H1 2022 at a glance - Financials

Financials

Management fees increased by 18% year-on-year, supported by continued AuM growth. 64.7% EBIT margin in H1 while target remains at ~60% on new business.

We saw a solid year-over-year increase of 18% in management fees to CHF 809m during H1 2022, driven by 19% growth in average AuM in CHF. Performance fees decreased to 8% of total revenues in-line with prior guidance of 5% to 10%. This contributed to a decrease in total revenues of 22% to CHF 881 million. For the full year, we expect performance fees to be below 20% of total revenues and confidently reiterate our mid- to long-term guidance for performance fees to be in the range of 20% to 30% of total revenues.

The EBIT margin increased to 64.7% benefitting from a release of social security provisions on the firm's equity incentive plans as a result of the decrease in our share price during H1. We will continue to target a ~60% EBIT margin on new business as we continue to build our resources in anticipation of the future growth of the firm. In particular, the hiring and development of talent with operating capabilities remains a top priority.

Key financials

	H1 2022	H1 2021	Growth
AuM as of the end of the period (in USD bn)	130.6	118.9	+10%
AuM as of the end of the period (in CHF bn)	125.0	109.9	+14%
Average AuM as of 30 June 2022 (in CHF bn)[1)]	**122.5**	**103.2**	**+19%**
Revenue margin[1),2)]	1.44%	2.19%	
Revenues (in CHF m)[2)]	**881**	**1'130**	**-22%**
Management fees (in CHF m)[3)]	809	688	+18%
In proportion of total revenues[3)]	*92%*	*61%*	
Performance fees (in CHF m)	72	442	-84%
In proportion of total revenues	*8%*	*39%*	
EBIT (in CHF m)	**570**	**702**	**-19%**
EBIT margin	64.7%	62.1%	
Profit (in CHF m)	**464**	**629**	**-26%**

1) Based on average AuM, calculated on a daily basis.
2) Revenues from management fees and other revenues, net, performance fees, net, including other operating income.
3) Management fees and other revenues, net, and other operating income.

H1 2022 at a glance - Financials

Solid increase in management fees due to AuM growth

Average AuM in CHF grew by 19% year-on-year. Management fees increased by 18%, to CHF 809 million (H1 2021: CHF 688 million). Of this amount, other revenues and other operating income increased 6% to CHF 79 million (H1 2021: CHF 74 million) as we continued to benefit from higher late management fees[1] following the final close of our latest direct private infrastructure flagship program as well as from additional treasury management and short-term financing services for our clients. Management fees represented 92% of total revenues (H1 2021: 61%) and were above our mid- to long-term target range of 70-80% due to lower performance fees.

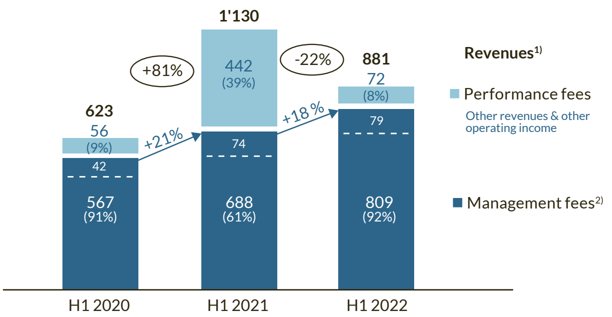
Most of our revenues are recurring and based on long-term contracts with our clients, providing highly visible cash flows. Below are some characteristics of the management fees generated by our different offerings:

- **Closed-ended programs:** management fees are recurring as they are based on long-term client contracts, often with an initial term of 10-12 years for closed-ended equity offerings and 5-7 years for closed-ended debt offerings. Such closed-ended offerings represented 33% of our total AuM as of 30 June 2022.
- **Mandates:** management fees stem from capital that is committed via long-term partnerships, which are often not limited to a specific contractual life and will continue for a perpetual term, unless new commitments are discontinued. Mandates represented 37% of our AuM as of 30 June 2022.
- **Evergreen programs:** management fees stem from investment programs that have no contractual end, that have limited liquidity options[2] and that cater predominantly to high-net-worth individuals and smaller institutional investors; they represented 30% of AuM as of 30 June 2022.

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

2 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.

Revenues
(in CHF m)

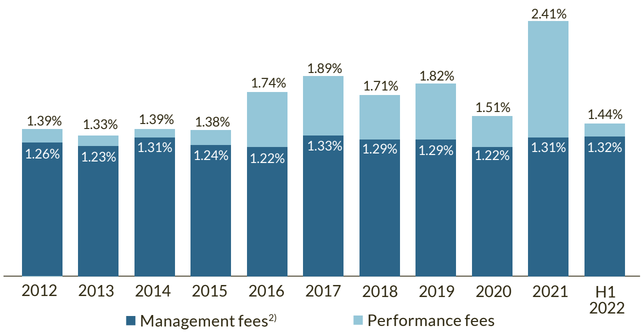


1) Revenues from management fees and other revenues, net, performance fees, net, including other operating income.
2) Management fees and other revenues, net, and other operating income.

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

Our management fee margin has been stable since 2012 and ranged between 1.22% and 1.33%. This confirms that clients value our solutions and allows us to benefit from pricing stability. In H1 2022, the management fee margin remained within the historical bandwidth at 1.32%. The lower performance fees brought the total revenue margin to 1.44% (H1 2021: 2.19%).

Revenue margin development[1)]



1) For further information please refer to the "Key definitions and alternative performance metrics (APM)" section on page 18.
2) Management fees and other revenues, net, and other operating income.

Performance fees mainly driven by portfolio assets and credits

In private markets, performance fees are designed to remunerate investment managers for the long-term value creation they generate for their clients.

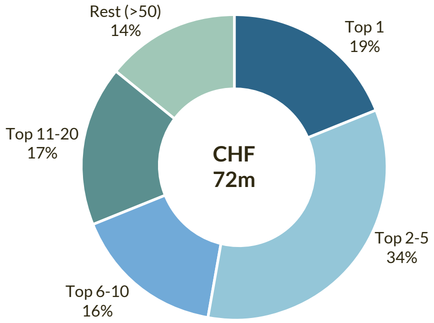
Performance fees for H1 2022 represented 8% of total revenues (H1 2021: 39%), or CHF 72 million (H1 2021: CHF 442 million). This was primarily influenced by two factors. First, last year we decided to bring forward select realizations originally planned for 2022 into 2021 because the firm had already met its value creation targets and

H1 2022 at a glance - Financials

exit conditions were particularly favorable. Second, earlier this year we postponed the realization of more mature businesses and assets in H1, considering the changing market environment. While our exit pipeline currently has several quality assets, in times of market volatility, we actively evaluate each exit opportunity on a case-by-case basis deciding when the market environment is most conducive to achieving an optimal outcome for our client portfolios.

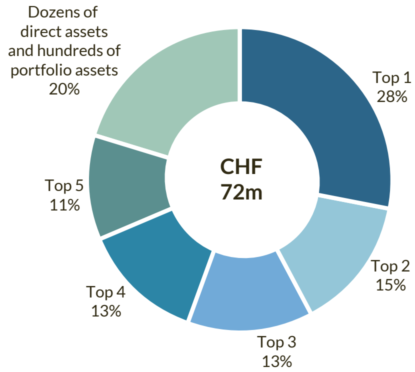
Our performance fees are well diversified across programs and assets. More than 70 investment programs and mandates with portfolios diversified across many vintage years contributed to performance fees in H1 2022. The investment program that contributed the most – a mature private equity evergreen program – represented 19% of the total performance fees.

Performance fee contribution by investment programs & mandates



Performance fees were also driven by dozens of underlying direct assets and hundreds of portfolio assets. The asset that contributed the most represented 28% of the total performance fees.

Performance fee contribution by single assets



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

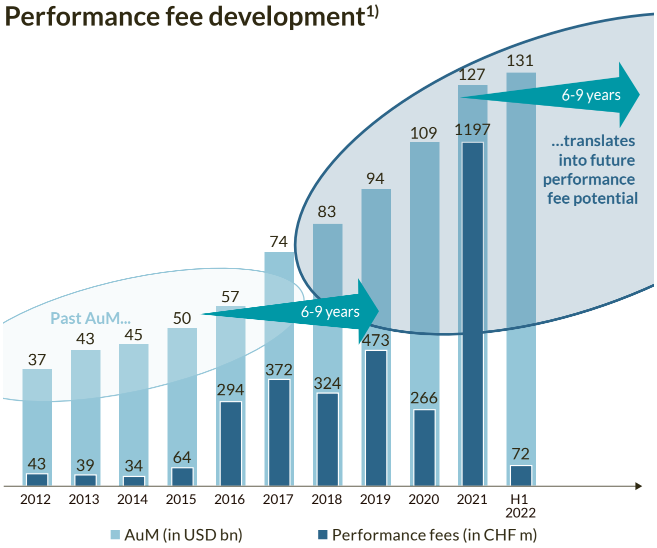
Considering the current market environment and the performance fees recognized in H1 2022, we expect performance fees to be below 20% of total revenues for the full year 2022. As we enter H2 we aim to convert our quality exit pipeline into attractive realizations. Subject to market sentiment, decisions to exit might be accelerated or postponed. At the same time, we look at the underlying operational performance of the portfolio and confidently reiterate our mid- to long-term guidance for performance fees to be in the range of 20% to 30% of total revenues.

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 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 is explained in detail on pages 16 to 17.

Over the mid- to long-term, we continue to expect our performance fee potential to grow in line with AuM. As the value creation period lasts several years, performance fees often only start to be earned six to nine years after an investment program commences its investment activities, and only as its underlying investments become successful.

H1 2022 at a glance - Financials

Performance fee development[1)]



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

Costs in-line with revenues

In H1 2022, total operating costs decreased by 27% to CHF 311 million (H1 2021: CHF 428 million). Personnel expenses represent 80% of total operating costs and are followed by other operating expenses and by depreciation & amortization. The lower performance fees incurred in H1 2022 had a direct impact on personnel expenses and by extension, on total operating costs.

Personnel expenses decreased by 35% to CHF 247 million (H1 2021: 382 million) and are in turn composed of regular personnel as well as of performance fee-related personnel expenses.

- **Regular personnel expenses** grew in-line with FTE growth and further included higher bonus accruals due to the more competitive environment for talent. However, they were offset 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 H1, leading to overall growth of 4% and total expenses of CHF 220 million (H1 2021: CHF 212 million). The total number of FTEs stood at 1'657 as of 30 June 2022 (30 June 2021: 1'494 FTEs), an increase of 11% year-on-year. Our employees are our most important asset and the key to our success. We aim to attract and retain highly talented and diverse professionals by offering them a great place to work and the opportunity to grow, both professionally and personally. In order to build out major business, corporate, and organizational initiatives to support continued sustainable growth, we have historically grown the number of professionals in line with our AuM.
- **Performance fee-related personnel expenses** decreased 84% to CHF 27 million (H1 2021: CHF 170 million), reflecting the direct relationship between performance fees earned and compensation paid (H1 performance fees decreased 84% year-on-year).

Other operating expenses increased by CHF 16 million during the period to CHF 43 million (H1 2021: CHF 27 million). This was driven by a return of travel post-pandemic as well as technology investments, both in support of 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 20 million (H1 2021: CHF 19 million).

EBIT in line with revenues
(in CHF m)

	H1 2022		H1 2021
Revenues[1)]	**881**	**-22%**	**1'130**
Total operating costs, of which	-311	-27%	-428
Personnel expenses[2)]	-247	-35%	-382
Personnel expenses (regular)	-220	+4%	-212
Personnel expenses (performance fee-related)	-27	-84%	-170
Other operating expenses	-43	+61%	-27
Depreciation & amortization	-20	+6%	-19
EBIT	**570**	**-19%**	**702**
EBIT margin	64.7%		62.1%
End of period FTEs	1'657	+11%	1'494
Average FTEs	1'626	+9%	1'487

1) Revenues include management fees and other revenues, net, performance fees, net, and other operating income.
2) Regular personnel expenses exclude performance fee-related personnel expenses. Performance fee-related personnel expenses are defined in the "Key definitions and alternative performance metrics (APM)" section on page 18.
Due to rounding, some totals may not correspond with the sum of the separate figures.

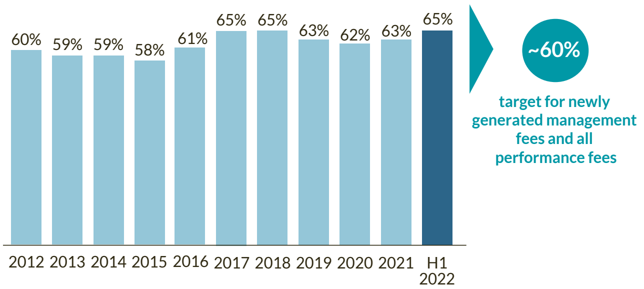
H1 2022 at a glance - Financials

EBIT margin at 64.7%; new business remains at ~60%

EBIT amounted to CHF 570 million (H1 2021: CHF 702 million) at an EBIT margin of 64.7% (H1 2021: 62.1%), an increase of 2.6%-points. The EBIT margin was positively impacted by the release of social security provisions from the firm's equity incentive plans (see comments on regular personnel expenses). Excluding the release, our EBIT margin remained broadly stable.

We plan on continuing to advance towards the future by maintaining our strong hiring activities and driving forward investment- and client-oriented digital initiatives. As such, we will continue to steer the firm based on our targeted 40% cost-income ratio on newly generated management fees (assuming stable foreign exchange rates). We also allocate up to 40% of revenues stemming from performance fees to our teams through our long-term incentive programs and/or bonus payments. The remainder will be allocated to the firm and its shareholders.

EBIT margin development

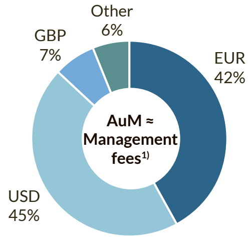


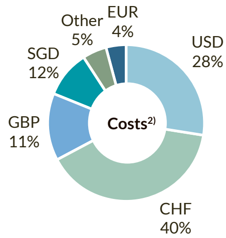
Diversified FX exposure

Partners Group is a global firm which generates revenues predominantly in USD and EUR while having most of its costs in CHF and USD. Fluctuations in EUR or USD against CHF affect our revenues and costs and, therefore, also our total EBIT margin. Most prominently affected by such movements are 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.

In H1 2022, the impact on revenues due to currency movements was approximately -1%. The strengthening of the CHF against the EUR was largely mitigated by the weakening of the CHF against the USD.

Currency exposure in H1 2022





1) Includes management fees and other revenues, net, and other operating income. Currency exposure of AuM is approximately equal to that of management fees.
2) Includes regular personnel expenses (excluding performance fee-related expenses), other operating expenses as well as depreciation and amortization.
Note: all figures are based on estimates and the currency denomination of underlying programs.

Average FX rates development

FX rates (average)	H1 2022	H1 2021	Delta
1 EUR CHF	1.032	1.094	-5.7%
1 USD CHF	0.944	0.908	+4.0%
1 GBP CHF	1.225	1.261	-2.8%
1 SGD CHF	0.692	0.682	+1.5%

Strong underlying operational performance offset by adverse mark-to-market movements

The financial result amounted to CHF -20 million (H1 2021: CHF +51 million):

- **Portfolio performance:** we saw an average net investment result of -1%, or CHF -9 million (H1 2021: CHF +71 million), stemming from our own investment programs in which we invest alongside our clients (see detailed description of balance sheet investments below). Our value creation activities continued to drive performance in H1 2022, however, public market volatility more than offset the strong operational performance we were seeing across our portfolio companies and assets. For further information see note 4.1. to the condensed interim consolidated financial statements.
- **Foreign exchange hedging and others:** the negative contribution of CHF –11 million (H1 2021: CHF -20 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.

H1 2022 at a glance - Financials

The tax rate in H1 2022 amounted to 15.5% (H1 2021: 16.4%) resulting in corporate taxes of CHF 85 million (H1 2021: CHF 123 million) in-line with our expected tax rate of 14-17%. The year-over-year decrease in tax rate was due to withholding taxes on a US dividend distribution to Partners Group Holding AG paid in H1 2021.

In summary, the firm's profit was CHF 464 million (H1 2021: CHF 629 million), developing broadly in-line with revenues.

Profit development
(in CHF m)

	H1 2022		H1 2021
EBIT	**570**	**-19%**	**702**
Total financial result, of which	-20		+51
Portfolio performance	*-9*		*+71*
Foreign exchange, hedging & others	*-11*		*-20*
Taxes	-85		-123
Tax rate	15.5%		16.4%
Profit	**464**	**-26%**	**629**

Net cash of CHF 0.7 billion

Our balance sheet remains strong. We have a current net cash position of about CHF 0.7 billion as of 30 June 2022 (30 June 2021: CHF 0.8 billion). The total available liquidity is higher due to our ability to make use of undrawn credit facilities.

With this we have sufficient cash & cash equivalents available to meet expected operational expenses and to service short-term financial obligations.

We furthermore ensure that we meet our targeted 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.

As of 30 June 2022, the firm maintained three unsecured credit facilities with Swiss and international banks amounting to a total of CHF 865 million (30 June 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

Net cash of CHF 0.7 billion on balance sheet
(in CHF m)

	Assets	Liabilities
Cash & cash equivalents	307	
Short-term loans	1'506	
Credit facilities drawn		270
Long-term debt		799
Total net cash	744	

to maximum debt covenants which were met throughout the current and prior year. As of 30 June 2022, CHF 270 million was drawn from the credit facilities (30 June 2021: no credit facility drawn).

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 30 June 2020, our long-term outstanding debt amounted to CHF 799 million (30 June 2021: CHF 799 million).

As of 30 June 2022, 468 short-term loans (30 June 2021: 365) were outstanding with an average loan amount of CHF 3.2 million (30 June 2021: CHF 3.1 million). The duration of these loans is typically of 1-3 months. These short-term loans arise from the 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). 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.

H1 2022 at a glance - Financials

Continued balance sheet-light approach

As of 30 June 2022, the investments we hold on our own balance sheet alongside clients amount to a total of CHF 0.8 billion (30 June 2021: CHF 0.8 billion).

The firm's balance sheet investments consist of its financial investments/GP commitments, seed investments, and investments in associates. Financial investments/GP commitments (i.e. our obligation to fund investments alongside clients) typically represent about 1% of assets invested in a closed-ended limited partnership structure and have an aggregate net asset value of CHF 741 million as of 30 June 2022 (30 June 2021: CHF 745 million).

Investments in associates amounted to CHF 12 million as of 30 June 2022 (30 June 2021: CHF 23 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 investment programs in early fundraising stage 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 35 million as of 30 June 2022 (30 June 2021: CHF 36 million).

Investments alongside clients from balance sheet[1]
(in CHF m)

Financial investments / GP commitments[2]	741
Investments in associates[3]	12
Seed investments[4]	35
Total investments alongside clients	**788**

1) As of 30 June 2022.
2) NAV excluding CHF 340 million (H1 2021: CHF 304 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.
3) Investments in associates described in detail in note 5 of the condensed interim consolidated financial statements.
4) Seed investments presented in the Interim Report as assets and liabilities held for sale.

Financial outlook

- **Management fees:** we continue to expect gross client demand of USD 22 to 26 billion for the full year 2022, together with around USD 10 to 12 billion in tail-down effects from the more mature closed-ended investment programs and redemptions from evergreen programs. Fundraising is expected to be balanced across all program types, from customized mandates and the firm's extensive range of evergreen fund solutions to its traditional closed-ended programs. We expect this demand to translate into additional management fees and therefore guide that management fees in CHF continue to develop broadly in line with the average AuM in CHF.
- **Performance fees:** we expect performance fees for the full year 2022 to be below 20% of total revenues. Our exit pipeline currently has several quality assets but we will only transact when we can achieve an optimal outcome for our clients' portfolios. In addition, we remain highly prudent in our recognition method to ensure a very low probability of reversing recognized performance fees. We reiterate our mid- to long-term guidance for performance fees to be in the range of 20% to 30% of total revenues, assuming moderated market volatility and a return to a more benign exit environment. We continue to expect our performance fee potential to grow roughly in line with AuM.
- **Target EBIT margin:** we continue to apply a disciplined approach to cost management and invest in initiatives that support our growth. We will continue to target a ~60% EBIT margin on new business as we continue to build out our resources in anticipation of the future growth of the firm. The hiring and development of talent with operating capabilities remains a top priority.
- **Tax rate:** our overall corporate tax rate derives from various tax rates across many jurisdictions worldwide where we have active business operations. Considering international tax developments, we expect the group tax rate to be between 14% to 17%.

H1 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 program. 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 typically 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 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 to the extent that the probability of a future claw-back risk becomes minimal[1)]. Then the corresponding costs of such unrealized investments and, where applicable, other investment program level cost (such as operating expenses) 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.

1)As of 30 June 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%.

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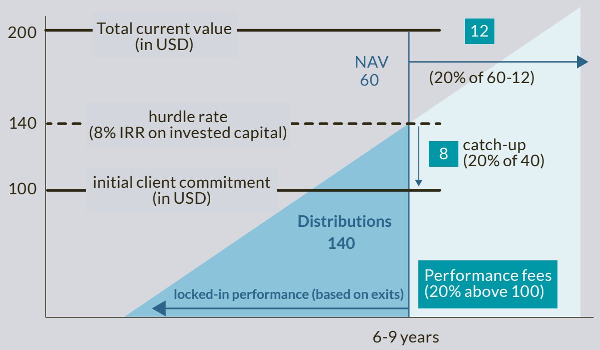
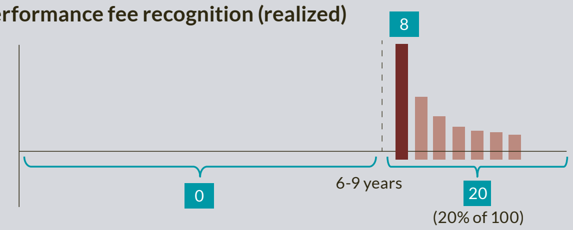
The illustrative example below explains the approach for performance fee recognition as described above.

Performance fee model in a closed-ended investment program

Capital returns to clients



Performance fee recognition (realized)



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. For illustrative purposes only.

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:

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 fees and other revenues, net, performance fees, 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	H1 2022	H1 2021
EBIT	570	702
Revenues from management fees and other revenues, net, performance fees, net, including other operating income.	881	1'130
EBIT margin	**64.7%**	**62.1%**

Key definitions and alternative performance metrics

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.

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

In millions of Swiss francs	H1 2022	H1 2021
Cash and cash equivalents	307	432
Short-term loans	1'506	1'117
Long-term debt	(799)	(799)
Credit facilities drawn	(270)	
Net cash position	**744**	**751**

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

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

In millions of Swiss francs	H1 2022	H1 2021
Revenues from management fees and other revenues, net, performance fees, net, including other operating income.	881	1'130
Average AuM (in CHF bn) calculated on a daily basis	122.5	103.2
Revenue margin (annualized)	**1.44%**	**2.19%**

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	H1 2022	H1 2021
Profit for the period	464	629
Average equity attributable to owners of the firm	2'489	2'242
Return on equity	**37%**	**56%**