Investment environment

We are proud to report strong portfolio performance in 2020. We broadly outperformed relevant public markets benchmarks and delivered superior returns for our clients, despite the economic uncertainty caused by the COVID-19 pandemic. Our transformational investing strategy provided support to our portfolio in H1 and facilitated a rapid return to growth in H2. The foundations for portfolio stability were laid by our emphasis on thematic sourcing coupled with our disciplined asset selection and value creation approach.

Thematic investing is our proprietary and systematic approach to identify great investment and asset development opportunities in today’s fast-changing environment. Our targeted businesses are those that not only greatly benefit from structural trends and related growth, but that offer us the potential to transform them. Transformation is achieved through our entrepreneurial ownership and business-building approach, which has a single objective: to turn good businesses into market leaders.

In the current investment environment, in which elevated prices persist for attractive assets, substantial value creation is required to generate outsized returns for investors. At the end of 2020, Preqin, one of the largest data providers for the private markets industry, analyzed the performance of diversified buyout managers since the Global Financial Crisis (GFC) and ranked Partners Group among the topmost consistent performers. It is our view that this result was driven by our thematic investing and transformational business-building approach.

Performance for the twelve-month period ended 31 December 2020

Our experience during 2020 has reconfirmed that the main themes underlying our investment approach should not only withstand the structural changes caused by COVID-19, but that the crisis may in fact amplify the relevance of most of the businesses and assets in our investment portfolio.

USD 8.6 billion invested on behalf of our clients in attractive and differentiated businesses and assets.

Average quartile ranking of post-GFC buyout vintages

2020 at a glance – Investments

The overall outperformance of our private markets portfolios during this period was driven by our investment themes, which are underpinned by long term secular trends. In private equity alone, there are hundreds of such themes and we currently zoom in more than 50 of them, grouped into our four main sectors. Just to name a few, we look at cell and gene therapy related tools and services in Health & Life, software verticalization in Technology, digitized facility management in Services, and sustainable alternatives in industrial food production in Goods & Products, amongst many others.

The portfolio net performance overview for the twelve-month period ending on 31 December 2020 is provided below.

<table>
<thead>
<tr>
<th></th>
<th>YTD as of 31 December 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity (direct)</td>
<td>17.6%</td>
</tr>
<tr>
<td>Private debt (direct)</td>
<td>2.0%</td>
</tr>
<tr>
<td>Private real estate (direct)</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Private infrastructure (direct)</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Reference index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity (direct)</td>
<td>15.9%</td>
</tr>
<tr>
<td>Private debt (direct)</td>
<td>3.5%</td>
</tr>
<tr>
<td>Private real estate (direct)</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Private infrastructure (direct)</td>
<td>-5.8%</td>
</tr>
</tbody>
</table>

1) Partners Group shows performance as model net returns, which are based on gross investment performance and standard fee parameters for the twelve-month period ended on 31 December 2020. All cash flows and valuations are converted to USD using fixed FX rates as of 31 December 2020. Return figures denote annualized pooled internal rates of returns (IRR). Reference index returns denote time-weighted returns. Model net figures do not include the impact of factors such as any taxes incurred by investors, organizational and administration expenses or ongoing operating expenses incurred by the investment program (e.g. audit, hedging etc.). The performance presented reflects model performance an investor may have obtained had they invested in the manner and the time period shown and does not represent performance that any investor actually attained.

2) For reference purposes, Partners Group private equity, private debt, private real estate and private infrastructure performances are compared, respectively, to the following USD-denominated indices: MSCI World Net Total Return USD Index (ticker: NODUW), a composite of 50% S&P/BILTRA Leveraged Loan Index in USD (ticker: SPBDAL) and 50% S&P/LSTA Leveraged Loan Index USD-hedged (ticker: SPBDELULH); FTSE EPRA NAREIT Developed Total Return Index USD (ticker: RUGL); and S&P Global Infrastructure Total Return Index USD (ticker: SPGTRNTR).

Proven once again that our investment strategy is capable of delivering consistent outperformance, also in rough macro environments.

### Direct private equity portfolio EBITDA growth

<table>
<thead>
<tr>
<th></th>
<th>2019 EBITDA</th>
<th>2020 EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total full-year adjusted EBITDA of Partners Group’s private equity direct portfolio</td>
<td>+10%</td>
<td></td>
</tr>
</tbody>
</table>

### Private debt

Overall, our debt portfolio has proven to be resilient. On the direct lending side, we continue to focus on strategies that lead to the best risk-return outcome for our clients. In order to achieve this, we focus on fundamental credit due diligence, negotiating transactions with strong legal protections, strong origination network and relationships, underwriting stable, profitable and established businesses as well as active portfolio management and workout efforts where needed.

In 2020, our private debt strategies slightly underperformed their benchmark. While Partners Group’s programs provided significantly more stability and less drawdowns in Q1 2020, they benefitted to a lesser extent from the very strong market at the end of the year. We would generally expect our debt strategies to experience less volatility as a result of the focus on high quality, non-cyclical businesses.

Our liquid loan business was also resilient in a large part due to the conservative and defensive approach to build and manage our syndicated loan portfolios. The syndicated debt team was able to play it safe and play offensive simultaneously by purchasing what we believed to be robust credits at significantly depressed prices in the secondary loan market.

### Private real estate

Our private real estate portfolio has shown only a modest decline in valuation and substantially outperformed the benchmark. It has limited exposure to the sectors that have been most heavily impacted by government-imposed COVID-19 lockdowns, such as retail, hospitality and student housing. Our disciplined use of leverage, combined with strong rent collection levels throughout the period, further strengthened the liquidity profile at the investment level. Rent collection across the portfolio stood at a resilient 94% globally as of December 2020. Moreover, rent collection...
2020 at a glance – Investments

across our US real estate portfolio exceeded national averages for all sectors. Additionally, global diversification within our portfolio has limited its exposure to any one city or sector.

**Private infrastructure**
Partners Group’s private infrastructure portfolio has performed very well compared to other private infrastructure portfolios, mainly due to the fact that it has minimal exposure to commodity prices, GDP, or traffic volumes. Our portfolio is characterized by a heavy overweight in long-term take-or-pay arrangements with creditworthy counterparties, broad diversification across sub-sectors and a concentration on essential services, such as renewable power generation, gas transportation and data transmission. Our infrastructure portfolio achieved a solid net performance of 14.4% during 2020.

**Offense remains the best defense**
We believe that great investment opportunities will prevail with our approach and the COVID-19 crisis has not materially altered our investment strategy.

Partners Group uses a thematic investing approach centered around three giga themes that drive its thinking about more granular transformational themes:

- **Digitization and automation:** the main driving force for businesses in technology, services and production
- **New living:** the forces shaping consumer preferences and habits, including areas such as nutrition, healthcare, leisure and learning
- **Decarbonization:** this will drive the largest ever energy infrastructure and effectiveness program in history

We then dive deeper into these giga themes to identify underlying transformative trends that have the potential to generate sustainable returns for our investors. We look for trends that will result in above-average, secular growth over a five- to ten-year period and, in private equity alone, we typically follow more than 50 thematic ideas at any one time. These transformative trends drive how we look at investment opportunities and shape how we transform our assets across the four private market asset classes.

We transform assets via proactive operational value creation and platform expansion to create strong companies with a leading market position. Last but not least, we apply entrepreneurial governance by putting in place first-class management teams capable of achieving our ambitious targets and building effective boards whose interests are aligned with the company’s success.

With over 500 engaged investment professionals and in excess of 250 operating directors and trusted advisors in our close network, we remain confident that this transformational investing strategy will continue to be key to our success.

More detail on our thematic investing can be found in our 2021 Private Markets Navigator, which can be downloaded here: [https://www.partnersgroup.com/en/news-views/perspectives/current](https://www.partnersgroup.com/en/news-views/perspectives/current)

**Investments in 2020**
During 2020, we invested a total of USD 8.6 billion (2019: USD 14.8 billion) on behalf of our clients across all private markets asset classes, with the majority of these investments undertaken in Q1 and Q4. Investment activity slowed during the year as we prioritized protecting and enhancing existing portfolio performance over making new investments. We focused resources accordingly in Q2 and Q3, while safeguarding the health and safety of portfolio company employees.

**Partners Group’s private markets investments (in USD bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.7</td>
<td>11.7</td>
<td>13.3</td>
<td>19.3</td>
<td>14.8</td>
<td>8.6</td>
</tr>
</tbody>
</table>

Note: figures include add-on investments but exclude investments executed for short-term loans, cash management purposes and syndication partner investments.
Out of the total amount invested in 2020, USD 5.7 billion (67% of total investment volume) was deployed in direct assets, of which USD 3.7 billion was invested as equity in individual businesses and real assets, and USD 2.1 billion was invested in corporate debt. For our equity investments, our entrepreneurial governance approach, which focuses on transforming attractive businesses into market leaders, remains key to generating superior returns.

To complement our direct assets, we invested USD 2.8 billion (33% of total investment volume) in portfolio assets on behalf of our clients in 2020. These portfolio assets include USD 1.4 billion of secondary investments (2019: USD 2.7 billion) into globally diversified private markets portfolios and USD 1.5 billion of select primary commitments (2019: USD 2.0 billion) to other private markets managers. For secondaries, the distressed window was short-lived. During Q2 of 2020, many transactions were put on hold due to wide bid-ask spreads. In the second half of the year, secondary market prices for many high-quality assets rebounded to their pre-COVID levels. We are committed to maintaining pricing discipline and a focus on inflection assets, where we believe the greatest value creation potential can be found.

Investment activity remained geographically diversified in 2020, with 53% of capital invested in North America, 40% in Europe, and 7% in Asia-Pacific and emerging markets, reflecting our global reach and scope.

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Direct assets</th>
<th>Portfolio assets</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>53%</td>
<td>33%</td>
<td>43%</td>
</tr>
<tr>
<td>Europe</td>
<td>40%</td>
<td>33%</td>
<td>43%</td>
</tr>
<tr>
<td>Asia-Pacific/Rest of World</td>
<td>7%</td>
<td>33%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Note: figures include add-on investments but exclude investments executed for short-term loans, cash management purposes and 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).

Select private markets investments in 2020

Private equity

In July 2020, we acquired a major stake in Rovensa, which is among the world’s top three providers of bionutrition, biocontrol and crop protection solutions. The company is primarily focused on the higher-margin fruit and vegetable growing industry.

We were attracted by the sector in which Rovensa operates based on the following three factors. Firstly, over the long term, the agricultural sector is uncorrelated with GDP due to its essential nature. Secondly, projected increases in average daily caloric intake are anticipated to increase food demand by over 50% in the next 30 years, at a time when there are restrictions on available arable land. In this context, farmers must find ways to increase yields by making their crops more robust and productive. Finally, there is a trend towards biological crop products vs. chemically derived ones. Rovensa’s portfolio is ideally positioned for these new realities and we plan to accelerate the transformation of the product portfolio to benefit from these trends.

In our first few months of ownership we set up an effective, action-oriented board and outlined the strategic plan. We see potential to create value by accelerating the development of Rovensa’s leading and diverse portfolio and expanding its geographical footprint. We will also support the company’s research and development culture, with a special focus on high-growth market niches. Select acquisitions in biologicals will complement organic growth. Combined, these initiatives will play a major role in cementing Rovensa’s transformation into a high-growth, truly international biosolutions provider.

1 All Partners Group investments and divestments mentioned herein were made on behalf of the firm’s clients, not on behalf of Partners Group Holding AG or any of its affiliates.
2020 at a glance – Investments

Private debt
In December 2020, we provided a unitranche solution for the acquisition of ThinkProject. ThinkProject provides cross-enterprise collaboration and workflow software to the engineering and construction industries. The software is delivered as an SaaS platform, and is currently used by more than 2'750 customers in 60 countries.

The construction industry historically has been slow to digitalize. Software adoption is increasing, driven by the need to improve project management and reduce cost overruns. ThinkProject's collaboration and workflow software offerings enable clients to improve project coordination and communication leading to a reduction in project delays and cost efficiencies. The company is a market leader in the DACH region and has exhibited strong historical growth through market cycles, with its sticky products leading to >80% of recurring revenues. With this direct debt investment, we capitalized on two key thematic sourcing themes: software verticalization and digitalization.

We were instrumental in providing a financing solution as part of a club to the sponsor, required for the secondary LBO of the company. Our undrawn credit facilities will support the company in continuing with its track record of M&A activity. The financing also contains an ESG-linked ratchet mechanism.

Private real estate
We recently acquired a portfolio of industrial assets concentrated in several of Partners Group's high-conviction US target markets, including Raleigh-Durham, Austin and Denver, as well as infill locations near major East Coast population centers. An example of one property in the portfolio is a 77'000 square foot Class A industrial warehouse located in Kearny, New Jersey. The property is well situated to serve as a last-mile distribution facility given its strategic position in proximity to New York City.

The logistics sector continues to benefit from the structural growth of e-commerce, a trend that has further accelerated during 2020. In particular, we have conviction in last-mile distribution facilities, smaller urban logistics warehouses, and cold storage units. We seek out locations with good transport links, in close proximity to larger cities, and with limited land supply due to their infill location.

The value creation plan involves driving additional net operating income (NOI) growth through leasing up existing vacancies and near-term known vacates, marking below-market rents to market rate and developing a new Class A industrial development on a build-to-suit basis. Partners Group was well-positioned to recapitalize this opportunity as the operator sought to partner with an institution that could provide a holistic solution for the entire portfolio.

Private infrastructure
We acquired an 80% equity stake in VSB Group, a leading European developer, owner and operator of renewable energy assets. VSB operates throughout the entire renewable energy value chain, from the development of projects, to asset management and the technical and commercial management of operational sites, as well as having a broad offering in energy solutions. VSB has successfully developed and built over 1.1GW of onshore wind and solar PV generating assets to-date and manages over 1.4GW of wind assets.

One of the key transformative trends in which we are continuing to invest is decarbonization and the energy transition. With a portfolio of over 7.7 GWs of renewable generation capacity worldwide, we have been a longstanding investor in clean power production. The Company’s proven development track record, strong and engaged management team, and sizable project pipeline make it an excellent fit for Partners Group's platform expansion strategy. VSB is very well-positioned to capitalize on increased demand for environmentally-friendly sources of energy throughout Europe.

We will work closely with the management team to realize this ambition by leveraging our experience of institutionalizing businesses to accelerate the conversion and development of VSB's renewable energy pipeline. In the first few months of our ownership we have already had great success with obtaining permits for 200MW in Finland and the addition of 300MW in Poland, which was achieved through organic growth and strategic platform acquisitions.
2020 at a glance – Investments

Divestments in 2020

We realized a number of mature private markets assets on behalf of our clients, leading to a total of USD 11.8 billion in underlying portfolio distributions in 2020 (2019: USD 11.0 billion). Similar to our investment activities, divestments were skewed towards Q1 and Q4 2020. Underlying portfolio realizations in the first half of the year were dominated by cash distributions from the closings of transactions for which the respective sales and purchase agreements were signed in Q4 2019 and early Q1 2020.

A good example of how we capitalize on thematic growth trends and leverage our entrepreneurial governance approach to transform portfolio companies is our investment in French fiber-to-the-home broadband platform Covage. Demand for data is expected to more than double in the next five years, and, over our holding period, we transformed Covage to address this anticipated demand.

We grew the size of Covage’s network by over 20x: from less than 50,000 fiber connections in 2016 to 1 million connections in 2020, with additional near-term buildout to over 2.4 million homes and 27,500 businesses across France. This will continue to have a lasting, positive impact on local communities and we are proud to say that we contributed to bridging the digital divide in rural France.

This transformation attracted a strategic buyer for Covage and, in December 2020, we completed the sale of our 50% equity stake in the company. The transaction gave the company an equity value of around EUR 1.1 billion.

Another example is our transformation of PCI Pharma Services, a global provider of outsourced pharmaceutical supply chain solutions, which produced stellar returns for our clients following the sale of a majority stake in August 2020.

Through our thematic sourcing approach, we had identified the strong industry-wide trend of outsourcing diversified pharmaceutical services in a near-shore setup due to the pressure on big pharmaceutical companies to control costs and optimize manufacturing and packaging footprints while maintaining close collaboration and agility. We built our thesis of capitalizing on PCI’s leading market position in big pharma to achieve above-market growth rates by transforming the company into a value-added solutions provider.

We helped PCI in multiple dimensions to foster operational excellence and strategically reposition the company. From the start we had set up a collaborative and experienced Board for PCI, which enabled us to transform its operations and proactively execute the long-term strategic vision. We expanded PCI’s clinical capabilities and geographical reach through several add-on acquisitions, building PCI’s presence in Ireland, Australia, Germany, and Canada. We also led a talent transformation, appointing a new management team with a clear vision for the future of the business as a solutions provider for its clients by differentiating PCI through technology, talent, and operational excellence. The strategic plan launched about 20 transformational initiatives with full Board support.

When we first invested in PCI in 2016, the company was perceived as a best in class service provider for commodity or non-core pharmaceutical products. Today, PCI is a trusted partner for its customers, providing integrated pharma supply chain solutions with the shared goal of improving patients’ lives. It is a leader in technology, with a first-of-its-kind digital platform to provide clients with real-time supply chain data and analytics. A robust value creation plan, a dynamic management team and active corporate governance led to true business transformation for PCI during our ownership, resulting in a 25% EBITDA compound annual growth rate (CAGR).