



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

11 JANUARY 2018

2017 AuM announcement

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Important note

The following are management's estimates for the full year of 2017 as of 31 December and as such are subject to change.

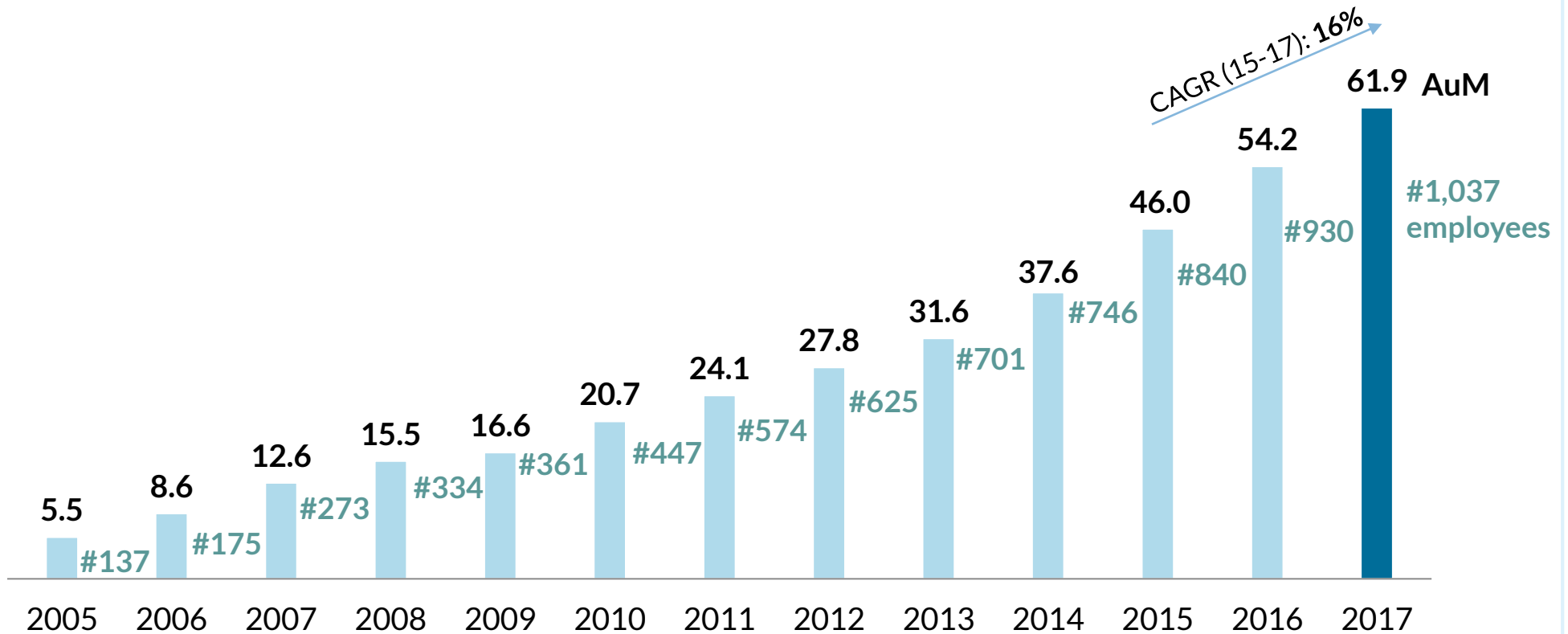
Figures provided have been rounded for presentation purposes and in certain instances rounding anomalies may arise.

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Sustained growth in AuM over the last decade

Total assets under management (in EUR billion)



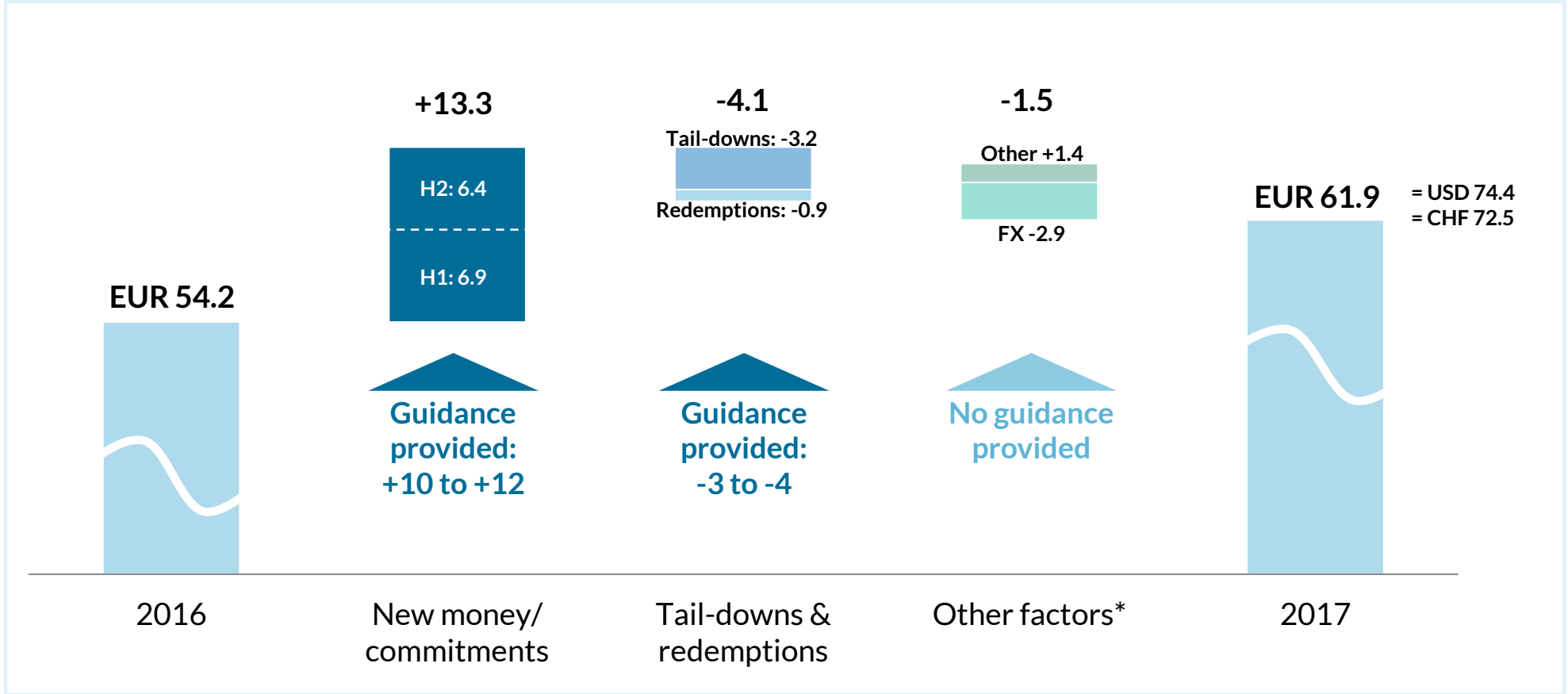
Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies.



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14% net AuM growth in 2017

Total assets under management development (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 2017 (in EUR million)

EUR	AuM 2016	2017 New money/ commitments	2017 Other factors**	AuM 2017	Net growth
Private equity	29,992	4,811	-3,147	31,656	6%
Private debt	8,633	3,501	-928	11,206	30%
Private real estate	8,857	2,840	-937	10,760	21%
Private infrastructure	6,691	2,148	-525	8,314	24%
Total private markets*	54,173	13,300	-5,537	61,936	14%

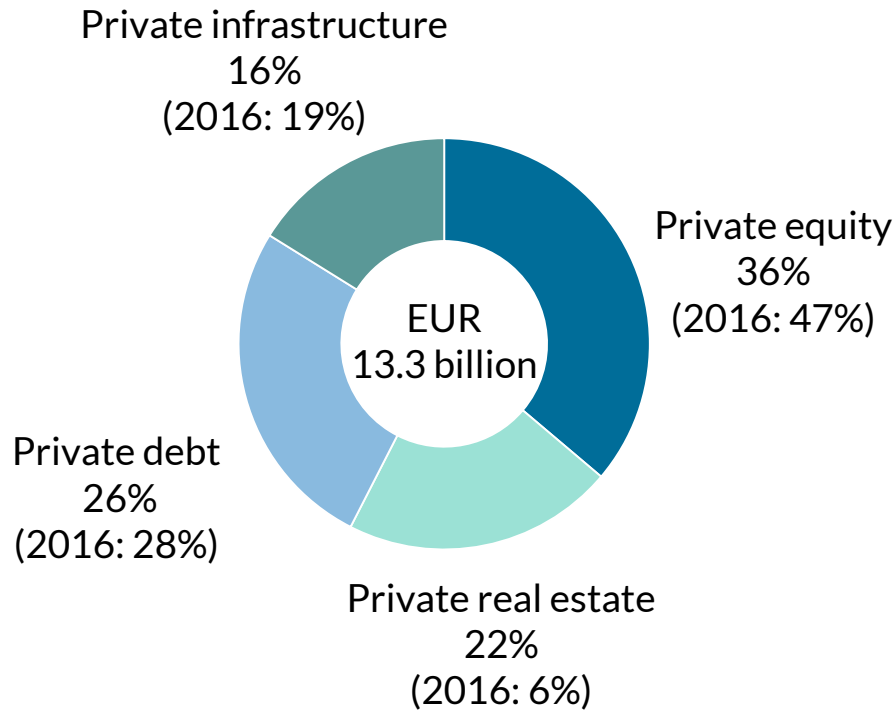
*Including respective listed investments and absolute return investments.

**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

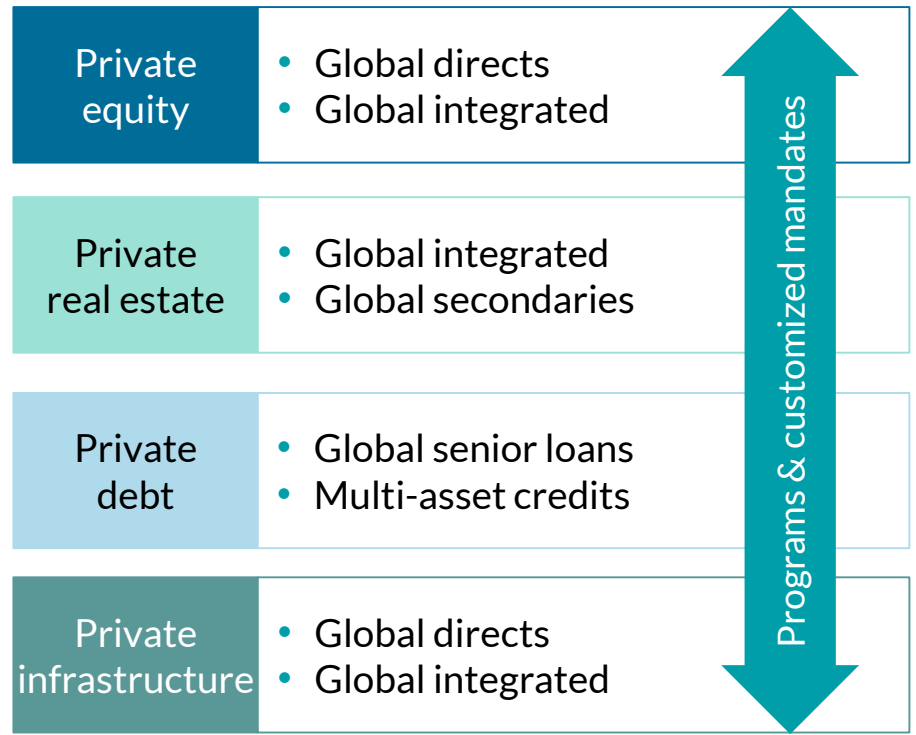


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Partners Group 2017 investment platform overview

Investment platform update

- **Over 1,000 professionals**
- **USD 13.3 billion** invested in private markets opportunities on behalf of our clients
- **USD 8.3 billion direct investments** based on **3,843 direct opportunities** screened
 - USD 4.1 billion invested in 30 assets
 - USD 4.2 billion invested in 47 credits
- **USD 2.2 billion secondary investments; USD 137 billion** screened across all asset classes
- **USD 2.8 billion** invested with **select best-in-class managers** in the private markets industry
- **USD 11.8 billion** underlying **portfolio distributions**

77 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. The number of credits does not include liquid loans in the syndicated debt market.

Continued significant deal flow

First screenings in 2017

	Directs	Secondaries	Primaries
Private equity	1,482	USD 88 billion	193
Private debt	424	n/a	n/a
Private real estate	1,084	USD 39 billion	204
Private infrastructure	853	USD 10 billion	77
Total screened	3,843	USD 137 billion	474
Executed	USD 8.3 billion 30 assets & 47 credits*	USD 2.2 billion 26 transactions	USD 2.8 billion 34 commitments

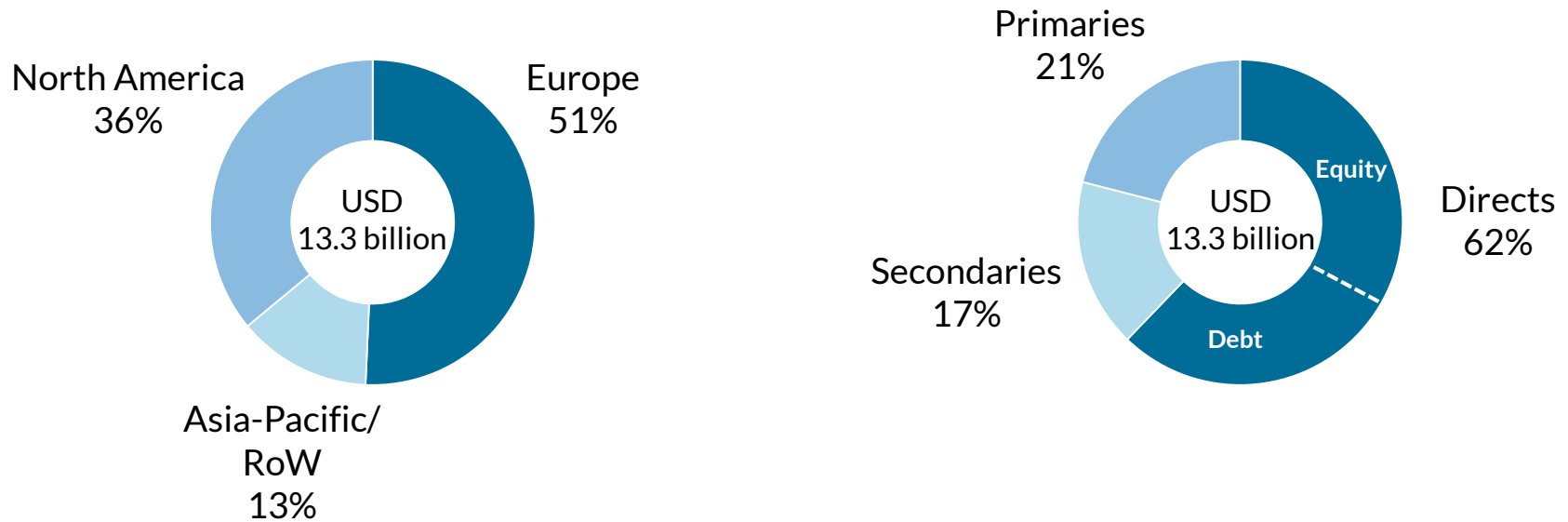
*USD 4.1 billion invested in 30 assets, USD 4.2 billion invested in 47 credits.

Note: preliminary and estimated figures; figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments. The number of credits does not include liquid loans in the syndicated debt market.



Private markets investment activities in 2017 across the globe and all asset classes

Private markets investments during 2017



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 macroeconomic views

Global GDP growth



- US economy expanding at modest, yet steady pace; upside from tax reform. Inflation contained but is a risk
- Broad-based uptrend in Eurozone growth from low base; growth easing as long-term challenges remain
- Synchronized emerging markets growth but staying below pre-crisis levels

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

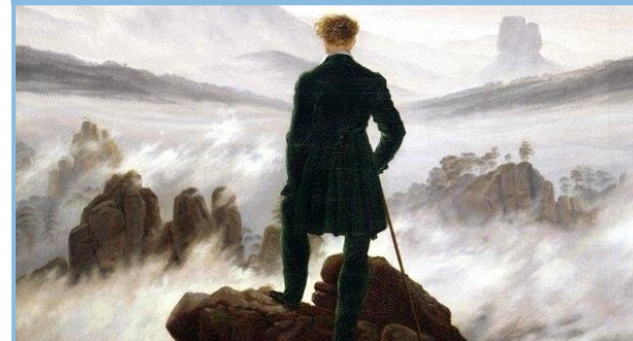
Diverging monetary policy



- Fed tightening via rising rates – at a faster pace than implied by markets – and balance sheet reduction
- ECB asset purchases at lower pace, rates remain low. Very gradual rate hikes in the UK
- Monetary tightening may result in higher volatility and lower valuations

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

Investment implications



- GDP and earnings growth expectations reflect good news; may be over-stated
- Identify assets that can weather different economic, rate and capital markets scenarios
- Focus on established business models with significant value creation potential

... focus on value creation to generate stable cash flows



Key investment strategies: private equity

Private equity

- **Platform companies** – acquire companies and lead add-on acquisition program 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: Civica

CIVICA
Transforming the way you work



Industry:	Software
Asset:	Leading provider of specialist software, digital solutions and outsourcing services
Employees:	3,700 in 6 countries
Headquarters:	London, UK
Investment date:	July 2017

Trend-based tailwinds:

- Local and regional governments' increasing focus on digitalization

Investment rationale:

- Leading and defensible market position in a sector characterized by high barriers to entry
- Highly resilient business with a recurring and diversified customer base in a fragmented market

Partners Group value creation:

- Optimize cross and up-selling, increase customer penetration with digital and outsourcing services and product innovation
- Accelerate international growth and support acquisition of complementary and accretive services

Key investment strategies: private debt

Private debt

- **Creative structures** – offer flexible and tailor-made capital structures
- **Target attractive sub-sectors** – where capital market lacks relevant depth of experience
- **Buy-and-build strategies** – support successful management teams in their buy-and-build strategy

Attractive sub-sector: VFS Global



Industry:	Leisure services
Asset:	World's largest outsourcing and technology services specialist for governments and diplomatic missions worldwide
Employees:	4,500
Headquarters:	Zurich, Switzerland
Investment date:	June 2017

Trend-based tailwinds:

- Growth in global travel volumes and increased outsourcing of visa processing and biometric solutions by governments

Investment rationale:

- Clear global market leader with proven operations (processed more than 160 million applications since inception in 2001) in an industry with high barriers to entry
- Strong track record, high cash conversion and recession resilience

Partners Group value creation:

- Financing enabled management to right-size the capital structure
- Supporting transformative add-on acquisition

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 below replacement cost: 73 Miller Street



Property type:	Office property
Asset:	11-story office building with a total floor area of 14,672 square meters
Location:	North Sydney, Australia
Investment date:	December 2017

Trend-based tailwinds:

- Diminishing office stock in North Sydney and an increasing rental differential to Sydney's CBD (at historic high)
- Substantial infrastructure upgrades in the area

Investment rationale:

- Ability to buy off-market, below recent valuation and replacement cost
- Significant potential to improve net operating income (NOI)

Partners Group value creation:

- Refurbishing property to bring it to Grade-A standard
- Creating an additional 13% of retail space

Key investment strategies: private infrastructure

Private infrastructure

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

Build core: Borssele III/IV



Industry:	Power renewable
Asset:	731.5MW construction-ready offshore wind farm, comprising 77 Vestas 9.5 MW turbines placed across two sites
Country:	Netherlands
Signing date:	December 2017

Trend-based tailwinds:

- Dutch government committing to receive 16% of its energy production from sustainable sources

Investment rationale:

- Guaranteed 15-year feed-in tariff provides long-term visibility on revenues and offers strong principal protection
- Attractive relative value proposition and opportunity to enter the project at an early stage without taking development risk

Partners Group value creation:

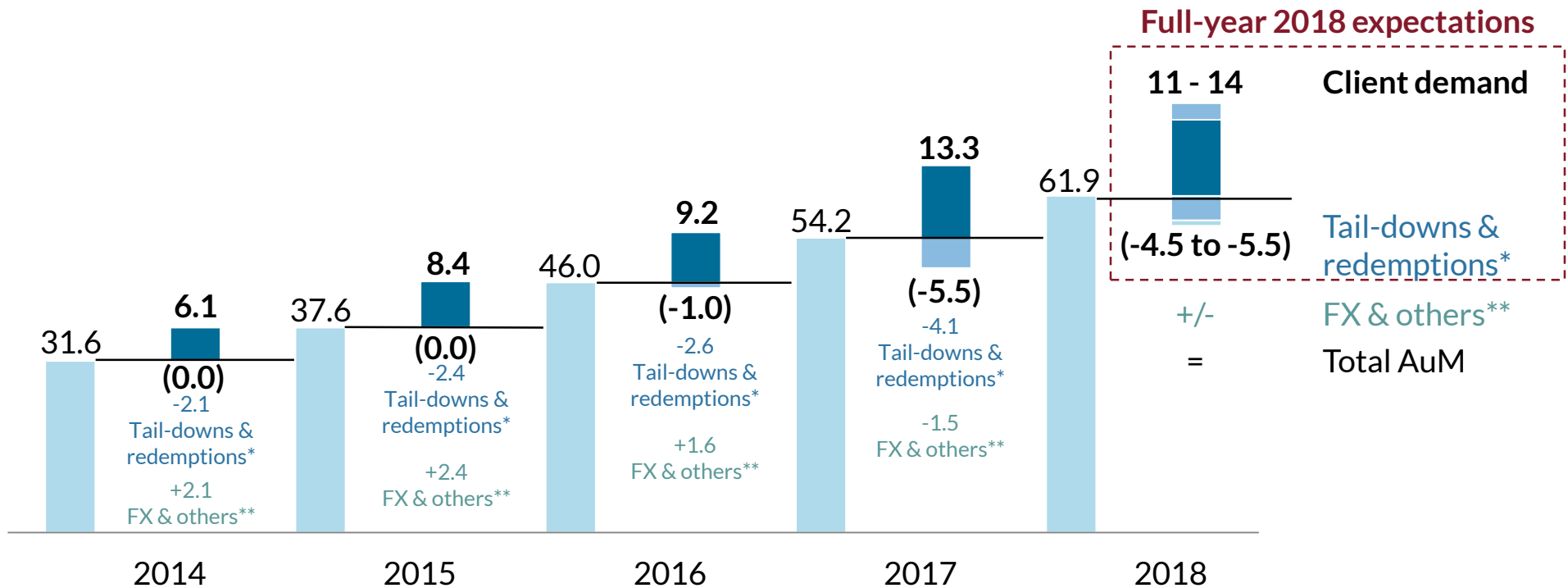
- Support final engineering, procurement, and construction negotiations based on experience with such projects
- Drive optimization of capital structure as largest shareholder in a consortium of investors

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Expected gross client demand in 2018

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



*Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from liquid and semi-liquid programs (<20% of AuM).

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

Note: negative effects (2014-2017) consist of both tail-downs & redemptions as well as FX & others.



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