EDISON

Partners Group Private Equity

Circular details updated board proposal

Partners Group Private Equity (PEY) has published a circular outlining details of the board's updated proposal for a dual-share class structure (Reorganisation Proposal), which was initially announced in June 2026, and notifying investors of the upcoming extraordinary general meeting (EGM) to be held on 7 October 2026. PEY's board proposal is intended to give shareholders seeking an exit a defined pathway to liquidity over time, while allowing longer-term investors to retain exposure to the existing strategy and supporting a narrower share price discount to NAV. The key change from the proposal announced in June is that the maximum aggregate proportion of shares that can be redesignated as Realisation Shares has been extended to 40% from 30% previously, with no scale-back mechanism. If PEY receives valid elections for Realisation Shares of more than 40% of the ordinary shares in issue (excluding treasury shares), the Reorganisation Proposal will lapse, and, subject to shareholder approval, PEY would instead proceed with a proposed alternative to realise the entire portfolio and return net proceeds over time.

The circular, prospectus and shareholder FAQ are available on PEY's website. **We strongly encourage shareholders to vote at the upcoming EGM.** The shareholder decision is a two-step process (see Exhibit 1 below). Investors first decide whether to elect for Realisation Shares. Shareholders who do not make a valid election for Realisation Shares will hold the Continuing Ordinary Shares as the default option if the Reorganisation Proposal proceeds. The deadline for elections of Realisation Shares is 30 September, and PEY expects to announce the election results on 1 October.

The second step involves submitting voting instructions in respect of two resolutions, one of which will apply depending on the election outcome: the Reorganisation Resolution (applicable if 40% or less of PEY's ordinary shares are elected for Realisation Shares) and the Managed Wind-Down Resolution (applicable if more than 40% of PEY's ordinary shares are elected for Realisation Shares). Shareholders may submit proxy instructions for both resolutions in advance (including before the election results are announced), and only the resolution relevant to the level of Realisation Share elections will actually be put to the meeting. In both cases, the deadline for the return of the proxy appointments is 5 October 2026. However, investors holding shares through intermediaries may face earlier deadlines and as a guide, PEY recommends that investors allow at least 10 calendar days before the above deadline and contact their relationship manager or intermediary as soon as possible to confirm the relevant procedures and cut-off dates. Both resolutions require at least 75% of votes cast to pass, or else PEY's board and investment manager will reassess the company's options.

Investment companies
Listed private equity

14 September 2026

Price		**€7.16**
Market cap		**€474m**
Shares in issue		66.2m
Code/ISIN		PEY/GG00B28C2R28
Primary exchange		LSE
AIC sector		Private equity
Financial year end		31 December
52-week high/low	€10.9	€6.8

Fund objective

Partners Group Private Equity is an investment holding company domiciled in Guernsey that mainly provides equity capital to private companies in the middle and upper-middle market. Its portfolio consists mostly of direct investments, and it has a small portfolio of legacy third-party fund investments that is currently in run-off. It aims to provide shareholders with long-term capital growth and an attractive dividend yield.

Bull points

- Attractive dividend policy and a well-structured buyback framework.
- Strong exit pipeline.
- The board's new proposal may support a narrowing of discount to NAV.

Bear points

- NAV total return below peer average in recent years.
- Worsening investor sentiment in private credit markets may influence debt refinancing conditions for PE-backed companies.
- Portfolio exposed to a potential further depreciation of the US dollar against the euro.

Analyst

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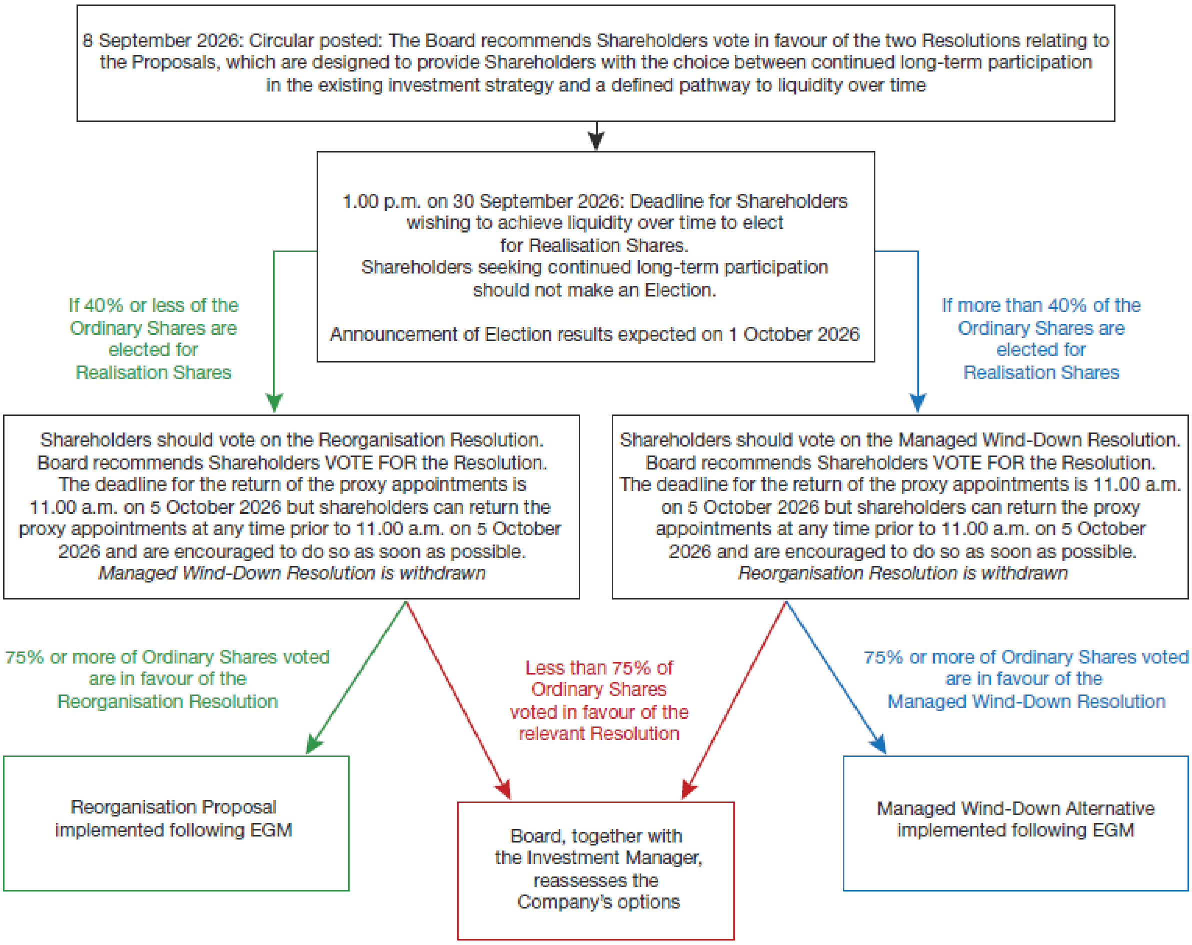
Exhibit 1: Summary of board proposal



Source: Company data

Background to the proposal

The Reorganisation Proposal involves the allocation of PEY's assets and liabilities (including undrawn commitments) on a pro rata basis to two separate independently managed share classes (both quoted in euros), created through the redesignation of existing shares. The company intends to cease the PEYS sterling quote from the day after the EGM. The Continuing Ordinary Shares will retain exposure to PEY's existing investment strategy, while the Realisation Shares will follow an orderly realisation strategy over an expected eight-year period from the effective date of the proposal and will generally not participate in new investments, except in limited circumstances. The board hopes that this will result in a shareholder base whose investment horizon and objectives are better aligned with PEY's investment approach.

The investment strategy for the Realisation Shares will prioritise progressive return of cash from realisations, with the aim of optimising rather than necessarily maximising the value of investments. Exits will be aligned with the business plan of each asset but may involve opportunistic secondary market sales and corporate activity (if it is not detrimental to the value of Continuing Ordinary Shares). The Realisation Shares may participate in follow-on investments in certain cases. Capital return to holders of Realisation Shares is expected to be through semi-annual redemptions (with the flexibility to increase frequency), which PEY expects to be executed at the prevailing NAV of the Realisation Shares less any redemption costs. The board and Partners Group (PG, PEY's investment manager) agreed to a 25bp management fee reduction for the Realisation Shares to 1.25% per year, while the incentive fee will remain unchanged (fees for Continuing Ordinary Shares will remain in line with existing ordinary shares). The fee of 1.25% per year would also apply under the proposed alternative scheme. The board has the right to exercise a mandatory conversion of Realisation Shares into Continuing Ordinary Shares when NAV of the Realisation Shares falls below €25m, less than 10% of the Realisation Shares are held in public hands (as defined in the UK Listing Rules), or on and from the eight anniversary of the effective date.

The Continuing Ordinary Shares will retain PEY's existing dividend policy of paying annually 5% of the previous year-end NAV. Insofar as practicable, the same policy will apply to the Realisation Shares, subject to sufficient liquidity and cash flows in the Realisation Pool. The board also intends to retain the existing dividend policy under the proposed alternative scheme, but would terminate the dividend reinvestment plan. Both the Continuing Ordinary Shares and Realisation Shares will be also subject to PEY's current gearing policy, and PEY will be able to use borrowings to accelerate the return of proceeds from the Realisation Shares pool (once proceeds are wholly unconditional and free from any right of clawback). However, PEY's capital allocation policy (which is a well-structured framework for making NAV-accretive buybacks) will apply only to Continuing Ordinary Shares. Costs, expenses and liabilities that are not directly attributable to either share class will be allocated between the Continuing Ordinary Share and Realisation Share pools in proportion to their latest published quarter-end NAVs. Redesignation costs will be borne by all shareholders, with a one-off contribution of up to €1.5m from PG.

The dual-share class structure is expected to become effective on 2 November 2026, with Realisation Shares admitted to trading at 8am BST that day. The proposed alternative scheme would instead take effect at the conclusion of the EGM on 7 October 2026, if approved. This proposed alternative scheme would be implemented over an expected period of around eight years (ie the same time frame as the one assumed for the Realisation Shares in the dual-share class proposal). Under both the Realisation Shares and the proposed alternative, the board currently intends no capital returns before 31 March 2027 to give investors sufficient time to assess tax implications and decide if they prefer to sell their shares in the market ahead of any return of capital. If elections are below the 40% threshold and the Reorganisation Proposal proceeds, the board will reassess PEY's position and options available to shareholders no later than the fifth anniversary of the structure's effective implementation date.

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