



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Press release

Baar-Zug, Switzerland, 1 February 2017

Partners Group publishes market outlook for H1 2017: 'Investing in stable assets and transformative growth'

Partners Group today publishes its H1 2017 Private Markets Navigator report, which shares the firm's outlook for all private markets asset classes over the next six months. Introducing the report, Christoph Rubeli, Co-CEO, Partners Group, says: "The global economy continues to expand at a modest, yet resilient pace. However, since our last relative value assessment, a number of unexpected geopolitical events have further increased uncertainty as well as volatility in capital markets. In this environment, active ownership is the key to success and we continue to center our investment strategy around predictability and stability on the one hand, and transformative trends on the other. We look for assets characterized by valuation resilience and focus on hands-on work at asset level as the principal means of generating sustainable returns."

Private equity: as we head into 2017, growth is sluggish, private equity markets are frothy and competition for deals remains fierce. While the overall picture appears relatively challenging, it is in periods of low growth and high valuations that we have seen the best outperformance of private equity against public equity. Our investment appetite is centered around specific sub-sectors where growth is transformative and outpaces the mean. Platform-building is one of Partners Group's key long-term investment strategies, but in the current environment has become the predominant investment approach for new investments. We are looking to identify 'anchor assets' with strong management teams and potential for consolidation. A clear example of our platform expansion investment thesis in practice is our recent acquisition of global IT support services provider Systems Maintenance Services.

Private real estate: as core properties in prime locations maintain high valuations despite weakening investor appetite for the asset class, we focus on properties and locations that stand to benefit from the key transformative trends that are reshaping real estate markets. We 'buy, fix and sell' older buildings in great locations that are in need of owner-oriented asset management initiatives and target properties located in rebounding markets that can be bought below replacement cost and repositioned through our value creation approach. We only selectively develop core properties within markets with strong long-term fundamentals and trends that support additional absorption. A recent example of our 'buy, fix and sell' investment strategy is our acquisition of Riverplace Tower, an over 440,000 square foot office building in Jacksonville, Florida.

Private debt: with margin compression in the senior loan syndicated market in both the US and Europe, we believe there are more attractive opportunities to be captured outside of traditional syndicated loan markets. Our approach is to provide solutions that plug gaps in traditional debt market coverage by offering flexible and tailor-made capital structures, focusing on financing resilient companies active in niche markets and supporting buy-and-build strategies by providing add-on acquisition financing in a timely manner. A recent example of our focus on attractive niches is our investment in Bioclinica, a global provider of clinical trial services and technology to pharmaceutical companies and contract research organizations.

Private infrastructure: the private infrastructure market continues to be characterized by high valuations for established assets. We maintain our belief that the most attractive investment opportunities are found outside of the mainstream, in sectors undergoing transformative shifts in infrastructure use or demand. We continue to focus on investment opportunities that offer us the potential to build out market-leading infrastructure platforms as well as on opportunities to enhance an asset's operational value through growth and efficiency improvements. A recent example of an investment into a sector experiencing transformative growth is our investment in Merkur Offshore, a construction-ready offshore wind farm development located off the German North Sea coast.

To request a copy of the report, please contact Milevka Grceva: milevka.grceva@partnersgroup.com

About Partners Group

Partners Group is a global private markets investment management firm with over EUR 54 billion (USD 57 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, Denver, Houston, New York, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs over 900 people and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees. www.partnersgroup.com

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