



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

## Press release

Baar-Zug, Switzerland, 8 February 2016

### Partners Group publishes market outlook for H1 2016: 'In search of transformative growth'

Partners Group today publishes its H1 2016 Private Markets Navigator. The Private Markets Navigator shares the firm's outlook and investment strategy for all private markets asset classes over the next six months.

Introducing the report, Christoph Rubeli, Co-CEO, Partners Group, says: "The general pace of economic growth remains low on aggregate and markets have become increasingly volatile. In this environment, we believe that the search for growth-focused investment opportunities must go beyond sectors or regions and into the specific trends that are transforming our industries and consumer habits."

A short summary of the views presented in the H1 2016 Private Markets Navigator:

**Private equity:** although valuations remain at peak levels, sustained by both the high volume of capital available for investment and the mixed economic outlook, we do not believe a distress cycle is imminent. In this environment, success is achieved by having deep industry insight into transformative trends. We focus on identifying and acquiring companies that are category winners in specific industries supported by trend-based tailwinds or niche leaders with strong defensive capabilities. We also look for platform companies with a strong management team and infrastructure, which offer the potential to grow via add-on acquisitions. A recent example of a platform investment in the consumer sector is our acquisition of Vermaat Groep B.V., the Dutch market leader in high-end catering services.

**Private real estate:** prices remain peaky and demand for real estate continues to climb, pushing investors further up the risk spectrum. We see the greatest investment opportunity in markets where demand for real estate has shifted to accommodate new patterns in residential, retail or industrial growth. We focus on buying properties below replacement cost in rebounding markets, buying, fixing and selling older buildings in great locations that are in need of owner-oriented asset management, and developing core properties in markets with strong long-term fundamentals and trends that support additional absorption. One recent example of a 'buy, fix and sell' investment is our acquisition of Yennora Alcoa, an industrial estate in Western Sydney consisting of older-style warehouses offering refurbishment and development potential.

**Private debt:** as the oversupply of cheap capital in the banking and CLO debt markets decreases, we see increasing opportunities for non-bank lenders like Partners Group. In particular, demand for flexible and cross-border debt financing, as well as for second lien debt, is growing in Europe, Asia and the US. Our

approach is to offer flexible and tailor-made capital structures, focus on financing resilient companies in niche markets protected by high barriers to entry, and support successful sponsors and their management teams in their buy-and-build strategies by providing add-on acquisition financing in a timely manner. One example is our recent investment into US dental services provider, Affordable Care, Inc., which was sourced via an existing relationship with a sponsor.

**Private infrastructure:** investor demand for infrastructure assets remains high and so does pricing, especially in the core brownfield space. To find quality assets at reasonable prices, we look outside the mainstream to markets undergoing a transformative shift in the demand or use of infrastructure. We focus on investment opportunities that offer the potential to enhance operational value through growth and efficiency improvements or build out market-leading infrastructure platforms. We also look at markets where long-term fundamentals support the demand for a specific type of infrastructure, due to evolving infrastructure needs, as illustrated by our recent acquisition of a 25% stake in Sentinel Energy Center, an 800MW California-based natural gas-fired power generation facility.

For a full copy of the report, please contact Milevka Grceva: [milevka.grceva@partnersgroup.com](mailto:milevka.grceva@partnersgroup.com)

### **About Partners Group**

Partners Group is a global private markets investment management firm with over EUR 46 billion (USD 50 billion) in investment programs under management in private equity, private real estate, private infrastructure and private debt. The firm manages a broad range of customized portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in San Francisco, Houston, New York, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Shanghai, Seoul, Tokyo and Sydney. The firm employs over 800 people and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees.

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