

Monthly report September 2017

September NAV eased by 0.9%

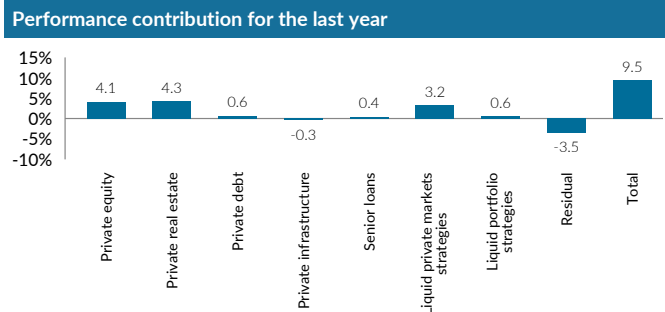
- New private equity direct investment in STADA Arzneimittel AG
- Direct debt investment in Caffè Nero
- Mezzanine financing of UK Light Industrial Portfolio

In September, Partners Group Generations Fund I eased by 0.9% as the listed investments faced a weak month and underperformed the private markets assets. The reporting month was characterized by several new investments, one of which was STADA Arzneimittel AG, a German-based manufacturer of generic pharmaceuticals and branded over-the-counter (OTC) products. The company is currently one of the largest in the European generics sector with a market share of approximately 7%. With 10'500 employees across 16 sites globally, the company manufactures 16'000 products that include over 800 active pharmaceutical ingredients. Partners Group believes that the company is an attractive investment given its potential to increase top-line growth and improve its profitability. This, coupled with a positive outlook in key markets where generics and branded OTCs are forecasted to continue to grow at CAGR's of approximately 7% and 6%, respectively, position the company well for future growth.

Also in September, Partners Group made a debt investment in Caffè Nero, a founder-owned European coffee house chain. The company serves a range of espresso-based coffees using an Italian-style blend of beans that is exclusive to Caffè Nero, as well as other hot and iced beverages. The company's food menu includes handmade sandwiches, traditional soups, salads, pastries and cakes. Caffè Nero operates more than 800 stores globally, the majority of which are located in the UK.

Furthermore, Partners Group invested in UK Light Industrial Portfolio, an investment to provide mezzanine financing on the acquisition of a real estate portfolio consisting of 127 light logistics assets located in the UK, primarily in London and other major cities. The portfolio comprises a total of 1'315 leasable units, has a blended occupancy rate of approximately 90%, with over 60% of the properties fully occupied. The business strategy for the portfolio will involve restructuring leases and undertaking capital expenditure works. Entering at a discount to replacement cost, Partners Group finds this transaction accretive due to its attractive debt yield and the above-average debt servicing coverage ratio. In addition, it is also expected that the portfolio will benefit from the increase in demand for light industrial assets, which support e-commerce companies.

Key figures			
In GBP	31.08.2017	30.09.2017	YTD
NAV per share	1.170	1.159	7.6%
Performance (since inception)	17.0%	15.9%	
Monthly volatility	4.6%	4.7%	



In %	2016	2017	ITD cum.	ITD ann.
PG Generations Fund I	7.7	7.6	15.9	10.9
MSCI World 100% Hedged to GBP Net	9.8	11.9	22.9	15.6
Total Return				

Largest five private markets direct investments		
		% of NAV
1.	UK Light Industrial Portfolio	6.0
2.	Caffè Nero	3.4
3.	AlliedUniversal 2015	2.3
4.	KinderCare Education	2.0
5.	Project Frost	1.9

Monthly net performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016				0.0%	1.1%	-0.5%	4.1%	1.3%	-0.2%	1.5%	-0.3%	0.5%	7.7%
2017	1.0%	0.0%	1.0%	1.0%	1.3%	-0.6%	3.9%	0.9%	-0.9%				7.6%

