



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

16 JULY 2019

## H1 2019 AuM announcement

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## Important note

The following are management's estimates for the six month period ending on and as of 30 June 2019 and as such are subject to change.

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



# Overview

## Dedicated to private markets

- Our **AuM stands at EUR 80 billion**:<sup>1</sup> EUR 40 billion in corporate equity & EUR 40 billion in real assets / financing
- We leverage our **database of >36,000 private markets assets** to generate attractive deal flow

## Leveraging strong resources

- We have **over 1,300 employees worldwide**<sup>2</sup> across 20 offices and over 600 private markets professionals
- Our **platform, portfolio and network provide extensive synergies and opportunities** for owners and entrepreneurs

## We have a global presence with 20 offices across key investment regions



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# Partners Group H1 2019 investment platform overview

## Investment platform update

### Professionals

- **>1,300 professionals** across **20 offices** globally

### Investments<sup>1</sup>

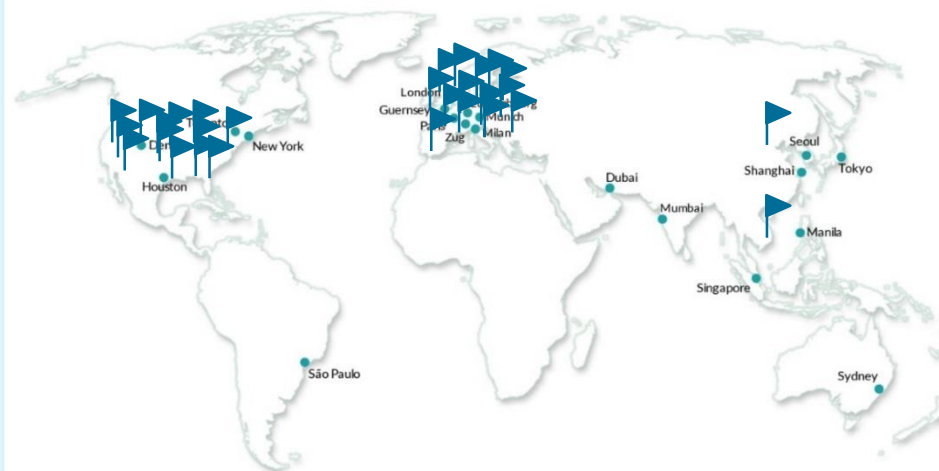
- **USD 6.9 billion** invested in private markets opportunities on behalf of our clients
  - **USD 4.1 billion direct assets**
    - USD 2.3 billion invested in equity
    - USD 1.8 billion invested in debt
  - **USD 2.8 billion portfolio assets**
    - USD 1.4 billion secondary investments
    - USD 1.4 billion invested with select best-in-class managers in the private markets industry

### Realizations

- **USD 4.7 billion** in underlying portfolio realizations

## USD 7 billion invested across the globe<sup>1</sup>

| North America         | Europe                | Asia-Pacific/<br>Rest of World |
|-----------------------|-----------------------|--------------------------------|
| 13 direct investments | 14 direct investments | 2 direct investments           |

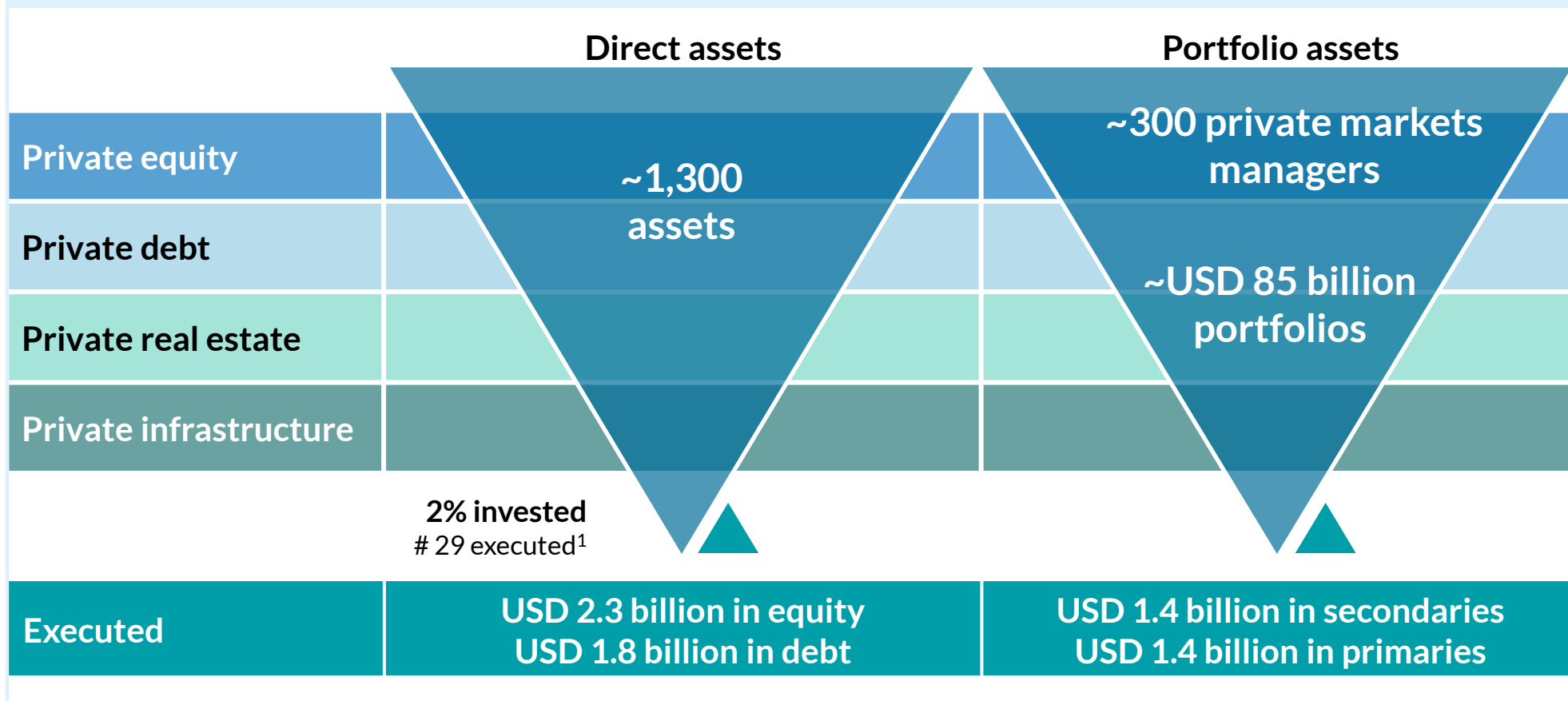


<sup>1</sup> Figures include add-on investments but exclude investments executed for short-term loans, cash management purposes and syndication partner investments. Direct equity investments include all direct private equity, direct infrastructure and actively managed real estate investments.



## Only the most attractive assets on a global basis are selected for investment

### Deal flow H1 2019

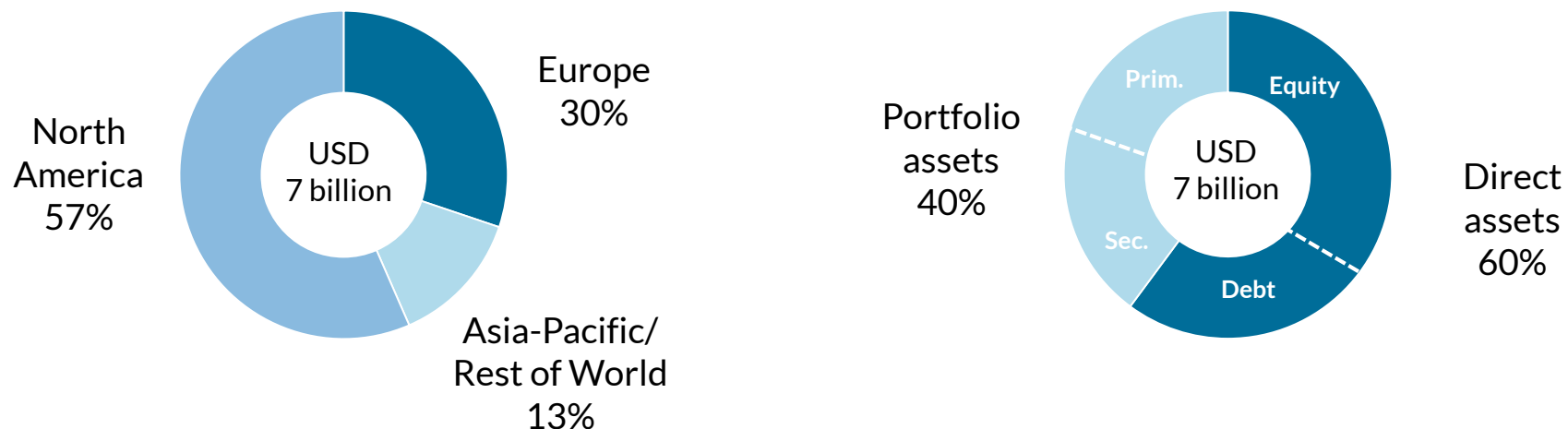


<sup>1</sup> USD 2.3 billion invested in 14 equity investments and USD 1.8 billion invested in 15 debt investments; figures include add-on investments but exclude investments executed for short-term loans, cash management purposes and syndication partner investments. Direct equity investments include all direct private equity, direct infrastructure and actively managed real estate investments.



## Private markets investment activities in H1 2019 across the globe and all asset classes

### Private markets investments during H1 2019<sup>1</sup>



<sup>1</sup> Figures include add-on investments but exclude investments executed for short-term loans, cash management purposes and syndication partner investments. Direct equity investments include all direct private equity, direct infrastructure and actively managed real estate investments.





## Macro summary: we focus on value creation in a turbulent global market

### Global GDP growth



- **Late stage expansion continues** at a modest pace
- **Inflation is modest**, rising gradually in the US
- **Rising headwinds** increase the chance of a deviation from our base case scenario

Modest global growth, gradually rising inflation in the US...

### Uncertainty around monetary policy



- After **US rate** increases, the Fed has turned dovish; near-term uncertainty
- The **ECB** is unlikely to hike interest rate before mid 2020
- Increased uncertainty may result in **higher volatility/lower valuations**

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

### Investment implications



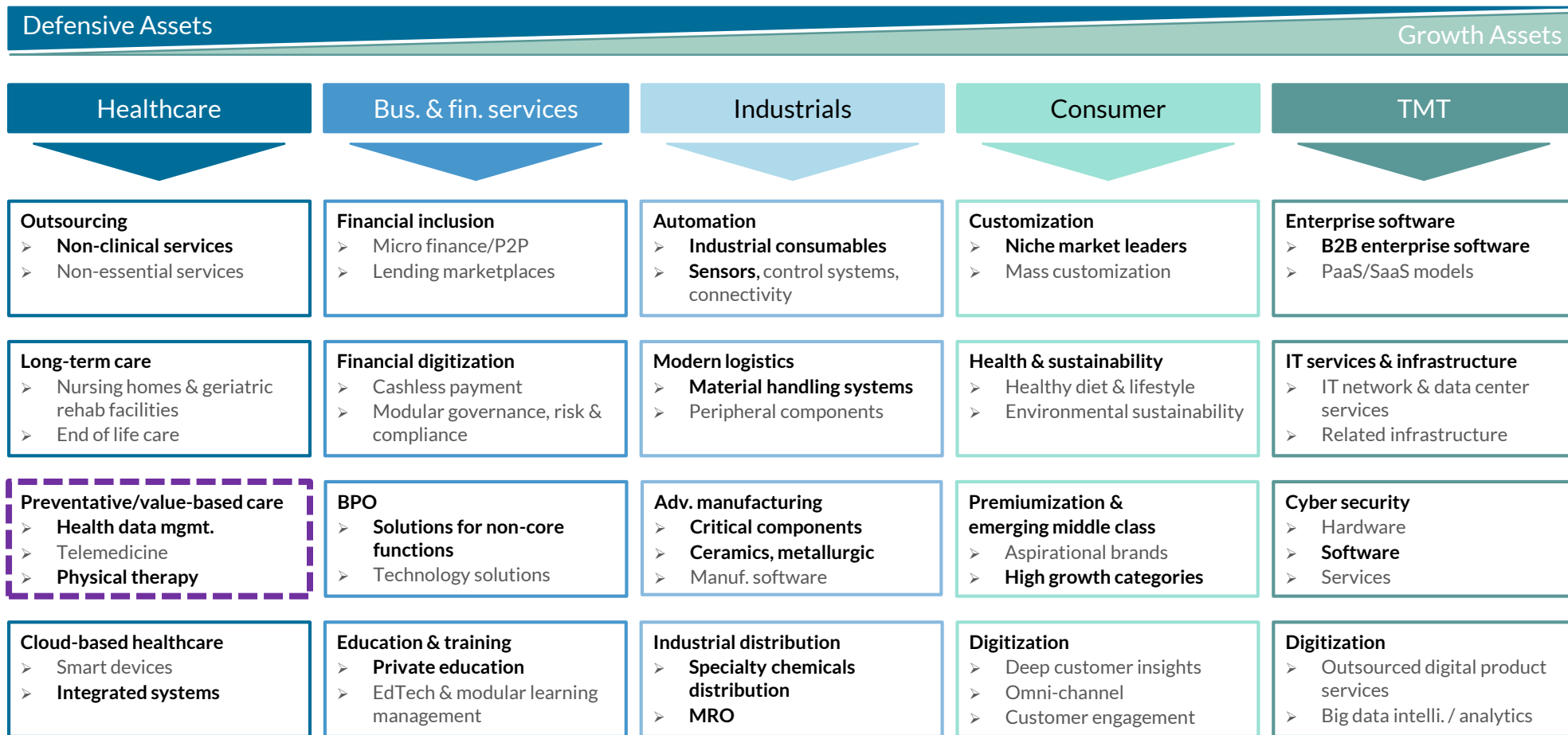
- Rethink defensiveness by **sourcing investment themes** proactively
- Focus on **transformative tailwinds** with continued growth potential
- Factor in **longer holding periods** & **multiple contraction** in current high valuation environment

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





# Corporate assets: focusing on sub-sectors benefiting from transformative trends



Note: bullet points in black highlight sub-sectors with active investment opportunities.

For illustrative purposes only. Source: Partners Group Private Markets Navigator, Outlook 2019, updated April 2019.

Abbreviations: P2P: peer-to-peer, BPO: business process outsourcing, MRO: maintenance, repair and overhaul, TMT: technology, media, telecommunications, B2B: business-to-business, PaaS: platform as a service, SaaS: software as a service.



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# Corporate assets / private equity: building a market-leading physical therapy player

## Focus

A proactive sourcing approach is key in a competitive market

**Platform companies**  
where we buy add-on firms  
to grow the platform

**Niche winners**  
with particularly strong  
products or services

**Franchise companies**  
with strong defensive  
capabilities

## Physical therapy as a highly attractive sub-sector within the healthcare space



**Industry:** Healthcare

**Asset:** One of the largest independent outpatient physical therapy (PT) service providers in the US

**Sites:** 198 operating clinics in 12 states; 500+ OH&S sites

**HQ:** Louisville, USA

**Employees:** >2,000<sup>1</sup>

**Closing date:** June 2019

### Investment rationale

- Well-positioned platform to build a market leading PT player in a fragmented market
- Sustainable long-term industry tailwinds driven by an expanding patient pool of ageing population with chronic conditions

### Partners Group value creation

- New clinic openings and same-site growth
- Platform expansion in new and existing markets
- Increase university and education partnerships
- Expand OH&S offerings

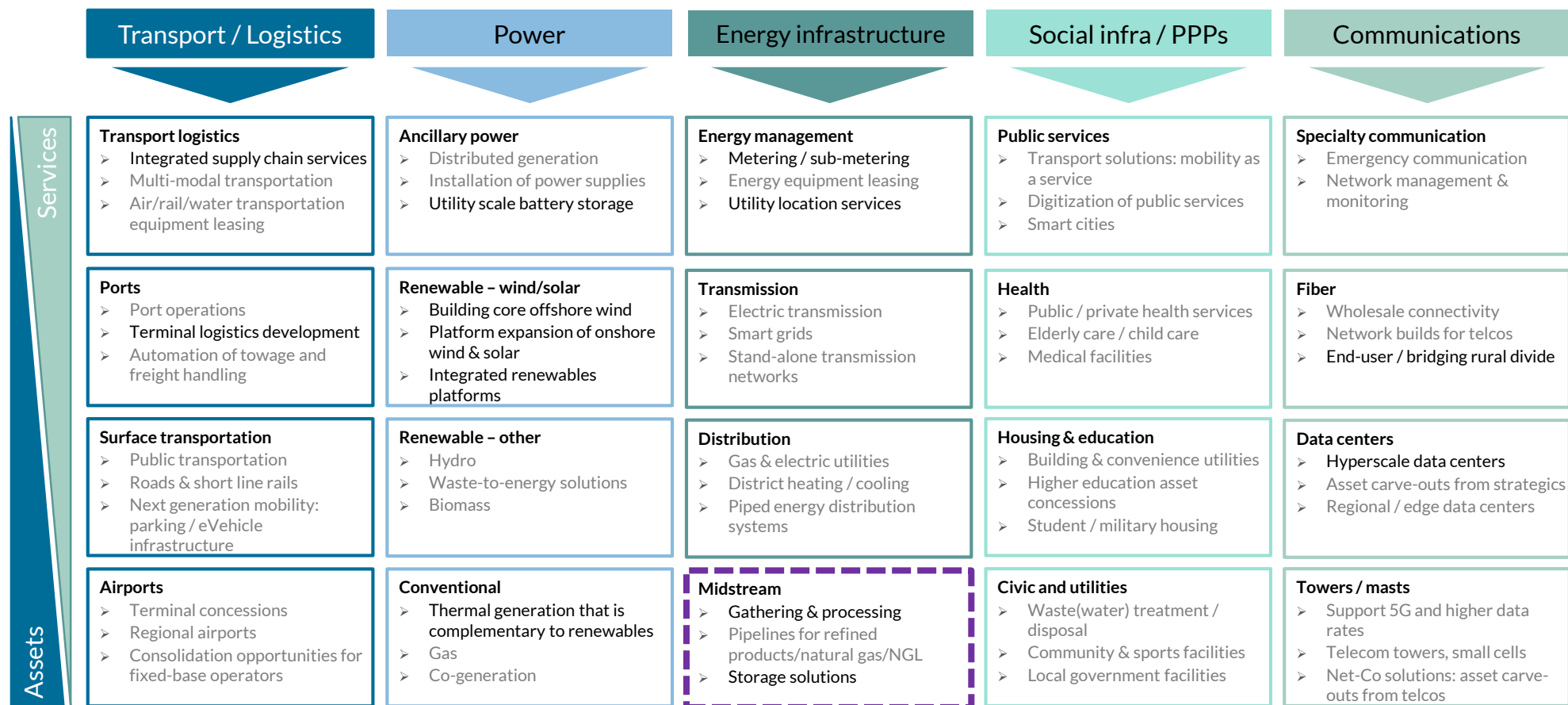
Source: Partners Group; Company information. For illustrative purposes only. There is no assurance similar investments will be made.

<sup>1</sup> As of March 2019. Abbreviations: PT: physical therapy, OH&S: Occupational Health & Safety, HQ: headquarters.



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# Real assets: infrastructure sub-sector matrix and investment focus themes



Note: bullet points in black highlight Partners Group focus areas.



# Real assets / private infrastructure: realize the platform expansion potential

## Focus

Focusing on the right trends

**Platform opportunities**  
offer the opportunity to  
build scale

**Build core**  
where strong fundamentals  
support demand

**Enhance value**  
through growth and  
efficiency improvements

## Cape Omega, a leading Norwegian midstream infrastructure company



**Industry:** Energy infrastructure  
**Type:** Transport of natural gas  
**Asset:** Leading offshore midstream infrastructure platform  
**Portfolio:** Stakes in some of Norway's key midstream infrastructure  
**Geography:** Norway  
**EV:** EUR 1.2 billion  
**Closing date:** June 2019

### Investment rationale

- Significant gas reserve
- High barriers to entry with no competing infrastructure and no pipe-to-pipe competition
- Stable and predictable cash flow with strong capital protection

### Partners Group value creation

- Expand platform with a focus on greenfield developments and brownfield acquisitions in line with Norway's decarbonization goals
- Optimize the capital structure
- Increase stakes in existing core infra assets



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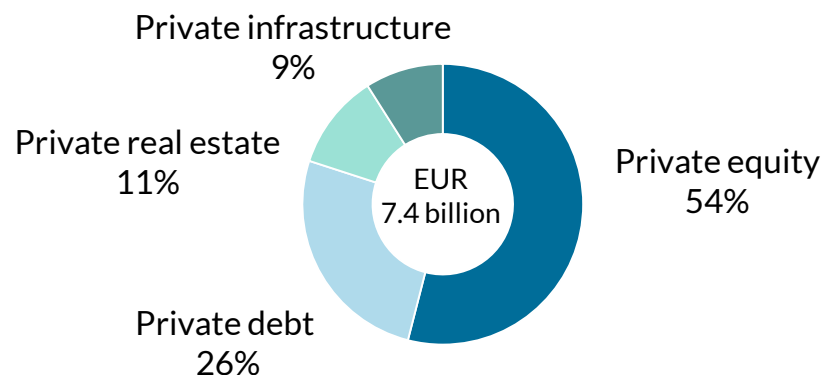
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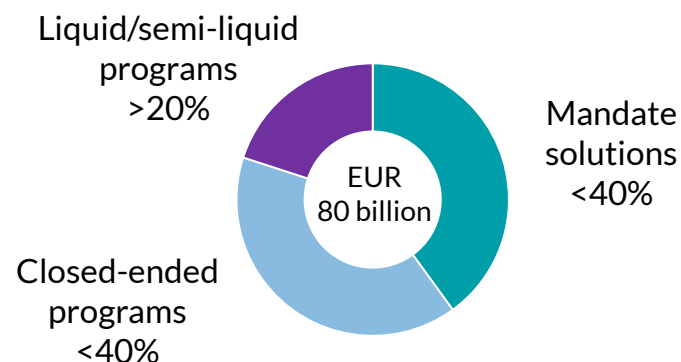
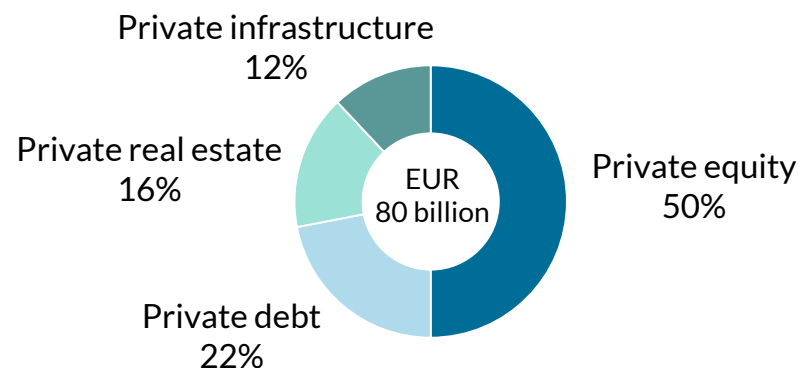
# Breakdown of assets raised and AuM

## Breakdown of assets raised by asset class in H1 2019



|                        |  |                                |
|------------------------|--|--------------------------------|
| Private equity         | <ul style="list-style-type: none"> <li>Direct equity</li> <li>Global integrated</li> </ul>             | Programs & customized mandates |
| Private debt           | <ul style="list-style-type: none"> <li>Global senior loans</li> <li>Multi-asset credits</li> </ul>     |                                |
| Private real estate    | <ul style="list-style-type: none"> <li>Real estate opportunities</li> <li>Global integrated</li> </ul> |                                |
| Private infrastructure | <ul style="list-style-type: none"> <li>Global infrastructure</li> <li>Global integrated</li> </ul>     |                                |

## Breakdown of AuM as of 30 June 2019



## Client demand spread across all asset classes

### Assets under management development H1 2019 (in EUR million)

| EUR                    | AuM<br>2018   | H1 2019<br>New money/<br>commitments | H1 2019<br>Other factors | AuM<br>H1 2019 | Net<br>growth<br>H1 2019 |
|------------------------|---------------|--------------------------------------|--------------------------|----------------|--------------------------|
| Private equity         | 35,972        | 4,003                                | -115                     | 39,860         | 11%                      |
| Private debt           | 15,361        | 1,973                                | -83                      | 17,251         | 12%                      |
| Private real estate    | 12,335        | 792                                  | -355                     | 12,772         | 4%                       |
| Private infrastructure | 9,178         | 642                                  | 54                       | 9,875          | 8%                       |
| <b>Total AuM</b>       | <b>72,846</b> | <b>7,410</b>                         | <b>-500</b>              | <b>79,756</b>  | <b>9%</b>                |

1 Other factors consist of tail-downs, redemptions, currency effects and others (i.e. performance and investment program changes from select programs).

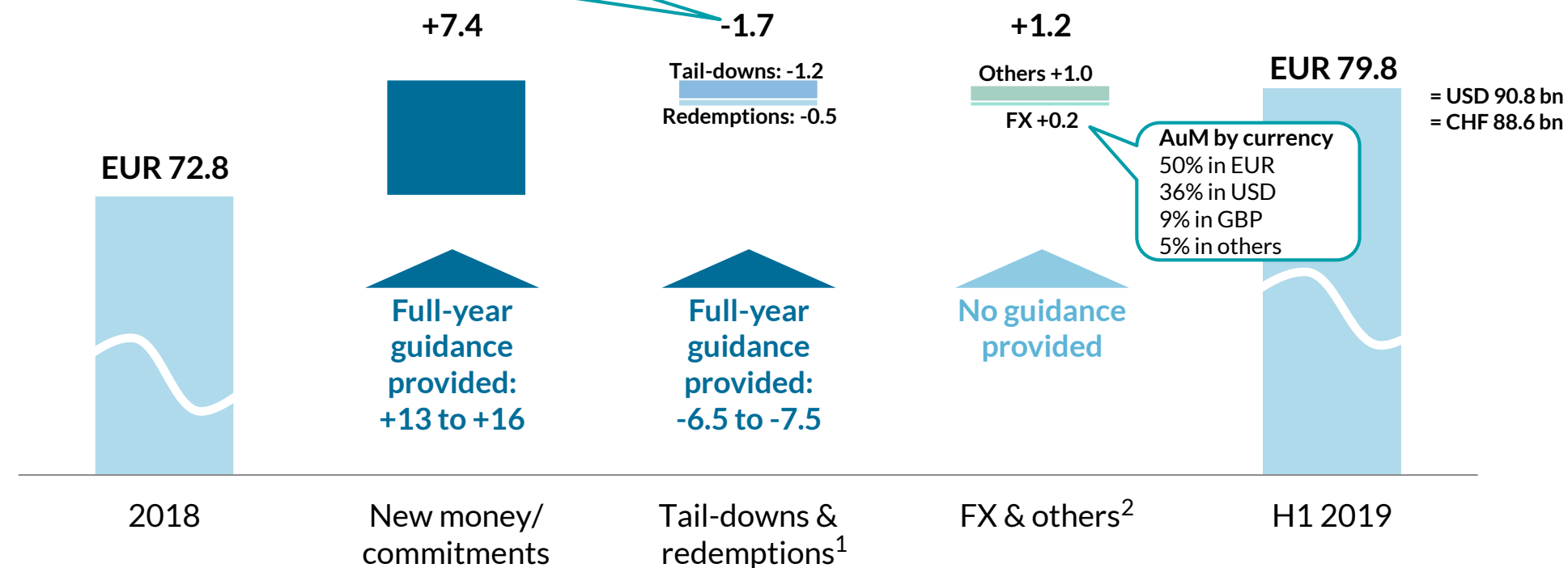




# Continued strong client demand in H1; tail-downs strongly skewed towards H2

## Total assets under management development (in EUR billion)

Strongly skewed to H2 2019; a number of larger closed-ended programs will reach the end of their lifetime



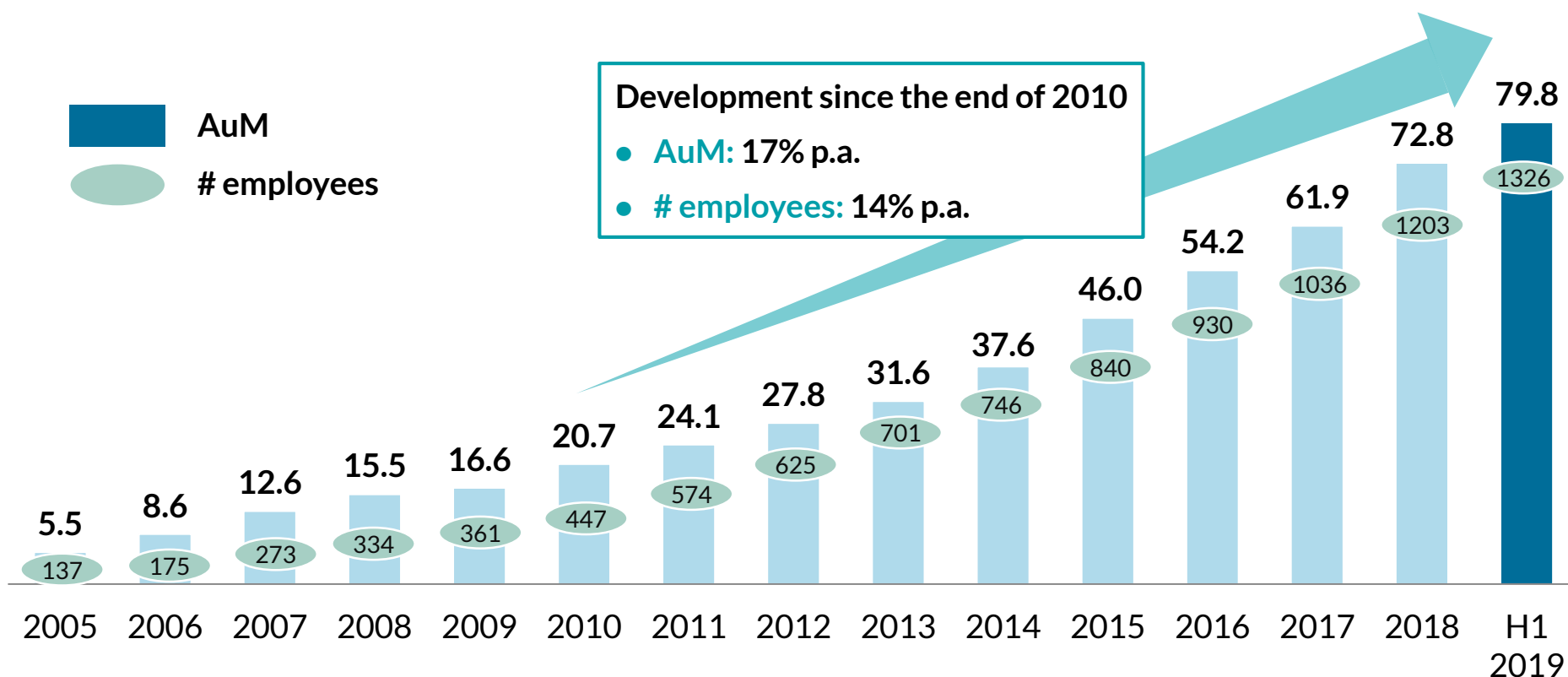
<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from liquid and semi-liquid programs (>20% of AuM).

<sup>2</sup> Others consist of performance and investment program changes from select programs.



# Sustained growth in AuM over the last decade

Total assets under management<sup>1</sup> (in EUR billion)



Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013.

<sup>1</sup> Partners Group aims to mirror the fee basis for its various programs and mandates when calculating AuM. AuM covers programs, mandates and assets to which Partners Group renders (full or partial) investment management or advisory services, but does not cover consultant, transaction or other ancillary services it may render to clients or assets from time to time. AuM is typically calculated as either i) the program size, ii) outstanding commitments to investments, iii) the net asset value or the outstanding principal of investments, or iv) the respective investment exposure. The AuM basis is increased by the amount of assets raised that are based on i) subscriptions, or ii) new fee-paying assets and amounts planned to be invested which would become fee-paying assets in the following six months. Reductions in the AuM basis for mature programs i) may follow a fixed schedule, ii) can be based on the cost of realizing assets, or iii) may be the result of such programs being liquidated. The AuM basis is also reduced by redemptions on open-ended programs. Further changes in the AuM basis may be explained by factors such as performance or changes in FX rates.



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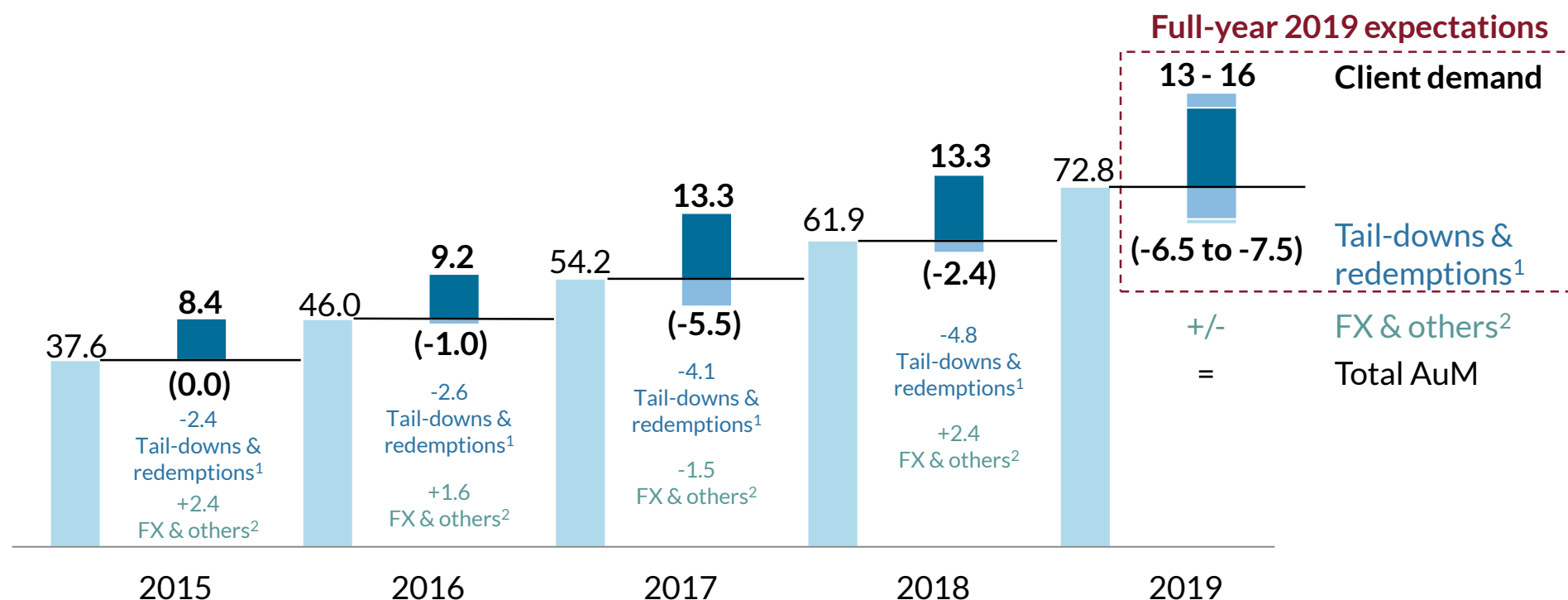
3 **AuM outlook 2019**

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## Expected client demand in 2019: full-year guidance reconfirmed

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



<sup>1</sup> 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).

<sup>2</sup> Others consist of performance and investment program changes from select programs.



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