ANNUAL REVIEW 2017

CONNECT TO PERMIRA, CONNECT TO GROWTH

Unlocking the global potential of ambitious businesses
GROWING AMBITIOUS BUSINESSES INTO GLOBAL INDUSTRY LEADERS IS CHALLENGING

By partnering with management and providing long-term, flexible support, the Permira funds have helped hundreds of businesses on this journey. We bring over 30 years of experience to every new partnership. We listen, we challenge, and we help enterprising people build more efficient, more sustainable and more technologically-advanced businesses.

We are proud of what we do, proud to help companies with ambition realise their full potential, and proud that this growth contributes to better outcomes for the millions of pensioners who invest in our funds.
The Permira funds have delivered market-leading returns for our private equity investors for over 30 years by partnering with more than 200 ambitious businesses to support their growth.

Over the past decade, Permira Debt Managers (PDM) has also emerged as a leading independent multi-strategy credit platform.

- **Global Private Equity Strategy**
  - 30+ Years of backing growth

- **European Credit Strategy**
  - 10+ Years of credit investing
Across private equity, 2017 was a strong year for the Permira funds in terms of making new investments, driving growth in the portfolio and realising mature investments.

### The Permira funds in 2017

The Permira funds provide flexible growth funding for businesses through a range of tailored equity and debt solutions. On the equity side, our funds invested in six new businesses and acquired an additional three companies as ‘add-ons’ to super-charge growth in existing portfolio companies. The portfolio as a whole enjoyed strong growth during 2017, with a cumulative 15% EBITDA uplift across the businesses. The quality of growth, in turn, makes the portfolio companies attractive to potential acquirers. In 2017, the funds sold nine companies, thereby returning €2.8bn to our investors.

### PDM: 11 years of Credit Solutions

Permira Debt Managers, through its Direct Lending funds, has established itself as a leading lender over the past decade. Alternative sources of financing, such as Direct Lending, have become increasingly attractive to European businesses since banks began retrenching in the aftermath of the financial crisis. In 2017, the business enjoyed another strong year with growth across each of its three business lines. Its Direct Lending funds made loans totalling c.€1.6bn across 24 European businesses. Its Structured Credit funds made 34 investments and it also launched the first of its second generation CLOs, as PDM continues to expand into adjacent investment strategies.

### Bound by tech

Technology is more than an investment sector for Permira; it is one of the threads that binds the whole firm. Permira’s experience as an early-stage technology investor dates back to the firm’s genesis three decades ago. A focus on backing growth, innovation and capitalising on technology shifts has defined our approach over that time. Today, we think large, profitable companies can still be innovative. We think they can still be disruptive, and can still grow quickly.

Our funds have invested actively in software businesses for the last 20 years and, in the process, they’ve had a front row seat for a business revolution that has seen technology become a central part of all large companies. Whether our funds are backing a niche manufacturer, a financial advisory firm or a fashion retailer, our experience in the technology space is crucial to helping our funds’ portfolio companies deal with this transition and its challenges.

### A focus on backing growth, innovation and capitalising on technology shifts has defined our approach over that time.

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1. P5 and P6 portfolio year-on-year growth as at LTM Dec 2017
2. Gross proceeds include proceeds of €1.5bn received for Magento during 2017, following partial realisation agreed in 2016
2018

Five months into 2018, the Permira funds have been active making new investments and successful divestments. In a high-valuation environment, with significant risks on the horizon, maintaining investment discipline and focus is key.

In this environment, our funds are working hard on divesting portfolio companies when their underlying strategic value is fairly reflected, and on helping portfolio companies drive ambitious and transformational growth plans. See Magento sale to Adobe, page 15.

The majority of our funds’ portfolio companies are performing well, with some particularly strong growth stories. However, there are also a small number of companies that need more support to get them back on plan.

“...we continue to take a very disciplined and focused approach to our funds’ deployment.”

Outlook for 2018

Five months into 2018, global economic growth continues at the upper range of the prior five years’ activity, especially across Europe, which has rebounded strongly in recent years.

However, this growth is tempered by significant risks in the form of political uncertainties, record equity prices, and the implications of a gradual tightening of monetary policy. Taken together, we believe these factors contribute to a challenging investment environment and, as a result, we continue to take a very disciplined and focused approach to our funds’ deployment.

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1. Subject to new investment closing conditions
2. P5 & P6 year-on-year growth LTM Mar 2018
3. Magento exit subject to customary closing conditions
Creating sustainable value
Permira actively contributes to improving standards across the industry through its participation in associations and global initiatives. We are proud of the recognition we receive for this work but our commitment to ESG is not about accolades, it is about creating sustainable value and giving companies the knowledge and skills to adapt to fast-moving environments.

Understanding the changing context
Environmental concerns, responsible corporate governance, supply chain issues and the wider social impact of business have never been more important to policymakers, institutional investors and other stakeholders. Such concerns are also critical to the purchasing choices of a new generation of consumers.

High profile corporate scandals in recent years, from emissions-cheating in the automotive industry, supply chain issues in retail, corporate malfeasance cases in financial services and data misuse by the tech giants, have had a profound influence on public opinion and, quite frequently, the bottom line of the companies involved. Armed with huge amounts of information and social media networks to play an active role in the debate, stakeholder concerns are changing fast. Millennials, which now form the largest and noisiest cohort, are concerned by an ever-growing list of issues that stretch way beyond more traditional concerns around the environment, from data security to inequality. Never before has corporate behaviour across all sectors been so closely scrutinised, and never before has this scrutiny had the potential to cause such major reputational and financial damage.

The flip-side is the greater opportunity for businesses and products that are acting responsibly and addressing these challenges and concerns.

Being part of the solution
Our team uses its influence at board level to encourage best practice in the portfolio companies and rigorously monitor the sustainability of their business model and practices. We actively support them in their effort to make greener products, reduce waste and resource use, make processes more efficient and transparent, and improve business practices. In addition, our funds have also invested in businesses that tackle a number of pressing global problems, such as water shortages, the need to provide safe and sustainable food for growing populations and the importance of improving healthcare outcomes, placing ESG at the heart of our funds’ investment strategy.

These actions help our funds buy well, drive value and sell well.

Responsibility is at the heart of the Permira business model. Our approach to ESG (Environment, Social and Governance) provides a framework for the companies in which our funds invest, helping them build better businesses.
PRIVATE EQUITY

Our funds provide equity funding for ambitious businesses to help them become global champions. In addition to a private equity offering focused on control buyout investments, our funds also offer large minority investments in high-growth companies.

CREDIT

PDM funds provide liquidity to the primary and secondary credit markets in Europe. Founded 11 years ago, the business operates three distinct investment strategies; Direct Lending provides flexible credit facilities directly to small and medium-sized European businesses, while Structured Credit and CLO Management provide liquidity through a range of products and third party funds.

1. By GCA Altium MidCapMonitor 2018 Ranking in Europe, published Q1 2018
Permira’s strategy is designed to identify investment opportunities in sectors that enjoy strong secular growth, with minimal dependency on the cycle, such as ageing and growing populations, water shortage and cloud migration.

In a market where prices are high and bargains scarce, having a long-term view is key to buying with conviction. In 2017, our funds invested in six businesses across all five of our key sectors.

Deployment remained active in the first few months of 2018 with the completion of three additional investments and the announcement of five more.

2017 INVESTMENTS

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>DESCRIPTION</th>
<th>SECTOR</th>
<th>INVESTMENT CASE</th>
<th>FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>tricor</td>
<td>Asian leader in outsourced corporate services.</td>
<td>Using multiple levers to drive growth, including pricing and packaging optimization, customer segmentation and crossborder selling.</td>
<td>Permira Fund 5 (P5)</td>
<td></td>
</tr>
<tr>
<td>allegro</td>
<td>Largest e-commerce player and internet brand in Poland.</td>
<td>Improving the general ecosystem to increase conversion and average basket size, and enhancing user experience for both buyers and sellers.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
<tr>
<td>e3</td>
<td>Leading omnichannel fashion retail business for private members.</td>
<td>Increasing monetisation of existing customers and targeting new customers through use of big data analytics, pricing, CRM and marketing automation technologies.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
<tr>
<td>LSNE</td>
<td>Sterile lyophilisation (freeze-drying) and fill and finish of drugs and devices.</td>
<td>Potential to vertically integrate into the attractive active pharmaceutical ingredients category and broaden the manufacturing footprint across geographies through facility acquisitions.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
<tr>
<td>DiversiTec</td>
<td>Distributor of ancillary components for installations and maintenance of heating, ventilation, air conditioning and refrigeration units.</td>
<td>Organic growth targeting existing customers and expanding into new product categories, and potential for add-on acquisitions.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
</tbody>
</table>

GROWTH OPPORTUNITIES STRATEGY

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>DESCRIPTION</th>
<th>SECTOR</th>
<th>INVESTMENT CASE</th>
<th>FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klarna</td>
<td>An innovative payments company which facilitate e-commerce transactions across borders.</td>
<td>A proven product innovator which will benefit from continued e-commerce growth both locally and internationally.</td>
<td>PGO1</td>
<td></td>
</tr>
</tbody>
</table>

1. Investment transferred into PGO1 as at June 2018
2. Subject to new investment closing conditions

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>DESCRIPTION</th>
<th>SECTOR</th>
<th>INVESTMENT CASE</th>
<th>FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duff &amp; Phelps</td>
<td>Leading valuation and specialist advisory firm.</td>
<td>International growth opportunities by leveraging the existing brand in under penetrated markets such as Asia, Latin America and Europe.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
<tr>
<td>La Padiniera</td>
<td>Italian market leader in fast casual dining.</td>
<td>Development of store network in Italy and potential to expand internationally, with the benefit of a flexible and portable concept.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
<tr>
<td>Med Radio Stills</td>
<td>Largest provider of diagnostic imaging services in Australia.</td>
<td>Opportunity to consolidate the market in Australia via acquisitions, with potential expansion into Asia, realising synergies from system consolidation.</td>
<td>Permira Fund 6 (P6)</td>
<td></td>
</tr>
</tbody>
</table>
We help drive growth in portfolio companies by assembling highly relevant sector and operational experts together with specialist external advisers to support, advise and challenge management over the course of the investment.

### SELECTED PORTFOLIO ADD-ON INVESTMENTS IN 2017

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>DESCRIPTION</th>
<th>SECTOR</th>
<th>INVESTMENT CASE</th>
<th>FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Althea</td>
<td>European outsourced manager of healthcare equipment.</td>
<td>Health Care</td>
<td>Acquired in excess of 97% of TBS Group, a pioneer in multi-vendor maintenance services for hospital biomedical equipment. Creates a leading pan-European player in vendor-independent healthcare technology management, extending geographical reach to over 15 countries.</td>
<td>PERMIRA 5</td>
</tr>
<tr>
<td>Lowell</td>
<td>Leading European receivables management business.</td>
<td>Consumer Products</td>
<td>Acquired 100% of Nordic assets of Intrum Justitia/Lindorff, which were mandated to be sold by the European Union anti-trust authorities. Opportunistic situation allows entry to the Nordic markets at scale and establishes Lowell as a pan-European leader.</td>
<td>PERMIRA 5</td>
</tr>
<tr>
<td>alterDomus*</td>
<td>Fund administration and corporate services provider.</td>
<td>Financial Services</td>
<td>Acquired Cortland, a high-growth asset in US alternatives administration. Significantly enhances position in the US and in credit, with substantial cost and revenue synergies.</td>
<td>PERMIRA 6</td>
</tr>
</tbody>
</table>

1. Shown for add-ons where additional Permira funds equity has been invested.
Our partnership with companies is built on the clear understanding that our funds will sell down their participation when the time is right in order to return capital to our fund’s investors.

The funds only contemplate divesting when we are satisfied that they have achieved their investment goals and helped build robust companies with strong future growth prospects.

2.5x
Aggregate gross multiple

2.8bn
Gross proceeds received

2018 REALISATIONS

<table>
<thead>
<tr>
<th>COMPANY</th>
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<th>SECTOR</th>
<th>INVESTMENT CASE</th>
<th>FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magento</td>
<td>Leader in fast-growing digital commerce software space.</td>
<td>Completed refinancing of existing debt.</td>
<td>Sale-agreed of remaining equity to Adobe Systems for an Enterprise Value of $1.68bn (signed May 2018).</td>
<td>P5</td>
</tr>
<tr>
<td>JUST.</td>
<td>Leader in retirement income solutions.</td>
<td>Partial exit from sale of 57m shares in March 2017 and a further 50m shares in January 2018. 17% stake retained by the fund.</td>
<td></td>
<td>P4</td>
</tr>
</tbody>
</table>

1. Gross multiple for all full and partial realisations in 2017 and 2018. Partial realisations based on total value as at 31 Dec 2017. Includes proceeds for Magento (subject to closing conditions)

2. Gross proceeds include proceeds received for Magento during 2017, following partial realisation agreed in 2016
Permira Debt Managers (PDM) is an independent debt management business comprising three strategies: Direct Lending, Structured Credit and CLO Management.

Founded over a decade ago, it is now one of Europe’s leading specialist debt investors, advising investment funds and products which have provided c.€5.2bn of debt capital to over 120 European businesses.

Eleven years of private credit investing
Now in its eleventh year, PDM operates three distinct strategies: Direct Lending, Structured Credit and CLO Management.

The business was established to take advantage of the retrenchment of banks from the European corporate lending market, driven by regulatory change.

Flexible solutions for European businesses
On the Direct Lending side, our funds partner with European businesses to provide quick and flexible credit solutions that are better tailored to their growth and other needs. The PDM team benefits significantly from the wider Permira office network, sector expertise and relationships with banks, lawyers, accountants and other service providers to European businesses.

Liquidity for the European credit market
As the European market has evolved, we have launched products in Structured Credit and CLO Management that enable our funds to provide liquidity to both the primary and secondary markets, financing larger transactions in a rapidly evolving European credit space.

...our funds partner with European businesses to provide quick and flexible credit solutions...

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1. As at 31 May 2018
2. Based on location of company headquarters for PCS fund investments
PDM aims to partner with European businesses to provide the capital they require for growth and generate market-leading risk-adjusted returns for investors in PDM funds.

**TO ACHIEVE THIS PDM FOLLOWS THREE KEY INVESTING STRATEGIES:**

**DIRECT LENDING**
PDM’s Direct Lending funds provide credit solutions to mid-market European companies across the capital structure. The Permira credit solutions funds have a track record of providing additional funding for organic and external growth, in particular overseas expansion, and buy-and-build strategies.

**STRUCTURED CREDIT**
Our Structured Credit funds provide long-term capital to CLO managers in both the primary and secondary capital markets. This strategy relies on the excellent risk/reward characteristics inherent in senior secured debt, typically issued by larger leveraged buyouts.

Our Sigma funds specialise in the most junior parts of the capital structure especially equity, where our credit-led approach provides the greatest differentiation.

**CLO MANAGEMENT**
Building on 10+ years’ experience as a European credit investor, PDM has relaunched a CLO business with a dedicated investment team. The CLO invests in syndicated loans and bonds that are issued to support portfolio companies of private equity funds. Providus CLO I was priced in March 2018.

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**Σ**

**€1.8bn**
Invested in 28 businesses since Jan 2017

**38**
Investments by Sigma 4

**€363m**
Size of Providus CLO I

**PARTNER WITH US, FOR PRIVATE CREDIT SOLUTIONS**

**Year in Review**
### SELECTED DIRECT LENDING CASE STUDIES

<table>
<thead>
<tr>
<th>Business overview</th>
<th>Why we backed them</th>
<th>SOLE LENDER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daltys Coffee</strong></td>
<td>The company has a strong and defensible position across its three key distribution channels: vending machines, coffee machines and coffee shops. Growing demand for coffee distribution and high barriers to entry in established locations means that the company is well-positioned to continue this growth.</td>
<td></td>
</tr>
<tr>
<td><strong>Kinaxia Logistics</strong></td>
<td>PDM identified the opportunity to back a strong buy-and-build platform in a rapidly consolidating industry. Further reassurance was gained through the existing relationship with the founder, who had previously been successfully backed by the Permira private equity funds. The financing package will enable the company to maintain its acquisitive growth in a rapidly consolidating market.</td>
<td></td>
</tr>
<tr>
<td><strong>Soho House</strong></td>
<td>PDM had strong industry knowledge and relationships with the Soho House management team through the previous investment of the PDM funds in the business. As it extends its global franchise, the company has built significant brand value, a stable and loyal membership and high demand to join the clubs. These dynamics help provide protection against the economic cycle and have powered year-on-year growth in membership and revenues for more than a decade.</td>
<td></td>
</tr>
<tr>
<td><strong>RSK</strong></td>
<td>Having backed the company in a previous financing round, PDM was attracted to its broad and capable management team, solid growth and opportunities for further expansion. The business is well diversified by geography and sector, and enjoys strong relationships with blue-chip customers that it can service across the entire lifecycle of their projects.</td>
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### INVESTING RESPONSIBLY IN DIRECT LENDING

The PDM funds have been delivering value to investors for more than 10 years. A focus on Environmental, Social and Governance (ESG) considerations is an important part of building lasting value in the PDM funds’ portfolio companies.

ESG and sustainability matters are considered as part of the standard investment analysis for Direct Lending investments. PDM is further developing its approach to integrating ESG considerations in its other investment strategies.

1. **Asset selection and origination**
   - ESG screening of potential investments

2. **Due diligence and deal execution**
   - Potentially material ESG risks considered on Direct Lending investment as part of standard investment analysis
   - Investment professionals access public information, relevant documents, and the sponsor or company management as appropriate and depending on the risk profile of the business
   - Key ESG risks presented to the Investment Committee and General Partner

3. **Post-investment**
   - Ongoing monitoring of material ESG risks identified pre-investment (as relevant) and emerging post-investment
   - Engagement with selected portfolio companies on managing and improving ESG, particularly where the PDM funds have a board seat or board observer seat
   - Reporting material incidents or developments to investors