



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

12 JANUARY 2017

AuM announcement

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PCI Pharma Services | Private Equity

Important note

The following are management's estimates for the full year of 2016 as of 31 December and as such are subject to change.

Figures provided have been rounded for presentation purposes and in certain instances rounding anomalies may arise.

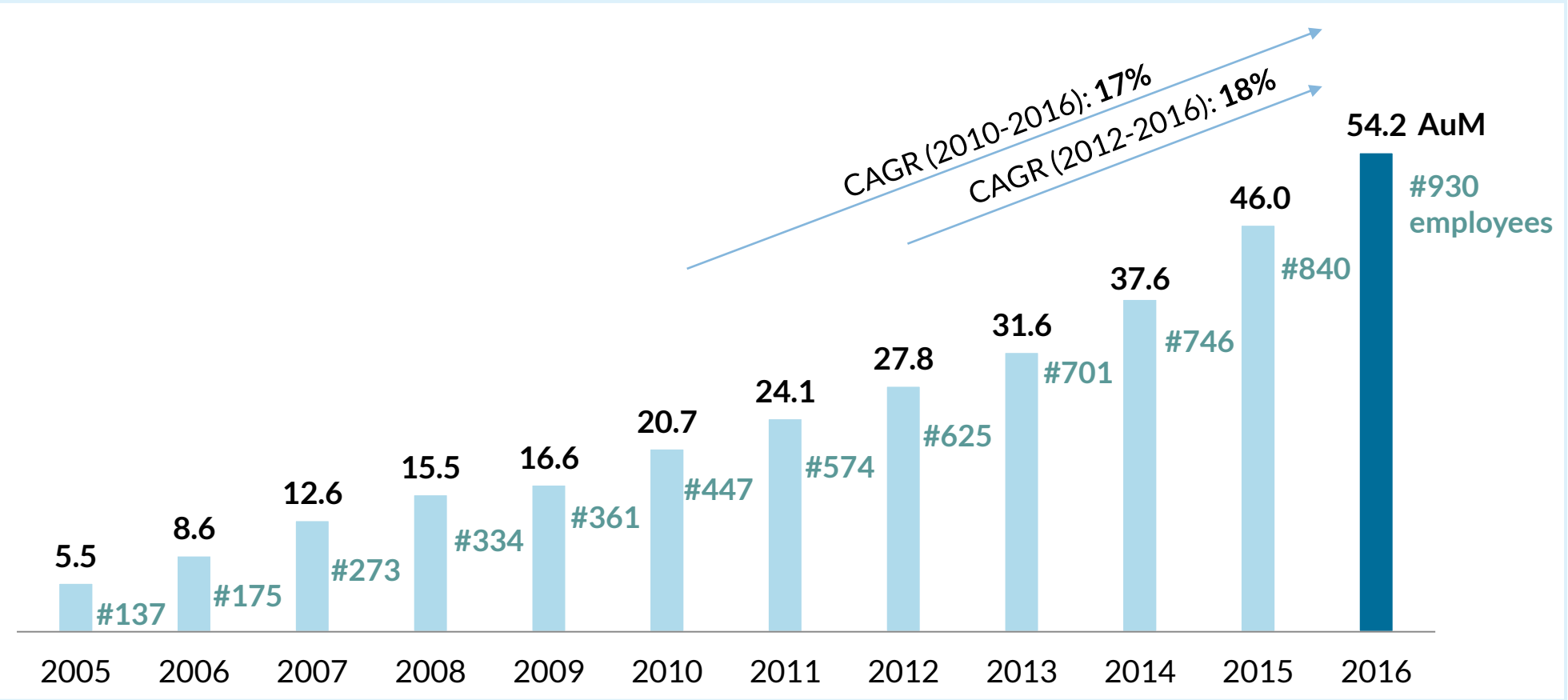


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Sustained growth in AuM over the last decade, in line with growth of employees

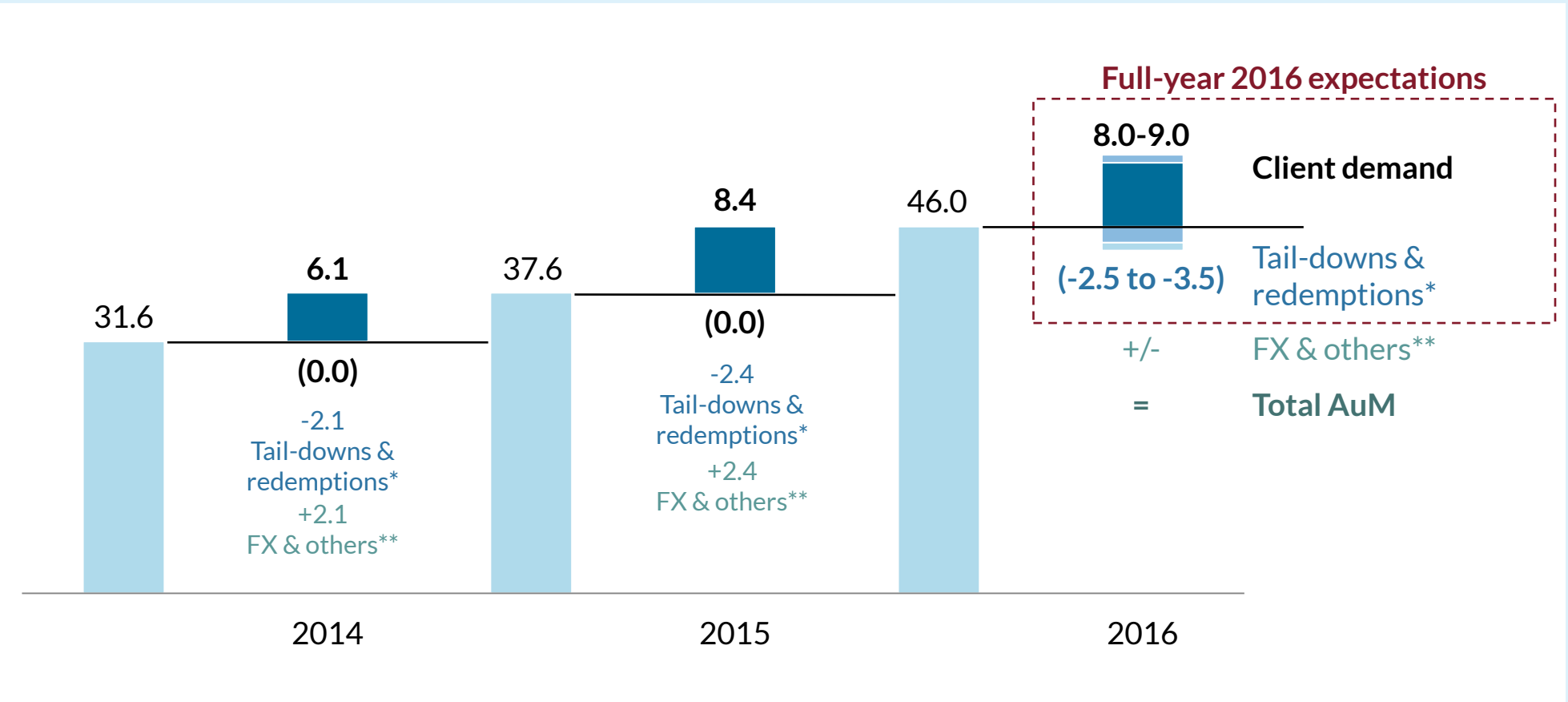
Total assets under management (in EUR billion)



Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies.

Review: communicated expected bandwidth of gross client demand 2016

AuM, client demand and other effects (in EUR billion, estimates)



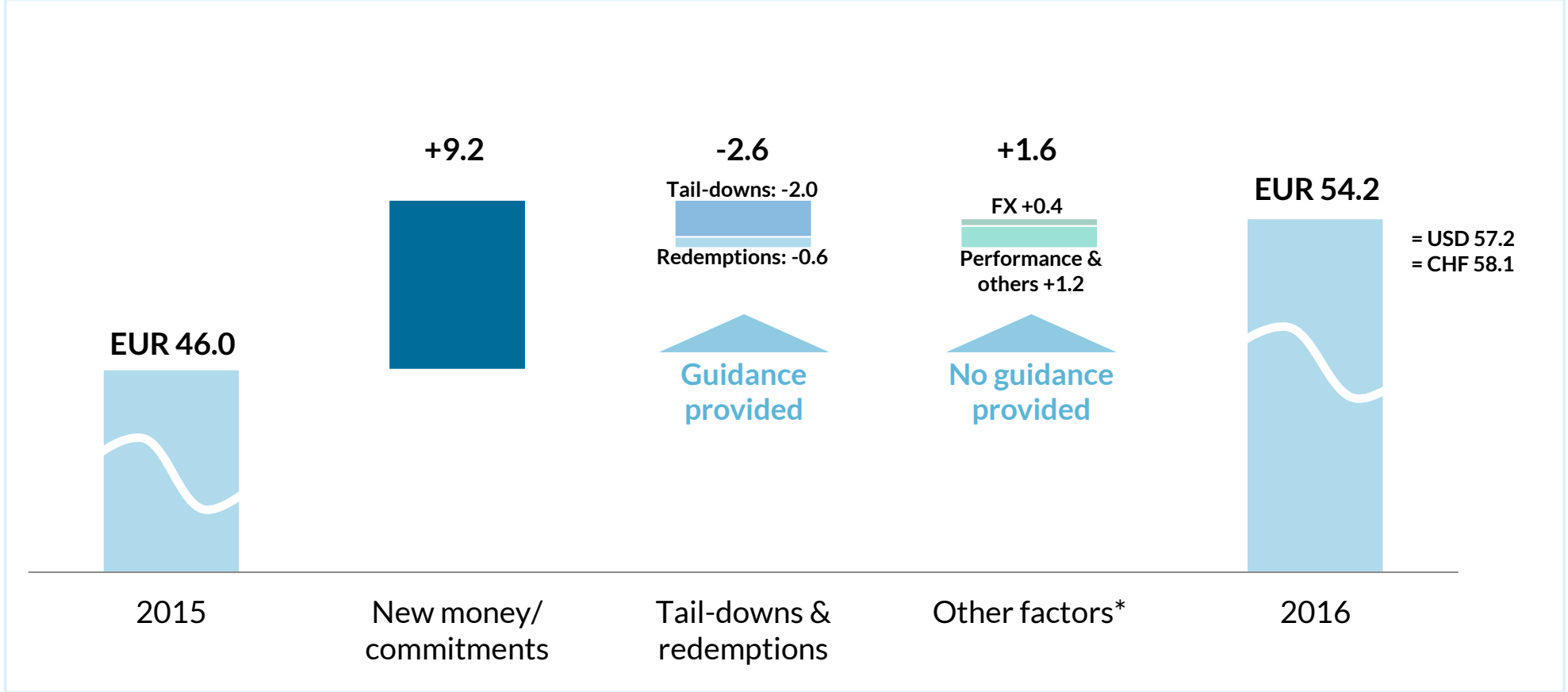
*Tail-downs consist of maturing investment programs; redemptions stem from liquid and semi-liquid programs (~10% of AuM).

**Others consist of performance from select programs and other effects.

Note: total negative effects in a given year consist of both tail-downs & redemptions as well as FX & others.

18% net AuM growth in 2016

Total assets under management (in EUR billion)



*Other factors consist of currency effects, performance, investment program changes and other effects.

Client demand spread across all asset classes...

Assets under management development 2016¹ (in EUR million)

EUR	AuM 2015	2016 New money/ commitments	2016 Other factors**	AuM 2016
Private equity	26'353	4'302	-664	29'992
Private real estate	8'370	530	-42	8'857
Private debt	6'243	2'539	-150	8'633
Private infrastructure	5'031	1'803	-142	6'691
Total private markets*	45'997	9'175	-998	54'173

¹ AuM of a select number of open-ended and multi-asset programs were re-allocated based on their defined target allocations to a respective asset class.

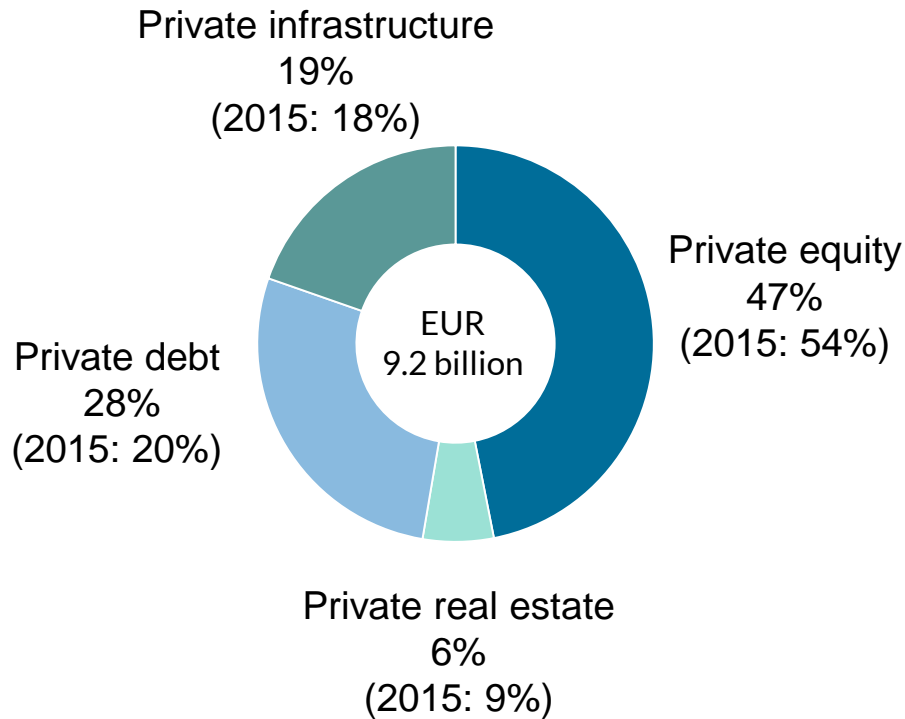
*Including respective listed investments and absolute return investments.

**Other factors consist of tail-downs, redemptions, currency effects, performance, investment program changes and other effects.



...driven by both program offerings and customized mandate solutions

Breakdown of assets raised by asset class



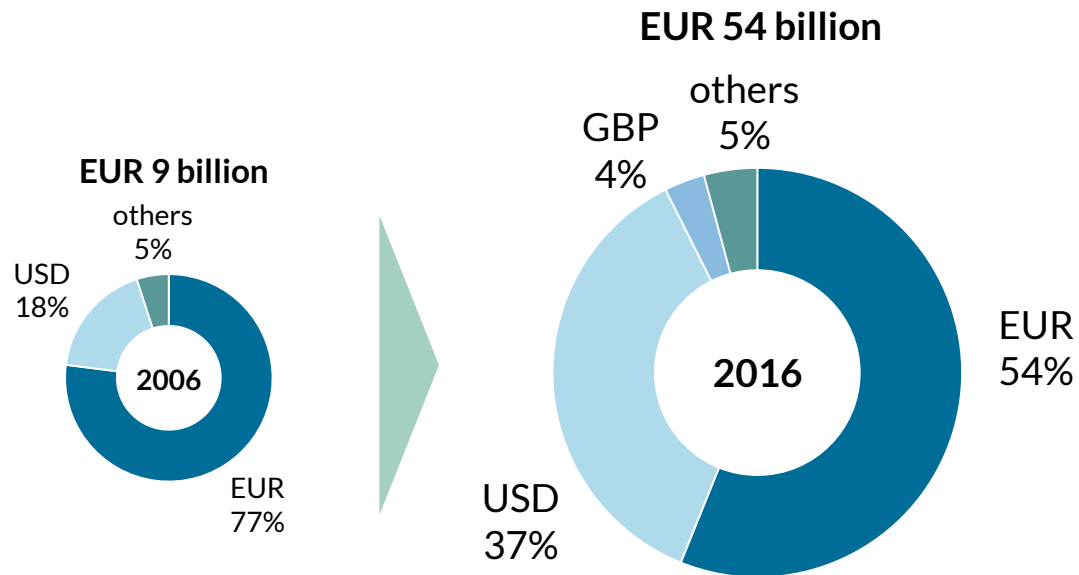
Assets raised by strategy

Private equity	<ul style="list-style-type: none"> Global integrated Global direct
Private real estate	<ul style="list-style-type: none"> Global integrated Global opportunity
Private debt	<ul style="list-style-type: none"> Global corporate credit Multi-asset credit
Private infrastructure	<ul style="list-style-type: none"> Global direct Global integrated

Programs & customized mandates

AuM by currency exposure

Currency exposure



- **Broadened client base globally**
- **Further diversified away from EUR-denominated investment programs**
- **Larger global mandates in local currencies**
- **Limited exposure to GBP-denominated commitments**

Currency exposure expected to diversify further as the business grows

Note: all figures are based on estimates and currency denomination of underlying programs; 2006 assets under management exclude discontinued public alternative investment activities and divested affiliated companies.



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Partners Group 2016 investment platform overview

Investment platform update

- More than **650 private markets professionals** globally
- **Over 900 total employees**
- **USD 11.7 billion** invested in private markets opportunities on behalf of our clients
 - **3'794** direct opportunities screened
 - **USD 4.4 billion** invested in **33 assets**
 - **USD 3.2 billion** invested in **41 credits**
 - **USD 129 billion** screened on the **secondary market** and **USD 1.8 billion** invested
 - **USD 2.3 billion** invested with **select best-in-class managers** in the private markets industry
- Opening of **Denver** and **Manila** office

74 direct investments across the globe



Note: preliminary and estimated figures; figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.

Continued significant deal flow in 2016

First screenings in 2016

	Directs	Secondaries	Primaries
Private equity	1'168	USD 82 billion	269
Private debt	476	n/a	2
Private real estate	1'448	USD 36 billion	249
Private infrastructure	702	USD 12 billion	88
Total screened	3'794	USD 129 billion	608
Executed	USD 7.6 billion 74 transactions*	USD 1.8 billion 25 transactions	USD 2.3 billion 49 commitments

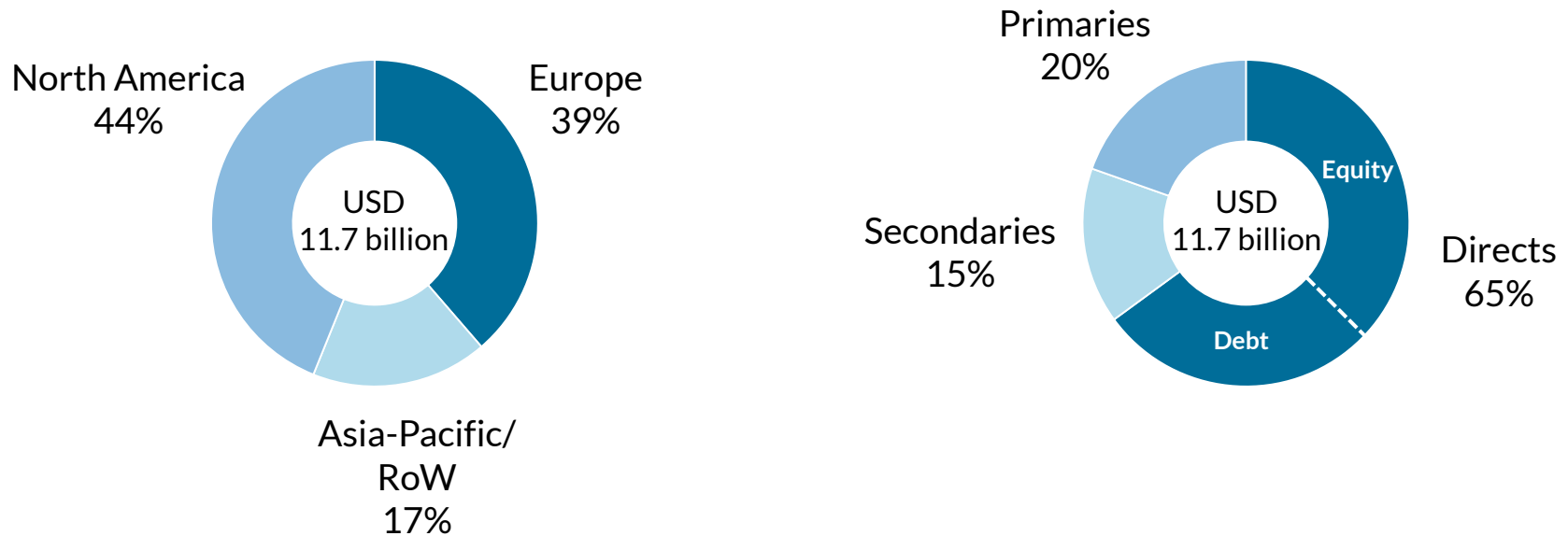
*Includes 41 credits amounting to USD 3.2bn.

Note: preliminary and estimated figures; figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.



Private markets investment activities in 2016 across the globe and all asset classes

Private markets investments during 2016



Note: preliminary and estimated figures; figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.

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Partners Group's current core economic views

Challenging road for global growth



- US economy expanding at modest yet steady pace
- Eurozone growth improving modestly; uncertainties due to upcoming elections
- Emerging markets growth stabilizing; but remaining below pre-crisis levels and potential

Advanced world slow but solid, many EMs on slow growth path...

Risk of rising rates



- Continued low target rates environment globally
- ECB and BoJ remain expansionary but with little effectiveness
- Rising US rates and political risk may result in diminishing valuations and higher volatility

... more downside risk than upside potential for capital markets...

Focus on stability & value-add



- Focus on stable assets that are less sensitive to valuation swings
- Value-add opportunities enhance returns and protect against multiple contraction
- Use periods of volatility to enter compelling investment propositions

... sourcing and value-add capabilities key to success



Key investment strategies: private equity

Private equity

- **Platform companies** – acquire companies and support add-on acquisitions for platform build-out
- **Category winners** – companies that are leaders in their industry in terms of market share or growth
- **Defensive leaders** – niche leaders with strong defensive capabilities

Platform company: Foncia



Industry:	Business services
Asset:	~1.6m dwellings under management, >500 branches, operations in 4 countries
Headquarters:	Paris, France
Investment date:	September 2016

Trend-based tailwinds:

- Increasing administrative complexity and regulatory requirements drive sector consolidation

Investment rationale:

- Clear market leader with significant scale and presence
- Highly resilient business model

Partners Group value creation:

- Optimize cross-selling across segments, further digitalization, reduce customer churn and strengthen pricing initiatives
- Further consolidate the highly fragmented French market and leverage own network to accelerate Foncia's international roll-out in Switzerland, Germany and Belgium

Key investment strategies: private debt

Private debt

- **Creative structures** – offer flexible and tailor-made capital structures
- **Niche markets** – find resilient companies in niche markets offering premium products/services for their clients
- **Buy-and-build strategies** – support successful sponsors by providing add-on acquisition financing

Creative structures: SAI Global



Industry:	Information services
Asset:	Leading global provider of risk management products and services with >2'000 employees in 29 countries
Headquarters:	Sydney, Australia
Investment date:	December 2016

Trend-based tailwinds:

- Corporate requirements to comply with global and regional laws, regulations or industry guidelines

Investment rationale:

- Leading market position across a diverse range of business lines and customer base (over ~100,000 customers)
- ~60% of revenues are recurring through annuity-based subscriptions providing significant earnings visibility

Partners Group value creation:

- Support global expansion of business with flexible cross-border financing denominated in local currency
- Offering of a reliable subordinated financing solution

Key investment strategies: private real estate

Private real estate

- **Buy below replacement cost** – reposition assets with low valuations in rebounding markets
- **Buy, fix and sell** – target older assets in good locations in need of owner-oriented asset management
- **Develop core** – selectively develop properties in markets with strong long-term fundamentals

Buy, fix and sell: Riata Corporate Park



Property type:	Office properties
Asset:	A 688'432 sqft class A, 8-building office park with additional development rights
Location:	Austin, TX, USA
Investment date:	April 2016

Trend-based tailwinds:

- Low costs and high quality of life are making Austin a tech hub and one of the fastest growing cities in the US

Investment rationale:

- Quality property in a strong location
- Potential to increase occupancy and rental levels in line with the market

Partners Group value creation:

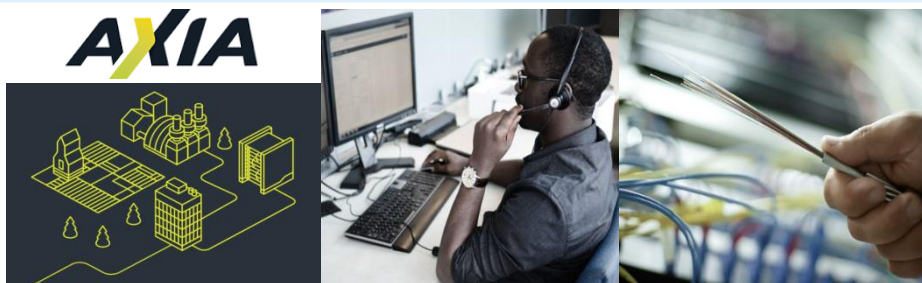
- Improvements to existing vacant space
- Lease-up and increase rents to market

Key investment strategies: private infrastructure

Private infrastructure

- **Value enhancement potential** – enhance operational value with growth and efficiency improvements
- **Transformative growth** – focus on specific types of infrastructure supported by strong fundamentals
- **Market-leading platforms** – build scale in fragmented markets with potential for consolidation

Transformative growth: Axia NetMedia



Industry:	Communication infrastructure
Asset:	Developer, owner and operator of data networks with ~26'000 km of high-speed fiber networks
Locations:	Canada; France
Investment date:	July 2016

Trend-based tailwinds:

- Demand for high speed broadband connectivity is projected to rise materially and stay resilient through economic cycles

Investment rationale:

- Existing operations in North America and France with largely regulated tariffs and monopolistic position secured through long-term concessions and high barriers to entry
- Highly fragmented market offers add-on opportunities, illustrated by recent acquisition of a smaller French operator

Partners Group value creation:

- Strategic add-on acquisitions and growth capital for FTTP* build-out
- Support companies in optimizing financing

*Fiber to the premises.
Source: Partners Group.

2016 realization and partial realization examples

Private equity

VAT Group AG¹



Leading developer and manufacturer of high-end vacuum valves

MultiPlan



US' largest healthcare cost management company

Private debt

Plantasjen ASA



Norwegian garden outlet chain with operations across Europe

SkinnyPop



US provider of premium snacks and ready-to-eat popcorn

Private real estate

Project Ohio Multifamily, US



A class B apartment property located in Cincinnati, Ohio

Nob Hill Square, Hong Kong



A retail center in Kowloon West, Hong Kong

Private infrastructure

Carlsbad Desalination



Desalination plant in San Diego, California

Arcus European Infrastructure



European brownfield infrastructure portfolio (secondary)

USD 10 billion gross portfolio distributions in 2016²

Past performance is not indicative of future results. For illustrative purposes only. There is no assurance that similar investments/realizations will be made. ¹ Partially realized. ² Distributions from underlying investments/portfolio to Partners Group's advised vehicles converted to USD using FX rates as of 31 December 2016.



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Focus topics 2017

Fundraising strategies

Private equity

- Global directs
- Global integrated

Private debt

- Global credit opportunities
- Middle market senior loans

Private real estate

- Tail-end secondaries
- Global real estate opportunities

Private infrastructure

- Global directs
- Global integrated

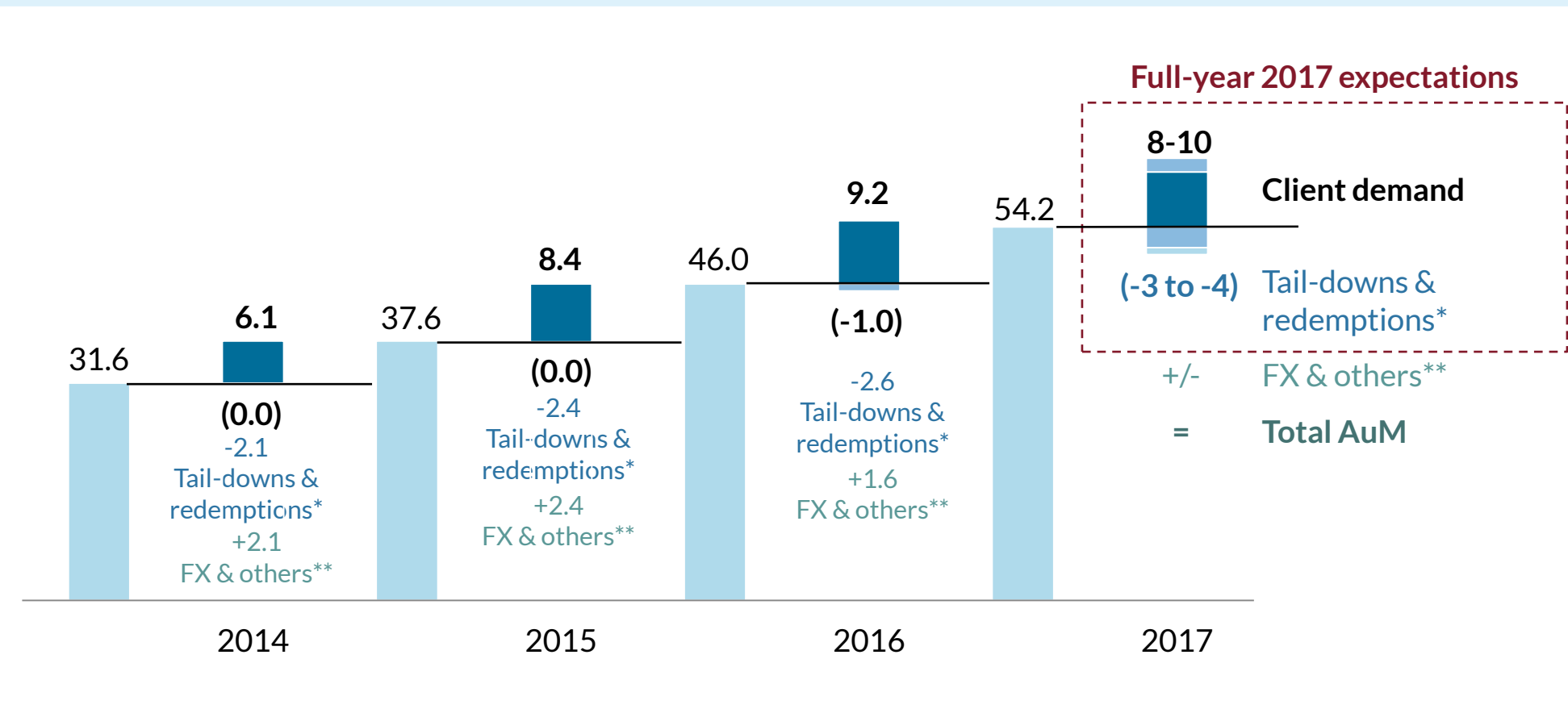
Mandates

Standard &
customized
programs



Expected gross client demand in 2017

AuM, client demand and other effects (in EUR billion, estimates)



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Note: negative effects consist of both tail-downs & redemptions as well as FX & others.



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