



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

12 JULY 2018

H1 2018 AuM announcement

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Important note

The following are management's estimates for H1 2018 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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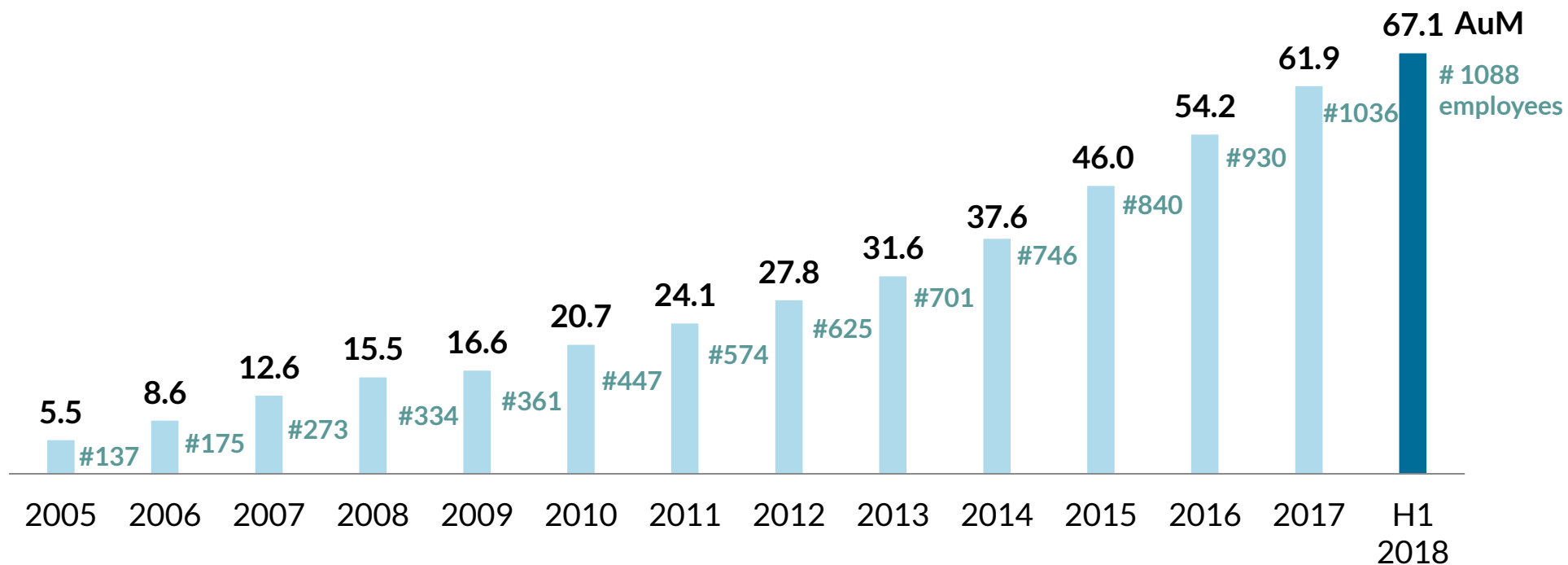
4 AuM outlook 2018



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Sustained growth in AuM over the last decade

Total assets under management (in EUR billion)



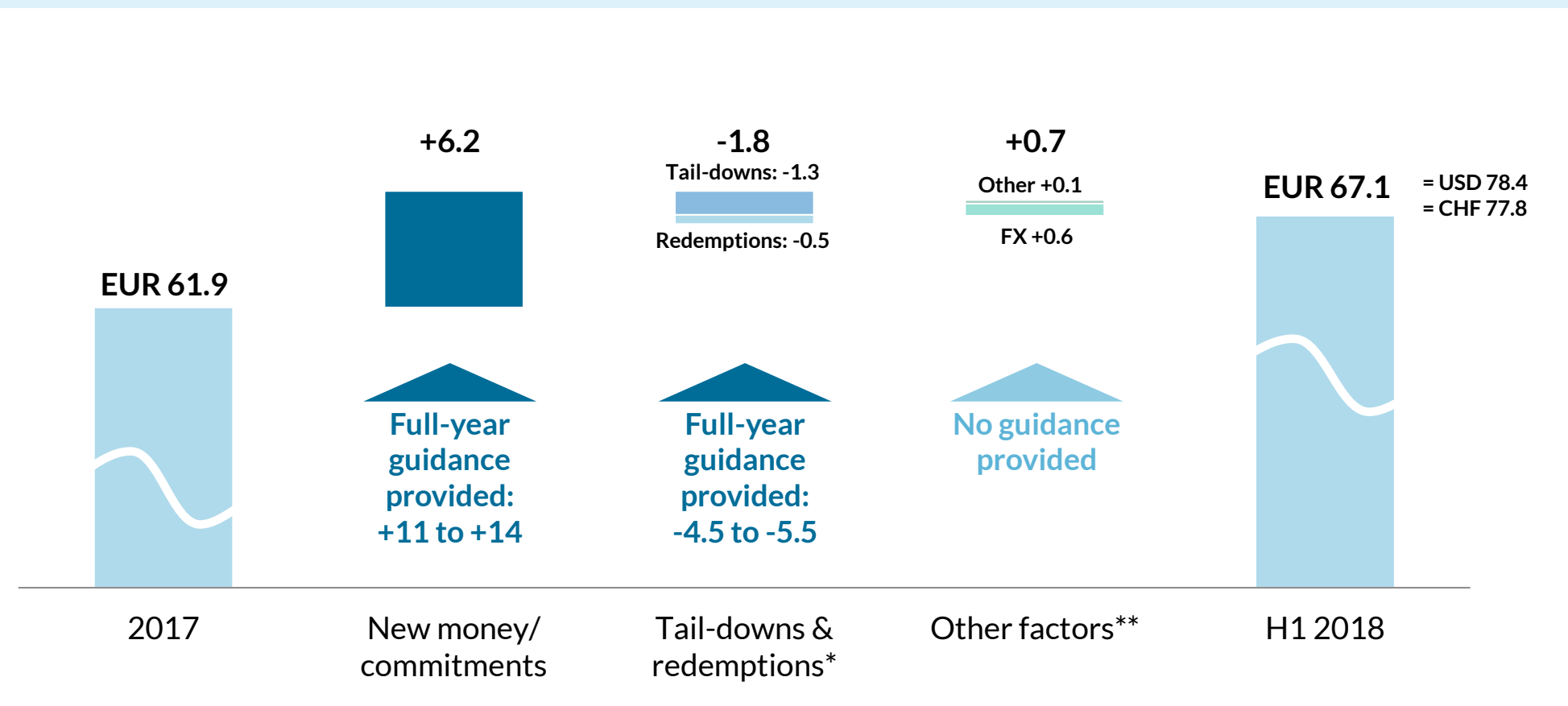
Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies.



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8% net AuM growth

Total assets under management development (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).

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



Client demand spread across all asset classes...

Assets under management development H1 2018 (in EUR million)

EUR	AuM 2017	H1 2018 New money/ commitments	H1 2018 Other factors**	AuM H1 2018	<i>Net growth</i>
Private equity	31,656	2,375	-168	33,862	7%
Private debt	11,206	2,360	-420	13,146	17%
Private real estate	10,760	934	-150	11,544	7%
Private infrastructure	8,314	558	-289	8,584	3%
Total private markets*	61,936	6,227	-1,027	67,137	8%

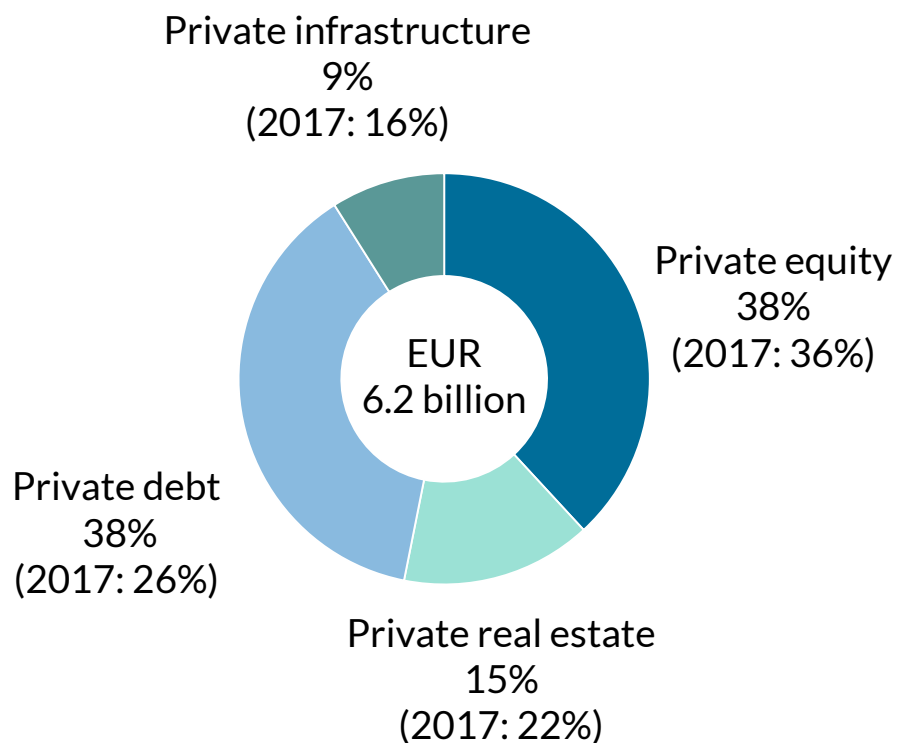
*Including respective listed investments and absolute return investments.

**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



H1 2018 statistics

Assets raised

- % in mandate solutions: ~45%
- % in programs: ~55%
- # of mandates & programs: >25

Assets under management

- % in mandate solutions: ~40%
- % in closed-ended programs: ~40%
- % in liquid/semi-liquid programs: ~20%



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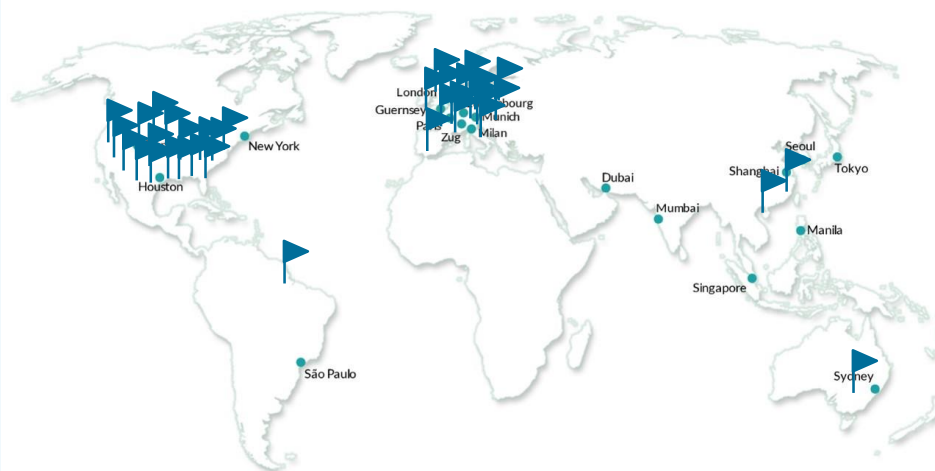
Partners Group H1 2018 investment platform overview

Investment platform update

- **Over 1,000 professionals**
- **USD 7.7 billion** invested in private markets opportunities on behalf of our clients
- **USD 4.7 billion direct investments**
 - USD 2.8 billion invested in equity
 - USD 1.8 billion invested in debt
- **USD 1.9 billion secondary investments**
- **USD 1.2 billion invested with select best-in-class managers in the private markets industry**

USD 7.7 billion invested across the globe

North America	Europe	Asia-Pacific/ RoW
17 direct investments	19 direct investments	4 direct investments



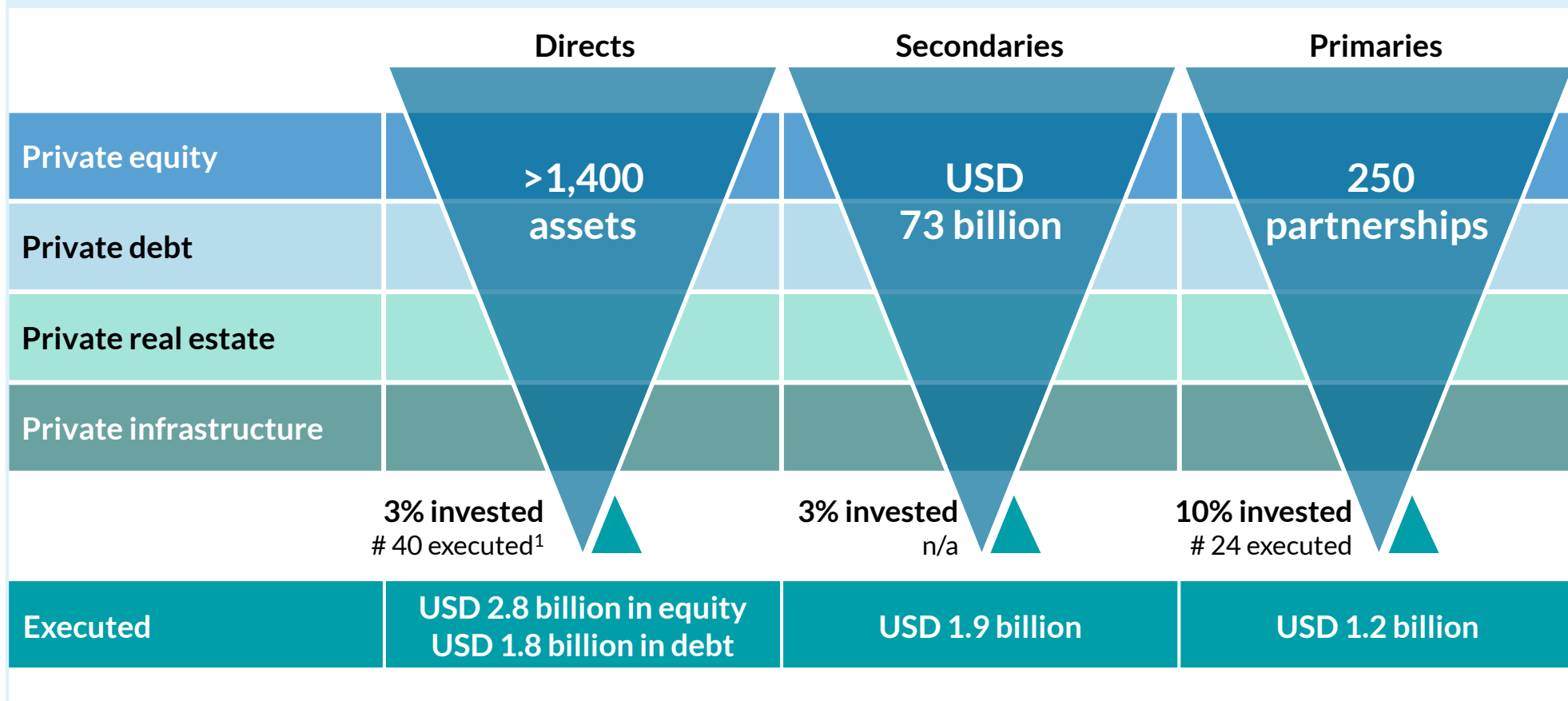
Note: preliminary and estimated figures for H1 2018 as of 30 June and as such are subject to change; figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.



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Continued significant deal flow

Deal flow H1 2018

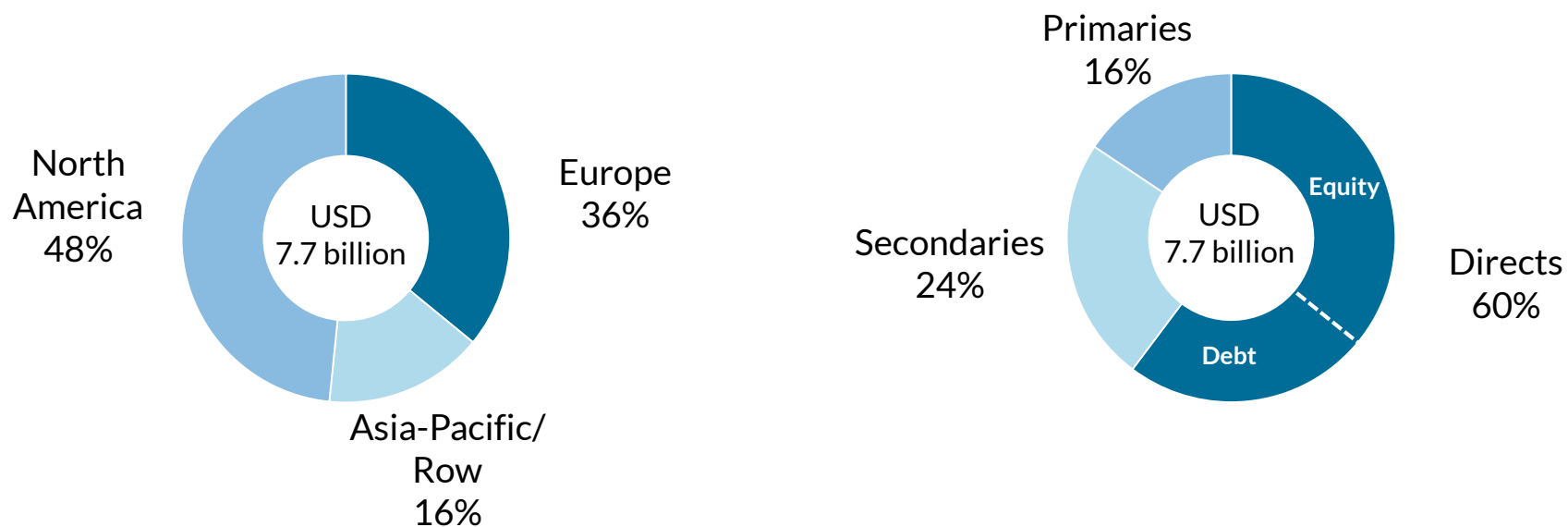


¹ USD 2.8 billion invested in 19 equity investments and USD 1.8 billion invested in 21 debt investments excluding liquid loans in the syndicated debt market.
Note: preliminary and estimated figures for H1 2018 as of 30 June and as such subject to change; figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.



Private markets investment activities in H1 2018 across the globe and all asset classes

Private markets investments during H1 2018



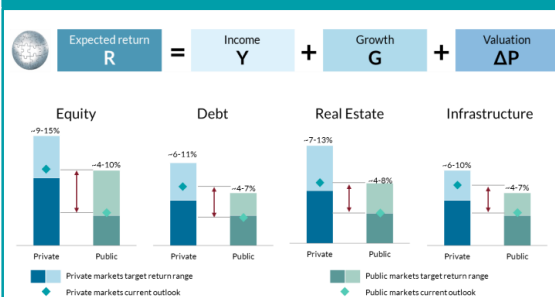
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Relative value approach

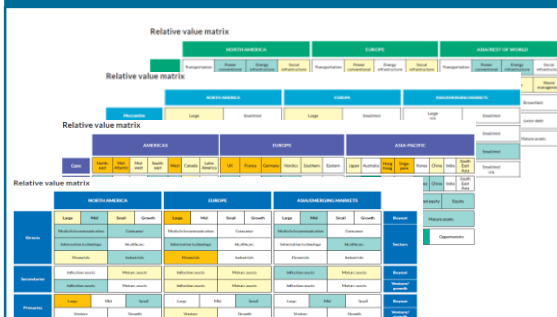
Expected return framework



Expected returns over typical investment periods

Focus on core views and alternative scenarios

Relative value



Investment environment over the next 6-18 months

Focus on strategies and asset classes

Investment themes



Transformation and value creation themes in sectors

Actionable themes to guide sourcing of category leaders

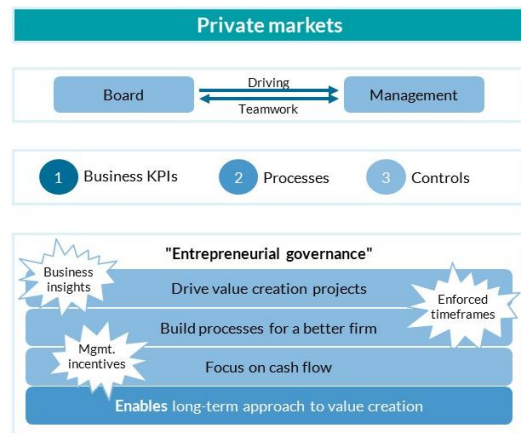
Partners Group Relative Value Committee

Chairman, CIO, Founders, Co-CEO, CRO, Economist, select members of senior management

Economist, >200 investment professionals, industry specialists and portfolio managers

Governance and value creation approach

Our entrepreneurial governance model



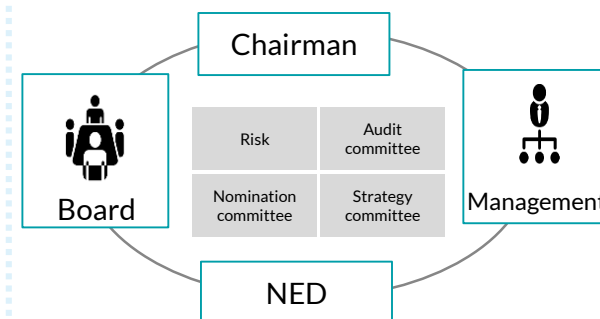
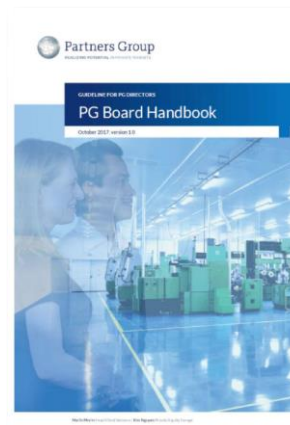
Leverage **business insights**

Implement value creation projects **within defined timeframes**

Create **incentive alignment**

Drives the firm towards hands-on value creation

Our Board governance framework



Tailored **board compositions**

Appoint **experienced Chairman** and **NEDs** as well as install a strategic PMO

Implement **mechanisms to ensure alignment** on roles and responsibilities

Defines processes and responsibilities

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Partners Group's investment implications based on its current core macro views

Global GDP growth



- Global growth easing; probability of temporary downturn has risen
- Growth less synchronized across countries and regions
- Inflation pressures rising, especially in the US

Rising chances of lower growth with more cyclical swings ...

Diverging monetary policy



- Fed tightening via rising rates, faster than implied by markets
- ECB asset purchases coming to an end, gradual rate increase in 2019
- Monetary tightening may result in higher volatility/lower valuations

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

Investment implications



- Identify established companies in resilient sectors
- Focus on secular tailwinds with low risk of asset disruption
- Create value via a long-term industrial partnership

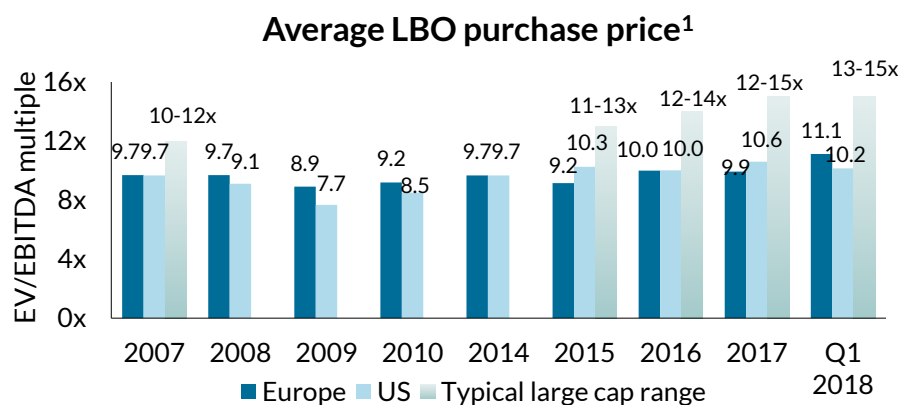
... focus on value creation and long-term entrepreneurial ownership



Corporate assets

Corporate equity and debt markets

- Quality assets trade for near-record **valuations**, especially large caps
- Credit markets continue to be reasonably disciplined although **credit spreads** have tightened further
- Both markets are vibrant but require significant **investment discipline**



Example: relative value in private equity

- 1 Allocate resources to **geographies** and **sectors** that exhibit favorable relative value characteristics

	NORTH AMERICA		EUROPE		ASIA/EMERGING MARKETS		
Directs	Media/telecommunications	Consumer	Media/telecommunications	Consumer	Media/telecommunications	Consumer	Sectors
	Information technology	Healthcare	Information technology	Healthcare	Information technology	Healthcare	
	Financials/services	Industrials	Financials/services	Industrials	Financials/services	Industrials	

- 2 Analyze **sub-sectors** to isolate sub-themes with potential for transformative growth

Sub-sector: IT outsourcing

- Digitalization
- Outsourced Product Development



TMT team

- 3 Guide **sourcing activities** towards these themes and identify **category leaders**:

Platform
leaders

Market
leaders

Franchise
leaders



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¹ Source: Partners Group and S&P Global Leveraged Lending Review and US Leverage Buyout Review (both Q1 2018). For illustrative purposes only.

Private equity example: GlobalLogic

Focus

Long-term ownership of category leaders

Platform leaders
in markets with advanced stage of consolidation

Market leaders
in largely consolidated segments

Unique franchises
with a strong network within their segment

IT outsourcing: Outsourced Product Development



Industry: TMT
Asset: Digital product developer
EV: USD 2 billion
Revenues¹: > USD 500 million
Headquarters: San Jose, US
Investment date: May 2018

Investment rationale

- Leader in digital product engineering services benefitting from attractive industry tailwinds
- Sticky and growing customer relationships coupled with strong historical financial results (20%+ organic growth) and forward visibility

Partners Group value creation

- Facilitate growth in Europe; optimize pricing discipline on contract negotiation
- Strengthen leadership team/governance

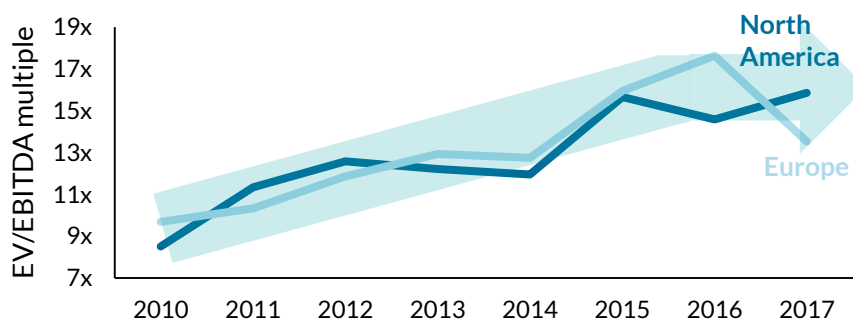


Real assets

Private real estate and infrastructure

- **Search for yield** continues to drive up prices in **real estate** globally
- Appetite for **stable, brownfield infrastructure** remains extremely high
- **Valuations** often do not adequately reflect downside risk; volume of capital available pushing down returns

Private infrastructure market valuations¹



Example: relative value in private infrastructure

- 1 Allocate resources to **geographies** and **sectors** that exhibit favorable relative value characteristics

	NORTH AMERICA				EUROPE				ASIA/EMERGING MARKETS			
Sector	Transportation	Power conventional	Energy infrastructure	Social infrastructure	Transportation	Power conventional	Energy infrastructure	Social infrastructure	Transportation	Power conventional	Energy infrastructure	Social infrastructure
	Communication	Power renewable	Water	Waste management	Communication	Power renewable	Water	Waste management	Communication	Power renewable	Water	Waste management

- 2 Analyze **sub-sectors** to isolate sub-themes with potential for transformative growth

Sub-sector: wind/solar

- Operational solar/onshore wind
- Construction solar/onshore wind
- Construction offshore wind



- 3 Guide **sourcing activities** towards these themes and identify **category leaders**:

Platform opportunities

Build core

Enhance value

¹ Source: Inframotion (January 2018). Past performance is not indicative of future results. For illustrative purposes only.

Private infrastructure example: Grassroots Renewable Energy Platform

Focus

Investments into next-generation infrastructure platforms

Platform opportunities
offer the opportunity to build scale

Build core
where strong fundamentals support demand

Enhance value
through growth and efficiency improvements

Renewable energy: solar and onshore wind



Grassroots Renewable Energy Platform, Australia

Sector: Renewables
Type: Wind, solar and battery storage
Project value: USD 1.4bn
Expected capacity: ~1GW (by 2020)
Partner: CWP Renewables
Country: NSW, Australia
Closing date: May 2018

Investment rationale

- Exclusive project with one of the largest (1.3GW) renewable energy developers in Australia
- Diversification / growth of platform without assuming development risk

Partners Group value creation

- De-risk platform through securing PPAs and attractive debt (re)financing
- Active involvement in structuring platform and individual assets



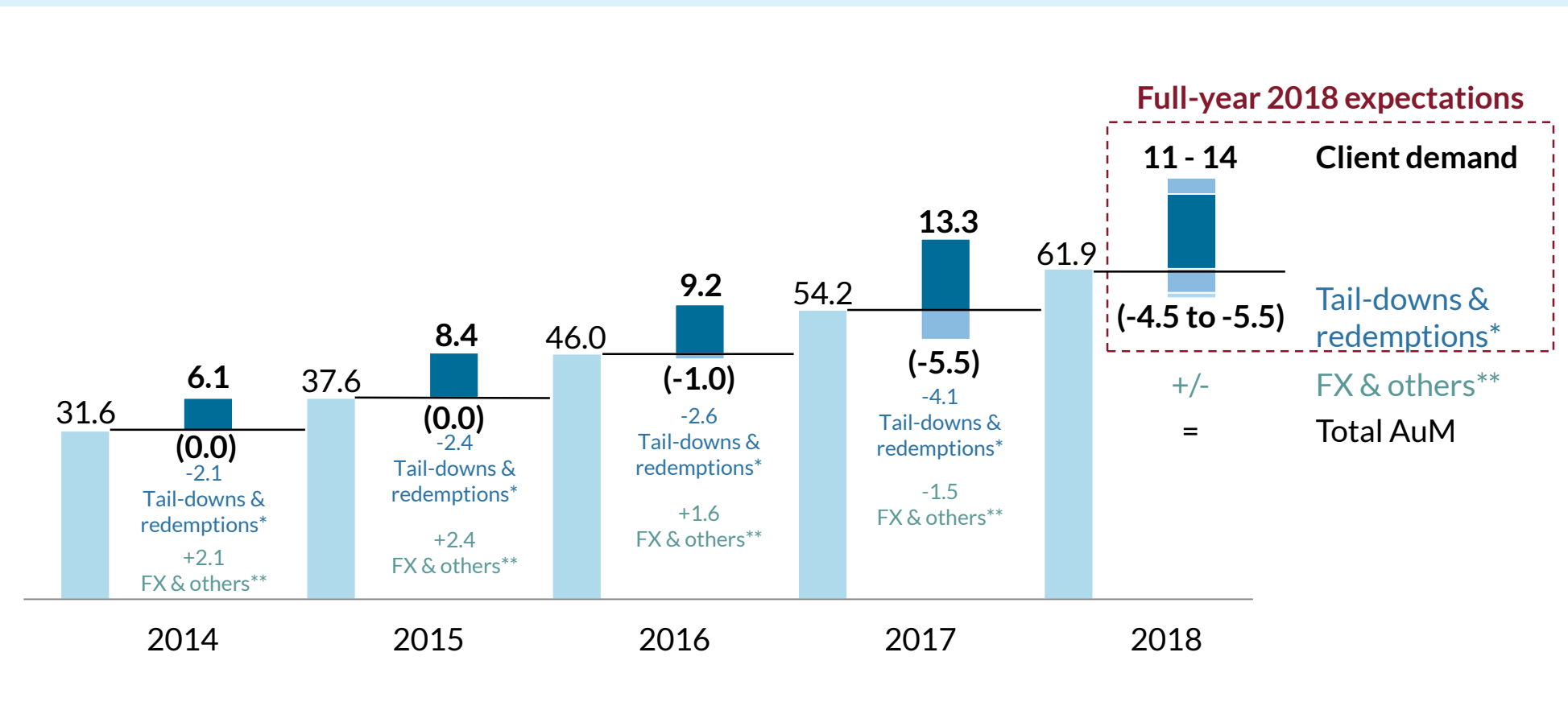
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Expected client demand 2018: full-year guidance confirmed

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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