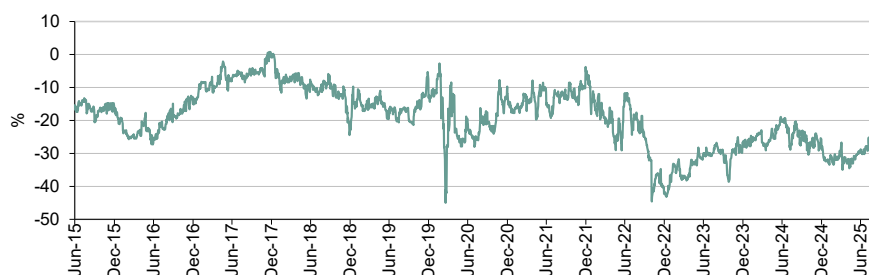


Partners Group Private Equity

Portfolio exits gathering pace

Partners Group Private Equity Limited (PEY) recently announced several major transactions, including a block sale of part of its shares in the listed Vishal Mega Mart, as well as exits from PCI Pharma Services and Techem (both coupled with a minority reinvestment). Partners Group (PG), PEY's investment manager, expects a further pick-up in both realisations and investments in the coming quarters. This raises the prospects for PEY's share repurchases in line with its capital allocation framework, alongside its regular dividend. Meanwhile, PEY's NAV total return (TR) of -5.7% in H125 was affected by fx headwinds from the weakening of the US dollar. We note PEY's recent inclusion in the UK 250 index.

Exhibit 1: PEY's current discount to NAV implies that 50% of free cash flow should be allocated to buybacks



Source: Company data, LSEG Data & Analytics, Edison Investment Research

Approaching a more normalised exit volume

The year-to-date pick-up in announced exits (closed and yet to be closed) to c 12% of opening NAV should be viewed positively and put in the context of the low exit volume across the broader private equity (PE) industry lately. Major exits through private transactions this year were agreed at prices broadly in line with carrying values, while further partial disposals of Vishal Mega Mart and Galderma following their IPOs last year were carried out amid continued share price appreciation (though KinderCare Learning Companies detracted in this respect). We note that recent transactions were – in line with broader market trends – primarily with other sponsors rather than strategic investors (which normally accept a higher price due to expected synergies). Therefore, they provide limited near-term tailwinds to PEY's NAV TR. Meanwhile, the value accrual in unrealised private investments was modest in H125, at least partly due to macro uncertainty, but with a pick-up in Q225 amid operational improvements and multiples expansion.

Higher probability of share buybacks

PEY had cash and cash equivalents of €3.8m and a €135m undrawn credit facility at end-July. This comfortably covers the €50–65m investment commitments at end-H125 expected to be drawn over the next two to four years. PEY paid a first interim dividend of €0.375 per share (or €26m), in line with its objective of paying out 5% of opening NAV per year. At the current discount to NAV of 23%, this implies a healthy dividend yield of 7.0%. We estimate that the contracted net proceeds from PCI Pharma Services and Techem would result in a €12m surplus free cash flow for PEY and the onset of minor buybacks (at an unchanged discount to NAV at end-Q325).

Investment companies
Listed private equity

11 September 2025

Price **€10.70**
Market cap **€740m**

Shares in issue 69.2m
Code/ISIN PEY/GG00B28C2R28
Primary exchange LSE
AIC sector Private equity
Financial year end 28 February
52-week high/low €9.1 €11.2

Fund objective

Partners Group Private Equity Ltd 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.
- Focus on transformative trends in various 'foundational' subsectors of the real economy and an entrepreneurial governance approach.
- The board has recently been active in enhancing shareholder value.

Bear points

- NAV total return below peer average in recent years.
- Continued macroeconomic and geopolitical uncertainty may dampen private equity deal activity at least in the short term, delaying exit processes.
- Interest rate normalisation may reduce prospective private equity returns, put pressure on interest coverage ratios and/or lead to refinancing issues across private equity-backed companies in the medium term.

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Partners Group Private Equity is a research client of Edison Investment Research Limited

Realisations have picked up since June

PEY's H125 realisation activity was relatively muted between January and May, with the only notable exit from a private holding being the realisation of TOUS, an affordable luxury products retailer (€7.5m) in February 2025, coupled with some additional small realisations, including a further €2.9m in proceeds from the partial sale of the listed Galderma in April 2025.

Vishal Mega Mart block trade

The exit pace has picked up in recent months, starting with the €28.4m proceeds collected in June, of which €22m came from a block trade in Vishal Mega Mart (a retailer for middle and lower-middle income consumers in India that Partners Group floated in December 2024), which across all participating financial sponsors generated \$1.2bn in gross proceeds. As discussed in our [review note](#) in June 2025, Vishal's shares closed the first day of trading at INR111.93, representing a 79% uplift to the end-October 2024 carrying value recognised in PEY's NAV, and a very strong multiple of invested capital (MOIC) of more than 7.0x since PEY's investment in 2018. Subsequently, Vishal's share price rallied to INR133.98 at end-June 2025 and INR152.03 as of 10 September 2025. According to local media reports, the price of the block trade stood at around INR115 per share. Following the block trade, Vishal remains one of PEY's key assets, making up 7.2% of NAV at end-June 2025 and being the second-largest exposure. Furthermore, PEY conducted another €4.0m partial sale of Galderma in June 2025. Overall, PEY's H125 realisations reached €39.6m.

Agreed sale of PCI Pharma Services

In July, PEY announced that PG agreed to sell PCI Pharma Services, which was PEY's largest holding at end-June 2025 making up 8.4% of NAV (in line with media reports we cited in our last review note). As part of the announced transaction, a consortium led by Bain Capital and Kohlenberg & Company will acquire a majority stake in PCI Pharma Services, while PG (on behalf of PEY and its other clients) will acquire a minority stake. The transaction (which is expected to close in H225) values PEY's stake in the company at c €83m, in line with the last reported NAV. PEY will reinvest c €18m in the business. PEY did not report the MOIC implied by the transaction, but we calculate that, together with the €24.1m partial realisation in 2020, the transaction implies a strong multiple on PEY's investment (initial €11.3m in 2016 and follow-on €11.2m in 2021) of c 4.8x. Since acquiring the business, the company has been transformed from a mostly regional commercial packaging organisation into a global CDMO providing end-to-end development, manufacturing and packaging capabilities, and grew its EBITDA at a 2016–24 CAGR of over 20%.

Alternative exit route for Techem agreed

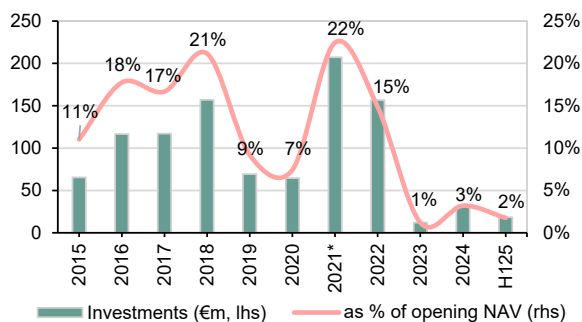
In July, PEY also announced that a consortium led by PG will invest in the next growth phase of Techem, an international provider of digitally enabled solutions for the building ecosystem, such as smart metering solutions, and one of PEY's top10 holdings. PG's consortium partners include GIC (a Singaporean sovereign wealth fund), TPG Rise Climate, the dedicated climate investing strategy of PE manager TPG, and the Abu Dhabi-based Mubadala Investment Company. The transaction values PEY's stake in Techem at c €39m (in line with the last published NAV), of which c €18m will be reinvested in the business (leaving PEY with net proceeds of €21m, of which it received €8.9m in July 2025). As a result, PEY will achieve a 2.0x gross MOIC, which may be considered moderate given the holding period of roughly seven years (longer than the usual historical PE holding period of three to five years). PEY highlighted that most of the proceeds should be collected by the company in H225, and the rest 'at a subsequent date'. The transaction represented an alternative route to the transaction agreed in October 2024 which faced antitrust reservations of the European Commission, as discussed in our June 2025 [review note](#).

PG expects a normalisation in exit volumes

The H125 realisations and the two above-mentioned transactions announced after the reporting date represent 12% of end-2024 NAV, which we consider an encouraging level given the lacklustre liquidity events across the broader PE industry lately, though still below the 2015–24 average of 21%. They will reduce the average holding period and support a more balanced vintage profile for PEY's portfolio. PG expects a further pick-up in exit activity in H225 and a normalisation of exit volumes closer to its historical average on a rolling 12-month basis. This may come from a combination of private transactions (sponsor-to-sponsor deals and trade sales), as well as IPOs. While the current macroeconomic uncertainty, including the tariff turmoil, represents a risk to IPO activity, we note that the IPO window has

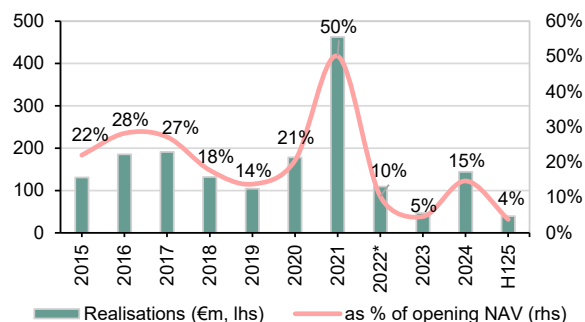
opened up recently.

Exhibit 2: PEY's historical investments



Source: Company data, Edison Investment Research; Note:
*Excluding €132m senior loan investments

Exhibit 3: PEY's historical realisations





Source: Company data, Edison Investment Research; Note:
*Excluding €132m redemptions of senior loans

PEY's investments remain selective

Meanwhile, PEY's investment activity remained cautious in H125 at €18.3m, of which €13.6m was deployed across five small new investments, including 1) €1.6m in the contract development and manufacturing organisation (CDMO) Avid Bioservices, 2) €3.5m invested in an undisclosed economy hotel chain alongside another PE firm and 3) €3.1m invested in June 2025 in a cloud-native SaaS business based in Sweden, offering accounting and financial service solutions tailored to SMEs. This was complemented by €4.7m deployed across multiple follow-on investments in existing holdings. The company signed two further investments recently, including MPM, a global premium pet food company (with an enterprise value of over £500m), and Infinity FinCorp Solutions, an Indian non-bank lender focused on underbanked small business owners (EV of \$100–200m). PG indicated four further potential transactions in its investment pipeline that have not been signed yet, across health & life, technology and goods & products, but highlighted that it is currently screening or performing due diligence on a much higher number of potential investments (see Exhibit 4). This should help it get closer to its historical average investment volumes of c 10% of NAV on a 12-month rolling basis, with PG expecting 8–10% of NAV in the next six to 12 months.

Exhibit 4: PG's current investment pipeline

Opportunity	Sector	Region	EV	Description
	Goods & Products	WEU	GBP 500m+	Global premium pet food company
	Services	APC	USD 100-200m ¹	Non-bank lender in India, serving under-banked small business owners
Opportunity # 3	Health & Life	NAM	USD 1.5 – 2.0bn	Provider of hospice care
Opportunity # 4	Tech	NAM	USD 1.5 – 2.0bn	Supply chain data integration software
Opportunity # 5	Goods & Products	NAM	USD 6.0bn+	Specialty solutions for mobility applications
Opportunity # 6	Tech	RoW	USD 0.5 – 1.0bn	ERP SaaS solutions to SMBs in Brazil

Partners Group's Private Equity pipeline

USD ~45bn
In First Screening

USD ~22bn
In Due Diligence

USD >5.5bn
In Advanced Due Diligence

Source: Company data

Note: For illustrative purposes only. There is no assurance that similar investments will be made. Pipeline investments represent potential investment opportunities that are in line with the Partners Group PE Direct Strategy. Transactions are in Partners Group's pipeline and may not close. Selected transactions are the higher conviction transactions in the pipeline. 1. Refers to book value at entry.

Liquidity events reinforce dividend payments and offer prospects for buybacks

If the current discount remains at this level until the end of the current quarter, PEY will allocate 50% of its free cash flow to share repurchases, according to its current framework for conducting NAV-accretive buybacks. We estimate that PEY's end-July 2025 liquidity and the contracted net proceeds from the PCI Pharma Services and Techem exits should be sufficient to generate a positive free cash flow of c €12m, half of which would allow PEY to buy back 0.8% of its shares outstanding at the current share price (see Exhibit 5). This minor buyback volume could increase further given PEY's expectations of continued strong realisation activity in the coming quarters. In this context, we calculate that PEY's remaining investments in its three major listed companies (Vishal Mega Mart, Galderma and KinderCare Learning Companies) are worth around €110.0m based on last closing prices (though part of PEY's stake in Vishal Mega Mart, which is subject to an 18-month lock-up, is accounted for at a discount). We note however that the selling down of listed holdings is a gradual process.

Exhibit 5: Calculation of PEY's surplus free cash flow

€m	
Liquid assets at end-July 2025	3.8
(+) contracted distributions / secondary sales	77.1
(-) payment of dividend objective for next 6 months*	(25.9)
(-) Fees, expenses and interest for the next 6 months**	(8.8)
(-) Repayment of drawn debt	(5.0)
(-) Reserve of 3% of NAV to fund existing undrawn commitments and follow-on investments	(28.8)
Total Free Cash Flow (FCF)	12.4
FCF for share buybacks (discount of 30% or more)	9.3
FCF for share buybacks (discount of 20% or more)	6.2
FCF for share buybacks (discount below 20%)	0.0
Percentage of current shares outstanding to be bought back at current share price	
Discount of 30% or more	1.3%
Discount of 20% or more	0.8%
Discount below 20%	0.0%

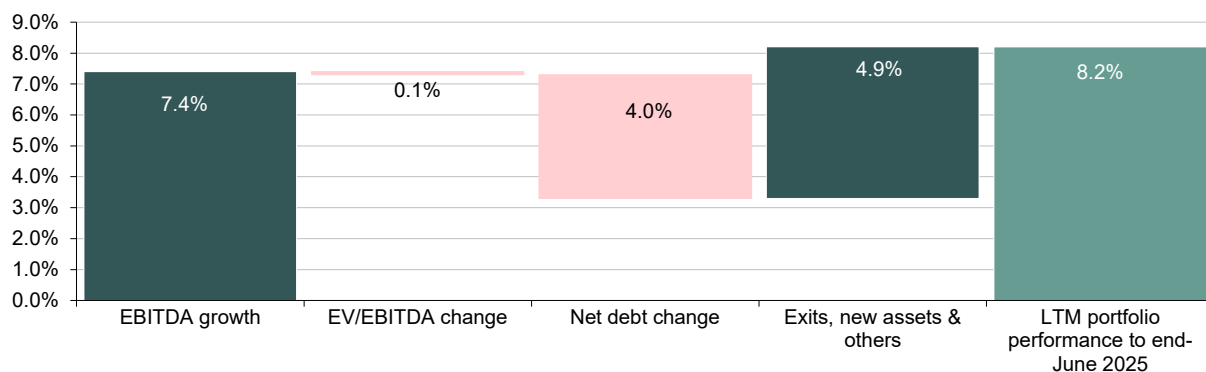
Source: Company data, Edison Investment Research

*Assuming a second interim payment of €0.375, in line with first payment. **Assumed in line with H125 fees and expenses: management fee, administrative fees, service fees, other operating expenses and other finance cost.

Performance dampened by fx headwinds

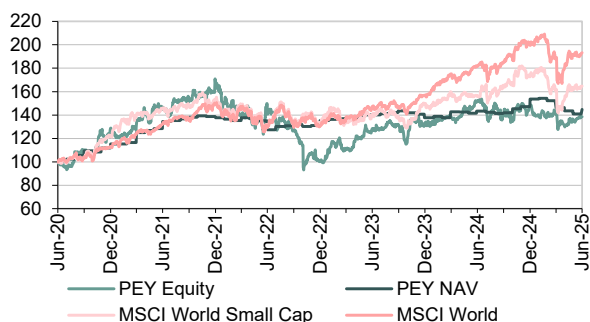
PEY's NAV declined by 5.7% in total return euro terms in H125, mostly due to fx headwinds (reducing NAV by 5.4% in H125 and 3.6% in Q225 alone) from the c 12% weakening of the US dollar against the euro in H125, as 42% of PEY's end-June 2025 NAV was in North America and, following majority shareholder support, the company discontinued its hedging policy in April 2023. Another negative factor (reducing NAV by c 1.8pp in H125) was the c 43% de-rating of listed KinderCare Education (which at end-June 2025 made up 2.0% of PEY's NAV), though this was more than offset by the appreciation in the value of PEY's stake in Vishal Mega Mart (including the realised part) in H125, which we calculate added c 5.3pp to PEY's NAV. Together with the minor positive impact from the share price increase of Galderma, the net NAV impact of these three holdings on PEY's NAV TR was c 3.7% in H125.

Overall, value creation across PEY's underlying portfolio (included listed companies) had only a minor positive effect of 0.9% on NAV, though with a pick-up in Q225 to 3.0%, driven by operational performance, multiples rebounding and the good performance of listed holdings discussed above. Last-12 month (LTM) EBITDA growth to Q225 averaged 10% across PEY's top 20 portfolio holdings (making up c 78% of the total portfolio, excluding listed holdings), somewhat softening from 12% LTM growth to Q125. Across PEY's total portfolio, companies with positive LTM EBITDA growth to Q225 represented more than 75% of NAV, while those with earnings growing at more than 10% made up close to half of NAV. This led to a 7.4pp overall positive contribution to PEY's LTM portfolio performance from earnings growth, which was partly offset by an increase in net debt (-4.0pp) resulting in an average net debt/EBITDA of 6.0x, while the impact from the change in multiples was broadly neutral (-0.1pp), see Exhibit 6. As highlighted in our previous notes, the increase in average portfolio leverage came from refinancing at lower spreads and incremental funding to fuel the growth initiatives of PEY's portfolio companies.

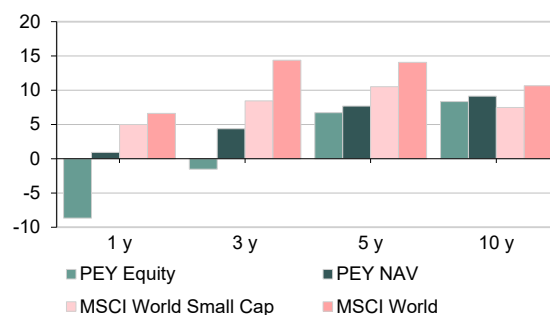
Exhibit 6: Breakdown of PEY's LTM portfolio performance to end-June 2025 by value creation driver


Source: Company data

PEY's 12-month NAV TR in euro terms to end-June 2025 was 0.9%, which is below the 5.0% return of the MSCI World Small Cap Index and the 6.6% return of the MSCI World Index (see Exhibit 8) but broadly in line with the 1.6% average return of PEY's PE peers (see Exhibit 9). PEY's five-year NAV TR of 7.7% per year remains below both global small caps (10.5% per year), MSCI World (14.1%) and the listed PE peer average (14.5%). We discussed the potential factors behind this in detail in our June 2025 [review note](#). PEY's NAV TR in July was 0.8%, driven by positive fx effects of 1.0%.

Exhibit 7: Price, NAV and benchmark TR performance, five years rebased


Source: Company data, LSEG Data & Analytics, Edison Investment Research

Exhibit 8: Price, NAV and benchmark TR performance (%)


Source: Company data, LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Exhibit 9: PEY's peer comparison at 10 September 2025* in euro terms

%	Market cap (€m)	NAV TR (1-year)	NAV TR (3-year)	NAV TR (5-year)	NAV TR (10-year)	Discount	Ongoing charge	Performance fee	Latest net gearing	Dividend yield
Partners Group Private Equity	740	0.9	13.6	44.7	139.9	(23.0)	2.3	Yes	106.0	6.8
HgCapital Trust	2,591	2.3	27.2	129.0	318.7	(9.3)	1.4	Yes	101.7	1.1
GIMV	1,651	4.5	16.6	49.0	93.8	(15.9)	4.9	Yes	100.0	5.8
Oakley Capital Investments	1,123	4.4	20.7	129.8	273.8	(23.5)	2.9	Yes	105.5	0.8
NB Private Equity Partners	755	(5.4)	(6.5)	68.7	145.8	(38.3)	1.9	Yes	103.2	2.4
Deutsche Beteiligungs**	440	1.0	22.4	50.3	137.1	(33.5)	NM***	Yes	131.9	4.3
HarbourVest Global Private Equity	2,338	0.3	3.9	109.8	226.5	(33.3)	2.0	Yes	110.9	0.0
Pantheon International	1,703	(0.9)	6.9	82.3	165.6	(34.6)	1.4	Yes	110.4	0.0
Patria Private Equity Trust	956	3.3	16.4	119.3	219.7	(30.1)	1.1	No	114.7	3.1
ICG Enterprise Trust	1,017	6.6	18.5	104.1	201.2	(30.4)	1.4	Yes	109.0	1.2
CT Private Equity Trust	392	0.1	16.0	123.4	188.7	(29.5)	1.2	Yes	121.9	4.4
Peer average	1,297	1.6	14.2	96.6	197.1	(27.8)	-	-	110.9	2.3
Rank	9	7	8	11	9	3	-	-	7	1

Source: Company data, LSEG Data & Analytics, Edison Investment Research

Note: Net gearing is total assets less cash and equivalents as a percentage of net assets. *12-month NAV total return (TR) performance in euro terms based on end-June 2025 or latest earlier available NAV. **Deutsche Beteiligungs's 10-year NAV TR is calculated from end-July 2015 due to availability of data. ***Deutsche Beteiligungs's ongoing charges are lower than the company's fee income. Ongoing charges as calculated by The Association of Investment Companies (AIC)

Exhibit 10: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	MSCI World Small Cap (%)	MSCI World (%)
30/06/2021	45.4	34.5	45.4	32.3
30/06/2022	(0.3)	(5.3)	(11.1)	(2.4)
30/06/2023	(11.5)	10.0	8.8	14.2
28/06/2024	18.1	2.3	11.6	22.9
30/06/2025	(8.7)	0.9	5.0	6.6

Source: Company data, LSEG Data & Analytics. Note: All % on a total return basis in euros.

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