

Monthly report as of 31 January 2020

January NAV per share increased 1.0%

In January, the NAV per share of the Partners Group Global Real Estate Fund (AUD) increased 1.0%, resulting in annualized performance since inception of 11.2% and cumulative performance since inception of 33.9%.

Recently, Partners Group acquired a majority stake in Biltmore Center. The 643'000sqft, class A office property consists of three buildings in the Camelback Corridor of Phoenix, Arizona. In the past several years, the previous owner had implemented significant improvements to the Biltmore Center, including lobby modernizations, renovated common areas and parking garage upgrades, which have served as a catalyst for the recent leasing velocity. At acquisition, the property was approximately 91% leased with stable in-place cash flows anchored by investment grade and credit-worthy tenants with exposure to the legal, financial and technology industries. Meanwhile, with approximately 50% of current leases expiring during an underwritten holding period of five years, the property presents Partners Group with the opportunity to mark rents to market for these currently under-rented office properties.

Phoenix has evolved into a diverse and resilient economy supported by multiple industries and a talented workforce with the highest hiring rate for financial services and technology workers in the US. This diversification can provide downside protection to an economic downturn. The Camelback Corridor submarket is one of Phoenix's primary office hubs and financial districts, with growth in class A market rents outperforming the national average. Moreover, the property is situated across from Biltmore Fashion Park, an area encompassing several luxury resorts and upscale shopping areas and is in close proximity to executive housing in high-end residential neighborhoods including Arcadia and Paradise Valley. Partners Group will work to complete negotiations of approximately 42'000sqft of new leases, expansions, and tenant relocations at the property. Overall, the investment is in line with Partners Group's relative value strategy that focuses on office properties with value-add potential in key southwest cities in the US, which exhibit robust market conditions, continuous absorption capacity and competitive rents that are underpinned by strong demographics.

Additionally, capital was invested in Project Omega. Project Omega is a value-added office portfolio comprising 30 properties with a total lettable area of 318'000sqm across Germany (and to a limited extent the Netherlands and France). At acquisition, the portfolio was 72.4% occupied, with a gross initial yield of 5.0% and a weighted-average lease term of 3.2 years. Furthermore, rental rates at the portfolio properties were approximately 12.4% below market levels. The portfolio generates a healthy operating cash flow from a diversified tenant base of 377 individual tenants with long occupancy history (an average in-place tenure of 8.5 years). Additionally, most of the properties are located in tier 1 and 2 cities across Germany, which benefit from positive demographic trends and low submarket vacancy levels. The business plan involves increasing occupancy levels and rental rates to current market levels. This is facilitated by the minimal preparation capex required, which allows for earlier lease negotiations to take place. The overall business plan is to sell non-core properties individually and the remaining properties via sub-portfolios, once they achieve stabilization.

**This Fund might restrict outflows in the future.**

IMPORTANT INFORMATION: We would like to remind investors that redeeming their holdings in the Fund is subject to restrictions as set out in the Fund's constituent documents, including being subject to the ability of the Fund to redeem its holdings in the Underlying Fund. Redemptions are generally subject to a maximum per dealing day expressed as a percentage of the net asset value. In certain circumstances redemptions in the Underlying Fund may also be suspended thus affecting redemptions of the Fund.

**Key figures**

In AUD	31.12.2019	31.01.2020	YTD
NAV per share	1.3053	1.3177	1.0%
Master fund size (in million)	277.57	308.71	
Investment level	93.9%	92.4%	
Performance (since inception)	32.6%	33.9%	
Monthly volatility (since inception)	2.8%	2.8%	

**Performance**

MTD	1.0%
3M	3.3%
1Y	10.0%
ITD	11.2%
Annualized volatility	2.8%

**Largest five partnership investments**

Project	Instrument
1. Project Cargo	Secondary
2. Project Azure	Secondary
3. Project Forte (Spanish mixed use portfolio)	Secondary
4. Project Silkroad II (China outlet malls)	Secondary
5. Peakside Real Estate Fund III, SCS	Primary

**Largest five direct investments**

Asset	Region	Sector
1. Project Moon	APC	Office
2. The Complex	APC	Office
3. Project Omega	WEU	Office
4. Project Creekside	NAM	Industrial
5. Project Fairway	NAM	Office

Monthly net performance - hedged (APIR ETL0480AU)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017					0.8%	0.7%	1.1%	0.8%	0.7%	1.2%	1.9%	0.7%	8.2%
2018	-0.1%	0.0%	1.3%	2.4%	0.6%	2.2%	-0.5%	0.9%	1.1%	-0.2%	-0.1%	2.9%	11.1%
2019	1.3%	0.6%	1.0%	0.5%	0.2%	1.5%	-0.3%	1.1%	1.8%	0.0%	0.5%	1.8%	10.4%
2020	1.0%												1.0%

Past performance is not indicative of future results. There is no assurance that similar investments will be made nor that similar results will be achieved.

Monthly net performance - unhedged (APIR ETL6184AU)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017					1.1%	-1.6%	-1.9%	1.3%	1.6%	2.9%	2.4%	-1.5%	4.2%
2018	-3.4%	3.3%	2.4%	2.9%	0.5%	3.0%	-0.6%	4.5%	1.1%	1.3%	-2.3%	5.8%	19.7%
2019	-1.3%	2.2%	1.2%	1.1%	1.2%	0.5%	1.1%	2.7%	1.7%	-1.4%	1.9%	-0.7%	10.6%
2020	4.5%												4.5%

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The figures shown in grey before the inception of the unhedged share class represent those of the Partners Group Global Real Estate FCP (Master Fund) converted to AUD.



