continuous growth through client satisfaction and therefore AuM advancement • Balancing cost growth vs revenue growth
Strategy implementation	• Successfully implement key strategy initiatives – six strategic focus areas • Ensure business & ownership excellence across our platform and businesses
ESG	• Corporate level - create a positive and lasting impact for all stakeholders • Portfolio asset level - build better and more sustainable assets and businesses

Executive Team-level objectives

80%	**Transformational investing**	• Deepen and expand thematic market insight in future growth sectors and expand pipeline of target assets • Drive institutional entrepreneurship at scale with portfolio asset boards at the centre of vision, strategy, and accountability
	Scale investment activity	• Scale direct equity investments through growth of platform themes • Continue to scale private debt and integrated business platforms by becoming a premium solutions partner for our industry network
	Differentiate with bespoke solutions	• Further build out our leading position as a global provider of private market evergreen programs and tailored mandates for institutional investors • Expand offering of bespoke evergreen solutions for private wealth clients including small institutional investors and private individuals
	Grow client base in US	• Increase brand awareness and footprint in the US to win new clients with our bespoke solutions • Grow incremental share of fundraising stemming from the US to be above 30%
	Develop next generation teams	• Attract, retain, and develop diverse talent to realize full potential of private markets on behalf of all stakeholders • Promote leadership allowing for employee engagement with a culture of innovation
	Organize for scale	• Better leverage technology to allow for scale and improved efficiency across the platform • Grow business while realizing efficiencies of scale in our services platform
20%	**ESG**	• E: implement the climate strategy • S: further stakeholder impact and diversity • G: promote a strong and effective governance setup

Executive Board-level objectives

Investment Oversight Committee	• Ensure quality/consistency of decision making processes and investment performance • Implement investment-related quality standards and measurement methods
Client Oversight Committee	• Drive strategic fundraising initiatives and identify new key product and fundraising themes • Lead the coverage of the firm's key client prospects and global consultant network
Corporate Development Committee	• Drive the firm via the Board on major business, corporate, and organizational initiatives • Guide human capital development, financial planning, and use of financial resources
Crisis Response Team	• Ensure appropriate organization, communication and decision-making during a crisis • Guide on decisions that are essential to maintain or recover the Group's business operations

Compensation Report

LTI Framework

For Executive Team members, LTI consists of two plans, the Management Performance Plan ("MPP"), a performance-based LTI program, and the Share Participation Plan ("SPP"), which aims to further align the interest of the plan participants with those of shareholders. 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	Share Participation Plan
Philosophy	Drive profitable growth and investment performance	Promotes 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
Vesting[2]	Vests linearly over a 5-year period, subject to a minimum 5-year tenure in the respective committee, prior to which there is 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 through year 14	In Partners Group shares upon vesting
Allocation target[3,4]	50% of LTI	50% of LTI

1.2.1. Management Performance Plan

MPP is the core LTI program for Executive Team and executive Board members 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, typically over years 6 to 14, 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, if better than ex ante defined return targets for our client portfolios are achieved then the MPP payout can increase. The reverse holds true: if returns for clients fall below such ex ante defined return targets then the MPP payout will decrease. In the worst-case scenario of insufficient value creation, the payout can be zero.

Condition 1: Management Fee EBIT component

In order to become eligible for a potential payout, the firm's Management Fee EBIT[5] must grow at a defined minimum rate over a five-year period. This rate is set with both a floor rate, below which the 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 2022 MPP, the minimum annual growth rate was set at 2% p.a. and the cap was set at an annual growth rate of 15% p.a. over a 5-year period, as shown in Exhibit 2.

As an example, a Management Fee EBIT growth of 10% after a 5-year period results in a multiplier of the initial grant value of 5.9x. If the initial grant value in 2022 was CHF 1.0 million, then the intrinsic value of the MPP would be CHF 5.9 million in 2027.

[2] 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: 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 the business and the employee nearing retirement.

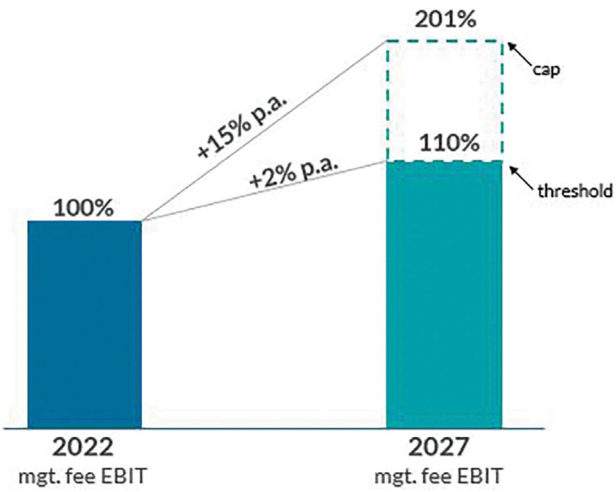
[3] The NCC decides the allocation of MPP grants based on the total performance fee-weighted investment volume generated during the relevant period. The more potential performance fees generated, the larger the potential upside which may lead to a higher MPP allocation. Thereby, the proportion of MPP relative to the overall LTI pool can range from approximately one-third to two-thirds. The remainder will be granted in SPP. In the case that MPP is less than 50%, a performance condition will be attached to SPP in order to ensure that at all times at least 50% of the LTI is granted in the form of a performance-based incentive.

[4] Due to Executive Team rotation actual awards granted in the form of MPP and SPP may deviate from the standard split disclosed in the referenced table. As an example, if a member was to rotate out of the Executive Team or be nearing retirement then their grant could be entirely in the form of SPP. Remaining members would receive the split as disclosed in the above table.

[5] The Management Fee EBIT is an alternative performance metric and is calculated as total EBIT International Financial Reporting Standards (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 2022. 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.

Compensation Report

Exhibit 2: Minimum Management Fee EBIT growth of 2% required for MPP value creation



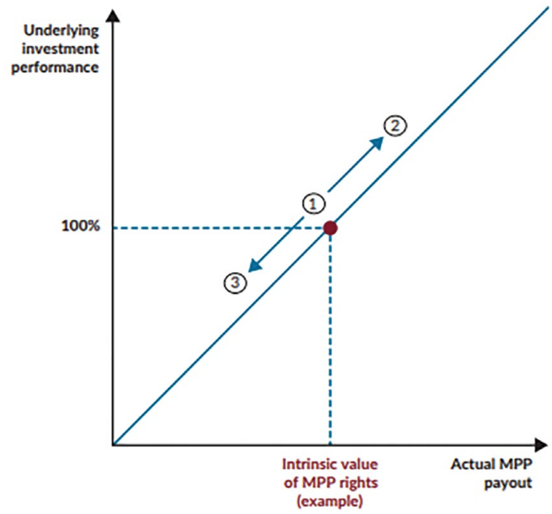
For the 2022 MPP grant, the intrinsic value of the MPP participation right will be measured five years after the grant date and cannot exceed 10.6x of the grant fair value. We believe that measuring performance over an extended five-year period is consistent with the long-term orientation of the firm's business.

Condition 2: Performance fee component

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 participation rights were granted. 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.

- **Magnitude:** the magnitude depends on the actual performance fees that the firm generates from the investment vintage[6] 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 participation 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: Actual MPP payout based on underlying investment performance



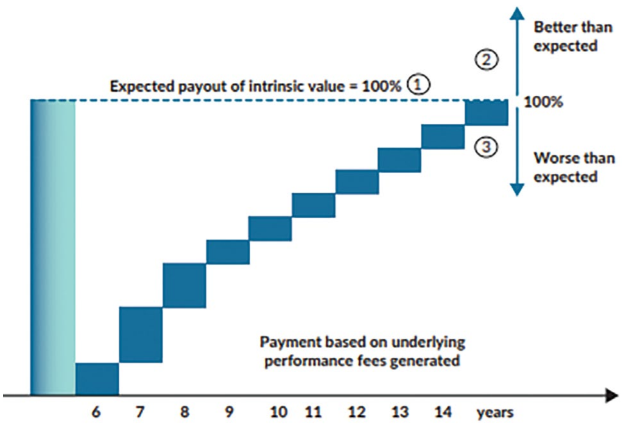
- **Timing:** the MPP payout occurs as the performance fees of the underlying investment vintage materialize, as illustrated in Exhibit 4. After each year, we compare the actual proportion of performance fees generated against the defined target. We then pay out the same proportion of the intrinsic value of the MPP grant in the form of Partners Group shares. For example, should the 2022 investment year pay out 15% of its target payout in 2027, we would pay out 15% of the intrinsic value of MPP to plan participants in the form of Partners Group shares in 2027[7].

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.

[6] Investment period is defined as Q4 of the prior year until Q3 of the respective financial year under review.
[7] The plan participants are paid out in a number of Partners Group shares (ticker: PGHN). The exact number is determined by taking the value of the payout divided by the price of one PGHN share. The price of the PGHN share is calculated based on the VWAP (volume-weighted average price) which means the price equal to the average of the volume-weighted average prices of the Share during the month prior to the payment date. VWAP shows the average price of a Share, adjusted for its volume.

Compensation Report

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

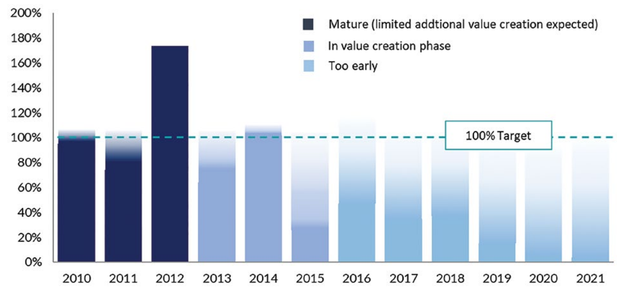


Historic performance fee payouts versus target

Future potential performance fees will depend on the development of the investments of a reference vintage[8]. 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 2022, 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 5. To date, over the 12-year period from 2010 to 2022 actual payout of Global Management Carry Pools[9] has exceeded the ex ante defined return target, set at 100%, on one occasion. While all reference investment pools are expected to continue to pay out performance fees over the many years to come, they also demonstrate the rigor of past target setting.

Exhibit 5: Performance fee payout expectations broadly in-line with target[10]



1.2.2. Share Participation Plan

SPP encourages the Executive Team to create shareholder value through a rising share price. It not only fosters an ownership mentality but also incentivizes Executive Team members to drive the operational performance of the firm and protect its reputation. SPP therefore promotes a long-term vision and 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.

On an annual basis, the human resources team performs an equal pay analysis, which has shown no pay inequalities in recent years, including 2022. The 2022 analysis was performed using the assessment methodology of the EDGE Certified Foundation[11]. The analysis, which was independently audited by KPMG[12], was performed at a global level and confirmed that Partners Group's pay gap is deemed insignificant[13].

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

[8]Investment period is defined as Q4 of the prior year until Q3 of the respective financial year under review.
[9]Refers to one or several pools of Partners Group's carry pool (i.e. performance fee pool) determined by the Company at its own discretion typically by segregating performance fee carrying investments by asset class, transaction type, level of involvement of the Company and its Subsidiaries, region, or a combination thereof.
[10]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.
[11]EDGE is a leading diversity and inclusion organization, offering a global standard with independent verification.
[12]KPMG performed an audit on Partners Group's equal pay analysis for the five largest offices. In 2022, this included Partners Group offices located in the Philippines, Singapore, Switzerland, the United Kingdom, and the USA.
[13]For a further breakdown please refer to the Corporate Sustainability Report which will be issued on 25 April 2023.

Compensation Report

of Diversity and Inclusion of the University of St. Gallen last year. Given that the firm performed the analysis in 2021, it was exempt from performing a separate Swiss equal pay analysis again in 2022.

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 the certificate "We Pay Fair."


University of St.Gallen

Confirmation

for the

Partners Group AG

The Competence Centre for Diversity & Inclusion (CCDI) has carried out a statistical examination of the wages of employees of the Partners Group AG for any unexplainable differences between men and women. A linear regression analysis was performed based on the recognized standard analysis model of the Swiss Confederation ("Logib").
The discrimination coefficient for the criterion gender is not statistically significantly different from zero and therefore lies within the tolerance threshold of 5% accepted by the federal government. The wages of the Partners Group AG per February 2021 correspond to the principle "equal pay for work of equal value" enshrined in the Federal Constitution.

WE PAY FAIR

St. Gallen, 25th February 2021

Prof. Dr. Gudrun Sander — Dr. Ines Hartmann

M.A. Jonathan Chassot — M.A., M.Sc. Theresa Geop

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 sheet[14]. This aligns the interests of clients with those of the firm and its employees. For select direct investment programs, in line with the expectations of our institutional clients, the size of such investments increases 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 place a higher value on a lean balance sheet strategy.

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.

Waived 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 for the Executive Team and Exhibit 15 for the Board of Directors). The respective revenues not generated due to the fees waived for independent Board members amounted to approximately CHF 8 thousand and represented <0.001% of the firm's total revenue. The waived fees are therefore deemed immaterial to influence their independent judgment.

[14] The firm does not generally earn any revenues on its own investments alongside clients as any fees levied are rebated.

Compensation Report

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 the 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 and future 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 2022 Annual Report.

As of 31 December 2022, the Group had 1'101'870 options and non-vested shares outstanding (2021: 1'167'386). 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 2022 Partners Group held 790'189 treasury shares which is sufficient to fully cover its current and future share-based incentive programs well beyond the year-end share price of CHF 816.80 (2021: CHF 1'512.50).

1.5. Bonus-malus system

The Board of Directors (with the board of directors of any of Partners Group's legal subsidiaries, where required) may decide to reduce or fully forfeit unvested parts of the performance entitlements allocated under the global long-term compensation plan, and/or not to (fully) pay amounts for part of the performance entitlements allocated under the global long-term compensation plan that have vested but for which amounts have not been paid yet, and/or may seek to recover all or part of the amounts that have been paid under those performance entitlements allocated under the global long-term compensation plan in the past (claw-back) where Partners Group Holding AG in its own reasonable discretion determined that the personal conduct of a Participant is fraudulent or in material breach of applicable laws, regulations or internal policies and procedures ("misconduct"). For purposes of this paragraph, material breach is typically given where such conduct resulted or could have resulted in serious damages, including loss of business and reputation damages, suffered by Partners Group. In 2022, no action by the Board was taken in this respect.

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 closely linked part of a typical compensation. The nomination process ensures that the assessment and nomination of individuals are 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[15]. 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. The approval authorities are displayed in detail in Exhibit 6.

[15] For the full Articles of Association please see: www.partnersgroup.com/articlesofassociation.

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 approves	Q4
Members of the Board of Directors[16]	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		Executive Team approves	

1.6.3. Committee members

As of 31 December 2022, the members of the NCC were Flora Zhao (Chair), Anne Lester, and Dr. Martin Strobel. According to the independence criteria outlined in our Corporate Governance Report (section 3), Flora Zhao, Anne Lester, 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 2022, 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.

[16] In the case of approving the chairperson'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 component has a clear link to strategy and tangible targets.

Type of compensation		Instrument	Timing
Total base compensation	Fixed cash base salary & benefits	Cash/fixed	Short-term
	Deferred cash payment[17]		
Long-term incentives	Share Participation Plan	Equity (share-based)/ variable	Long-term
	Management Performance Plan		

2.1. Total base compensation

The total base compensation is based on function and represents a stable compensation component. It is comprised of the cash base salary and the deferred cash payment. Cash base salaries, and by extension deferred cash payments, for Executive Team members are set dependent on an individual's function. For the CEO, the cash base salary and deferred cash payment are each set at USD 900 thousand, as of 2022.

Exhibit 8: Total base compensation for Executive Team members in 2022 (in thousands)

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

Cash base salary and pension benefits: cash base salaries are paid on a monthly basis and are reviewed annually. The primary purpose of benefits, such as pension and insurance plans, is to establish a level of security for employees and their dependants with regards to the major economic risks of sickness, accident, disability, death, and retirement. The level and scope of pension and insurance benefits provided are country-specific and influenced by local market practice and regulations.

The total cash base salary received by the Executive Team amounted to CHF 4.1 million (2021: CHF 4.0 million). The increase in cash base salary is due to normal salary and inflation adjustments.

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 and amounts to 100% of the cash base salary. 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. As of 31 December 2022 no adjustments have occurred.

The total deferred cash payments received by the Executive Team amounted to CHF 4.1 million (2021: CHF 3.8 million). The increase in total deferred cash payments was directly linked to the increase in total cash base salaries.

2.2. Total long-term incentives

LTI continue to encourage true entrepreneurialism and a long-term perspective. The nominal LTI pool granted for the year 2021 serves as a basis to calculate the LTI pool for the year 2022. 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 strategy objectives and ESG targets set for 2022, as outlined in Exhibit 1, were met.

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 compensation factor is capped at a maximum of 2.0x the previous year's LTI pool on the upper end, preventing excessive upside for LTI participants, and no floor on the lower end, therefore ensuring no 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 the Executive Team's new joiners or leavers). At the same time, in the most severe case,

[17] Deferred cash payment 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 an individual level.

Compensation Report

a compensation factor of 0.0x means that the nominal LTI pool would be equal to zero[18].

The performance assessment of the Executive Team in 2022 applied the methodology described above. Each of the six strategy targets and ESG targets were assessed on a scale of 0.0x to 2.0x. The lower-half signifies underachievement while the upper-half represents over-performance.

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. The 2022 performance evaluation based on the two quantitative input components resulted in a compensation factor of 1.20x.

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[19] EBIT less recognized performance fee revenues adding back performance fee-related expenses[20].

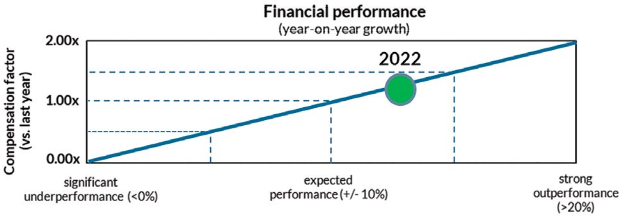
Result: the Management Fee EBIT[21] considered at the time by the NCC has risen by 12% (target 10%). The financial performance therefore outperformed expectations and resulted in a compensation factor of 1.20x.

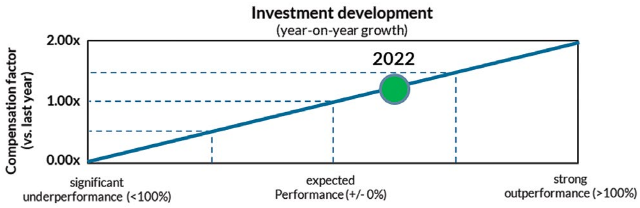
Investment development (50% weighting)

Assessment: successful investments made in the year under review provide the basis for potential future performance fees. 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 23% compared to the prior year (target: equal to prior year). The investment development therefore outperformed expectations and resulted in a compensation factor of 1.20x (rounded).

Exhibit 9: Quantitative assessment 2022





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-related activities. The 2022 performance of the Executive Team, based on qualitative measures, resulted in a performance factor of 1.16x. The details of the assessment are described below.

Strategy implementation (80% weighting)

Assessment: the NCC assessed the implementation of key strategic initiatives as well as continued business and operational excellence across the firm's platform and businesses. In 2022, the focus was on furthering the progress of the firm's six strategic focus areas which make up the strategic roadmap implemented in 2021. These six areas are outlined in Exhibit 1.

Result: taken together, the Executive Team exceeded expectations, resulting in a performance factor of 1.25x. The individual result was as follows:

[18] 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.
[19] IFRS is defined as the International Financial Reporting Standards.
[20] 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. A full definition can be found in the "Key definitions and alternative performance metrics" section of the Annual Report 2022.
[21] Management Fee EBIT as of latest 2022 forecast available at the time of assessment.

Compensation Report

- **Transformational investing (1.50x):** the firm's thematic sourcing approach contributed to the further build out of the firm's investment pipeline by identifying target assets with superior growth profiles. The investments and themes identified through Partners Group's sourcing approach subsequently received stronger internal ratings which is testament to the robustness of the firm's investment process. Similarly the firm's playbook approach of entrepreneurial governance, a key to transforming portfolio assets, has advanced under the leadership of the Executive Team as well as the Investment Oversight Committee[22]. Together these advancements contributed to the USD 26 billion of attractive investments made during the year, despite a challenging market environment.
- **Scale investment activity (1.00x):** the emphasis on thematic sourcing together with the build out of the investment teams and the firm's external networks led to the further expansion of our investment pipeline and capabilities. In turn, this expansion contributed to a satisfactory scale-up of investment capacity across the firm.
- **Differentiate with bespoke solutions (1.50x):** Partners Group's innovative bespoke client solutions were the largest contributor to fundraising at USD 15.5 billion (record 70% of assets raised). Within the scope of bespoke client solutions, mandates (USD 8.4 billion raised) are separate accounts that allow large institutional investors to achieve their long-term target allocations to private markets. Evergreen programs (USD 7.2 billion raised) in turn have liquidity features that enable individual investors to access private markets. In addition, to maintain our leading position in offering bespoke solutions to our clients, further progress has been made in implementing the framework for new offerings in the defined contribution market and our private debt platform. These strong results were directly driven by the Executive Team's overachievement of its internal targets.
- **Grow client base in US (1.25x):** during the year the US was a key component of the firm's growth strategy and it will remain a focus in future years. The Executive Team continued to execute on its plan to increase market share and brand awareness across the country. From a fundraising perspective, the US accounted for 29% of total assets raised. This was ahead of the 2022 target and is on-track for the firm's 2025 goal to raise more than 30% of total assets raised from the US.
- **Develop next generation teams (1.25x):** in 2022 a fully fledged review of the business unit leadership was launched. Through this process the Executive Team was able to implement employee development key performance indicators and identify areas of success and improvement across the business departments. In addition, an effort to delegate authority and decision-making power for team building was implemented at the appropriate levels across the firm.
- **Organize for scale (1.00x):** the Executive Team was tasked with two main targets to effectively organize for scale in 2022. The first goal was focused on technology where progress was made on the firm's technology transformation project which aims to create significant operational efficiency gains, and to drive the technology lifecycle. Of note was the successful rollout of the automation and standardization of the business process management. For the second target, the Executive Team launched a firm-wide project focused on effectively scaling the platform. This included several programs to realize efficiencies of scale such as the LEAN[23] training which was completed across the services platform.

Taken together, the Executive Team exceeded expectations across the firm’s Group- as well as Executive Team-level objectives.

ESG targets (20% weighting)

Assessment: Partners Group has a strong commitment to sustainability. Creating a lasting positive impact is one of the core principles of the firm's Charter[24] and thus it is crucial for it to be one of the factors in the Executive Team's overall performance assessment. In 2021, the firm defined an ESG strategy at both corporate- and portfolio asset-level. This

[22] The IOC is one of the Board committees and stands for the Investment Oversight Committee. Further information can be found in section 3 of the Corporate Governance Report.
[23] LEAN is an external program which promotes a systematic approach to reduce or eliminate activities that do not add value to the process.
[24] Further information on Partners Group's Charter can be found at: https://www.partnersgroup.com/en/about/our-charter/.

Compensation Report

strategy highlights a set of overarching goals to be achieved in the year of review[25]. The annual targets are set to be challenging and ambitious. In 2022, the Executive Team was assessed on its achievement of the key targets set for 2022 at the corporate level as well as the portfolio asset level. These targets were set to be highly ambitious in order to ensure Partners Group's position as an ESG leader in our industry.

Result: the Executive Team worked on projects to meet specific ESG targets throughout the year. The NCC assessed the Executive Team's progress to be substantial given the highly ambitious goals, but marginally below target resulting in a performance factor of 0.80x. Additional details are highlighted below.

Corporate-level targets

- **Environmental focus:** Partners Group aims to achieve net zero for the firm's Scope 1, Scope 2, and Scope 3[26] greenhouse gas (GHG) emissions by 2030. In order to evaluate whether the firm is on-track to achieve this long-term goal a set of five targets for 2022 was identified:

    - Executing the firm's Climate Change Strategy
    - Improving the gathering, storing, processing, and assuring of non-financial ESG data
    - Defining a staggered approach to measure and assure more than 95% of the firm's Scope 3 emissions
    - Developing a technology-based decarbonization program
    - Establishing an internal carbon price of USD 50 / tCO2 to incentivize reductions and fund carbon removal of residual emissions

    In 2022, the Executive Team was evaluated as being on-track to achieve the firm's 2030 net zero emissions goal based on its achievement of the above targets.

- **Social focus:** the firm set a long-term, social focus, goal to become an impact leader in corporate responsibility to the benefit of its employees and other stakeholders. In order to achieve this, the Executive Team was charged with:

    - Conducting an annual employee engagement survey
    - Verifying equal pay for equal work with the aim of no material deviations globally
    - Updating the diversity and integration strategy
    - Relaunching the PG Stakeholder Impact effort
    - Incorporating actions from the survey into the P&D goals of managers[27]

    In 2022, the Executive Team largely met expectations on the above targets, for example achieving no material deviations on equal pay for equal work, globally.

- **Governance focus:** Partners Group aims to achieve ownership excellence by becoming a role model in entrepreneurial ownership and governance for its peers and portfolio assets. Last year, the Executive Team had a set of five governance focused targets:

    - Formalizing the firm's internal control system for ESG processes
    - Advancing the preparation for current and future changes to ESG regulation and reporting standards
    - Including ESG and sustainability targets in the P&D goals of employees
    - Training all employees on ESG
    - Issuing a Remuneration Directive

    The Executive Team made progress on the above targets while select objectives, such as the issuance of a Remuneration Directive, were not fully achieved, and will therefore be carried forward into 2023.

[25] A full summary of the ESG targets can be found on pages 22 - 25 of the 2021 Corporate Sustainability Report.
[26] Corporate level Scope 3 emissions exclude Scope 3 emissions from "category 15: investments" (GHG Protocol), which are addressed at the portfolio level.
[27] P&D stands for Performance & Development and refers to Partners Group's annual employee goal setting and assessment process.

Compensation Report

Portfolio-level targets

- **Environmental focus:** Partners Group aims to create long-term value by both investing in the low carbon economy and leading assets on their path to net zero. In order to progress towards this goal four targets were set for 2022.

  - Supporting portfolio companies on reporting in line with ESG regulation
  - Working towards ensuring Scope 1 and 2 emissions are externally assured
  - Measuring Scope 3 emissions across the firm's-controlled companies
  - Continuing to execute the firm's Climate Change Strategy
  - Developing and providing lessons learned, best practices, policies, and playbooks

  The NCC determined that expectations were met on the majority of targets, including the measuring of Scope 3 emissions across the firm's controlled companies. Other select projects will continue to be a focus in 2023, including the distribution of best-in-practice playbooks.

- **Social focus:** Partners Group aims to build companies that employees desire to work for by reinvesting into development, and financial or well-being initiatives for staff. In order to achieve this, two goals were set for 2022:

  - Developing a program to enable the firm to systematically share social best practices and global minimum standards from its own experience to portfolio assets
  - Continuing to develop an institutionalized approach to the firm's Stakeholder Benefits Program, including the launch of several pilot programs across the firm's-controlled assets

  While substantial progress was made in 2022, expectations were not fully met. Both targets will therefore continue to be a focus in the next year.

- **Governance focus:** Partners Group aims to ensure sustainability at scale by developing its assets with an entrepreneurial mindset, advancing sustainability and focusing on positive impact for all stakeholders. In 2022, two key projects were initiated in line with this goal:

  - Anchoring ESG as a core element of the entrepreneurial ownership approach by defining three ESG responsibles at asset level and by identifying one to three ESG initiatives to be implemented throughout the firm's ownership period for controlled assets
  - Ensuring ownership and accountability for cybersecurity by establishing a cyber baseline and defining a risk-based cyber journey with regular reporting to the portfolio asset's board

  The NCC assessed both projects to be successfully launched in 2022: however the completion of the above projects was deferred to 2023. As a result, it was determined that the Executive Team did not fully meet expectations.

Summary

As a result of the quantitative and qualitative assessment, the overall LTI pool in 2022 increased by 18% to 1.18x last year's pool (the nominal LTI pool granted for the year 2021 serves as a basis to calculate the LTI pool for the year 2022[28]).

The Executive Team was granted nominal LTI amounting to CHF 23.9 million in 2022, adjusted for leavers and new team members (2021: CHF 20.6 million). Half of the value was granted in SPP and half in MPP. 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 determined, the individual assessment of each Executive Team member commences. An outline of the CEO's compensation is provided below.

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[29]. His full year 2022 total base compensation amounted to CHF 1.72 million (2021: CHF 1.51 million) and includes the deferred cash payment of CHF 0.86 million. The total base compensation including other compensation, such as pension benefits and social security payments, amounted to CHF 1.83 million (2021: CHF 1.82 million).

David Layton's LTI grant increased by 21% to 1.21x the previous year's LTI grant, thus amounting to CHF 7.25 million in 2022 (2021: CHF 6.00 million), slightly ahead of the average LTI pool increase of 1.18x. The grant amount was based on the qualitative assessment as outlined in Exhibit 1 as well as the quantitative assessment of the firm. During the year, David Layton also acted

[28] Subject to minor rounding at an indvidual level.
[29] In order to illustrate the USD based compensation in CHF, the compensation was converted into CHF with the average exchange rate USD/CHF for the year 2022. Source: Bloomberg.

Compensation Report

as Head of Private Equity. In this role he outperformed based on his contribution to the record performance fee potential generated in 2022 as well as the outperformance of the private equity asset class during the period. David Layton received 50% of the LTI value in SPP and 50% in MPP.

2.4. Executive Team member

The highest paid Executive Team member in 2022 was the firm's CEO, David Layton.

2.5. Compensation caps

The granted nominal value of LTI is not to exceed 5.0x the total base compensation of an Executive Team member (cash base salary + deferred cash payment). For 2022, the ratio between the committee members' LTIs compared to their total base compensation ranged from 0.75 x to 4.22x. This range therefore falls below the compensation cap for the LTI and does not exceed 5.0x the total base compensation of an Executive Team member (cash base salary + deferred cash payment). These ratios exclude any other benefits (social security and pension contributions) and show the varying compensation levels among individuals based on their function, achievements, and responsibility.

2.6. Minimum shareholding guidelines

In 2021, the NCC implemented minimum shareholding guidelines for all Executive Team members as of 2022. 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 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 encompass shares granted under the firm's LTI plans as well as shares privately purchased by Executive Team members outside of these plans.

Of the Executive Team's eight members, seven members were found to be compliant with the new minimum shareholding guidelines. Members who do not currently comply with the minimum shareholding threshold have four years remaining to become compliant. 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 2022 are shown in note 15 to the financial statement of Partners Group Holding AG.

Exhibit 10: 2022 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**

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 2022, 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 2021 or 2022.

2.9. Approved budgets of predecessor compensation programs and their payouts (2014-2017)

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 2022, 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 2022 Executive Team and function of its members

Name	Joined Partners Group in	Nationality	Age	Position
David Layton	2005	American	41	Chief Executive Officer, Head Private Equity
Kirsta Anderson	2020	American	43	Chief People Officer
Sarah Brewer	2008	British	39	Global Co-Head Clients Solutions
Roberto Cagnati	2004	Swiss/Italian	44	Chief Risk Officer, Head Portfolio Solutions
Juri Jenkner	2004	German	47	Head Private Infrastructure
Andreas Knecht	2009	Swiss	53	Chief Operating Officer, General Counsel, and Head of Corporate Operations
Marlis Morin	2003	Swiss/Italian	52	Head Client Services
Hans Ploos van Amstel	2020	Dutch	57	Chief Financial Officer, Head Group Finance & Corporate Development

Exhibit 12: Executive Team compensation for the full year 2022 (audited)

In thousands of Swiss francs							2022
	Cash base salary	Deferred cash payment	Other[30]	Subtotal cash compensation	LTI (SPP)	LTI (MPP)[31]	Total[32,33]
David Layton, Chief Executive Officer and Head Private Equity	859	859	116	1'834	3'625	3'625	9'084
Total Executive Team	**4'141**	**4'142**	**1'343**	**9'627**	**12'328**	**11'575**	**33'530**

[30]Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.
[31]The valuation of MPP is outlined in the notes to the consolidated financial statement for the year 2022 (note 4.3.2. to the consolidated financial statements).
[32]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 33'621 thousand, including CHF 91 thousand of waived fees. The total compensation of David Layton amounts to CHF 9'113 thousand, including CHF 29 thousand of waived fees.
[33]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 2022. 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 991 thousand, received in 2022 was in aggregate below the approved compensation budget.

Compensation Report

Exhibit 13: Executive Team compensation for the full-year 2021 (audited)

In thousands of Swiss francs								2021
	Cash base salary	Deferred cash payment	Other[34]	Subtotal cash compensation	LTI (SPP)	LTI (MPP)[35]	MCP[36]	Total[37,38]
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 Team[39]	**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**

[34] Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.
[35] 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).
[36] 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.
[37] 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.
[38] 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.
[39] André Frei, Co-CEO and Dr. Michael Studer, CRO: members until 30 June 2021.

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 four executive Board members - the Executive Chairman and the three founders - and four 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 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 usually 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 allocation changes for the executive members of the Board follow those of the Executive Team and increased by 18% to 1.18x the amount granted in 2021. Individual goals are dependent on a member's individual function and level of responsibility as outlined in Exhibit 1 in addition to their achievement of the stated quantitative factors. 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 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 in Exhibit 14. 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 through their committee mandates. Independent Board members are each paid 50% in cash and 50% in restricted shares[40] delivered in one installment during the current board period. Independent Board members do not receive LTI or pension benefits.

[40] 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

Exhibit 14: Compensation framework of 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, CDC[41]	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
CRT[42]	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	**Chair:** chaired by executive member **Member:** CHF +50'000
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	As required, additional Board committee work may be performed on an ad-hoc basis. These specially created committees focus on value creation and other PG-related initiatives. These ad-hoc committees will be disclosed in the Corporate Governance Report should they be formed in the year under review[43].	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.	

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 Investment Oversight Committee the Executive Chairman drives forward investment strategy and oversight. He is also actively involved in the advancement of client-related projects as a member of the Client Oversight Committee. Mr. Meister is also chair of the Corporate Development Committee, where he steers strategic projects, business development, and corporate development initiatives. At the core, he is 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 (2021: CHF 0.30 million). He received the same LTI compensation factor as the overall Executive Team (1.18x) and was granted LTIs amounting to CHF 2.25 million (2021: CHF 1.91 million). This brings his total compensation to CHF 2.61 million (2021: CHF 2.27 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 supporting 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 (2021: CHF 0.30 million). With regards to their LTI allocation, each member was awarded an LTI grant of CHF 1.50 million (2021: CHF 1.28 million), entirely granted in MPP. This represents the same compensation factor (1.18x) as the overall Executive

[41] The Investment Oversight Committee (IOC), Client Oversight Committee (COC) and Corporate Development Committee (CDC) are not expected to be led by independent Board members.
[42] The Crisis Response Team (CRT) is not expected to be led by Independent Board members.
[43] The Corporate Governance Report can be found in the 2022 Annual Report.

Team and the Executive Chairman of the Board and brings the total compensation of Dr. Marcel Erni to CHF 1.86 million (2021: CHF 1.64 million), Alfred Gantner to CHF 1.86 million (2021: CHF 1.64 million) and Urs Wietlisbach to CHF 1.86 million (2021: CHF 1.64 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 **Joseph P. Landy**, **Anne Lester**, **Dr. Martin Strobel**, and **Flora Zhao**.

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 2022).

In 2022 there were three notable changes to the roster of independent members of the Board. Grace del Rosario-Castaño retired from the Board after serving for a period of 8 years; her retirement was made effective on 25 May 2022. In addition, Flora Zhao and Anne Lester were appointed to the Board at the Annual General Meeting of Shareholders on 25 May 2022. At the Annual General Meeting of Shareholders on 24 May 2023, an additional female Board member will be nominated for appointment to the Board.

Independent Board members were compensated in accordance with their Board roles and time commitment to their respective mandates.

Joseph P. Landy was paid a base Board fee of CHF 0.10 million. 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 Investment Oversight Committee. This brings his total compensation to CHF 0.30 million, including other compensation.

Anne Lester was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.10 million for being a member of the Risk & Audit Committee, CHF 0.10 million for being a member of the Client Oversight Committee and CHF 0.05 million for being a member of the NCC. This brings her total compensation to CHF 0.35 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 and received a fee of CHF 0.15 million. He additionally received CHF 0.10 million for being a member of the Corporate Development 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. In addition to his committee work, Martin Strobel received CHF 0.05 million for his time on the Crisis Response Team. This brings his total compensation to CHF 0.53 million, including other compensation.

Flora Zhao 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. This brings her total compensation to CHF 0.32 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 2022, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member (31 December 2021: no loans were outstanding).

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 2021 and 2022.

Compensation Report

Exhibit 15: Board compensation for the full-year 2022 (audited)

In thousands of Swiss francs	Cash	Shares	Other[44]	Subtotal cash and share compensation	MPP[45]	2022 Total[46,47]
Steffen Meister, Executive Chairman	300	–	56	356	2'250	2'606
Dr. Martin Strobel, Vice Chairman	250	251	34	535		535
Dr. Marcel Erni	300	–	62	362	1'500	1'862
Alfred Gantner	300	–	59	359	1'500	1'859
Joseph P. Landy	150	151	–	301		301
Anne Lester	175	176	–	351		351
Urs Wietlisbach	300	–	63	363	1'500	1'863
Flora Zhao	150	151	20	321		321
Total Board of Directors	**1'925**	**728**	**295**	**2'948**	**6'750**	**9'698**
Grace del Rosario-Castaño[48]	50	50	8	108		108
Total Board of Directors incl. former members	**1'975**	**778**	**304**	**3'056**	**6'750**	**9'806**

[44] 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: Grace del Rosario-Castano, Joseph P. Landy, Anne Lester, Dr. Martin Strobel and Flora Zhao.
[45] The valuation of MPP is outlined in the notes to the consolidated financial statement for the year 2022 (note 4.3.2. to the consolidated financial statements).
[46] 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 CHF23'076 thousand, including CHF 13'270 thousand for waived fees. For those who had waived fees, the total technical non-financial income stemming from waived fees received by the Board of Directors are listed below:

- Steffen Meister: CHF 97 thousand
- Dr. Marcel Erni: CHF 4'118 thousand
- Alfred Gantner: CHF4'569 thousand
- Anne Lester: CHF 1 thousand
- Grace del Rosario-Castaño: CHF 1 thousand
- Dr. Martin Strobel: CHF 6 thousand
- Urs Wietlisbach: CHF 4'478 thousand

[47] At the AGM in May 2022, shareholders approved the maximum total short-term cash compensation budget of CHF 3.50 million for the Board of Directors until the next ordinary annual shareholders' meeting in 2023. 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 157 thousand, received in 2022 was in aggregate below the approved compensation budget.
[48] Board member until the Annual General Meeting of shareholders on 25 May 2022.

Compensation Report

Exhibit 16: Board compensation for the full-year 2021 (audited)

In thousands of Swiss francs						2021
	Cash	Other[49]	Subtotal cash compensation	Shares[50]	MPP[51]	Total[52,53]
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[54]	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[55]	109	9	118	111		229
Dr. Eric Strutz[56]	54	4	59	55		114
Total Board of Directors incl. former members	**1'988**	**331**	**2'319**	**794**	**5'738**	**8'851**

[49] 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.

[50] 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).

[51] 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).

[52] 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

[53] 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.

[54] Board member effective from the Annual General Meeting of shareholders on 12 May 2021.

[55] Board member until 3 September 2021.

[56] Board member until the Annual General Meeting of shareholders on 12 May 2021.

Compensation Report

Report of the Statutory Auditor

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Compensation Report

Opinion

We have audited the compensation report of Partners Group Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in sections 2.7 to 2.8 and exhibits 12 to 13 on pages 145 to 147 as well as sections 3.5 to 3.6 and exhibits 15 to 16 on pages 150 to 152 of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company 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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked “audited” in the compensation report, the consolidated financial statements, the stand-alone financial statements of the company and our auditor’s reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report 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.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a compensation report 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 a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Compensation Report

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is 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 SA-CH 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 this compensation report.

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

– Identify and assess the risks of material misstatement in the compensation report, 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 Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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 to 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.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Malea Bourquin
Licensed Audit Expert

Zurich, 17 March 2023

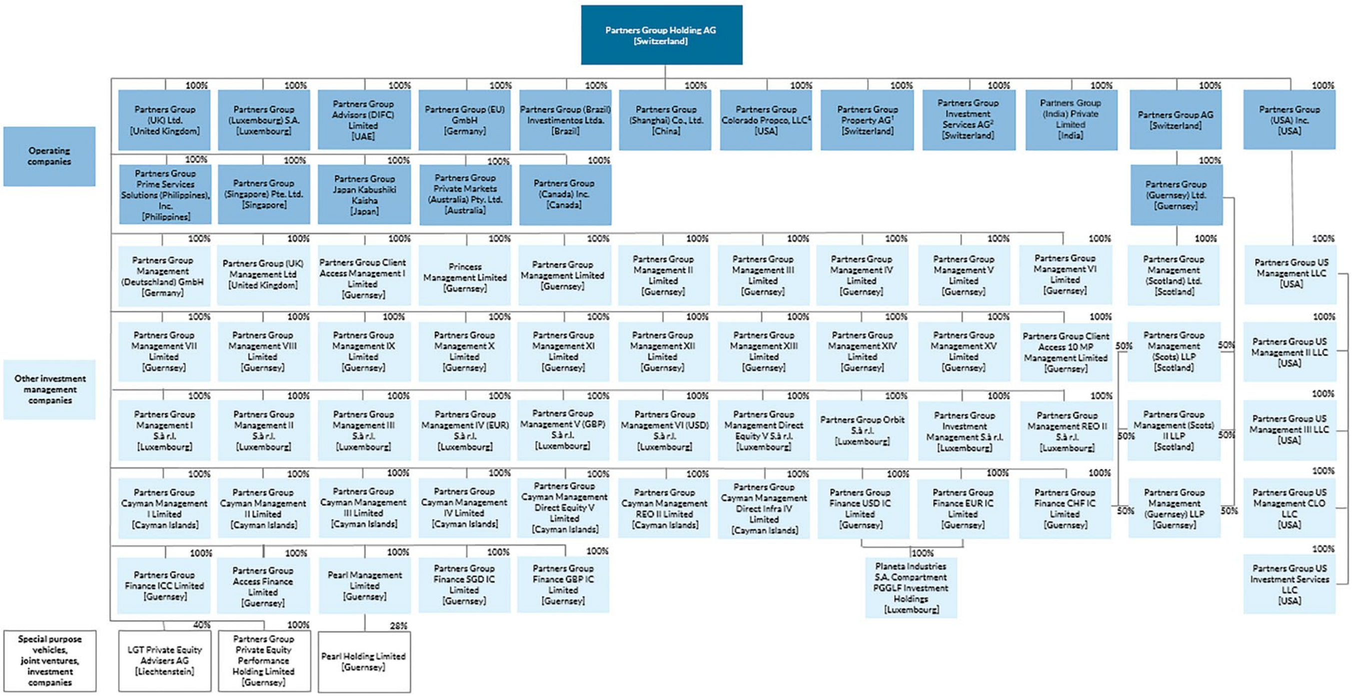
Corporate Governance Report

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 Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and the German 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. Quiet 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 16 November 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.

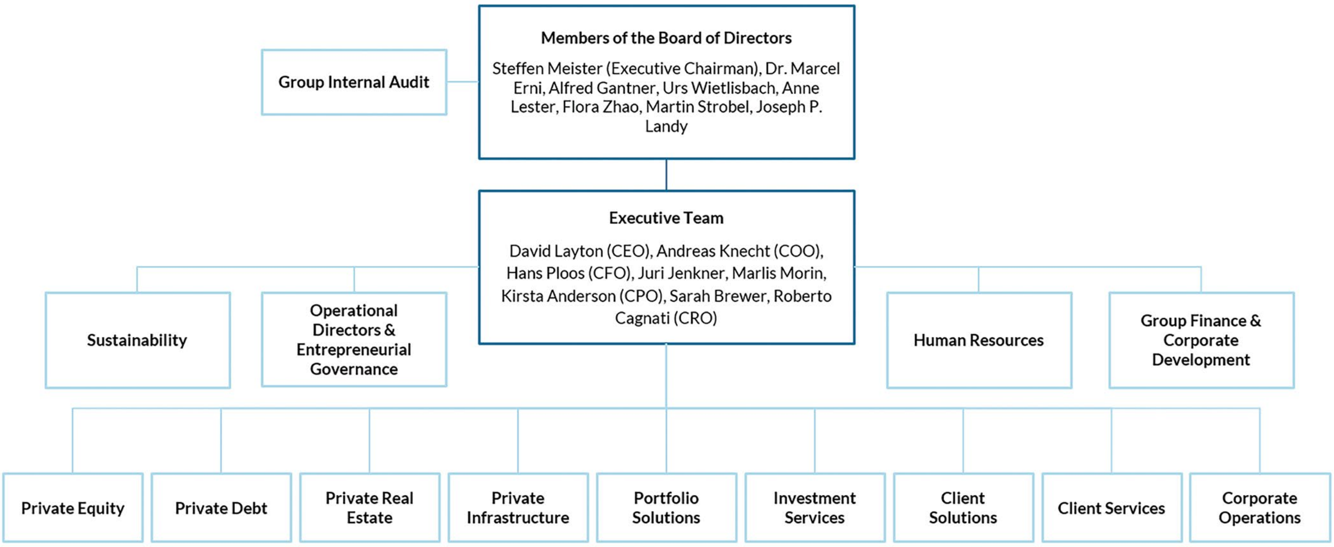
Corporate Governance Report

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 legal group structure as of 31 December 2022 whereas the chart below provides an illustration of the group organizational structure.



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 2022 was CHF 21.8 billion. All other group companies are privately held.

1.1.3. Non-listed companies belonging to the Group

For more detailed information on the non-listed operating subsidiaries of Partners Group Holding AG, including names, country of incorporation, registered office, share capital and ownership interests, please see note 17 to the consolidated financial statements of Partners Group Holding AG in the Annual Report 2022.

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 31 December 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 above 5% of the total share capital of Partners Group AG as detailed below:

- Dr. Marcel Erni, 1'338'959 shares or 5.01%
- Alfred Gantner, 1'338'959 shares or 5.01%
- Urs Wietlisbach, 1'342'699 shares or 5.03%

As of 31 December 2022, a group controlled by BlackRock, Inc., 55 East 52nd Street, New York, NY 10055, USA, held shares resulting in a shareholding of 5.02% of the total share capital.

As of 31 December 2022, Partners Group held 790'189 treasury shares, corresponding to 2.96% of the total share capital.

Corporate Governance Report

All disclosures according to art. 120 et seqq. 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.ser-ag.com/en/topics/disclosure-of-shareholdings.html.

1.3. Cross-shareholdings

Partners Group has no cross-shareholdings of 5% or more with another company or group of companies.

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 2022, Partners Group has no authorized share capital.

As of 31 December 2022, 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 preemptive 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. See also art. 3a of the articles of association (available at www.partnersgroup.com/articlesofassociation).

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 www.partnersgroup.com/articlesofassociation). The shares have been issued in the form of book-entry securities.

Corporate Governance Report

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. Each share is entitled to dividend payments, the amount of which is determined based on the nominal value of each such share. For details regarding shareholders' subscription rights (and exclusion of subscription rights) please refer to art. 8 of our articles of association (available at www.partnersgroup.com/articlesofassociation).

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. 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 2022, 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 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 2022 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 2022 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 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 2022, the Board of Directors consists of eight members. All members were elected at the annual general meeting of shareholders ("Annual General Meeting") 2022 for a one-year tenure with the possibility of re-election. At the Annual General Meeting 2022, Haixia (called Flora) Zhao and Anne Lester were elected as new members of the Board of Directors and Grace del Rosario-Castaño retired from the Board of Directors as of 25 May 2022. On 9 March 2023, the Board has nominated Gaëlle Olivier for election at the Annual General Meeting on 24 May 2023 as a new independent member of the Board. Joseph P. Landy, independent member of the Board, will step down from the Board following the Annual General Meeting.

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):

	Independent Director	Corporate Development Committee[1]	Investment Oversight Committee	Client Oversight Committee	Risk & Audit Committee	Nomination & Compensation Committee	Crisis Committee[2]
Steffen Meister Chairman		Chair	Chair	Member			Chair
Dr. Martin Strobel Vice Chairman	Lead independent director	Member			Chair	Member	Member
Dr. Marcel Erni			Member				
Alfred Gantner			Member				
Joseph P. Landy	Member		Member		Member		
Flora Zhao	Member		Member			Chair	
Anne Lester	Member			Member	Member	Member	
Urs Wietlisbach				Chair			

Member   Chair   Lead independent director

[1] On 1 January 2022, the Strategy Committee was renamed to "Corporate Development Committee"; members of the Corporate Development Committee are Steffen Meister and Dr. Martin Strobel. As of 30 November 2022, the Corporate Development Committee's role as Board committee has been discontinued. Formal Board meetings have been replaced by monthly advisory meetings between the Chairman, the Vice-Chairman and the Executive Team.

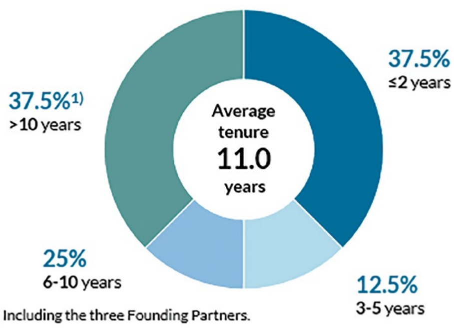
[2] Next to the committees mentioned above, the Crisis Committee was in place until 30 November 2022. As of 30 November 2022, the Crisis Committee has been replaced by the Crisis Response Team. The Crisis Response Team is not a Board committee, but a corporate body that would be active in case of severe crisis affecting the business operations of Partners Group. The Crisis Response Team is composed of Steffen Meister (Chairman), the Chairman of the Risk & Audit Committee, two other members of the Board of Directors to be determined by the Board and the members of the Executive Team (for further details see section 3.5.).

Corporate Governance Report

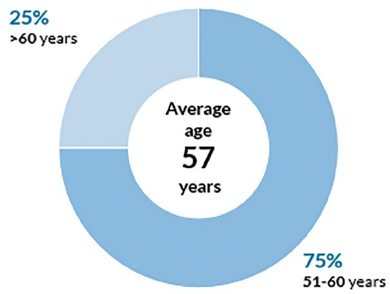
All board members exhibit:

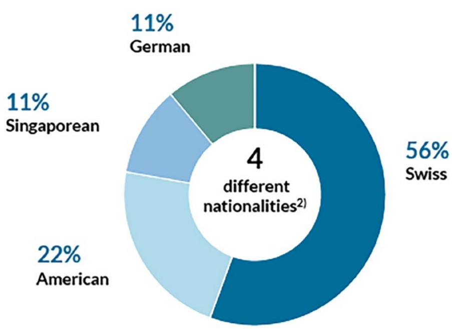
- Strong alignment with shareholders
- Deeply active engagement with focus on value creation
- Bias towards trusted, long-term relationships
- A commitment to the long-term success of Partners Group
- A proven record of success
- High integrity
- Strong board leadership in shaping and directing strategy
- Knowledge of corporate governance requirements and practices
- A commitment to sustainability and corporate responsibility extending beyond our direct shareholders

Our board members exhibit an effective and broad mix of skills, experience and diversity

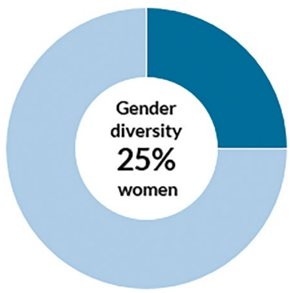


1) Including the three Founding Partners.





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-how[3]

6 Risk management experience[5]

8 Broad international exposure[7]

5 C-level experience[4]

6 Operational experience[6]

8 Investment experience[8]

---

[3] Have had at least 5 years of experience in the private markets industry
[4] Have had at least 5 years of C-level experience
[5] Have had at least 5 years of involvement in risk management activities
[6] Have had at least 5 years of operational experience (through line or general management roles that included profit and loss responsibility)
[7] Have had at least 10 years of international business exposure
[8] Have had at least 10 years of investment management experience

Corporate Governance Report

3.1. Members of the Board of Directors

All members of the Board of Directors of Partners Group Holding AG are also members of the Board of Directors ("the Board") of Partners Group AG, a 100% 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.

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;
- once appointed to the Board, 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, Flora Zhao and Anne Lester. The total number of independent board members amounted to four as of 31 December 2022.

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 functions[9]

Steffen Meister

- **Director since:** 2013
- **Age:** 52
- **Nationality:** Swiss
- **Board Committees:** Corporate Development Committee[10] (Chairman), Investment Oversight Committee (Chairman), Client Oversight Committee
- **Other relevant 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. Mr. Meister 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:** 57
- **Nationality:** Swiss
- **Board Committees:** Investment Oversight Committee
- **Other relevant board mandates:** PG3 AG
- **Board mandates at Partners Group's portfolio companies:** AMMEGA, 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. Mr. Erni 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		

[9] 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.

[10] On 1 January 2022, the Strategy Committee was renamed to "Corporate Development Committee"; members of the Corporate Development Committee are Steffen Meister and Dr. Martin Strobel. As of 30 November 2022, the Corporate Development Committee's role as Board committee has been discontinued. Formal Board meetings have been replaced by monthly advisory meetings between the Chairman, the Vice-Chairman and the Executive Team.

Corporate Governance Report

Alfred Gantner

- **Director since:** 1997
- **Age:** 54
- **Nationality:** Swiss
- **Board Committees:** Investment Oversight Committee
- **Other relevant board mandates:** PG3 AG
- **Board mandates at Partners Group's portfolio companies:** Confluent Health, Fermaca, Climeworks AG, Breitling SA (Chairman)

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. Mr. Gantner 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:** 61
- **Nationality:** American
- **Board Committees:** Investment Oversight Committee, Risk & Audit Committee
- **Other relevant 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 BS degree in Economics from The Wharton School at the University of Pennsylvania and an MBA 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

Dr. Martin Strobel

- **Director since:** 2019
- **Age:** 56
- **Nationality:** German/Swiss
- **Board Committees:** Risk & Audit Committee (Chairman), Corporate Development Committee[11], Nomination & Compensation Committee
- **Other relevant 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. Strobel began 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. Strobel spent almost three years as an operating partner at private equity firm Advent International. His background is in technology and he gained a PhD in business computer science from the Otto-Friedrich-Universität Bamberg.

Key qualifications and skills

Private markets industry know-how	C-level experience	Risk management experience
Operational experience	Broad international exposure	Investment experience

Urs Wietlisbach

- **Director since:** 1997
- **Age:** 61
- **Nationality**: Swiss
- **Board Committees:** Client Oversight Committee (Chairman)
- **Other relevant board mandates:** Blue Earth Capital (Chairman), Blue Earth Foundation, Entrepreneur Partners AG, PG3 AG
- **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. Mr. Wietlisbach 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

[11] On 1 January 2022, the Strategy Committee was renamed to "Corporate Development Committee"; members of the Corporate Development Committee are Steffen Meister and Dr. Martin Strobel. As of 30 November 2022, the Corporate Development Committee's role as Board committee has been discontinued. Formal Board meetings have been replaced by monthly advisory meetings between the Chairman, the Vice-Chairman and the Executive Team.

Corporate Governance Report

Flora Zhao

- **Director since:** 2022
- **Age:** 57
- **Nationality**: Singaporean
- **Board Committees:** Nomination & Compensation Committee (Chairwoman), Investment Oversight Committee
- **Other relevant board mandates:** Temasek International Pte Ltd (Senior Advisor), Pavilion Energy Ltd, Greenext Holdings Pte Ltd, Greenext India Pvt Ltd, Singapore Future Economic Council (Resource and Environmental Committee)

Flora Zhao is an independent, non-executive member of the Board of Directors of Partners Group Holding AG. She has over 30 years of executive experience with global Fortune 500 companies across the energy infrastructure value chain in Asia. Previously, she was President of Gas Asia at BP where she was responsible for the gas and liquefied natural gas business in the eastern hemisphere. Prior to that, Flora was a Managing Director at AES Corporation, a NYSE-listed global power company comprising power generation, distribution and alternative energy businesses. She began her career at the Construction Bank of China. Flora holds a Bachelor's degree in Engineering from Zhejiang University, China and a Master's degree in Construction Management from the University of Maryland, College Park, USA. She also completed the Senior Executive Program at the University of Virginia, Darden School of Business, USA.

Key qualifications and skills

Private markets industry know-how	Investment experience	Risk management experience
Operational experience	Broad international exposure	

Anne Lester

- **Director since:** 2022
- **Age:** 58
- **Nationality:** American
- **Board Committees:** Client Oversight Committee, Risk & Audit Committee, Nomination & Compensation Committee
- **Other relevant board mandates:** Smart USA

Anne Lester is an independent, non-executive member of the Board of Directors of Partners Group Holding AG. She has over 30 years of experience in senior leadership roles at JP Morgan Asset Management, most recently serving as Managing Director, Portfolio Manager and Head of Retirement Solutions in the Multi-Asset Solutions division where she launched JPMorgan's SmartRetirement Target Date franchise. She also founded the Aspen Leadership Forum on Retirement Savings in conjunction with AARP and holds three patents for the design of a dynamic withdrawal investment process and for the evaluation of target date funds. Anne holds an Bachelor's degree in Politics from Princeton University, New Jersey, USA and a Master's degree in International Relations from the Johns Hopkins University School of Advanced International Studies, Washington, DC, USA.

Key qualifications and skills

Operational experience	Broad international exposure	Risk management experience
Investment experience		

Corporate Governance Report

Organizational changes to the Board of Directors

On 9 March 2022, Partners Group announced amendments and nominations regarding the composition of its Board of Directors and related committees, which was proposed and accepted at the Annual General Meeting of shareholders on 25 May 2022. Anne Lester and Flora Zhao were elected as new members of the Board while Grace del Rosario-Castaño retired from the Board.

On 9 March 2023, the firm announced a further amendment and nomination regarding the composition of its Board of Directors and related committees, which will be proposed at the next Annual General Meeting of shareholders on 24 May 2023. The Board has nominated Gaëlle Olivier for election as a new independent member of the Board. Joseph P. Landy, independent member of the Board, will step down from the Board following the AGM.

Gaëlle Olivier has 30 years of experience in financial services. After a first career in the financial derivatives industry, Gaëlle joined AXA Group in 1998, where she held several senior executive roles over the next 20 years, ten of which were spent in Asia. In 2016, she was appointed CEO of AXA Group Property & Casualty business, and a member of the AXA Group Management Committee. Most recently, she joined Société Générale in 2020 as Chief Executive Officer of Asia Pacific activities and then held the role of Group Deputy General Manager and Chief Operating Officer until the end of 2022. Through her Board committee assignment on the Risk & Audit Committee, Ms. Olivier will contribute to Partners Group's strategic Board-level initiatives with a focus on clients and operations.

Joseph P. Landy will retire from the Partners Group Board after the next AGM for personal reasons. He has served on the Board since 2021, including assignments as a member of the Risk & Audit Committee and the Investment Oversight Committee.

3.2. Other activities and vested interests

Please see note 3.1 above.

3.3. Number of mandates pursuant to the Swiss Ordinance against excessive Compensation (OaEC)

In accordance with art. 626 para. 2 item 1 Swiss Code of Obligations (Formerly: art. 12 para. 1 of the OaEC) and art. 25 of the articles of association (available at www.partnersgroup.com/articlesofassociation), 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 Swiss Code of Obligations. 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 (available at www.partnersgroup.com/articlesofassociation) that differ from the statutory legal provisions with regard to the appointment of the Chairman, the members of the Nomination and Compensation Committee and the independent proxy.

Succession planning

Succession planning is of significant importance to the Board of Directors. The Nomination & Compensation Committee supports the Chairman of the Board in the review and assessment of newly appointed directors. The Nomination & Compensation Committee together with the Chairman of the Board will oversee the development of a diverse succession pipeline for the Board. They regularly analyze 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.

Corporate Governance Report

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 fulfillment 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 which are companies that Partners Group manages on behalf of its clients but does not own.

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[12],
- 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 to download on the website at 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 (available at www.partnersgroup.com/articlesofassociation) 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 159 for the Board composition as well as section 3.1 for information on the allocation of tasks within the Board of Directors.

During the first Board meeting following the Annual General Meeting of shareholders, the Board of Directors appoints its minutes taker (Protokollführer), 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 2022, five formal meetings were held (2021: five), which lasted from three to eight hours each. The majority of all Board members were present at all

[12] (Cis-) male is used in the context of the use of the term cisgender which denotes a person whose gender identity corresponds with the sex registered for them at birth; not transgender.

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 only when 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 Corporate Development Committee (disbanded as per 30 November 2022), the Client Oversight Committee, the Investment Oversight Committee and the Crisis Committee (replaced by the Crisis Response Team as per 30 November 2022; see below section 3.5). 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 Swiss Code of Obligations. 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 (available at www.partnersgroup.com/articlesofassociation), the RAC is presided over by an independent Board member.

Until 25 May 2022, the members of the committee were Dr. Martin Strobel (Chair), Joseph P. Landy and Steffen Meister (ad interim). As of the Annual General Meeting, the members of the RAC are Dr. Martin Strobel (Chair), Joseph P. Landy and Anne Lester. The RAC held nine formal meetings in 2022 (2021: five), which lasted approximately two to four hours each. In addition, the external auditors attended seven meetings of the RAC in 2022. The majority of all committee members were present at all meetings. The meetings of the RAC may also be 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 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

Corporate Governance Report

articles of association (available at www.partnersgroup.com/articlesofassociation), the NCC is presided over by an independent Board member.

Until 25 May 2022, the members of the committee were Grace del Rosario-Castaño (Chair), Dr. Martin Strobel and Joseph P. Landy (ad interim). Following the Annual General Meeting, the committee is composed of Flora Zhao (Chair), Dr. Martin Strobel and Anne Lester. The NCC held two formal meetings in 2022 (2021: 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.

Corporate Development Committee ("CDC")

As of 1 January 2022, the Strategy Committee was renamed to Corporate Development Committee ("CDC"). The CDC directs the firm's major strategic initiatives and advises the Executive Team 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. For 2022, the members of the CDC were Steffen Meister (Chair) and Dr. Martin Strobel. The CDC held eight formal meetings in 2022 (2021: five), each of which lasted approximately two hours. The majority of all meetings were attended by all CDC members. The formal CDC meetings were complemented by regular and considerable informal interactions with management and employees across the firm to implement key strategic growth projects. As per 30 November 2022 the CDC's role as a formal Board committee has been discontinued and replaced by monthly meetings between the Chairman, Vice-Chairman and members of the Executive Team with the purpose of providing advice and mentoring to the Executive Team on topics of strategic importance to the firm.

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 the May 2022 Annual General Meeting, the members of the COC were Urs Wietlisbach (Chair), Steffen Meister and Jospeh P. Landy. As of 25 May 2022, the members of the COC are Urs Wietlisbach (Chair), Steffen Meister and Anne Lester. Furthermore, Stefan Näf, Partners Group Chairman of Clients, is a non-voting member of the committee. The COC held seven formal meetings in 2022 (2021: seven), which lasted approximately two and a half 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 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 25 May 2022, the members of the IOC were Alfred Gantner (Chair), Dr. Marcel Erni and Grace del Rosario-Castaño. Following the Annual General Meeting, the members are Steffen Meister (Chair), Dr. Marcel Erni, Alfred

Corporate Governance Report

Gantner, Joseph P. Landy and Flora Zhao. Furthermore, Stephan Schäli, Partners Group's CIO, is a non-voting member of the committee. The IOC held four meetings in 2022 (2021: 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 Response Team ("CRT")

As per 30 November 2022, the Crisis Committee has been replaced by the CRT. The Crisis Committee was previously composed of the Chairperson, the Chair of the RAC and another member of the Board, as determined by the Board. Upon the request of the Chairperson and the Chair of the RAC, additional persons could be nominated as ad-hoc members (solely Board members) and /or as non-voting advisors to the Crisis Committee. As per November 2022, the CRT is a governing body of the Company that is composed of members of the Board of Directors and non-board members with voting rights. The CRT shall ensure appropriate organization, communication and decision-making during a crisis. It consists of the Chairperson, the chair of the RAC, two other members of the Board (as determined by the Board) and the members of the Executive Team. Upon the request of the Chairperson, additional persons with expertise and experience in relation to the specific crisis can be nominated as ad-hoc members with voting right (solely Board members) and/or as non-voting advisors to the CRT. During a crisis, the CRT may, on behalf of the Board and the Executive Team, act in accordance with the ROO and the articles of association (available at www.partnersgroup.com/articlesofassociation), insofar as prompt decision-making is required (with the exception of the non-transferable and inalienable duties pursuant to article 716a of the Swiss Code of Obligations and pursuant to regulatory law, which shall remain reserved to the Board). The decision-making authority of the CRT is limited to decisions that are essential to maintain or recover the firm's business operations (including ensuring sufficient funding for the Group) or the protection and welfare of its employees in the event of a crisis. "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 CRT convenes only on an ad-hoc basis in case of a crisis. The CRT (and formerly the Crisis Committee) did not hold formal meetings in 2022 and as of 30 November 2022 the CRT's role as a formal Board committee has been discontinued.

In 2022, select members of the CRT were deeply engaged throughout the year on a number of initiatives to help increase the firm's resilience in the face of a variety of crisis scenarios. The results of this engagement were documented into a set of plans, actions and processes to be enacted across the firm during certain emergency situations to ensure continuity of operations.

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	CDC	COC	IOC
Meetings held in 2022	**5**	**9**	**2**	**8**	**7**	**4**
Number of members who missed no meetings	5	3	3	1	2	2
Number of members who missed one meeting	2	1	0	1	2	1
Number of members who missed two or more meetings	2	0	0	0	0	1
Meeting attendance	84%	96%	100%	94%	90%	82%

BoD: Board of Directors, RAC: Risk & Audit Committee, NCC: Nomination & Compensation Committee, CDC: Corporate Development 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.

Corporate Governance Report

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 takeaways to be incorporated in the goals for the upcoming year. The 2022 assessment took place during the November 2022 Board meeting.

The Board self-assessment typically starts with a review of organizational aspects such as the structure of sub-committees, external and internal communications as well as shareholder activities. The self-assessment subsequently focuses on goals to support the firm's strategic pillars in accordance with the respective Board Committee's area of responsibility.

In 2022, the Investment Oversight Committee acknowledged successes in areas relating to the development of the firm's thematic sourcing and entrepreneurial governance capabilities. It also highlighted further potential to systematize ESG practices across the investment platform and to position the firm as a strategic partner of choice for other General Partners for indirect investments, especially as it relates to extension assets.

The Client Oversight Committee commended key achievements related to bespoke solutions as the Committee had met its objectives in providing strategic support to the firm's fundraising activities. It expressed the objective of helping the firm bring the Defined Contribution offering from a pilot stage to a more broadly adopted solution. Regarding the US, it mentioned successes in broadening the firm's pipeline and highlighted the goals for 2022 of first, providing Board support to convert the pipeline and second, of supporting efforts to institutionalize its US sales capacities.

Lastly, the Corporate Development Committee presented accomplishments in the continuous development of the firm's cultural resilience and operational DNA while promoting the objective of preventing the corporate culture typically associated with large firms from gaining ground.

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 (available at www.partnersgroup.com/articlesofassociation) 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 inalienable and non-transferable functions mentioned in the law (articles 716a Swiss Code of Obligations) and in the articles of association (available at www.partnersgroup.com/articlesofassociation), 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;

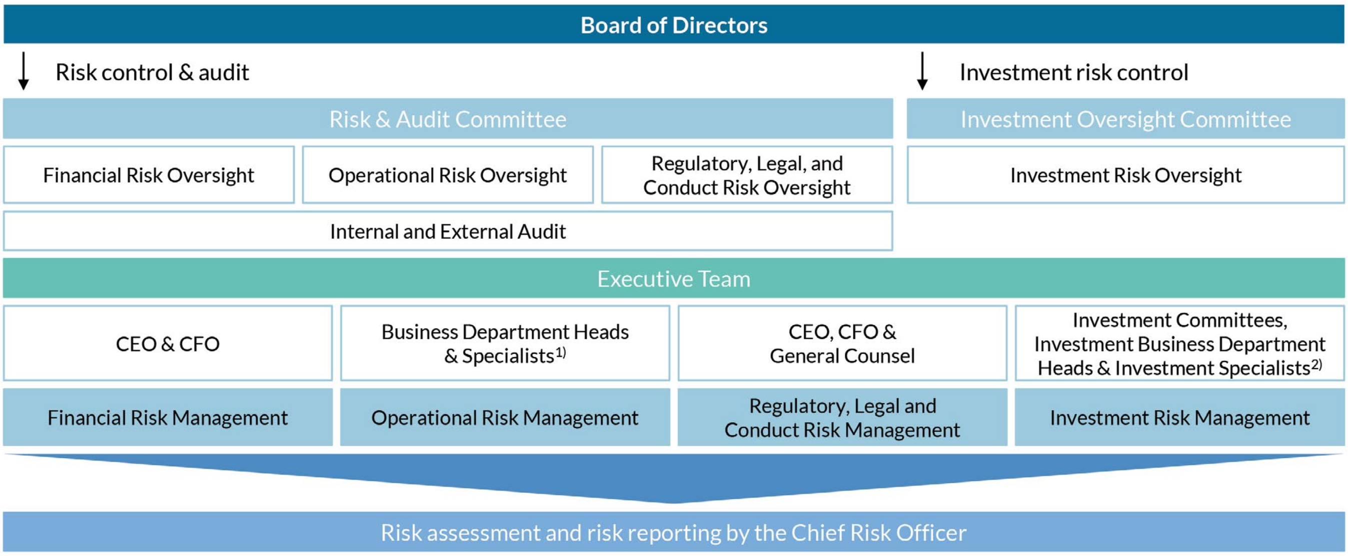
3. Establishing subsidiaries and founding new group companies (branches);
4. Developing and issuing directives, policies and job descriptions for employees to the extent that such tasks are not reserved for the Board of Directors;
5. Employment and termination of employees within the authorities and 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 Executive Team 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 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 ROO.

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 ROO and described in further detail in section 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 maintains continuous independent communication with the 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 ROO and described in further detail in section 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 Partners Group Holding ("Executive Team"), as further defined in the ROO.

The Executive Team reports periodically on the effectiveness of Partners Group's risk management to the Risk & Audit Committee.

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.

Corporate Governance Report

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;
- 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; and
- 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 judgment:** 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 their own mistakes, and highlight things that are believed to be wrong, as further set out in the Speak-up Directive.
- **Ownership and 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

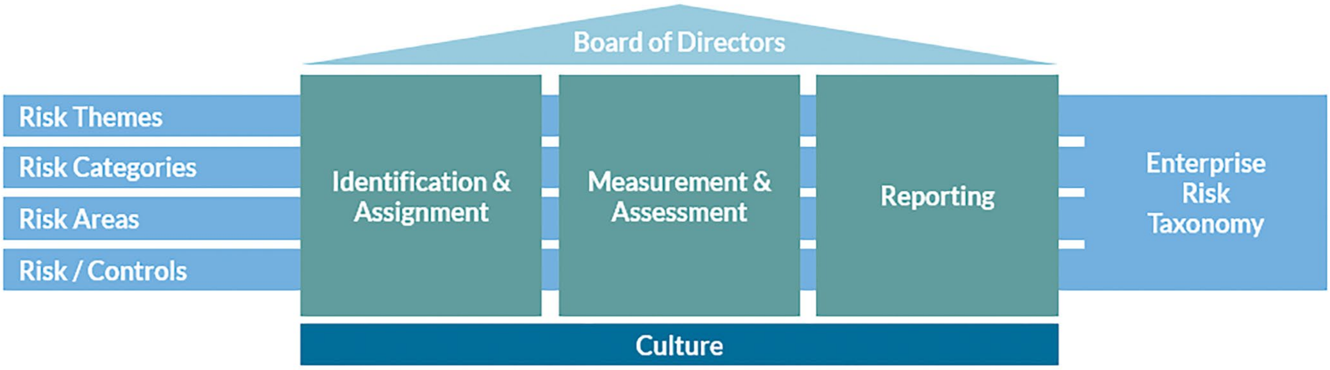
In order to ensure adequate coverage of relevant risks, Partners Group operates an Enterprise Risk Taxonomy ("ERT") which represents a hierarchical categorization of relevant risks.

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).

Corporate Governance Report

Partners Group Risk Framework



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 Group's 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 behaviors. 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 section 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 section 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

Corporate Governance Report

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; and
- 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;
- 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; and
- 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; and
- 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; and
- 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.

Corporate Governance Report

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 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.

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 are 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	American	41	Chief Executive Officer, Head of Private Equity[13]
Kirsta Anderson	2020	American	43	Chief People Officer
Sarah Brewer	2008	British	39	Global Co-Head Client Solutions
Roberto Cagnati	2004	Swiss/Italian	44	Chief Risk Officer, Head Portfolio Solutions
Juri Jenkner	2004	German	47	Head Private Infrastructure
Andreas Knecht	2009	Swiss	53	Chief Operating Officer, General Counsel and Head Corporate Operations
Marlis Morin	2003	Swiss/Italian	52	Head Client Services
Hans Ploos van Amstel	2020	Dutch	57	Chief Financial Officer, Head Group Finance & Corporate Development

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 (available at www.partnersgroup.com/articlesofassociation) 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.

David Layton

Partner, Chief Executive Officer

He is the Chief Executive Officer 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 a member of the Global Investment Committee. Previously, he was the Head of Partners Group's Private Equity business 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 holds a bachelor's degree in finance from Brigham Young University's Marriott School of Management, USA.

[13] Until 31 December 2022

Corporate Governance Report

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. 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.

Sarah Brewer

Partner, Co-Head Client Solutions

She is Co-Head of the Client Solutions business department and Head of Client Solutions for the UK, based in London. She is a member of the Executive Team. She has been with Partners Group since 2008. 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, the Global Executive Board as well as Deputy Chairman of the Private Markets Relative Value Committee. He has been with Partners Group since 2004. 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. 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.

Corporate Governance Report

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. 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 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. Prior to joining Partners Group, Hans was CFO of Adecco Group, Switzerland, from 2015 to 2020. He started his career in Finance at Procter & Gamble (P&G) in the Netherlands in 1989, 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 announced on 12 July 2022 the hiring of Wolf-Henning Scheider as Partner and Head of Private Equity. Wolf succeeded David Layton as Head of Private Equity. David retained leadership of the Private Equity Department after being appointed Co-CEO in 2018 and sole CEO in 2021. He will retain his seat on the Global Investment Committee while focusing fully on his role as Chief Executive Officer.

Mr. Scheider joined Partners Group in January 2023 from his previous role of CEO and Chairman of the Board of Management at ZF Group, a global technology company that manufactures systems for passenger cars, commercial vehicles, and industrial technology. In line with his role as leader of the largest business unit at the firm, he joined the firm's Executive Team on 9 March 2023. There are no additional changes to the composition of the Executive Team.

Corporate Governance Report

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 Swiss Code of Obligations

In accordance with art. 626 para. 2 item 1 Swiss Code of Obligations (formerly: art. 12 para. 1 of the OaEC) and art. 29 of the articles of association (available at www.partnersgroup.com/articlesofassociation), 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 for the exercise of executive management functions.

4.5. Global Executive Board

The Executive Team is supported by a global leadership team comprising 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.

5. Compensation, shareholdings, and loans

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

Pursuant to art. 734 and 734b of the Swiss Code of Obligations (formerly: art. 14 and 15 of the OaEC), all compensation paid in 2022 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 2022. In the Compensation Report 2022, the firm outlines its compensation principles, components and method. The Compensation Report can be found in the Annual Report 2022 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. 735c Swiss Code of Obligations (formerly: art. 12 para. 2 section 1 of the OaEC), the principal 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 2022 for the Board of Directors and the Executive Team (refer to sections 2.7 and 3.5 in the Compensation Report).

Corporate Governance Report

6. Shareholders' participation

6.1. Voting rights and representation measures

Each share entitles the shareholder 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 of 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 2023, the Annual General Meeting of shareholders is scheduled for 24 May.

Shareholders representing at least one-tenth of the share capital may at any time request that a shareholders' meeting be called. The request must be submitted in writing at least 45 days ahead of the meeting by stating the items on the agenda and the motions to be introduced by the shareholders.

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.

Corporate Governance Report

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 the Swiss Code of Obligations);
- 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.

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 a one-year period at the Annual General Meeting of shareholders and were re-elected at the Annual General Meeting 2022. 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 2022, KPMG AG and other KPMG companies received a total of CHF 2.0 million (2021: CHF 1.8 million) for audit services.

8.3. Additional fees

In addition, KPMG AG and other KPMG companies received CHF 0.1 million (2021: 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 2022.

8.4. Oversight of 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 accounting matters and the audit. During the 2022 financial year, the external auditors participated in seven 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

Corporate Governance Report

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. The Risk & Audit Committee also verifies that any additional services of the auditors not relating to the audit services are provided within the independence requirements pursuant to Swiss law. The reports and presentations made by external auditors, the discussions in the meetings and the expertise form the basis for the assessment of the external auditors' performance and the fees paid for the audit services provided. 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.

8.5. New audit tender started in 2023

This year Partners Group updated its policy on the rotation of the external audit mandate to adopt best practices introduced by the European Union and with the aim to rotate its external auditor by no later than 2025. In 2022, Partners Group launched a Request for Proposal ("RfP") process which aims to be concluded by the end of 2023. The incumbent audit firm is not invited to participate in the RfP. In accordance with the new policy and in order to allow the greatest amount of flexibility and time for a smooth transition, Partners Group will run a competitive, transparent and fair tender process to select the new auditor. The Risk & Audit Committee is actively engaged throughout the process.

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 2023 are as follows

Event	Date
Annual General Meeting	24 May 2023
Ex-dividend date	26 May 2023
Dividend record date	30 May 2023
Dividend payment date	31 May 2023
AuM announcement 2023 as of 30 June 2023	13 July 2023
Publication of Interim Financial Results as of 30 June 2023	5 September 2023
Publication of Interim Financial Report as of 30 June 2023	14 September 2023

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/en/subscribe/.

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 2022 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

Corporate Governance Report

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	22 March – 25 May
Interim financial results	6 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 six 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.

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
Media relations contact media@partnersgroup.com

www.partnersgroup.com
Follow us on LinkedIn
Follow us on Twitter
Follow us on YouTube

Zug
Zugerstrasse 57
6341 Baar-Zug
Switzerland
T +41 41 784 60 00

Denver
1200 Entrepreneurial Drive
Broomfield, CO 80021
USA
T +1 303 606 3600

Houston
Williams Tower
2800 Post Oak Blvd., Suite 5880
Houston, TX 77056
USA
T +1 346 701 3900

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 2600

São Paulo
Rua Joaquim Floriano, 1120 – 11° 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 6BD
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
Lenbachpalais
Lenbachplatz 3
80333 Munich
Germany
T: +49 89 383 89 240

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 4289 4200

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 +86 21 2221 8666

Seoul
25th Fl. (Gangnam Finance Center, Yeoksam-Dong) 152 Teheranro Gangnam-Gu, Seoul
06236 South Korea
T +822 6190 7000

Tokyo
Marunouchi Park Bldg. 6F
2-6-1 Marunouchi, Chiyoda-ku
Tokyo 100-6906
Japan
T +81 3 5219 3700

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

www.partnersgroup.com