

H1 2021 at a glance - Investments



Investments

We invested USD 13 billion in an attractive pipeline of transformative companies & assets.

Investment environment

Following a strong rebound of the global economy, H1 2021 has been a very active period in terms of private markets investment and exit volumes. Yet, it continues to be an extremely competitive market for new investments and valuations are still at or near record highs, especially for quality assets. In this competitive environment, we remain true to our belief that "offense is the new defense": we seek opportunities to build resilience instead of buying it by focusing on assets with value creation potential in sub-sectors with above-average, consistent growth rates. As such, we continue to be very selective and source thematically in order to identify these sub-sectors. We further build on these growth dynamics and leverage our entrepreneurial governance approach to create market leaders through business transformation and platform development.

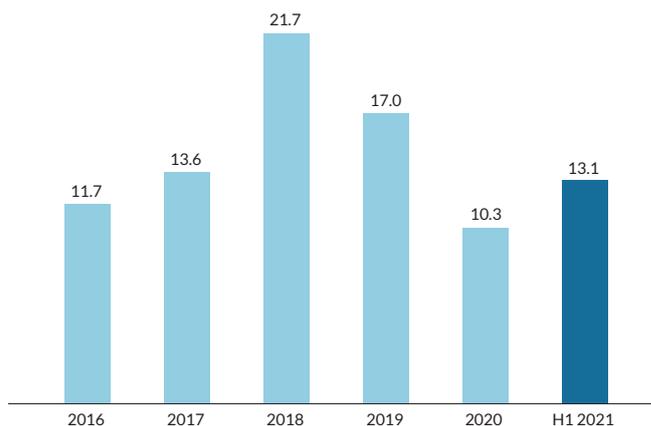
Our thematic sourcing strategy has enabled us to build a significant pipeline of investment opportunities. We have successfully transacted on this investment pipeline and exercised high selectivity and discipline on pricing. In the first half of the year, our portfolio continued to broadly outperform relevant public markets benchmarks and deliver superior returns for our clients.

Investments in H1 2021¹

During H1 2021, we invested a total of USD 13.1 billion (H1 2020: USD 4.3 billion) on behalf of our clients across all private markets asset classes. We had a strong first half for new investments, partially a result of some catch-up effects from last year that was affected by the pandemic.

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.

Private markets investments 2016-H1 2021 (in USD bn)



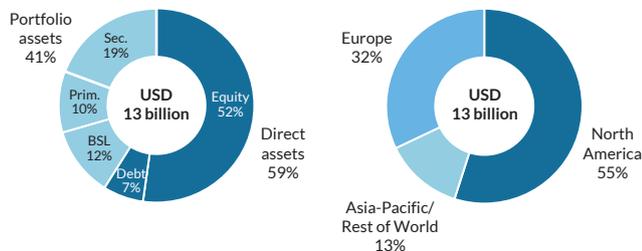
Note: figures include add-on investments but exclude syndication partner investments.

Out of the total amount invested, USD 7.7 billion (59% of total investment volume) was deployed in direct assets, of which USD 6.9 billion was invested as equity in individual businesses and real assets, and USD 0.9 billion was invested in corporate debt.

To complement our direct assets, we invested USD 5.4 billion (41% of total investment volume) in portfolio assets on behalf of our clients. These portfolio assets include USD 2.5 billion of secondary investments into globally diversified private markets portfolios, USD 1.3 billion of select primary commitments to other private markets managers and USD 1.5 billion in broadly syndicated loans.

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Private markets investments during H1 2021 (in USD bn)



Note: 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.

The US was the most active region for our investment business during H1 2021, accounting for 55% of all investment commitments as opposed to 32% in Europe and 13% in Asia-Pacific & Rest of World. Examples of US investments transacted during the period include Careismatic Brands, a leading designer, marketer and distributor of branded medical apparel globally; Idera, a leading global provider of software solutions that enable its customers to navigate the digital transition; and Dimension Renewable Energy, a community solar and battery storage platform that supports the low-carbon transition.

Select private markets investments in H1 2021

Private equity

We have invested USD 6.2 billion in private equity in H1 2021. We typically focus on more than 50 themes that we believe are attractive in private equity alone. One of these themes we have been focusing on is specialty healthcare for women. An example that fits squarely into this theme is our investment in **Axia Women's Health**, a leading women's healthcare provider in the US, in May 2021.

Axia is headquartered in Voorhees, New Jersey, and provides a highly integrated platform of non-clinical business and administrative support services, such as accounting, HR, insurance, IT, and practice management services, to its network of physician practices across the US. Axia has partnered with more than 80 care centers comprising 150 locations and supporting 475,000 patients annually, which offer a wide range of care, including obstetrics, gynecology, laboratory, mammography, urogynecology, fertility, and other sub-specialties. Axia Women's Health ranks as the fifth largest firm in the women's healthcare industry by the number of independent physicians.

Women's health is a stable yet fragmented market that is in the early phases of consolidation compared to other subsectors in the healthcare space. This fragmentation grants Axia the opportunity to grow by first acquiring mid-sized anchor groups and then building density in local geographies with smaller tuck-ins. Women's health is a core theme for us and we actively tracked Axia for almost two years, identifying the company as a top business among its industry peers given its proven ability to replicate its 'local density' growth strategy across various markets and strong physician value-proposition business model.

Partners Group has a significant understanding of this distinct and attractive healthcare specialty. We will draw on our extensive experience transforming other leading multi-site healthcare businesses to support Axia's patient-centric value creation plan. Key initiatives will include building out in-demand ancillary services by expanding centralized lab services and mammography centers and taking advantage of a growing physician base to build a regional network; improving patient experience, outcomes and engagement by expanding value-based care contracting, which focuses on improved clinical outcomes at lower health system costs; and continued accretive M&A in both its existing geographical footprint and new regions.

Private debt

We have invested USD 2.4 billion in direct lending and liquid loans in H1 2021. Similar to private equity, a theme that we have been focusing on is self-care, in particular natural beauty products. For instance, in June 2021, we provided unitranche debt financing to **Aroma-Zone** to support Eurazeo's acquisition of the company.

Founded in 1999 and based in France, Aroma-Zone is a leading retailer of essential oils and natural beauty and wellness products. Operating three production facilities in the country and with a supplier network of approximately 300 partners globally, the company offers more than 1,900



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products ranging from essential oils to raw beauty products, as well as containers and recipes to create natural cosmetic products. Aroma-Zone has more than 350 employees and markets its products online as well as through seven physical stores across France.

We view this investment as attractive as Aroma-Zone is the leading retailer in the online essential oils and aromatherapy market. The company generates approximately 80% of its revenues from online channels and has demonstrated resilience during recent lockdowns. Aroma-Zone is well positioned to benefit from the rising share of beauty products bought online.

We were instrumental in providing a financing solution as part of a club to the sponsor. Notably, the loan includes an ESG-linked margin ratchet to set financial incentives for the company to achieve measurable ESG goals.

Private real estate

We have invested USD 1.8 billion in private real estate in H1 2021. The UK light industrial sector is seeing high levels of demand due to the rise of e-commerce, a key transformative trend we have been following and one of Partners Group's top relative value propositions within private real estate.

On the back of this, in January 2021, we acquired a **portfolio of light industrial properties** in the UK for GBP 253 million with a total lettable area of approximately 3.6 million square feet. We intend to build-out the portfolio with an additional GBP 200 million to fund new acquisitions of light industrial assets in the UK over the next two years.

The portfolio is spread across the UK, with most properties in the West Midlands, Yorkshire and the North West. The properties benefit from the structural tailwinds driving the growth of e-commerce, which have further accelerated following the outbreak of COVID-19. The portfolio has a diversified income stream with a tenant base of over 250 companies from a range of sectors, including logistics, engineering, distribution, trade, and manufacturing.

We have planned various value creation initiatives for the current portfolio including refurbishing units to upgrade and modernize facilities so they better suit tenant requirements, increasing occupancy, improving site accessibility and enhancing energy efficiency.

Private infrastructure

We have invested USD 2.7 billion in private infrastructure in H1 2021. One sub-sector we have been focusing on is the telecommunications tower sector in the Philippines, which our Thematic Research team has been tracking for years as an attractive investment opportunity for our clients.

Consequently, in April 2021, we established a telecommunications infrastructure platform, **Unity Digital Infrastructure**, in the Philippines. Unity will build and operate telecommunications towers in the country.



There is strong demand for these assets, with the volume of data traffic in the Philippines forecast to grow at a 45% CAGR until 2025, and Unity aims to yield secure, long-term contracted cashflows with telecommunications providers. Unity will also support the transformative trends around digitization and rising data consumption. Additionally, Unity is expected to benefit from new government-backed initiatives in the country to improve wireless service levels, including the introduction of industry targets to build at least 50,000 new towers.

We will draw on our international experience of successfully building out infrastructure platforms to create a leading tower operator that has the goal of improving communications' reliability for local communities in the Philippines. Key value creation initiatives are aimed at building and operating towers, acquiring tower portfolios and increasing tenancy levels.

We are excited about the meaningful stakeholder impact that Unity is expected to bring to the Philippines by improving network service quality and reliability, enabling people to stay connected and benefiting local economies through enhanced communication.

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Divestments in H1 2021

Our portfolio performance has been strong during H1 2021 and we have continued to see solid value creation generated by our transformational investing approach. Supported by strong demand for quality assets and a benign exit environment, we also agreed the sales of a number of mature private markets assets, leading to a total of USD 10.5 billion in underlying portfolio distributions (H1 2020: USD 5.7 billion). Taking into consideration exits signed in H1 that are expected to close in H2, we are on track for a record year in terms of underlying portfolio distributions, with at least an incremental USD 5 billion in distributions anticipated in the second half of the year.

One high-profile exit that closed after H1 is Partners Group's sale of leading US digital engineering services company **GlobalLogic** for an enterprise value of USD 9.5 billion. We applied our entrepreneurial governance approach to drive several transformational value creation initiatives and accelerate the Company's growth trajectory. Initiatives included launching dedicated sales strategies to address niche customer segments, such as facilitating introductions with Partners Group's portfolio companies and building strategic relationships with over 20 private equity firms, many of which are software and technology focused. Furthermore, we have transformed account planning, expanded key accounts, and increased the client base by almost 20%. During our ownership, we also increased GlobalLogic's employee base by more than 7,000 additional software designers, engineers, and data experts. We completed four strategic add-on acquisitions globally, thereby expanding GlobalLogic's services footprint and engineering capabilities and supporting revenue growth. Additionally, we have enhanced the Company's focus on environmental, social and governance (ESG) initiatives, helping the Company to establish a dedicated ESG function and mid-term strategy. Our investment in GlobalLogic is expected to generate an average gross multiple in excess of 5x for Partners Group's clients and co-investors. Further to this, key employees across the firm benefitted from the sale, as Partners Group has allocated a share of equity to select portfolio employees to further incentivize value creation.

In H1 2021, we also completed the sale of **Cerba HealthCare**, a leading European player in medical diagnosis for an enterprise value of over EUR 4.5 billion. During our ownership, we led Cerba's successful consolidation strategy within France. We also penetrated new international markets, including Italy and Africa, and launched a strategic initiative to expand Cerba into an adjacent category of veterinary testing services, where we had already achieved a leadership position in France by the time of our agreed sale. Last but not least, we steered the successful repositioning and expansion of Cerba's research business for biotech and pharma companies. During this past year we have expanded Cerba's core processing capacity dramatically to keep up with demand for COVID-19 testing. Cerba now stands as a uniquely placed company in the European medical diagnostics market, supplying diagnostic tools and providing critical expertise to patients, physicians, hospitals and the pharmaceutical industry. Our investment in Cerba has generated an average gross multiple of more than 2.5x for Partners Group's clients and co-investors.

Other signed divestments in H1 2021 that are expected to close in the second half of the year include the sale of a large-scale **US-based portfolio of industrial real estate** with a combined leasable area of 8.6 million square feet.

The investment has generated an average gross multiple of >2x for our clients. We built this portfolio of quality assets across attractive industrial markets, gaining exposure to key transformative trends such as the rise of e-commerce and relatively outsized expansion of regional growth cities. We are proud to see the transformational results our team has driven.

These and other exits have made a strong contribution to the distribution profiles of a number of our investment programs, which are at different stages of their lifecycle. They have also further strengthened and solidified our performance track record.