



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

13 JULY 2017

H1 2017 AuM announcement

André Frei, Co-CEO | Christoph Rubeli, Co-CEO



Marlis Morin Head Client Services | Kim Nguyen Private Equity Europe

Important note

The following are management's estimates for H1 2017 as of 30 June and as such are subject to change.

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



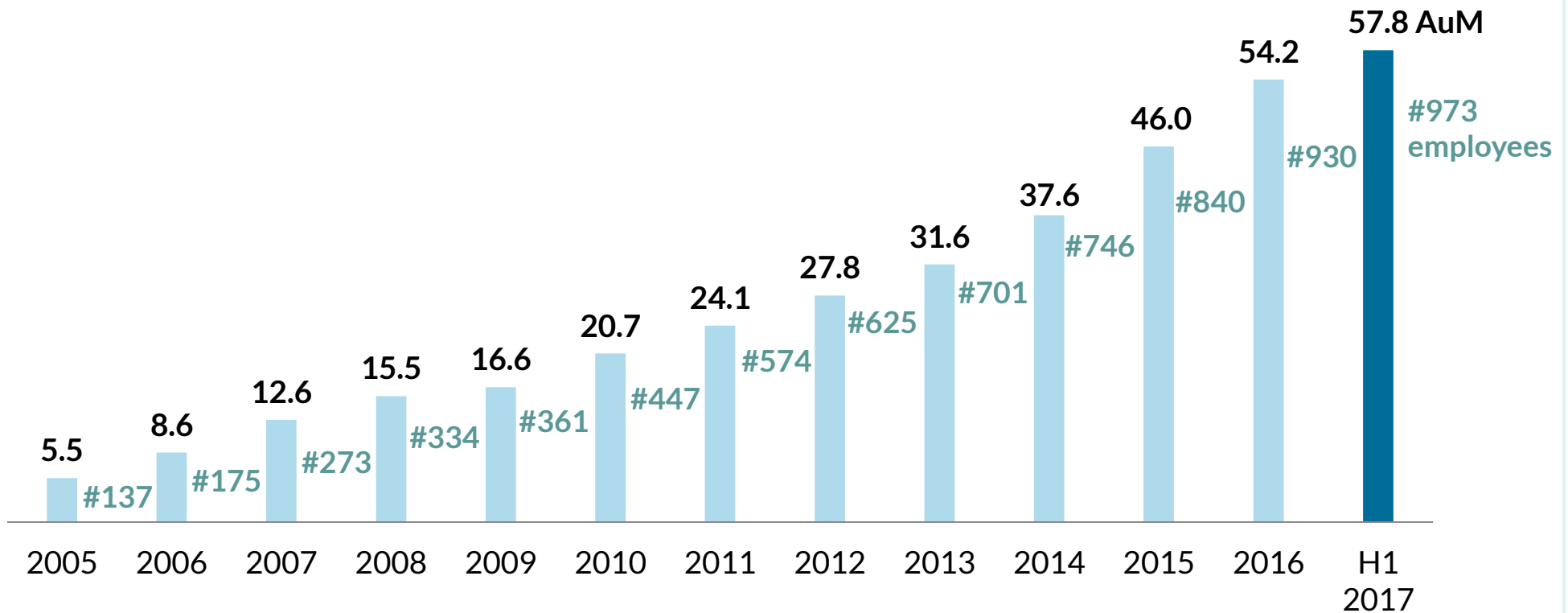
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Sustained growth in AuM and number of employees over the last decade

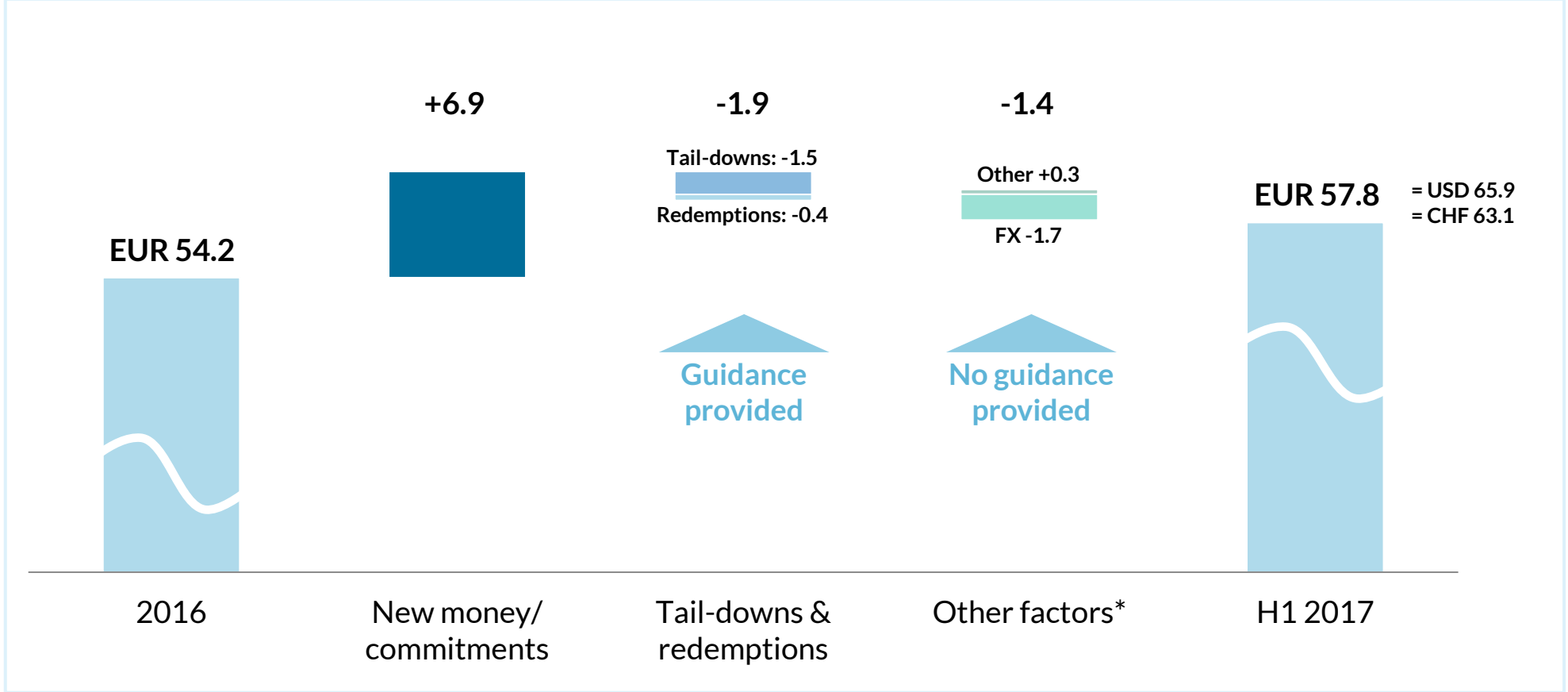
Total assets under management (in EUR billion)



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

14% annualized net AuM growth in H1 2017

Total assets under management development (in EUR billion)



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

Client demand across asset classes...

Assets under management development H1 2017 (in EUR million)

EUR	AuM 2016	H1 2017 New money/ commitments	H1 2017 Other factors**	AuM H1 2017
Private equity	29'992	3'093	-2'097	30'988
Private debt	8'633	2'050	-535	10'147
Private real estate	8'857	411	-489	8'779
Private infrastructure	6'691	1'361	-207	7'845
Total private markets*	54'173	6'915	-3'329	57'759

*Including respective listed investments and absolute return investments.

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

Note: FX spot rate (AuM); FX average rate (flows).

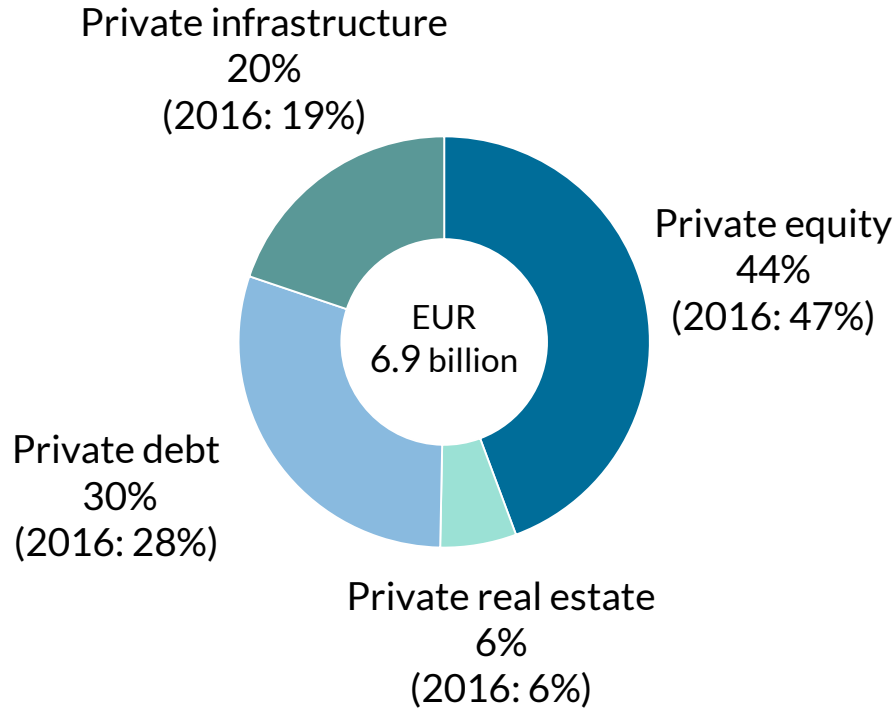


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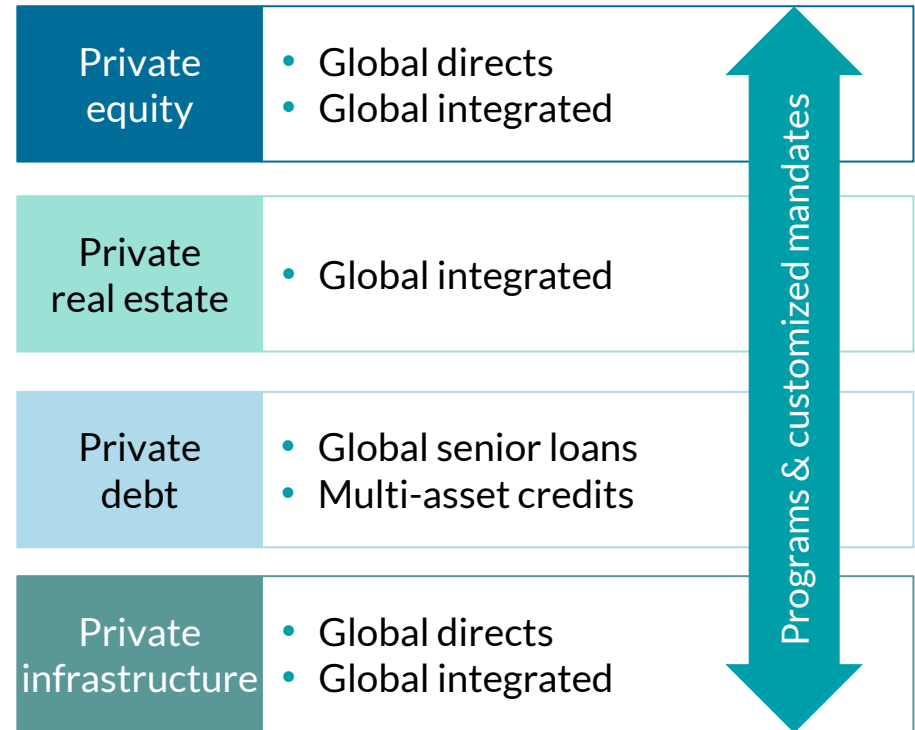
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...driven by both program offerings and customized mandate solutions

Breakdown of assets raised by asset class



Assets raised by strategy



Source: Partners Group client demand H1 2017.

Partners Group H1 2017 investment platform overview

Investment platform update

- **Over 950 total employees**
- **USD 5.6 billion** invested in private markets opportunities on behalf of our clients
- **USD 3.2 billion direct investments** based on **2'211 direct opportunities** screened
 - USD 0.9 billion invested in 9 assets
 - USD 2.3 billion invested in 33 credits
- **USD 1.0 billion secondary investments; USD 73 billion** screened across all asset classes
- **USD 1.4 billion** invested with **select best-in-class managers** in the private markets industry
- **USD 4.3 billion** underlying **portfolio distributions**

42 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.



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Continued significant deal flow

First screenings in H1 2017

	Directs	Secondaries	Primaries
Private equity	798	USD 42 billion	111
Private debt	246	n/a	n/a
Private real estate	694	USD 26 billion	100
Private infrastructure	473	USD 5 billion	47
Total screened	2'211	USD 73 billion	258
Executed	USD 3.2 billion 42 transactions*	USD 1.0 billion 12 transactions	USD 1.4 billion 21 commitments

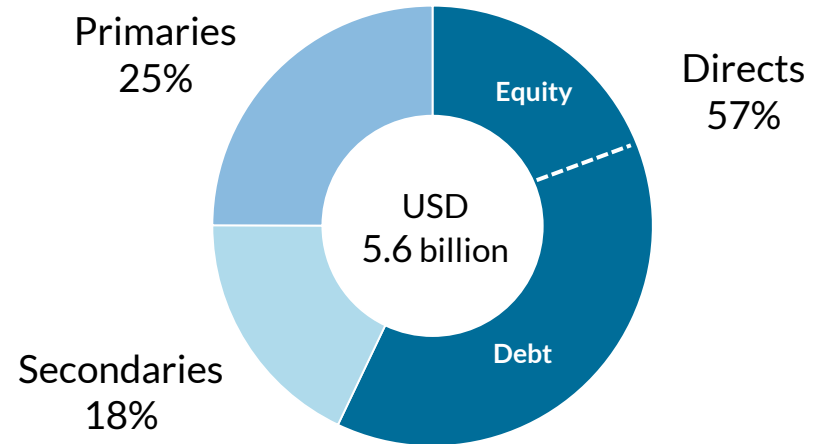
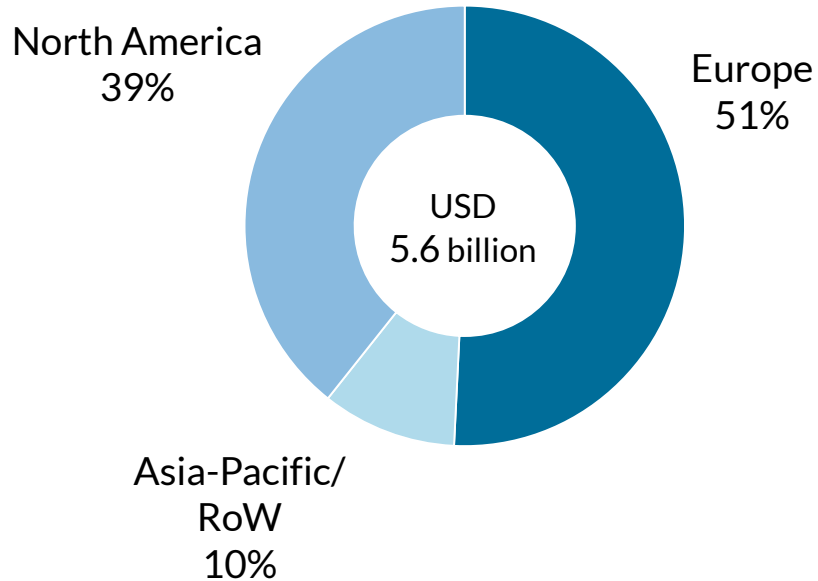
*Includes 33 credits amounting to USD 2.3 billion.

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



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

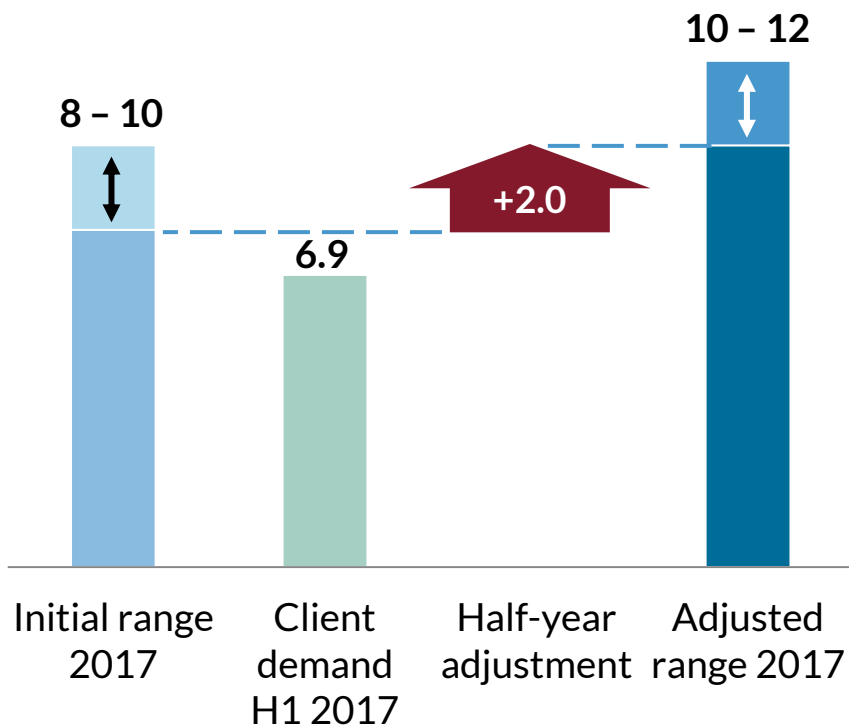
Private markets investments in H1 2017



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

Based on strong client demand, the full-year 2017 guidance was adjusted to EUR 10-12 billion; skew to the first half expected

Total expected gross client demand 2017 (in EUR billion)



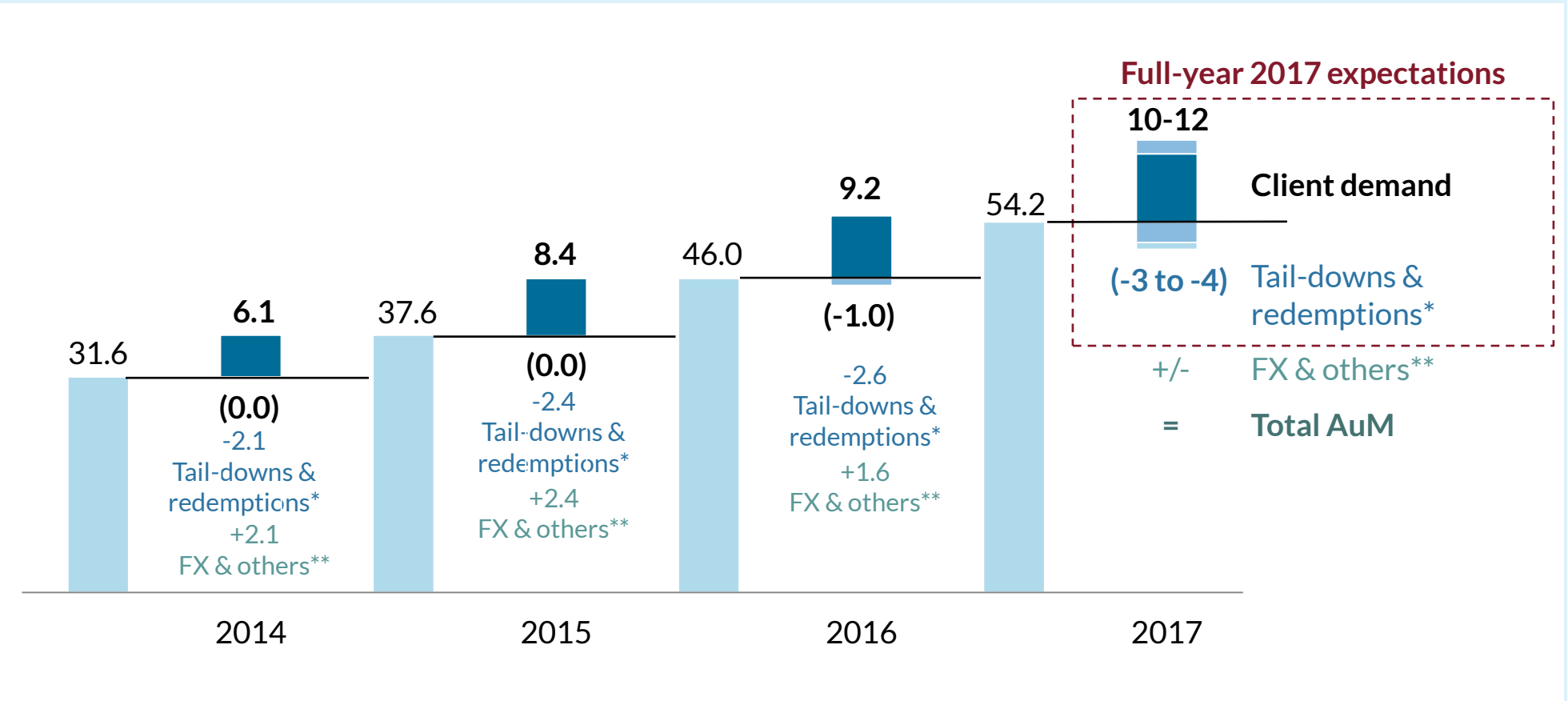
Fundraising topics 2017

Private equity	<ul style="list-style-type: none"> • Global direct • Global integrated
Private real estate	<ul style="list-style-type: none"> • Global secondaries • Global opportunities
Private debt	<ul style="list-style-type: none"> • Middle market corporate loans • Global multi-asset credits
Private infrastructure	<ul style="list-style-type: none"> • Global direct • Global integrated

Programs & customized mandates

Expected gross client demand for the full-year 2017

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 (~15% of AuM).

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

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



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Partners Group's current core macroeconomic views

Further growth acceleration unlikely



- US economy expanding at modest yet steady pace; upside potential for trend growth from tax reform & deregulation
- Eurozone growth improving modestly; but many challenges
- Emerging markets growth stabilizing; but staying below pre-crisis levels; China focus on growth, less on reform

Modest, yet solid growth in the advanced world and EMs ...

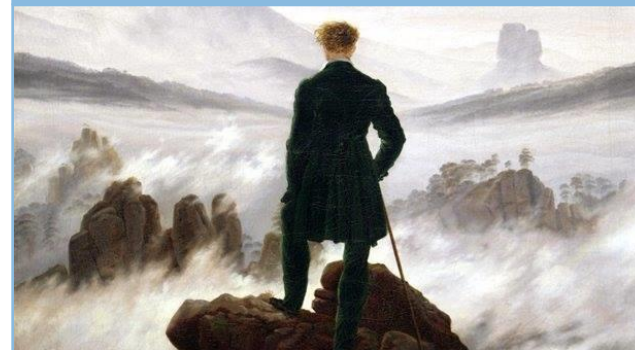
End of loose monetary policy



- Fed tightening via rates and balance sheet reduction
- ECB focus will shift towards tapering while BoJ and BoE maintain accommodative stance for time being
- Amid elevated asset prices, monetary tightening may result in diminishing valuations and higher volatility

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

Focus on stability & value-add



- Think in scenarios: identify assets that can weather different economic, rates and capital markets environments
- Focus on stable and established assets with visible cash flows within (sub-) sectors offering above-average growth
- Generate outperformance via value creation and platform growth

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



The importance of scenario-thinking

Partners Group's economic and market scenarios: main parameters

	Base case	Asset testing scenarios		
	Low but steady growth	Stock market rally	Faster rate hike cycle	Mild recession
Global GDP growth (5-year average)	2-3%	2-3%	3-4%	1-2%
Inflation (US) (5-year average)	~2%	1-2%	2-3%	~1%
Change in Fed funds rate (in 5 years' time)	+200-250 bps	+200-250bps	+300-500 bps	unchanged
Market valuations (in 5 years' time)	10-15% lower	20-30% higher	20-30% lower	10-15% lower

Base case scenario

Low but steady growth, real economic growth over the next 3-5 years maintains its modest upward trajectory; multiples tend to retract

Stock market rally

Highly accommodative monetary policy combined with outsized expectations on growth lead to a lengthy bull market; higher valuations

Faster rate hike cycle

Rising wage pressures in the US and/or rising longer-dated yields pressurize the Fed into a faster rate hike cycle; valuations correct notably

Mild recession

Recession or external shock would result in an economic slowdown and unchanged Fed rates; valuations would slightly recover

Note: market valuations refer to price-to-earnings ratio for public equities, enterprise value to earnings before interest, tax, depreciation and amortization for private equity, capitalization rates for private real estate and underwriting internal rate of return for private infrastructure. For illustrative purposes only. Source: Partners Group.



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

Category winners: Cerba HealthCare



Industry:	Healthcare
Asset:	Clinical pathology laboratories with wide network of more than 360 collection centers conducting ~50'000 tests per day
Headquarters:	Paris, France
Employees:	4'300

Trend-based tailwinds:

- Curbing healthcare costs among EU governments drives demand for cost-efficient diagnostic and treatment protocols
- Increasing demand for clinical pathology laboratory services due to rising overall health awareness

Investment rationale:

- Market-leading operator of clinical pathology laboratories in France, Belgium and Luxembourg

Partners Group value creation:

- Accelerate the retail strategy of collection centers and enhance cross-fertilization of expertise into new segments
- Gain market share in the attractive private hospital and retirement home segments

Key investment strategies: private debt

Private debt

- **Global relative value** – execute on a local level and adjust based on the opportunity set
- **Target industries** – recession-resilient companies with recurring cash flows in niche markets
- **Capital structure** – invest flexibly up and down the capital structure unconstrained by market environment

Target industries: Claranet



Industry:	IT outsourcing services
Asset:	Leading B2B managed hosting, network and communications services provider
Headquarters:	London, UK
Employees:	Over 1'800

Trend-based tailwinds:

- Hosting market is expected to grow across all geographies due to increased outsourcing

Investment rationale:

- Claranet has over 6'500 business customers and a well-diversified product and service portfolio
- Recurring revenue profile driven by multi-year contracts

Partners Group value creation:

- Provide reliable senior debt financing (club deal)
- Support global expansion of business with financing for add-on acquisitions

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: diversified French and US property portfolio



Property type:	Diversified
Asset:	Portfolio with more than 20 underlying assets in Europe and North America
Location:	France; US
Gross Asset Value:	USD 99 million

Trend-based tailwinds:

- US property market remains remarkably resilient. Value creation initiatives on some French assets very advanced with good visibility to sell to yield-focused core buyers

Investment rationale:

- Investment return generated by both existing cash flows from rent revenues and value-added capex projects
- Near-term distributions from asset disposals expected to return a significant proportion of the NAV within 18 months

Partners Group value creation:

- Facilitate several acquisition opportunities for a data center platform included in the portfolio

Key investment strategies: private infrastructure

Private infrastructure

- **Value enhancement potential** – enhance operational value with growth and efficiency improvements
- **Transformative growth** – build infrastructure where demand is supported by strong fundamentals
- **Market-leading platforms** – build scale in fragmented markets with potential for consolidation

Transformative growth: Sapphire Wind Farm



Industry:	Renewable energy
Headquarters:	New South Wales, Australia
Construction:	75 turbines
Project size:	270 MW

Trend-based tailwinds:

- Continued growth of renewable energy demand with strong government support

Investment rationale:






- High capacity factor and low operating costs compared to other Australian wind farm projects
- ~40% of capacity is already contracted to the AAA-rated Australian Capital Territory Government for a 20-year term
- Potential to scale up to around 1 GW of wind projects in development besides Sapphire

Partners Group value creation:

- Strong track record in Australian wind farm projects through our investment into Ararat Wind Farm

Outlook on private markets investments

Partners Group's investment assessment

-  **Deal flow**
Focusing on a structured approach to deal flow by leveraging market insight
-  **Relative value**
Matching global relative value with bottom-up investment analysis provides a competitive advantage
-  **Underwriting**
Sticking to target returns and intensifying work with portfolio companies to create value
-  **Valuations**
Remaining disciplined and avoiding over-paying to win private markets transactions
-  **Exits**
Seeking exits for mature assets (H1 2017: USD 4.3 billion underlying portfolio distributions)

Contacts

Investor relations contact:

Philip Sauer

Tel.: +41 41 784 66 60

Email: philip.sauer@partnersgroup.com

Media relations contact:

Jenny Blinch

Tel.: +41 41 784 65 26

Email: jenny.blinch@partnersgroup.com

Zugerstrasse 57

6341 Baar-Zug

Switzerland

Tel.: +41 41 784 60 00

Fax: +41 41 784 60 01

www.partnersgroup.com

partnersgroup@partnersgroup.com



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