Josef Bieri Investment Solutions Switzerland, **Sandra Pajarola** Private Equity Directs & Primaries, **Martin Ruetz** Private Equity Secondaries and **Walter Keller** Co-Head Private Equity Directs & Primaries

A VALUE INVESTOR THROUGHOUT THE ECONOMIC CYCLE

ANNUAL REPORT 2009

Partners Group
Passion for Private Markets

IN DUE DILIGENCE ON AN INVESTMENT OPPORTUNITY FROM A DISTRESSED SELLER

David Punda and **Andreas Baumann** Private Equity Directs & Primaries and **Robert Lustenberger** Investment Solutions Switzerland.

KEY FIGURES

361 professionals

10 offices
around the world

CHF 25.7 billion
assets under management

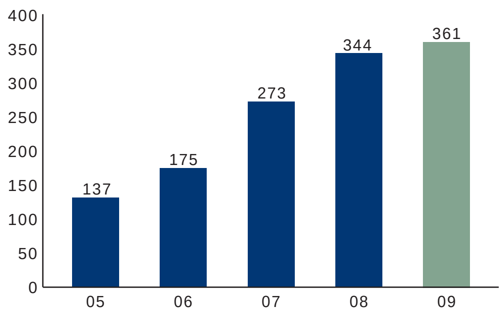
1.31 %
net revenue margin

CHF 325 million
net revenues

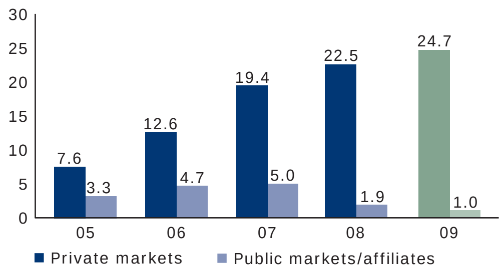
CHF 227 million
EBITDA

CHF 210 million
adjusted net profit

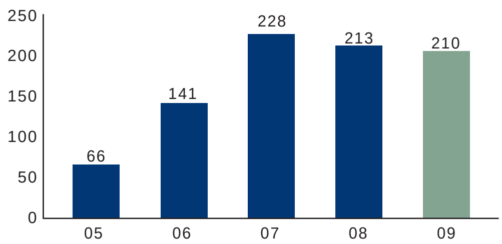
Number of professionals



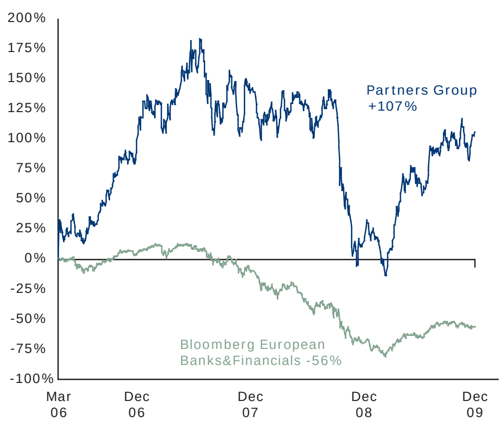
Assets under management
(in CHF bn)



Adjusted net profit
(in CHF m)



Share price development



	2008	2009
Average assets under management (in CHF bn)	24.4	24.8
Net revenue margin	1.34%	1.31%
Net revenues (in CHF m)	328	325
EBITDA margin	73%	70%
EBITDA (in CHF m)	240	227
Financial result (in CHF m)	–10	1
Adjusted net profit (in CHF m)[1]	213	210
Cash and cash equivalents at end of year (in CHF m)	187	170
Shareholders' equity (in CHF m)	357	458
Return on shareholder's equity (ROE)[1]	59%	46%
Equity ratio[1]	83%	84%

[1] adjustment made to exclude effects from derivatives arising from insurance contracts

Share information as of 31 December 2009

Share price	CHF 130.60
Total shares	26'700'000
Market capitalization	CHF 3.5 bn
Free float (SIX)	40.56%
Diluted shares	26'426'110
Adjusted diluted earnings per share[1]	CHF 7.96
Dividend[2]	CHF 4.50
Dividend yield[2]	3.45%
Bloomberg ticker symbol	PGHN SW
Reuters ticker symbol	PGHN.S

[1] adjustment made to exclude changes in fair value of derivatives arising from insurance contracts

[2] as per proposal to be submitted to the annual general meeting of shareholders

Forthcoming events

6 May 2010	Annual general meeting of shareholders
13 July 2010	Pre-close announcement assets under management as of 30 June 2010
6 September 2010	Interim report as of 30 June 2010

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SEIZING THE MARKET CONSOLIDATION OPPORTUNITY

Alfred Gantner Executive Chairman, **Steffen Meister** Chief Executive Officer and **Cyrill Wipfli** Chief Financial Officer

MESSAGE FROM THE PARTNERSHIP

Dear clients, business partners and shareholders

Looking back on the financial year 2009, we observe that many of the developments and changes we anticipated at the beginning of the year have evolved further. Although Partners Group has not been immune to the effects of the market slowdown, we are pleased that we have been able to further cement the firm's standing as a globally leading private markets manager. This status has been confirmed by the trust placed in us by our clients, as evidenced by further asset inflows of CHF 3.6 billion for the year. During the crisis years 2008 and 2009, our clients have awarded us with CHF 9.8 billion in new investment programs. Therefore, several of our funds such as the Partners Group Secondary 2008, L.P. closed at the pre-defined hard cap (EUR 2.5 billion). We continue to carefully balance assets under management with our global flow of investment opportunities. 2009 proved to be a challenging year, and in addition to seizing new opportunities we invested considerable resources into our existing portfolio, ensuring these companies were well-equipped to weather the downturn. This hands-on approach included operational improvements as well as restructurings where needed, in order to preserve capital for our clients. We are pleased with the results we have already achieved and are optimistic regarding the future development of these companies.

Our main focus has always remained on the achievement of a superior performance for our clients in combination with uncompromising client service. When implementing a diversified investment program throughout the economic cycle, possessing a global reach, in-depth industry know-how and investing across instruments (directs, secondaries and primaries) are key criteria for achieving sustainable success. As a firm, we remain committed to continuously building our global resources and have pursued this throughout the market crisis. We have therefore continued to invest in our business strategy and the "glocal" approach applied by the firm. We have opened four new offices around the world during the crisis to a total of ten today. With the clear intention of reaching 400 professionals in the course of 2010, our team is ideally positioned to take advantage of the highly attractive investment opportunities appearing in the slowly recovering global economy. We believe our firm today has one of the most powerful and extensive specialist teams dedicated to the private markets industry.

We currently observe a consolidation process in the industry, as clients increasingly focus on independence, size, stability and global reach in manager selection, qualities that only a small number of managers can offer. In fact, we currently see a shift in private markets dynamics to an extent that many will be required to rethink and expand their core competencies. Many large buyout houses are globalizing and extending their capabilities to increasingly use private debt instruments to invest in opportunities across the whole balance sheet and are further including new private markets segments (such as private real estate or private infrastructure). These areas offer new ways in which to deploy their limited partners' commitments and allow them to play the investment cycle with greater flexibility. The crisis during the last two years and new realities in the debt market will force a change of business strategy for many traditional private market brands. Many industry participants are looking for a business model which is less prone to economic cycles. In contrast, Partners Group's business strategy has again been validated over the last two years. While much of the industry has been paralyzed, our investment practice has benefited from the largest flow of investment opportunities recently seen at highly attractive entry prices. Our investment department has worked through USD 79 billion of secondary deal flow in 2009. The private debt practice has been pro-active in capturing massive inefficiencies in the secondary market for mezzanine and even senior debt tranches. At the same time, our direct investment specialists seized capital solutions and value buyout opportunities in mostly non-cyclical industries in the mid-market space around the world. We are convinced that the vintage years 2008 through 2010 will be among the most attractive in our corporate history, not unlike the years 2001 through 2003. In an industry reshaped by consolidation, market participants will either be specialized local niche players (such as a regional small/mid cap buyout manager or a specialized venture capitalist) or establish themselves as globally integrated private markets asset managers, with little room remaining for those fulfilling neither criteria. We expect a dozen firms to emerge as globally leading brands over the coming years and have the clear ambition to be part of this group.

We are pleased to present you with a comprehensive overview of the development of our business in the past twelve months and thank you for your continued trust in our global team.

Alfred Gantner
Executive Chairman

Steffen Meister
Chief Executive Officer

ASSESSING THE POTENTIAL OF A SECONDARY ASSET

Stephan Schäli Head Private Capital, **Adam Howarth** Private Equity Secondaries, **Erik Gunnervall** Investment Solutions Scandinavia and **Philipp Schnyder** Co-Head Private Equity Secondaries.

ONLY A STABLE BUSINESS CAN DRIVE INVESTMENT SUCCESS

In analyzing the development and success of our business, our main focus remains the achievement of superior performance for the benefit of our clients in combination with providing the highest level of client service in all areas. We believe the basis for achieving this goal in a globalizing private markets industry lies in possessing global resources and a global reach. In a business characterized by opportunities created by a lack of transparency and by inefficiency, we are determined to make the additional effort to be close to both investment opportunities and clients in more locations around the globe, thus allowing the identification of a larger number of opportunities and enabling the better execution of investments while providing tailor-made solutions to our clients.

Concurrently, a firm's stability and profitability are the basis for achieving a sustained expansion and establishing and further expanding the targeted global presence and leadership, and thus benefiting clients' investments. We thus just as strongly focus on preserving and improving the firm's stability to benefit all stakeholders. In this review of the financial figures, we provide in-depth information on the assets under management growth, the profitability and the earnings predictability of our business, factors which are key for driving the continuing evolution of the firm. Additional information on recurring revenues and margins allow for a greater transparency concerning the business and support an in-depth assessment of its development.

	2008	2009
AuM as per end of the year	24.4	25.7
Average AuM (in CHF bn, quarterly)	24.4	24.8
Net revenue margin	1.34%	1.31%
Recurring net revenue margin	1.18%	1.18%
Net revenues (in CHF m)	328	325
Recurring net revenues (in CHF m)	289	292
EBITDA margin	73%	70%
EBITDA (in CHF m)	240	227
Adjusted net profit (in CHF m)	213	210

Notes:
- Recurring revenues are based on stable, long-term management fees and recur every year.
- Adjusted net profit excludes the impact of changes in fair value of derivatives arising from insurance contracts relating to our capital-protected product Pearl Holding Limited.

2009 AT A GLANCE – REVIEW OF THE FINANCIAL PERFORMANCE

Assets under management

Sustained interest for private markets products

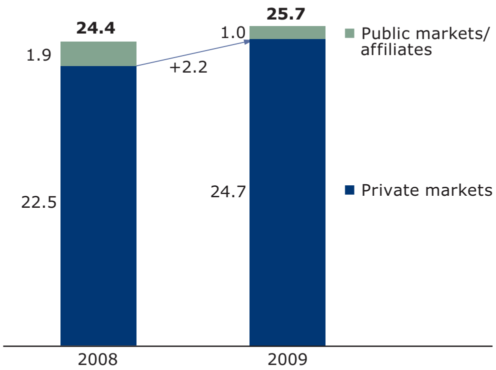
Partners Group saw strong continued interest for private markets products from clients during 2009 leading to asset inflows of CHF 3.6 billion. As of 31 December 2009, private markets assets totaled CHF 24.7 billion. Based on the attractive investment environment and the interest seen from clients throughout the prevailing challenging fundraising climate, Partners Group expects to further profit from the structural shifts observed in the private markets industry and further grow its market share over the coming years.

Inflows outweighed adverse market effects

Net assets under management (AuM) growth for the year was however impacted by negative market-related effects. These are made up of redemptions of CHF 0.8 billion, including those from certain discontinued alternative investment activities and other factors of CHF 1.5 billion, consisting of performance, foreign exchange effects, investment program changes and others. Total AuM rose to CHF 25.7 billion as of 31 December 2009.

The breakdown of AuM as of 31 December 2009 is as follows: CHF 20.2 billion private equity, CHF 2.7 billion private debt, CHF 1.4 billion private real estate, CHF 0.4 billion private infrastructure and CHF 1.0 billion in affiliated companies, comprising CHF 0.7 billion in the independent private wealth management division and CHF 0.3 billion in alternative strategies.

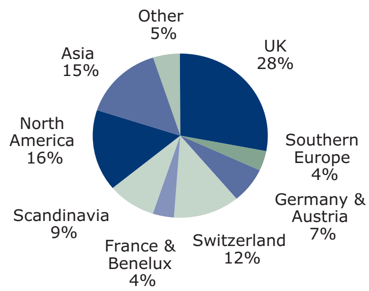
Assets under management
(in CHF bn)



Asset inflows from various sources invested around the globe

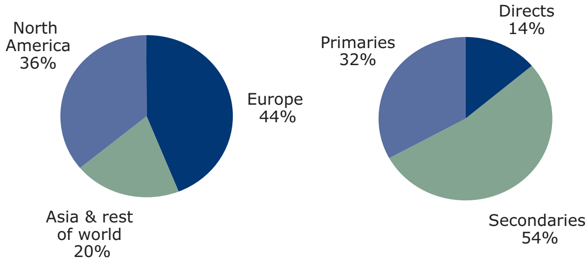
Partners Group has continued to see interest from clients in various regions around the globe with significant inflows seen from both existing and new clients. While existing clients continued extending their already successfully running private markets investment programs, increasing interest from new clients was seen as investors new to the private markets asset class began exploring its potential for the first time. Client demand was well-diversified around the globe, with investors in regions Partners Group has been active in for many years showing steady interest. In addition, new areas such as the expansion pursued by Partners Group in the Asia-Pacific region has resulted in increased interest from clients based in this region. This confirms Partners Group's "glocal" strategy, following which local offices employing regional specialists offer greater scope for developing mutually beneficial client relationships through proximity to clients in combination with regional networks and an in-depth understanding of the local culture.

Assets raised 2009



In terms of investments completed, the pronounced attractiveness of secondary assets and direct opportunities has resulted in investments in these two segments totaling 68% of activity in 2009. Additionally, Partners Group invests clients' capital not only in various instruments but also on a global scale, seizing the most attractive opportunities in any region as they arrive. The sustained geographic shift towards the growth offered by the Asia-Pacific region has resulted in investment activity in this region amounting to 20% of the total in 2009.

Private market investments 2009



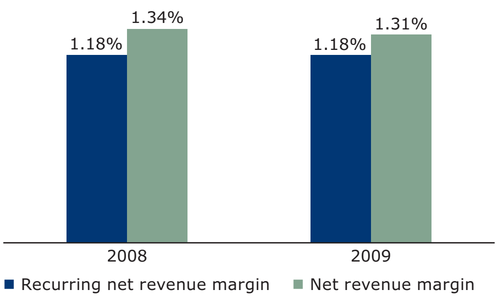
2009 AT A GLANCE – REVIEW OF THE FINANCIAL PERFORMANCE

Profitability

Stable recurring net revenue margin

In the financial year 2009, both the recurring net revenue margin and the total net revenue margin remained stable, standing at 1.18% (2008: 1.18%) and 1.31% (2008: 1.34%), respectively. However, the recurring net revenue margin (rec. net revenues over average AuM) has again been skewed to the positive due to fund closings late in the year. Partners Group therefore continues to project a more realistic recurring net revenue margin of approximately 1.15% going forward.

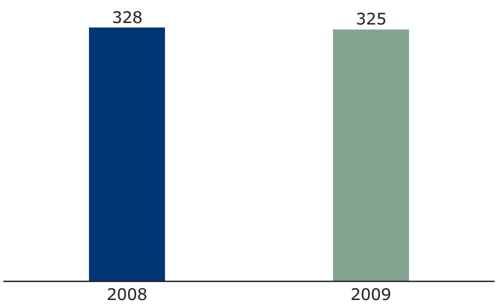
Net revenue margin



Increasing revenues from private markets

Revenues stayed stable in 2009 compared to 2008, totaling CHF 325 million for the year (2008: CHF 328 million). Due to the continued growth of the private markets business, the revenues stemming from this segment continued to increase, rising by 6% compared to 2008, with private equity increasing by 2%, private debt by 6%, private real estate more than doubling and first substantial revenues stemming from the rapidly developing private infrastructure business. This positive development balanced out the diminished revenues from public markets activities, including those due to discontinued investment activities.

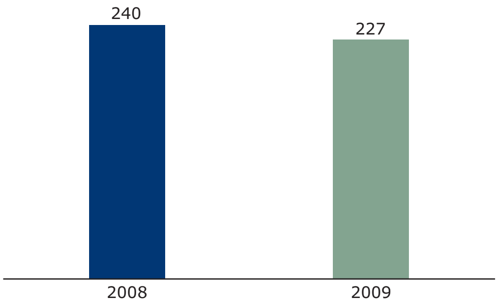
Net revenues
(in CHF m)



EBITDA at steady levels

For the financial year 2009, total EBITDA stood at CHF 227 million, thereby showing a slight decline compared to the CHF 240 million in the previous year due to a moderate rise in operating cost. Although the average number of employees increased compared to the previous year, Partners Group's ongoing strong commitment to cost-conscious operations allowed this impact to be largely absorbed.

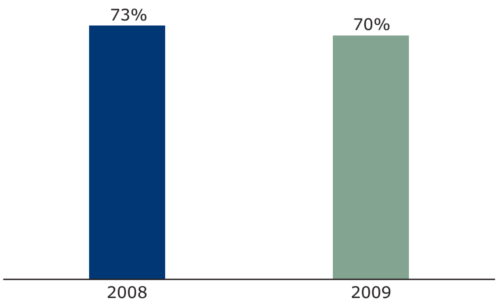
EBITDA
(in CHF m)



Stable EBITDA margin of 70%

The total EBITDA margin for the year remained at the target level, thereby confirming the disciplined cost management applied by the firm. The slight decrease in the EBITDA margin to 70% (2008: 73%) is due to Partners Group's commitment to continuing to invest in building the leading global team throughout the crisis. As one of the only global asset managers, Partners Group has in fact increased headcount to stand at 361 employees as of 31 December 2009. The conviction that it remains crucial to invest in the team has resulted in Partners Group being ideally positioned today to profit from the market recovery. Despite this commitment to growth and the continued hiring throughout the downturn, Partners Group confirms its mid-term EBITDA target of 70%.

EBITDA margin



2009 AT A GLANCE – REVIEW OF THE FINANCIAL PERFORMANCE

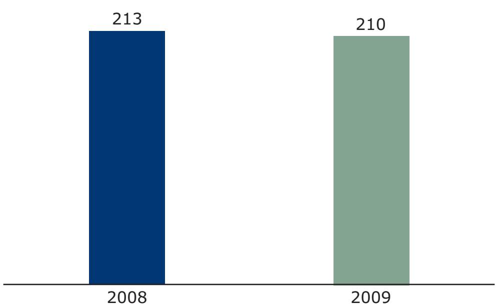
Financial result neutralized in the second half of the year

Although the first half of the year was still influenced by negative value adjustments on Partners Group's own general partner commitments to investment programs, the second half of 2009 neutralized this negative effect. The main contributors to the financial result are changes in valuations of these commitments made by the firm, interest income and foreign exchange effects. Valuation changes amounted to CHF -6 million for the year. Following the temporary mark-to-market adjustments in the first half of CHF -14 million, the development of the underlying portfolio companies led to renewed value creation and a result of CHF +8 million in the second half of 2009. Interest income was CHF 10 million for the year, of which CHF 2 million was earned in the first half. This increase was in particular due to a participation in a syndicated short-term loan facility for certain private equity products to improve income derived from the firm's significant cash holdings if compared to traditional bank deposits. Finally, Partners Group hedges a substantial portion of its foreign exchange exposure. FX hedges resulted in CHF +6 million in H2 after CHF -9 million in H1, thus totaling CHF -3 million for the year.

Adjusted net profit confirms the stability of Partners Group's business

As a result of the developments during the financial year 2009, adjusted net profit remained remarkably stable for the year, amounting to CHF 210 million compared to CHF 213 million in 2008.

Adjusted net profit
(in CHF m)

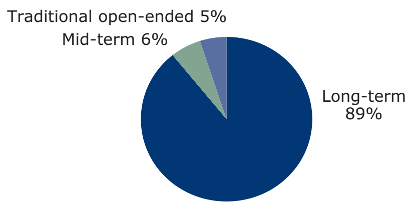


Earnings predictability

Predictable earnings allow for the continuous build-out of global resources

The private markets industry is characterized by a long duration of assets under management due to the inherent structures of the product offerings (usually limited partnerships with 12 year duration). These structures enable investors to profit from the qualities of private markets managers, which remain the operational improvement of the assets they invest in, naturally requiring a long-term perspective. These structures further allow a high predictability of revenue streams over the long term, forming the basis for Partners Group's continued confidence regarding the expansion of its global resources. Unlike others held captive or associated with large banks and insurance companies, Partners Group is not restrained in its expansion strategy. Thus, the firm has been able to invest substantial resources in the development of market segments and geographic areas where we expect to see substantial growth going forward, thus laying the foundation for significant outperformance for the benefit of clients.

Duration profile of AuM

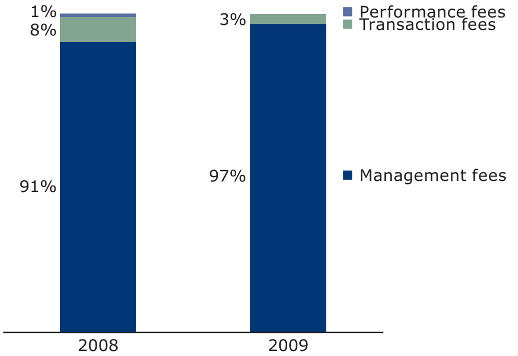


2009 AT A GLANCE – REVIEW OF THE FINANCIAL PERFORMANCE

Dependable revenue stream strengthened

This longer duration of assets under management was once again reflected in the breakdown of Partners Group's total revenues. In 2009, 97% of revenues stemmed from stable management fees, compared to 91% in 2008. This further confirms the robustness of Partners Group's business even in down cycles, while additional upside potential can be expected to be provided through an increase in performance fees as the market picks up again.

Fee structure



Sustained client interest anticipated in 2010

Partners Group remains dedicated to the achievement of a superior long-term performance for clients, and considers this its ultimate goal. Private equity and private debt investments made by the firm have consistently outperformed Thomson Reuters and stand at a total annual outperformance of 5% as of 31 December 2009.

Economically difficult years in general offer highly attractive opportunities for investors that possess the necessary expertise, network and capital to become active in a liquidity-constrained market. As the market slowly recovers, private markets have stabilized and posted increases in Q1 2010.

Going forward, we expect to see interest from both existing as well as new clients accelerating. While certain client segments are not expected to return to the market quickly and others such as some insurance companies may have certain investment limitations due to Solvency II regulations, we anticipate an increased interest from clients such as pension funds, sovereign wealth funds and high net worth individuals, in particular also due to the resistance demonstrated by our portfolios through the market downturn.

The firm anticipates inflows of CHF 4-5 billion in 2010. Client demand will likely focus on the following main themes: (i) investments in private real estate secondary opportunities, (ii) the highly attractive possibilities currently seen in direct investing in the small and mid cap space, (iii) Partners Group's range of global value products which invest in all sectors and segments according to a global relative value approach as well as (iv) inflation protection, with clients turning to private real estate, private infrastructure and mezzanine to address this risk.

The breadth of our team and of our industry know-how allows us to capture attractive investments across these themes in the various private markets segments for the benefit of our clients' investment programs. We remain committed to not only identifying the best investments for the benefit of our clients but also to maintaining our strict discipline when it comes to matching the size of an investment program with the scope of the investment opportunity.

EVALUATING A POTENTIALLY ATTRACTIVE BUYOUT OPPORTUNITY

Karin Hallin Investment Solutions Americas, **Roy Baumann, Claudia Petersen** and **Stefan Brägger** Private Equity Directs & Primaries.

A NEW LEAGUE OF GLOBAL PRIVATE MARKET BRANDS

Partners Group is one of the globally leading private markets managers, and has built one of the most powerful teams in the world. This ensures the firm is ideally positioned to take advantage of the current shifts in the market, which are opening up numerous attractive opportunities. An experienced team of over 360 professionals focuses on sourcing and investing in the best private markets assets for the benefit of its clients.

The consolidation process currently underway in the industry is expected to bring about numerous changes. Clients increasingly focus on qualities such as independence, size and stability. Private markets managers in captive situations affiliated with a large financial institution will find it increasingly difficult to convince potential clients of their ability to fulfill these criteria. Furthermore, many traditional private market brands will be looking for a new business model following the crisis and the subsequently changed conditions in the debt market, with the goal of finding a model less apt to be influenced by economic cycles in order to reach the stability sought after by all stakeholders.

Many will be hard-pressed to fulfill these requirements. Thus, we expect to see many of those active in the market today either expanding their offerings to suit these needs or alternatively deciding to focus on small, highly specialized segments of the industry such as regional small/mid cap buyout managers, global industry-focused buyout groups or specialized venture capitalists.

Among the larger traditional buyout groups we observe many increasingly operating on a global scale as well as expanding into private debt instruments, thus allowing them to profit from opportunities across a company's whole balance sheet. In addition, these managers have started enlarging their offerings to include new private markets asset classes such as private real estate or private infrastructure. These new areas offer new ways in which to deploy their limited partners' commitments and to add value in their investment process throughout the economic cycle.

This confirms Partners Group's strategy, which has been again validated by developments over the past two years. By virtue of its investment approach, Partners Group has been able to actively invest through the market crisis, acting on the abundant attractive opportunities while many others have been paralyzed and thus unable to profit.

During 2009, our investment team has worked through a vast amount of investment opportunities to identify the most attractive for our clients. The secondary deal flow analyzed amounted to USD 60 billion in private equity with a further USD 19 billion in private real estate. In addition, the private debt professionals have screened 147 transactions primarily focused on taking advantage of the extensive discounts to fair asset value available for both mezzanine and senior debt tranches on the secondary market. Additionally, our interdisciplinary, global direct investment specialists have evaluated close to 1'300 individual investments across the private equity, private debt, private real estate and private infrastructure segments. We believe that the investments made in this current downturn will be among the most advantageous ever made.

Generating value for clients throughout the economic cycles by pursuing a global investment program will be the determinant for global leaders to emerge as winners in a consolidating industry. Firms will either evolve into globally integrated private markets asset managers or specialized players in niche segments, as it will prove difficult for firms fulfilling neither of these criteria to succeed. However, there will be synergies for the global private markets firms to closely cooperate with local investment partners who have the necessary regional expertise and network.

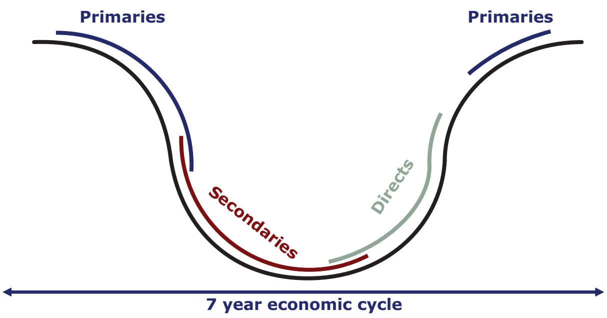
CONTINUING ATTRACTIVE INVESTMENT ENVIRONMENT

As seen above, Partners Group has been active in seizing the opportunities offered through the market crisis and is committed to continuing to do so for its clients. In particular, the investment activity in 2009 has been focused on secondary investments as well as certain direct opportunities. We are pleased to introduce current investment examples which we have identified as offering attractive relative value from our extensive deal flow.

Attractive opportunities through the market dislocation

One of the key factors in Partners Group's relative value approach is investing through the cycle into the most attractive opportunities at any point in time and thus placing a stronger focus on these than on other segments. The beginning of the market downturn brought about highly attractive opportunities in the secondary segment due to the acute distress experienced by a number of market participants who found themselves in liquidity-constrained situations. For market participants with a high level of in-depth market knowledge and the possibility of valuing and thus pricing these portfolios correctly, this distress offered numerous attractive investment opportunities.

Investing throughout the cycle

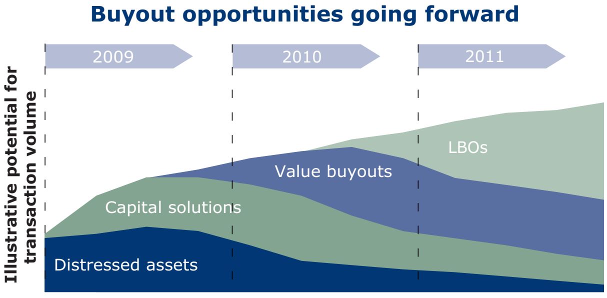


Source: Partners Group

For instance, Partners Group completed the purchase of a portfolio of high quality assets from a distressed vendor seeking immediate liquidity and relief from unfunded commitments. The total purchase price was EUR 70.6 million. Partners Group's in-depth knowledge of the industry and the valuation expertise offered by the Value Navigator, which holds data on over 5'000 privately held companies, enabled the rapid completion of the acquisition. Partners Group was able to negotiate this transaction on an exclusive basis and to pick the most attractive assets out of the vendor's portfolio. The assets are all in relatively stable sectors, with the entire portfolio offering a high degree of both sector and regional diversification, and were acquired at a steep discount of approximately 50%. The attractiveness of the portfolio is predominantly driven by three companies, which are all moderately leveraged (below 5x EBITDA on average) and operating in stable sectors. These include a global leader in the worldwide healthcare market with an international presence in well over 20 countries, a leading European waste management business with a stable and non-cyclical business model as well as a leader in niche industrial goods, with the largest market share in its own sector.

Although attractive investments in the private equity secondary space continue to be available, the bid-ask spread has begun to narrow over the past months as the market distress has subsided. It is no longer possible to acquire investment portfolios at such high discounts, and thus making the correct investment decisions requires even more so an in-depth approach and an understanding of each individual underlying asset.

In addition to the secondary market, highly interesting investment propositions are also appearing in direct investing at this stage of the cycle. With distressed assets in 2009 offering unique buying opportunities, significant restructuring and industry expertise was required. Partners Group was able to complete a number of investments in this space, for example the acquisition of the assets of a global communications company out of bankruptcy. The assessment and subsequent purchase of assets such as these are dependent on the relevant knowledge and understanding not only of the assets themselves but also of the individual market environments, thus ensuring the potential of the acquisition can be properly evaluated. Due to the company's strategic position in a market Partners Group is well acquainted with, we expect the business to turn around and return to historic profitability and valuation levels in the mid-term.



Source: Partners Group, TPG

Furthermore, we focused on capital solutions opportunities as default rates peaked and the economy now slowly begins to recover. In capital solutions investments, companies find themselves in need of capital to repair their balance sheet or execute on growth strategies such as the rollout of facilities or acquisitions in existing deals in times when debt markets are closed for such companies. Hence, Partners Group is able to supply capital to these high-quality companies at very favorable conditions for our clients – that may often even be dilutive to the original equity sponsor. Seizing this opportunity in the mid cap sector across our global industry network will be highly rewarding if done in a timely manner and continue to be among the most compelling opportunities in a stablizing economic environment. However, sourcing the most attractive opportunities in this space will again be dependent on the knowledge in the individual segments, sectors and regions, thus requiring a further application of an integrated approach.

As an example, Partners Group invested in China Forestry together with its investment partner Carlyle Asia. China Forestry is a forestry plantation operator with 170'000 hectares of land in Sichuan and Yunnan, an attractive investment proposition given that China currently faces significant structural imbalances in wood demand and supply. The company is committed to preserving the environment and replants 110 trees for every 100 trees harvested. Partners Group's on-the-ground native Chinese team members in the Beijing office presented a strong advantage in the completion of the deal within the necessary time frame, with in particular the in-house expertise of Chinese law key in understanding and processing the transaction. Thanks to the assessment and valuation of a number of timber deals in its natural resources practice in the past, Partners Group also possessed the relevant knowledge for analyzing this transaction thoroughly. Prior to Partners Group's investment, China Forestry was being prepared for IPO in H2 2008 to finance its planned expansion activities, with two highly attractive add-on acquisitions in the province of Yunnan planned. Due to the financial market downturn, the IPO was postponed, with Partners Group coming in as an investor to finance these add-on acquisitions. This transaction is a prime example of the capital solutions applied by private markets investors today, where numerous investment opportunities are emerging from the current environment. China Forestry was able to complete the postponed IPO on 3 December 2009, and Partners Group has achieved an unrealized multiple of 2.3x and a gross unrealized IRR of over 200% based on the share price valuation as of 9 March 2010.

We have additionally seen value buyout opportunities emerging, especially in small and mid cap companies with moderate leverage which offer extensive potential for streamlining operations and future growth. These offer compelling risk-adjusted returns in this highly attractive investment environment. Investing in these opportunities also requires in-depth industry knowledge as well as a hands-on investment approach aimed at ensuring the respective company is ideally positioned to reach its full potential.

For example, Partners Group has invested significant resources into Palacios, a Spanish convenience food provider. This investment was acquired at an overall EV/EBITDA multiple of 6.6x. Partners Group places a strong emphasis on participating in board meetings and consults on the definition of the strategy and processes. For instance, as the company is considering expanding into providing Asian ready meals to the Spanish market, Partners Group has leveraged its network and introduced a further direct investment, Golden Foods in Thailand, as a potential provider of chicken for these meals. Given its sector expertise, Partners Group has also introduced a number of European supermarket chains to the company to facilitate growth outside of Spain. In addition, Partners Group has provided input on the development of product lines and has also suggested Palacios hire a European sales representative, a suggestion that was quickly put into effect and that has already had a positive impact on Palacios' sales figures. As an experienced investor, Partners Group is also able to share industry best practice standards with its portfolio companies, which has led to the implementation of a new financial reporting format by Palacios. This will not only enable Palacios to adhere to best practice guidelines for reporting its figures but will further offer Partners Group the necessary transparency on all details of its investment in this company. Partners Group has expended similar amounts of time, expertise and resources on further companies in its portfolio, thus helping these to establish themselves as leaders in their fields and to come out of the market crisis with stable set-ups.

A continued focus on existing investment portfolios

However, despite the numerous new opportunities evolving in the market downturn, this crisis has not been without effect on Partners Group's portfolios and value corrections have been seen. With the strong emphasis on diversification applied by the firm, client portfolios have always spanned numerous vintage years, sectors and stages, thus protecting the client from too much exposure in any one area. Partners Group is pleased to confirm that this approach has limited the level of corrections.

The individual portfolio companies have required a great deal of attention and Partners Group has placed an extensive focus on ensuring these weather the downturn and emerge as stable companies poised for growth now the market is slowly beginning to recover. This focus on operational improvements and developments of the companies is inherent to the private equity asset class, and private equity-owned companies have often been seen to be consolidators in their industries in economic crises.

Industry expertise and cross-functionality ensure all opportunities are captured

Going further than having a global team specializing in applying an integrated approach, Partners Group has also developed and maintains industry specialists within its team. With backgrounds in various technical fields, these specialists ensure that in-depth and specialized sector knowledge forms the base for all investment decisions. In this era of further expanding and integrating private markets specialists, Partners Group considers it a key focus to dedicate considerable resources to ensuring this specific sector knowledge is further expanded within the firm. An additional advantage offered by Partners Group's investment practice is the potential offered by professionals in the different private markets practices working together to correctly evaluate investment opportunities. Partners Group has already completed investments in a number of transactions which would not have been possible were it not for the combined multidisciplinary know-how.

As an example of this multidisciplinary approach, Partners Group completed an investment into a portfolio of non-performing UK residential mortgages, with the first tranche purchased at 53% of the total balance of the loans. Given the advantages provided by Partners Group's integrated approach to private markets investing, it was one of only two investors with the necessary sophistication required to evaluate the opportunity, by leveraging insight and expertise from across its global direct, debt, real estate and secondary teams. The opportunity was originally sourced by the private equity direct team by virtue of its long-standing relationship with the investment partner Apollo, with the debt team providing an in-depth analysis of the condition and quality of the loans. The real estate team provided sector expertise while the investment opportunity was valued using the secondary team's sophisticated investment models. The first tranche has already achieved returns for Partners Group, with over 70% of invested capital repaid. Following this initial transaction, Partners Group was able to participate in an add-on transaction of a further portfolio of predominantly non-performing loans at a price equivalent to 45% of the total outstanding loan balance. This investment is projected to be profitable even under the currently prevailing extreme market conditions and targets a base case unlevered gross IRR of over 27% and a current yield of close to 10%.

Consistently developing new capabilities

Partners Group has continued to build its investment management practice since the inception of the firm. This includes a commitment to building a dedicated network in the industry to aid the sourcing of attractive investment opportunities, thus allowing a high level of selectivity when making investment decisions. Consistently building out the existing investment practice and moving into new areas remains the prerequisite for future success. Partners Group is committed to continuously redefining itself and accessing new areas, whether these are investment segments or the participation in new structures.

For instance, Partners Group participated in the provision of mezzanine capital to TFN, a family-controlled French provider of cleaning services and facilities management. The capital was used to complete two add-on acquisitions, which will provide significant consolidation and syndication opportunities to TFN. Partners Group participated in a syndicate of mezzanine providers to TFN in a non-sponsored transaction. Non-sponsored transactions are defined by no investment firm taking a controlling position in the company. The consistent dedication to extending and improving investment capabilities ensures Partners Group can participate in such investments, currently particularly attractive with restrictive bank lending significantly increasing the size of this opportunity. Partners Group expects to achieve a gross IRR in the high teens on this transaction, constituting a highly attractive return for a debt investment displaying a solid credit quality.

Furthermore, through an extensive global network and one of the largest teams in the industry, not only sourcing of individual, specialized transactions such as TFN as described above are possible for the firm, but this network also ensures the firm sees the potential transaction opportunities on a global scale. For instance, Partners Group is one of the first market participants to have started investing in the highly attractive private real estate secondary space. This investment area is only beginning to develop, and very few investors are active in this space. During 2009, Partners Group saw private real estate secondary deal volume of USD 19 billion, which we believe is a significant portion of the total global volume for the year. By virtue of the first-mover advantage in this space, Partners Group can be highly selective when assessing deals and only invested in a small portion of the volume seen in 2009.

An example of a transaction completed, which Partners Group would not have seen were it not ideally positioned in this market, is the purchase of a portfolio of high quality real estate assets in Greater China through a secondary transaction in the first half of 2009. The local investment partner is a high quality manager and Partners Group learned of this opportunity during an on-site due diligence meeting, underlining once again the importance of possessing a global network with ties to the local managers in all regions around the globe. Partners Group had in-depth knowledge of five of the eight assets contained within the portfolio, having already visited these in the past. Based on its in-depth knowledge of the portfolio and the fact that the majority of the assets were operating at or ahead of business plan, providing Partners Group's clients with unrealized intrinsic value, this investment presented an attractive opportunity. The assets were acquired at a 50% discount to Partners Group's fair market value. Four assets have already been exited and will return 75% of Partners Group's invested capital within eight months of the secondary closing. The investment is projected to generate a multiple of over 2x and a gross IRR of over 20%, while earning a cash on cash yield of over 15% p.a. during the holding period.

Accessing the investment opportunities throughout the market cycles

As seen above, Partners Group's strategy has allowed the firm to be ideally positioned to profit from pursuing an opportunistic investment approach while identifying those investments offering the highest relative value at any point in time. We are also committed to satisfying clients' needs by offering them the corresponding highly customized investment programs allowing them to take advantage of these opportunities. We continue to focus on not only identifying the best investments for the benefit of our clients but also to maintaining our strict discipline when it comes to matching the size of an investment program with the scope of the investment opportunity.

CORPORATE DAY 2009

Partners Group's global team.

COMMITTED TO RUNNING OUR BUSINESS RESPONSIBLY

Partners Group understands that the success of our business depends on the way we interact with our environment. We are passionate in the belief that by running a responsible business we can make a small positive contribution to the world we live in.

We are therefore committed to applying the principles of responsibility and sustainability to all our actions and investments and believe that social responsibility, ecological awareness and good corporate governance are crucial pillars of a company's success.

We consider the interests of society and take responsibility for the impact of our activities on customers, employees, shareholders, communities and the environment in all aspects of our operations. In addition, and following our credo of "passion for private markets", we are just as passionate about supporting others in their endeavors. Through our corporate responsibility program, we focus on the ultimate goal of supporting and developing future entrepreneurs, just as the in-house culture is aimed at fostering the same qualities in our employees.

We strive to make an impact through the four following initiatives:

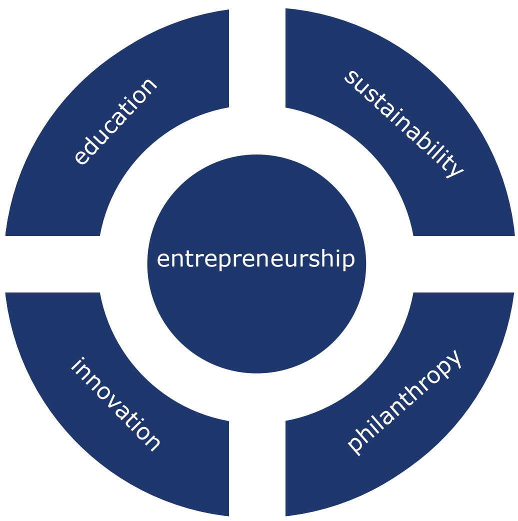
Passion for sustainability

Due to our values and responsibilities, environmental legislation and codes of practice are only minimum standards to us. We consistently strive to live up to highest industry benchmarks and find new creative ways in which we can make a difference to our surroundings. Sample initiatives in this area are being a signatory to the United Nations Principles for Responsible Investing and participating in the Carbon Disclosure Project. We make a strong commitment to not just participating in these initiatives but also acting on them. For instance, in the case of the Carbon Disclosure Project, we reduce our carbon footprint through investing in sustainable, green projects to improve our environment.

United Nations Principles for Responsible Investing
We recognize the importance of incorporating environmental, social and corporate governance (ESG) issues into all investment activities and are therefore a signatory to the United Nations Principles of Responsible Investing (UNPRI), having acknowledged the United Nations Key Principles since 2006. The UNPRI were launched in 2001 under the guidance of the United Nations Secretary General and have quickly become the benchmark for global best practices in responsible investing. They provide a voluntary and aspirational framework for incorporating ESG issues into mainstream investment decision-making and ownership practices.

We invest in in-house and external training to ensure Partners Group people not only possess the relevant industry expertise but are also supported in their personal development.

We work to minimize any adverse impact our activities could have on our environment and are committed to upholding our principles of sustainability at all times.



We are committed to taking an active role in supporting and backing young entrepreneurs in following their own ideas and starting their own innovative businesses.

We recognize that we are more fortunate than others in this world and therefore devote both financial and personal resources to supporting those less privileged and encouraging them to reach self-sustainability.

As a private markets investor, we are focused on providing the best solutions in this asset class for our clients. Given the long-term perspective and the focus on sustainable growth and operational development inherent to this asset class, we believe that applying ESG criteria to investments can positively impact the performance of investment portfolios and strive to encourage portfolio companies to improve performance in terms of ESG criteria.

As a signatory of the UNPRI, Partners Group commits itself to the following principles:

1. Incorporating ESG issues into investment analysis and decision-making processes
2. Being active investors and incorporating ESG issues into investment policies and practices
3. Seeking appropriate disclosure on ESG issues by the entities in which investments are completed
4. Promoting acceptance and implementation of the principles within the investment industry
5. Working together to enhance effectiveness in implementing the principles
6. Reporting on our activities and progress towards implementing the principles

Carbon Disclosure Project

We recognize that we are all responsible for protecting the environment we live in and thus voluntarily participate in the carbon disclosure project (CDP), an independent, not-for-profit organization which holds the largest database of corporate climate change information in the world. CDP has today become the leading standard for carbon methodology and process while providing comprehensive climate change data to the global marketplace.

Given our responsibility to the environment, we foster an integrated approach of environmental behavior within the firm, which is to be carried out by all our employees. We motivate our employees to live and work in an environmentally friendly manner and we believe this starts with each individual making a difference – meaning reducing the use of paper, traveling by public transport instead of by car, switching off lights and PCs, being environmentally friendly in our use of air conditioning etc.

Going beyond our environmentally friendly behavior, our clear goal is to be carbon neutral. We therefore additionally compensate unavoidable emissions through investments in environmentally friendly ventures. By nature of our participation in the CDP, we have been able to determine the exact amount of our greenhouse gas emissions and to establish the level of investment needed to neutralize these. We have launched a global resources/clean environment product, in which we have invested a substantial amount ourselves. The product invests in clean energy (renewable energy and clean technology, e.g. construction of wind farms or development of more efficient photovoltaic cells), timber (management and sustainable development of forests), water (wastewater treatment, security, water infrastructure and desalination), waste-management (collection, transport, processing, recycling or disposal of waste materials) and carbon-related (development of projects that reduce greenhouse gas emissions or trading of carbon certificates, e.g. European Carbon Fund (SICAV) which was awarded "Carbon Finance Transaction of the Year" in 2007 by Environmental Finance) private equity transactions.

Passion for philanthropy

We understand that we are more fortunate that others in this world and are committed to helping where we can. We realize that our collective efforts can often achieve more than individuals alone and have therefore founded PG Alternative IMPACT, an endowment that aims to help people achieve sustainable and independent lives while fostering entrepreneurial activity.

PG Alternative IMPACT is dedicated to creating significant, measurable and self-sustainable improvements in the lives of individuals through providing help in obtaining training, advanced education and means for realizing business concepts, by effectively using the Partners Group family network.

Proposals are selected based on a number of criteria. Firstly, the project must be focused on supporting individuals reach autonomy through fostering entrepreneurship and independence. Secondly, PG Alternative IMPACT projects are all brought to the attention of the charity board (made up of Partners Group team members) by a member of the Partners Group family network, ensuring a personal connection with each individual project. Thirdly, a crucial aspect is the establishment of long-term sustainability for individuals through the aid of PG Alternative IMPACT. Finally, PG Alternative IMPACT aims to support projects which to the largest part can be financed and sustained over time solely through our foundation.

PG Alternative IMPACT has so far financed ten different projects in various regions around the globe. Two examples of recent projects supported are:

Kids of Africa, Uganda

This project was brought to the attention of PG Alternative IMPACT by Andreas Baumann, a senior vice president in our private equity team in the New York office. Kids of Africa was initiated and is still run by Burkhard Varnholt, a personal contact of Andreas', who visits the village at least six times a year. In addition, a first-hand account of the project was given to us by investment solutions team member Keriann Murphy's sister, who has lived in Uganda and thus was able to visit the village personally.

With our contribution, PG Alternative IMPACT has financed the building of a multi-purpose workshop to support the education and develop the practical skills of the orphaned children living in the Kids of Africa children's village. Kids of Africa was established in 2003 to provide a safe, caring environment for orphaned children with the core principle being "we are family". This workshop will offer these children an early opportunity to develop practical and manual skills, giving them a sustainable long-term advantage. In addition, the new workshop will offer significant wider community benefits by offering professional adult education for community members and help lower the village's equipment and maintenance costs, thus ensuring more money is available to directly benefit the children.

This project has enabled Partners Group to truly make a difference and have a direct positive impact on these children and their future. Through this donation, Partners Group has launched various educational initiatives and also supported the evolvement of entrepreneurial activity through offering vocational training to both children as well as adults.

Nas Mode, Burkina Faso

This project was discovered by Daniela Wyttenbach, who is an investment professional focusing on private equity and private infrastructure. Daniela is in close personal contact with Bea Petri and her daughters, who have been involved in this project for a number of years. Bea Petri is a well-known make-up artist in Switzerland and thus can offer the necessary know-how crucial for the functioning of Nas Mode.

Partners Group will participate in Nas Mode through the enlargement of an educational center which will offer training and coaching to young women from Ouagadougou and surroundings to become tailors, cosmeticians and make-up artists. With Burkina Faso being the center of Africa's movie industry, this region has a high density of individuals displaying an increased demand for the types of skills acquired by the students at the school. The school currently offers a two-year training program, and successful graduates have won positions within the television industry in Burkina Faso. However, the space limitations of the school premises allow for only students from Ouagadougou itself to attend the school. With Partners Group's donation, the current school will be enlarged, enabling it to save on existing rental obligations and also allow for boarders to join the school, thus substantially increasing its scope for aiding and supporting the local community.

This project is currently well under way and will offer new perspectives to many young people in the region, providing them with the basic knowledge for the establishment of successful careers. Partners Group thus has the potential to positively impact the lives of numerous families in the region, giving them the necessary framework for achieving self-sustainability.

Passion for innovation

Given that the activities within our corporate responsibility program are aimed at the final goal of creating new generations of entrepreneurs, we place a special emphasis on taking an active role in directly supporting and backing young entrepreneurs in following their own innovative ideas and starting their own businesses.

One of the main initiatives we participate in regarding this is the bi-annual venture business plan competition led by ETH Zurich and McKinsey & Company Switzerland, which pursues the goal of encouraging innovative start-up activity. The competition is held every two years, with the 2010 competition currently running. Partners Group professionals have lent their skills and time to the competition as coaches over the past years and Alfred Gantner, co-founder and Executive Chairman, has been a member of the jury or the advisory board since the inception of the competition. As a firm founded by three young entrepreneurs which has over the years grown to become a global leader in its field, we are highly committed to supporting this forum for new entrepreneurs with novel business ideas.

Passion for education

We continue to be committed to the education of young, promising people around the world, and thereby contribute to shaping the entrepreneurs of the future. We recognize that we can both increase skills through training as well as motivate and inspire our team to give their absolute best for the benefit of our clients' investment portfolios.

In-house education and training is given in a number of different ways. We run an apprenticeship and internship program for young professionals starting out in their careers as well as supporting the further education of our more senior professionals in programs such as the CFA, MBA, etc. We additionally hire and internally train our future investment professionals through our associate program, focusing on recent business school graduates. The associate program is designed to refine core skills and deepen industry knowledge while identifying the individual skill sets that best match available job profiles. The associate program gives participants exposure to different business groups, thereby allowing them to broaden their skills and to build a strong network within the firm. Participants typically spend 12-24 months in the associate program and complete several rotations during this time. Finally, we make a strong commitment to coaching all employees on a continuous basis to further their professional and personal development. To this end, all Partners and senior professionals make a concentrated effort to spend time each week coaching both their teams as well as other employees within the firm on numerous topics.

In addition, we donate time to furthering education outside Partners Group, and thus uphold a regular dialogue with many of the leading universities around the world, cooperating with them with regard to university research or student theses. A number of Partners and other professionals additionally find time to lecture on specific industry topics at a number of institutions dedicated to higher education, thereby ensuring our industry expertise and knowledge is passed on to future private markets practitioners.

TRAVELING TO THE NEXT ATTRACTIVE INVESTMENT OPPORTUNITY

Juri Jenkner Head London, **René Biner** Head Private Finance and **Manuel Martiny** Investment Solutions Germany.

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REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG AG
Audit Financial Services
Badenerstrasse 172
CH-8004 Zürich

Postfach
CH-8026 Zürich

Telefon +41 44 249 31 31
Telefax +41 44 249 23 19
Internet www.kpmg.ch

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Shareholders of

Partners Group Holding AG, Baar

As statutory auditor, we have audited the accompanying consolidated financial statements of Partners Group Holding AG, which comprise the statement of consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes (pages 31 to 105) for the year ended 31 December 2009.

Board of Directors' Responsibility
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG

Partners Group Holding AG, Baar
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Swen Wyssbrod
Licensed Audit Expert
Auditor in Charge

Michia Bitterli
Licensed Audit Expert

Zurich, 11 March 2010

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CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs	Note	2009	2008
Revenues from management and advisory services, net	**7**	321’781	323’232
Share of results of associates	**14**	2’942	4’689
Net revenues		**324’723**	**327’921**
Third party services	**8**	– 5’041	– 3’895
Personnel expenses	**9**	– 73’692	– 66’076
General and administrative expenses		– 12’076	– 11’206
Marketing and representation expenses		– 6’733	– 7’036
Depreciation and amortization	**12&13**	– 5’342	– 5’662
EBIT		**221’839**	**234’046**
Change in fair value of derivatives arising from insurance contracts	**27**	– 5’580	– 42’713
Net finance income and expense	**10**	866	– 9’778
Profit before tax		**217’125**	**181’555**
Income tax expense	**11**	– 12’253	– 11’099
Net profit for the period		**204’872**	**170’456**
Attributable to:			
Equity holders of the parent		204’838	170’754
Non-controlling interest		34	– 298
Basic earnings per share (Swiss francs)	**22**	8.29	6.88
Diluted earnings per share (Swiss francs)	**22**	7.75	6.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs	2009	2008
Net profit for the period	**204’872**	**170’456**
Other comprehensive income:		
Exchange differences on translating foreign operations	– 1’069	– 18’463
Cash flow hedges	–	– 982
Other comprehensive income for the period, net of tax	**– 1’069**	**– 19’445**
Total comprehensive income for the period	**203’803**	**151’011**
Total comprehensive income attributable to:		
Equity holders of the parent	203’769	151’309
Non-controlling interest	34	– 298

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs	Note	2009	2008
Assets			
Property and equipment	**12**	6’247	6’157
Intangible assets	**13**	55’886	57’093
Investments in associates	**14**	3’382	5’130
Other investments	**15**	124’872	108’869
Other financial assets	**16**	100’638	94’186
Deferred tax assets	**17**	396	188
Total non-current assets		**291’421**	**271’623**
Prepaid expenses, derivative assets and loans	**18**	126’444	8’288
Trade receivables	**18**	38’659	34’589
Other receivables	**18**	3’705	6’428
Marketable securities	**19**	10’170	13’672
Cash and cash equivalents	**20**	169’682	186’845
Total current assets		**348’660**	**249’822**
Total assets		**640’081**	**521’445**
Equity and liabilities			
Share capital	**21**	267	267
Own equity instruments	**21**	– 234’800	– 225’492
Share premium	**21**	218	218
Other components of equity	**21**	691’983	581’526
Equity attributable to equity holders of the parent		**457’668**	**356’519**
Non-controlling interest		426	392
Total equity		**458’094**	**356’911**
Liabilities			
Pension obligations	**26**	207	373
Derivatives arising from insurance contracts	**27**	96’618	91’654
Total non-current liabilities		**96’825**	**92’027**
Trade payables		18’446	23’782
Income taxes liabilities		21’425	13’145
Accrued expenses	**24**	37’393	26’982
Other current liabilities	**25**	7’898	8’598
Total current liabilities		**85’162**	**72’507**
Total liabilities		**181’987**	**164’534**
Total equity and liabilities		**640’081**	**521’445**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs			Other components of equity							2008
	Share capital	Own equity instruments [1]	Share premium	Translation reserves	Hedging reserve	Retained earnings	Total other components of equity	Attributable to equity holders of the parent	Non-controlling interest	Total
Balance at 1 January 2008	267	– 170'742	218	855	982	531'704	533'541	363'284	690	363'974
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Purchase of treasury shares		– 172'833					–	– 172'833		– 172'833
Disposal of treasury shares		117'442				– 2'588	– 2'588	114'854		114'854
Share-based payment expenses		641				8'080	8'080	8'721		8'721
Tax effect resulting from equity settled transactions						– 2'837	– 2'837	– 2'837		– 2'837
Dividends paid to shareholders						– 105'979	– 105'979	– 105'979		– 105'979
Total contributions by and distributions to owners	**–**	**– 54'750**	**–**	**–**	**–**	**– 103'324**	**– 103'324**	**– 158'074**	**–**	**– 158'074**
Total comprehensive income for the period										
Net profit for the period						170'754	170'754	170'754	– 298	170'456
Other comprehensive income										
Exchange differences on translating foreign operations				– 18'463			– 18'463	– 18'463		– 18'463
Cash flow hedges					– 982		– 982	– 982		– 982
Total other comprehensive income	–	–	–	– 18'463	– 982	–	– 19'445	– 19'445	–	– 19'445
Total comprehensive income for the period	**–**	**–**	**–**	**– 18'463**	**– 982**	**170'754**	**151'309**	**151'309**	**– 298**	**151'011**
Balance at 31 December 2008	**267**	**– 225'492**	**218**	**– 17'608**	**–**	**599'134**	**581'526**	**356'519**	**392**	**356'911**

1) Own equity instruments include treasury shares and options of the Company.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 - CONTINUED

In thousands of Swiss francs				Other components of equity					2009
	Share capital	Own equity instruments [1)]	Share premium	Translation reserves	Retained earnings	Total other components of equity	Attributable to equity holders of the parent	Non-controlling interest	Total
Balance at 1 January 2009	267	– 225’492	218	– 17’608	599’134	581’526	356’519	392	356’911
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Purchase of treasury shares		– 144’020				–	– 144’020		– 144’020
Disposal of treasury shares		134’155			– 1’815	– 1’815	132’340		132’340
Share-based payment expenses		557			10’786	10’786	11’343		11’343
Tax effect resulting from equity settled transactions					3’082	3’082	3’082		3’082
Dividends paid to shareholders					– 105’365	– 105’365	– 105’365		– 105’365
Total contributions by and distributions to owners	**–**	**– 9’308**	**–**	**–**	**– 93’312**	**– 93’312**	**– 102’620**	**–**	**– 102’620**
Total comprehensive income for the period									
Net profit for the period					204’838	204’838	204’838	34	204’872
Other comprehensive income									
Exchange differences on translating foreign operations				– 1’069		– 1’069	– 1’069		– 1’069
Total other comprehensive income	**–**	**–**	**–**	**– 1’069**	**–**	**– 1’069**	**– 1’069**	**–**	**– 1’069**
Total comprehensive income for the period	**–**	**–**	**–**	**– 1’069**	**204’838**	**203’769**	**203’769**	**34**	**203’803**
Balance at 31 December 2009	**267**	**– 234’800**	**218**	**– 18’677**	**710’660**	**691’983**	**457’668**	**426**	**458’094**

1) Own equity instruments include treasury shares and options of the Company.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs	Note	2009	2008
Operating activities			
Net profit for the period		204’872	170’456
Adjustments:			
Share of results of associates	**14**	– 2’942	– 4’689
Net finance (income) and expense	**10**	– 866	9’778
Income tax expenses	**11**	12’253	11’099
Depreciation of property and equipment	**12**	2’633	2’319
Amortization of intangible assets	**13**	2’712	3’343
Share-based payment expenses	**9**	11’343	8’721
Change in fair value of derivatives arising from insurance contracts	**27**	5’580	42’713
Change in fair value of assets held in experience account		– 5’580	– 7’996
Change in pension assets / obligations	**26**	– 166	– 3’419
Gain / (loss) realized on other derivatives		– 905	16’261
Other non-cash items		– 433	424
Operating cash flow before changes in working capital		**228’501**	**249’010**
(Increase) / decrease in prepaid expenses, derivative assets and loans, trade and other receivables		– 123’240	33’461
Increase / (decrease) in trade payables, accrued expenses and other current liabilities		4’239	7’352
Financial expenses (other than interest) paid		– 262	– 3’130
Cash generated from operations		**109’238**	**286’693**
Income tax (paid) / returned		1’861	– 1’227
Net cash provided by operating activities		**111’099**	**285’466**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 – CONTINUED

In thousands of Swiss francs	Note	2009	2008
Investing activities			
(Purchase) / disposal of marketable securities		6’512	– 7’997
Proceeds on disposal of property and equipment	**12**	44	56
Purchase of property and equipment	**12**	– 2’764	– 3’830
Proceeds on disposal of intangible assets	**13**	56	19
Purchase of intangible assets	**13**	– 2’147	– 1’364
Proceeds from disposal of other investments	**15**	5’750	55’293
Purchase of other investments	**15**	– 32’533	– 69’650
Investments in assets held in experience account		– 3’986	– 3’141
Change in other financial assets		2’520	1’838
Interest received		10’241	12’784
Dividends received		4’510	5’656
Net cash used in investing activities		**– 11’797**	**– 10’336**
Financing activities			
Interest paid	**10**	– 36	– 88
Dividends paid to shareholders	**21**	– 105’365	– 105’979
Purchase of own equity instruments		– 144’020	– 172’833
Disposal of own equity instruments		132’340	114’854
Net cash used in financing activities		**– 117’081**	**– 164’046**
Net increase / (decrease) in cash and cash equivalents		**– 17’779**	**111’084**
Cash and cash equivalents at beginning of the period	**20**	186’845	80’689
Effect of foreign exchange rate changes		616	– 4’928
Cash and cash equivalents at end of the period	**20**	**169’682**	**186’845**

1. GENERAL INFORMATION

Partners Group Holding AG (the Company) is a company domiciled in Switzerland. The consolidated financial statements for the years ended 31 December 2009 and 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The consolidated financial statements were authorized for issue by the Board of Directors (BoD) on 11 March 2010 and are subject to approval at the annual general meeting of shareholders on 6 May 2010.

The principal activities of the Group are described in note 6.

The consolidated financial statements present a true and fair view of the Group's financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements are presented in Swiss francs, rounded to the nearest thousand. The figures referred to in text passages are shown in actual figures, rounded to the nearest Swiss franc unless otherwise stated. The statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments designated as at fair value through profit or loss and financial instruments classified as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments concerning carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

The Board of Directors performed an assessment of the risks to which the Group is exposed at its meeting on 25 November 2009. The risk management covers in particular the market risks, the credit risks and the operational risks. The Board of Directors has taken into consideration the internal control system designed to monitor and reduce the risks of the Group for its assessment.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies; this is generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see note 2.8). If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's accounting policies are consistently applied by all subsidiaries.

(b) Associates

Associates are all entities over which the Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see note 2.8).

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are included in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' financial reporting has been amended where necessary to ensure consistency with the policies adopted by the Group.

(c) Other investments / Special purpose entities

In the course of offering structured products the Group may become the majority or sole shareholder of certain entities. These entities are managed for a certain period of time, but the Group is not the beneficial owner of assets contained in these companies; in addition, the Group's management decisions are strictly limited by separate contracts. Such entities fulfill the definition of special purpose entities and are accounted for by applying SIC 12 Consolidation – Special Purpose entities. The same applies to limited partnerships, where the Group holds only a minor equity interest but acts as the General Partner on behalf of the entity's investors, who are the limited partners. As the Group in both instances is not subject to the majority of risk and rewards these entities are not consolidated, but are designated as at fair value through profit or loss.

2.3 Changes in accounting policies

The accounting policies adopted for the year ended 31 December 2009 are consistent with those of the previous financial year presented in this report, except where new or revised standards were adopted prospectively, as indicated below:

2.3.1 Standards, amendments and interpretations effective in 2009

- IFRS 7 – Financial Instruments – Disclosures (Amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- IFRS 8 – Operating Segments – effective 1 January 2009. IFRS 8 replaces IAS 14 – Segment reporting. It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change of presentation of reportable segments, as the new presentation format has been brought in line with the internal reporting provided to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors (BoD). The number of reportable segments presented has increased as the private debt and private real estate activities that under IAS 14 were not reported separately now qualify as reportable segments. The absolute return strategies activities that were reported as a separate segment under IAS 14 do not exceed the quantitative threshold anymore and are therefore included in all other segments. A description of the activities of the segments is included in note 6. In respect of the presentation of segment assets and segment liabilities, the Group has early adopted the revised disclosure requirements for IFRS 8 as defined in the annual improvement projects (April 2009) by the IASB. According to this amendment, segment assets are only required to be disclosed if they are regularly reported to the CODM.

- IAS 1 (revised) – Presentation of Financial Statements – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects there is no impact on earnings per share.

- IFRS 2 (amendment) – Share-based Payment – effective 1 January 2009. The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The amendment does not have a material impact on the Group or Company's financial statements.

- The Group early adopted the amendment to IFRS 8 which is part of the IASB's annual improvement project (April 2009). According to this amendment segment assets are only required to be disclosed if they are reported regularly to the CODM.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:
- IAS 23 (revised) – Borrowing Costs
- Improvements to IFRSs (2008)
- Amendment to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 18 – Transfer of Assets from Customers
- Embedded Derivatives – Amendment to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and measurement

2.3.2 Standards, amendments and interpretations to existing standards, that are not yet effective and might be relevant for the Group but have not been early adopted

The following new and revised standards and interpretations have been issued until the date on which the consolidated financial statements were authorized for issue, but are not yet effective and are not applied early in these consolidated financial statements. Their impact on the consolidated financial statements of the Group has not yet been systematically analyzed. The expected effects as disclosed below the table reflect a first assessment by Group management.

Standard / Interpretation		Effective date	Planned application by Partners Group
IFRS 3 (revised) – Business Combinations	*	1 July 2009	Reporting year 2010
IAS 27 (revised) – Consolidated and Separate Financial Statements	*	1 July 2009	Reporting year 2010
IAS 39 (amendment) – Financial Instruments: Recognition and Measurement – Eligible Hedged Items	***	1 July 2009	Reporting year 2010
IFRIC 17 – Distributions of Non-cash Assets to Owners	**	1 July 2009	Reporting year 2010
IFRS 1 (revised 2008) – First time Adoption of International Financial Reporting Standards	*	1 July 2009	-
IFRS 5 (amendment) – Measurement of Non-current Assets (or Disposal Groups) Classified as Held-for-sale	*	1 July 2009	Reporting year 2010
Improvements to IFRSs (April 2009)	*	1 January 2010	Reporting year 2010
IFRS 1 (amendment) – First time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters	*	1 January 2010	-
IFRS 2 (amendment) – Group Cash-settled and Share-based Payment Transactions	*	1 January 2010	Reporting year 2010
IAS 32 (amendment) – Financial Instruments: Presentation – Classification of Rights Issue	*	1 February 2010	Reporting year 2011
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	*	1 July 2010	Reporting year 2011
IAS 24 (revised 2009) – Related Party Disclosures	**	1 January 2011	Reporting year 2011
IFRIC 14; IAS 19 (amendment) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	*	1 January 2011	Reporting year 2011
IFRS 9 – Financial Instruments	***	1 January 2013	Reporting year 2013

* No significant impact is expected on the consolidated financial statements of the Group

** Mainly additional disclosures or changes in the presentation are expected in the consolidated financial statements of the Group

*** The impact on the consolidated financial statements of the Group can not yet be determined with sufficient reliability

2.4 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' gross segment results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Swiss francs.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Swiss francs at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Swiss francs at the applicable foreign exchange rates for the dates the fair value was determined.

(c) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Swiss francs at foreign exchange rates applicable at the balance sheet date. The revenues and expenses as well as cash flows of foreign operations are translated to Swiss francs at average rates. Foreign exchange differences arising from the translation of balance sheets and income statements are recognized directly in a separate component of equity. Upon the disposal or liquidation of a foreign operation, the related cumulative translation adjustment is recognized in the income statement.

(d) Applied foreign currency rates

The Group applied the following currency rates against Swiss francs:

Year	Currency	Balance sheet rate	Average rate
2008	EUR	1.4915	1.5866
	USD	1.0689	1.0826
	GBP	1.5580	1.9973
	SGD	0.7447	0.7647
2009	EUR	1.4831	1.5098
	USD	1.0349	1.0852
	GBP	1.6711	1.6961
	SGD	0.7366	0.7460

2.6 Accounting for derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below. The fair value of forward exchange contracts is the present value of the quoted forward price.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss.

As of 1 July 2008 the Group decided to no longer designate foreign exchange hedges as cash flow hedges.

2.7 Property and equipment

All property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

– Interior fittings	5–10 years
– Office furniture	5 years
– Equipment and IT fittings	3 years

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.12).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

2.8 Intangible assets

(a) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but tested annually for impairment (see note 2.12). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognized directly in profit or loss.

(b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Computer software recognized as an asset is carried at cost less accumulated amortization (see below) and impairment losses (see note 2.12).

(c) Placing expenses

In the course of its business, the Group selectively uses placement agents to place some of its investment structures. The cost paid to such agents in relation to the amount placed is recognized as an asset in accordance with IAS 18 Appendix §14 b) (iii), since such expenses represent incremental costs, which are directly attributable to securing an investment management contract.

(d) Cost of initial put option

In 2006 the Group entered into an agreement with Swiss Re with regards to the extension of the term of the convertible bond issued by Pearl Holding Limited ("Pearl") from 30 September 2010 to 30 September 2014 and an increase of the redemption amount of the bond from EUR 660 million to EUR 712.8 million. In this context, the Group has committed to invest an additional EUR 33 million into the existing experience account until 30 September 2010 to provide for further security. The payment of the present value of that amount was made in 2006. The Group's risk associated with its exposure as policyholder for Pearl is still limited to the value of the experience account; nevertheless this additional commitment increased the Group's overall exposure and thus was recognized as additional derivative liability. The Group considered the present value of the additional commitment also to be the incremental cost directly attributable to securing an investment management contract. This amount will be amortized using the straight-line method over the extension period from 1 October 2010 to 30 September 2014.

(e) Client contracts

Other intangible assets, which the Group acquired and are recognized as assets, have a definite useful life. Such intangible assets are carried at cost less accumulated amortization (see below) and impairment losses (see note 2.12).

(f) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(g) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Intangible assets with a determinable useful life are amortized from the date they are available for use.

The estimated useful lives are as follows:

– Computer software	3 years
– Placing expenses	3–5 years
– Cost of initial put option	4 years
– Client contracts	3.5 years

2.9 Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading. Financial instruments may be designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market and in respect of which there is no intention of trading. They are included in current assets (trade and other receivables, see note 2.10), except for amounts with maturities of greater than 12 months after the balance sheet date, which are classified as non-current assets (other financial assets).

Purchases and sales of investments are recognized on the settlement date – the date on which the financial asset is delivered to the entity that purchased it. Investments are initially recognized at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances. Regarding further explanations in connection with the determination of fair value please refer to note 3.6.

2.10 Trade and other receivables
Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment losses. An impairment loss on trade receivables is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.11 Cash and cash equivalents
Cash and cash equivalents include cash in hand, call deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Impairment of assets
(a) Financials assets (including receivables)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.13 Share capital

(a) Ordinary shares

Ordinary shares are classified as equity since the shares are non-redeemable and any dividends are discretionary.

(b) Issuance of new shares

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(c) Repurchase of share capital and options

Where any Group company purchases the Company's own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(d) Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated financial statements when the dividends are approved by the Company's shareholders.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Employee benefits

(a) Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The benefits paid to all employees in the Group's home country qualify as a post-employment defined benefit plan.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets and 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Past service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service cost and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

(c) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

2.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably.

If the effect is material, provisions are determined by discounting the expected future cashflows at the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.17 Revenue recognition

Revenue comprises the fair value of the sale of services, net of value-added tax and rebates and after eliminating sales within the Group. Revenue is recognized as follows:

Sales of services are recognized in the accounting period in which the services are rendered, with reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Ongoing investment management and advisory fees including all non-performance related fees are recognized when they were earned, based on the specific contracts. Performance fees are only recognized once they have been "locked-in" and cannot subsequently be reversed. As long as distributed performance fees are under a claw-back provision, they are recognized as deferred income and disclosed separately in note 25.

No revenue is recognized if there are significant uncertainties regarding the recovery of consideration due or associated costs.

2.18 Expenses

(a) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives are recognized in the income statement as an integral part of the total lease expense.

(b) Net finance income and expense

Finance costs comprise interest payable on borrowings calculated using the effective interest method that are recognized in the income statement (see note 2.14).

Other finance income / expense, net comprises interest receivable on funds invested, dividend income, gains and losses on revaluations of held for trading and fair value through profit or loss instruments, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in the income statement (see note 2.6).

Interest income is recognized in the income statement as it accrues, using the effective interest method. Dividend income is recognized in the income statement on the date the entity's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date. The interest expense component of finance lease payments is recognized in the income statement using the effective interest method.

2.19 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax relates to the expected taxes payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxes payable in respect of previous years.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts included in the consolidated financial statements. The following temporary differences are not considered in accounting for deferred taxes: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.20 Non-current assets held for sale and discontinued operations
Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

3. FINANCIAL RISK MANAGEMENT

3.1 Overview
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established the risk and audit committee, which is responsible for the developing and monitoring of the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities. The Group, through its training and the management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's risk and audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's risk and audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Group's risk and audit committee.

3.2 Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(a) Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has less of an influence on credit risk. There is no substantial concentration of credit risk.

The Group's counterparties are mostly regulated financial institutions or institutional investors with a high credit quality. In addition the Group periodically reviews the client exposure and concentration.

The Group has never suffered from any loss from its trade and other receivables; no allowance for individual exposures or a collective loss allowance is currently established.

(b) Other
The Group's other credit risk arises from cash and cash equivalents, derivative financial instruments, other financial assets (represents restricted cash investments) and deposits with banks. For banks and financial institutions only independently rated parties with a minimum rating of "A" are accepted.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
In thousands of Swiss francs	**2009**	**2008**
Other financial assets	100'638	94'186
Trade receivables	38'659	34'589
Marketable securities	72	63
Cash and cash equivalents	169'676	186'843
Forward exchange contracts	5'279	3'322
	314'324	**319'003**
Positions included in balance sheet, but not subject to credit risk:		
Other receivables (VAT etc.)	3'705	6'428
Marketable securities (equity securities)	10'098	13'609
Cash and cash equivalents (petty cash)	6	2
Split of trade receivables into counterparty risk categories:		
invoiced to clients	12'351	6'837
to be collected by Group through management contracts	26'308	27'752
	38'659	**34'589**

3.3 Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In order to assess the development of its liquidity the Group uses a tool which is integrated in the budgeting and reporting process, assisting in monitoring cash flow requirements and optimizing its cash return on investments. Cash flow forecasting is performed on an overall level by Group finance. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to Group finance. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above mentioned forecasts. In addition, the Group maintains the following lines of credit:

- CHF 30 million overall facility that can be used as follows:
  - CHF 10 million overdraft facility that is unsecured and can be used as current account overdrafts or as fixed advances with a maturity of up to 3 months. Interest would be payable at current market rates.
  - CHF 10 million contingent commitments such as security guarantees and deposits.
  - CHF 30 million as margin for over-the-counter trades (used mainly for foreign exchange trading purposes) with a maturity of up to 12 months.

The debt covenants include minimum capital requirements (see note 3.5), a negative pledge and change in ownership clause. The debt covenants have been met throughout the two years presented.

The overall facility is currently used for rental deposits and for the margins for forward exchange contracts.

The following are the contractual maturities of financial liabilities, including estimated interest:

In thousands of Swiss francs						2008
	Carrying amount	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Derivatives arising from insurance contracts	91’654					91’654
Trade payables	23’782	23’782				
Accrued expenses	4	4				
Unfunded commitments	76’414		19’104	19’104	38’206	
	191’854	**23’786**	**19’104**	**19’104**	**38’206**	**91’654**
Positions included in balance sheet, but not subject to liquidity risk:						
Other current liabilities (VAT, social security liabilities, etc.)	8’598	8’598				
Accrued expenses	26’978	26’978				

In thousands of Swiss francs						2009
	Carrying amount	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Derivatives arising from insurance contracts	96’618				96’618	
Trade payables	18’446	18’446				
Accrued expenses	202	202				
Unfunded commitments	81’526		20’382	20’382	40’762	
	196’792	**18’648**	**20’382**	**20’382**	**137’380**	**–**
Positions included in balance sheet, but not subject to liquidity risk:						
Other current liabilities (VAT, social security liabilities, etc.)	7’898	7’898				
Accrued expenses	37’191	37’191				

3.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines defined within the rules of the organization and of operations ("ROO"), issued by the BoD.

(a) Currency risk

The Group is exposed to currency risk on revenues, purchases, expenses and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (EUR), but also US dollar (USD) and Sterling (GBP).

As a general guidance the Group economically hedges 50% (EUR) to 85% (USD; GBP; SGD) of its estimated future foreign currency exposure in respect of forecast revenues, expenses and purchases over the following twelve months. The Group uses forward exchange contracts to economically hedge its currency risk, with a maturity of maximum one year from the reporting date. On a case by case basis the Group may also hedge recognized assets and liabilities in foreign currencies.

On a quarterly basis the Group reviews the estimated future foreign currency exposure, which is subject to changes due to the actual development of its revenues and expenses and adjusts its derivative contracts accordingly to reflect the changes in the foreign currency exposure.

The table below shows the Group's exposure to foreign currency risk (before elimination of intercompany balances):

In thousands of Swiss francs					2008
	CHF	EUR	USD	GBP	SGD
Other financial assets	–	45	1'680	–	–
Prepaid expenses and loans	–	861	36	–	–
Trade receivables	187	38'635	8'308	50	–
Other receivables	–	–12'486	7'682	9'034	674
Marketable securities	–	63	–	–	–
Cash and cash equivalents	10	2'298	2'387	107	–
Other current liabilities	–	–	–	–	–
Trade payables	–138	–6'844	–1'387	–47	–
Accrued expenses	–	–2'652	–23	–60	–
Forward exchange contracts		3'631	367	–659	–16
Total	**59**	**23'551**	**19'050**	**8'425**	**658**

In thousands of Swiss francs					2009
	CHF	EUR	USD	GBP	SGD
Other financial assets	–	–	1'277	–	–
Prepaid expenses and loans	–	104'517	14'762	71	–
Trade receivables	–	50'735	11'093	206	–
Other receivables	4	–24'137	10'249	9'800	–1'750
Marketable securities	–	72	–	–	–
Cash and cash equivalents	12	9'988	1'199	2'557	9
Other current liabilities	–	–	–	–	–
Trade payables	–311	–3'904	–470	–2	–
Accrued expenses	–	–4'279	–824	–78	–
Forward exchange contracts		2'762	2'592	–51	–24
Total	**–295**	**135'754**	**39'878**	**12'503**	**–1'765**

Sensitivity analysis

In order to analyze the impact of the currency fluctuations on the profit or loss respectively the equity of the Group, the Group has applied the given volatility for the individual currency pairs (i.e. CHF/EUR) in the respective reporting periods. This analysis assumes that all other variables, in particular interest rates, remain constant (e.g. the Group examined the effet of an increase of the EUR against the CHF of 5.63% (2008: 8.24%), calculating the corresponding effect).

Volatilities	2009	2008
CHF/EUR	5.63%	8.24%
CHF/USD	12.05%	14.37%
CHF/GBP	13.40%	14.16%
CHF/SGD	10.10%	12.24%
EUR/USD	11.73%	12.81%
EUR/GBP	12.05%	10.24%
EUR/SGD	8.39%	9.78%
USD/GBP	13.41%	12.50%
USD/SGD	5.86%	6.85%
GBP/SGD	11.35%	10.87%

		Profit or loss
Effect in thousands of CHF	2009	2008
CHF/EUR	–8’684	–9’263
CHF/USD	–11’056	–14’872
CHF/GBP	1’894	1’427
CHF/SGD	430	682
EUR/USD	397	412
EUR/GBP	999	644
USD/GBP	458	107
Total	**–15’562**	**–20’863**

Forward exchange contracts

As of the balance sheet date the Group has no outstanding derivative instruments for which it applied hedge accounting.

While it continues to economically hedge its future revenue streams in foreign currencies the effect of the revaluation of these contracts is directly recognized in profit or loss.

The net fair value of forward exchange contracts at the balance sheet date amounted to CHF 5’279’264 with an outstanding volume of CHF 393.3 million (2008: CHF 3’322’447; volume CHF 238.3 million).

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is mainly exposed to cash flow interest rate risk with respect to its bank balances as well as its investment into the Pearl Experience Account, disclosed as other financial assets (see also note 16). Such cash flows are dependent of changes in short-term market interest rates. Currently, the Group does not manage its cash flow interest rate risk actively.

If the Group enters into borrowings it is its policy to maintain approximately 90% of its borrowings in fixed rate instruments. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In thousands of Swiss francs	2009	2008
Variable rate instruments		
Financial assets	266'295	278'497
Financial liabilities	–	–
	266'295	**278'497**
Fixed rate instruments		
Financial assets	4'092	2'595
Financial liabilities	–	–
	4'092	**2'595**

The Group does not designate any fixed rate financial assets or liabilities as at fair value through profit or loss or as available-for-sale. Therefore changes in interest rates of fixed rate instruments would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for the previous year.

	Variable rate instruments	
In thousands of Swiss francs	2009	2008
Profit or loss		
50 bp increase	1'331	1'392
50 bp decrease	– 1'331	– 1'392

(c) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. The majority of such investments is performed under existing investment management contracts whereby the Group invests alongside its investors in the private equity, private debt, private real estate or private infrastructure vehicles managed by the Group. As such the Group's ability to manage its price risk is limited and diversification is very much based on the Group's ongoing initiatives in launching products in these different business areas and therefore driven by the market opportunities which the Group can participate in.

In assessing the price risk associated with the Group's investments it applied a volatility ratio to each of its investments classified as marketable securities or other investments. The Group used long-term data (at least 5 years) to assess the volatilities for each asset class. Based on the size of the investment as a proportion of the overall investment in the relevant asset class the Group then calculated a weighted volatility for the respective asset class, summarized below:

	Carrying amount / volatility			
In thousands of Swiss francs	2009	Volatility	2008	Volatility
Marketable securities	10'098	20%	13'609	24%
Other investments				
– Private equity	73'912	17%	51'940	15%
– Private debt	12'238	8%	15'362	8%
– Private real estate	2'390	13%	839	14%
– Other segments	36'332	6%	40'698	7%
Total	**134'970**		**122'448**	

Based on the applied long-term volatility for the individual asset classes the Group is exposed to the following equity price risk:

	Profit or loss	
In thousands of Swiss francs	2009	2008
Marketable securities	2'043	3'332
Other investments		
– Private equity	12'386	8'031
– Private debt	932	1'184
– Private real estate	319	117
– Other segments	2'340	2'816
Total	**18'020**	**15'480**

3.5 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also manages the level of dividends to ordinary shareholders.

The board's target is that each employee of the Group holds shares of the Company. At present all employees together hold 68.1% (2008: 69.3%) of the issued shares of the Company.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on the market price. Primarily the shares are intended to be used for issuing shares/covering options under the Group's share option program. Buy and sell decisions are made within limits defined in the ROO of the Group, however the BoD reviews the transactions quarterly. The Group does not have a defined share buy-back plan; however the annual general meeting of shareholders on 30 April 2009 approved the establishment of a second trading line at the SIX Swiss Exchange for the potential repurchase of shares of the Company in a maximum value of CHF 140 million but no more than 10% of the share capital.

There were no changes in the Group's approach to capital management during the year.

The Group or some of its subsidiaries are subject to the following externally imposed capital requirements:

- Overall credit facility: Partners Group Holding AG is required to always maintain a ratio of total equity compared to total assets of minimum 30%.
- The Financial Services Authority (FSA) requires that Partners Group (UK) Limited maintained CHF 1'238'285 (GBP 741'000) minimum capital as of 31 December 2009.
- The Guernsey Financial Services Commission requires that Partners Group (Guernsey) Limited maintained net assets of 25% of annual audited expenditure subject to a minimum of GBP 25'000 and that Partners Group Fund Services Limited maintained net assets of 25% of annual audited expenditure subject to a minimum of GBP 100'000 as of 31 December 2009.
- Article 1982 of the Law of 10th August 1915 on commercial companies requires that Partners Group (Luxembourg) S.àr.l., Partners Group Management I S.àr.l. and Partners Group Management II S.àr.l. maintain EUR 12'394.68 minimum corporate capital as of 31 December 2009.

All these capital requirements have been met during 2009.

3.6 Fair value estimation
Effective 1 January 2009 the Group adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements on three different levels. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price, the appropriate quoted market price for financial liabilities is the current ask price; these instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date
- Other techniques, such as discounted cash flow or multiple analysis are used to determine fair value for the remaining financial instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of trade and other receivables as well as prepaid expenses and loans is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

The factors and assumptions for the determination of the fair value of derivatives arising from insurance contracts are described in note 27.

Note that the majority of the Group's financial instruments are included in level 3.

In thousands of Swiss francs				2009
	Level 1	Level 2	Level 3	Total
Other investments			124'872	124'872
Marketable securities	10'170			10'170
Derivative assets held for risk management		5'279		5'279
	10'170	**5'279**	**124'872**	**140'321**
Derivatives arising from insurance contracts		96'618		96'618
Derivative liabilities held for risk management		–		–
	–	**96'618**	**–**	**96'618**

The Group classifies all of the "other investments" as level 3 investments. No other financial instruments are classified as level 3 investments and no other financial instruments have been transferred into or out of level 3 during the reporting period. Therefore please refer to the disclosures in note 15 for a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy as well as the gains and losses that were recognized in profit or loss.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3 of the fair value hierarchy, the Group believes that by changing the weighted volatility (as the unobservable input) best reflects the possible effects on proft or loss for the "other investments". Please refer to note 3.4.(c) for the (equity price risk) effects based on the weighted volatility.

3.7 Financial instruments by category

The Group's financial instruments can be classified into the respective categories as follows:

In thousands of Swiss francs	2009	2008
Financial assets		
Financial assets at fair value through profit or loss		
Designated upon initial recognition		
Other investments	124'872	108'869
Other financial assets	96'618	91'654
	221'490	**200'523**
Held for trading		
Marketable securities	10'170	13'672
Derivative assets	5'279	3'322
	15'449	**16'994**
Loans and receivables		
Trade receivables	38'659	34'589
Other financial assets	4'020	2'532
	42'679	**37'121**
Cash and cash equivalents		
Cash and cash equivalents	169'682	186'845
	169'682	**186'845**
Total financial assets	**449'300**	**441'483**
Fiancial liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives arising from insurance contracts	96'618	91'654
	96'618	**91'654**
Financial liabilities measured at amortized cost		
Trade payables	18'446	23'782
	18'446	**23'782**
Total financial liabilities	**115'064**	**115'436**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future and exercises judgment in applying its accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as well as significant judgments in applying accounting policies are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Some of the Group's entities have losses carried forward from previous periods on the face of their balance sheet, which may result in a tax deductible in future periods. Wherever the Group is uncertain regarding the future development of such entities and thus the future utilization of such tax loss carry-forwards is questionable, the Group does not recognize corresponding deferred tax assets. Were all tax loss carry forwards utilizable, the Group would recognize an additional deferred tax asset of CHF 3.7 million (2008: CHF 3.2 million). The carrying amounts of deferred income tax assets are disclosed in notes 11 and 17.

(b) Derivatives arising from insurance contracts

The Group entered into an agreement with Swiss Re to act as policyholder in connection with the insurance of the extended amount of the convertible bond issued by Pearl Holding Limited (refer to notes 2.8 and 13). As explained, the Group has an exposure to the maximum extent of the value of the assets contained in the corresponding experience account.

When determining the value of its effective exposure (which may be lower than the aforesaid assets), the Group applies a Black-Scholes model. However, as referred to in note 3.6, some of the parameters are subject to estimation and may differ from the final result. For further details refer to note 27.

(c) Applying the control concept to the consolidation of entities

As referred to in note 2.2, the Group in the course of offering structured products may become the majority or sole shareholder of certain entities. These entities are managed for a certain period of time, but the Group is not the beneficial owner of assets contained in these companies; in addition, the Group's management decisions are strictly limited by separate contracts. Such entities fulfill the definition of special purpose entities and are accounted for by applying SIC 12 Consolidation – Special Purpose entities. The same applies to limited partnerships, where the Group holds only a minor equity interest but acts as the general partner on behalf of the entity's investors, who are the limited partners.

As the Group in both instances is not subject to the majority of risks and rewards these entities are not consolidated, but are designated as at fair value through profit or loss. Whether an investment should be consolidated or not is carefully evaluated on a case by case basis taking into account the specific facts and circumstances.

The carrying amounts of such investments are disclosed in note 15.

(d) Revenue recognition

The Group has described its policy of revenue recognition in notes 2.17 and 7. Although the application is straightforward, instances may arise where the Group has to decide whether a revenue should be recognized or not. This is mainly to do with regards to performance fees, which are foreseeable but have not yet been distributed to the Group or are subject to claw-back (see note 2.17). As long as distributed performance fees are under a claw-back provision, they are recognized as deferred income and disclosed separately in note 25.

(e) Accounting for share-based payment transactions

In 2009 the Group has entered into share-based payment transactions with some of its employees, consisting of options and shares. For further details please refer to note 26. The determination of the value of the options granted for the services received is measured based on a Black-Scholes model, whereas the determination of the value of the shares granted for such services is measured by applying the stock price as of grant date. In regard of the option valuation the Group has made assumptions regarding the value of the Company as well as the parameters used in the Black-Scholes model. Instead of the contractual life of the option, the input to the model is based on the expected time of execution, taking into account the exercise restriction of the options. Since the Company's stock has only been listed since 24 March 2006, the expected five year volatility applied for the options granted in 2009 has been estimated by comparing the applicable historic volatility of the Company's stock with the historic volatility of the MSCI European Financials Index ("MSCI"). Based on this comparison the Group applied the respective ratio to the five years historic volatility of the MSCI to derive the respective expected five year volatility of the Company's stock.

Although the options and shares granted imply a service period of 5 years, the Group already as of grant date recognized a sixth of the corresponding amount in the income statement since part of these securities granted are deemed to form part of the compensation for past services rendered by the beneficiaries.

The specific parameters used for the option as well as share valuation are disclosed in detail in note 26.

(f) Fair value

A significant portion of our assets and liabilities are carried at fair value. The fair value of some of these assets (including "marketable securities") is based on quoted prices in active markets or observable inputs.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgement depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determinded based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumption about risk). These instruments include derivatives, private equity, private debt, private real estate, private infrastructure investments and other assets.

The Group applies control processes to ensure that the fair values of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are appropriate and determined on a reasonable basis.

These control processes include the review and approval of new investments, review of profit and loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

5. CHANGES IN SCOPE OF CONSOLIDATION

(a) Start-ups

- On 1 April 2009 the Group incorporated Partners Group Management XI Limited, Guernsey. The entity's main purpose is to serve as investment manager/general partner for Scotland based investment vehicles.

- On 24 December 2008 the Group incorporated Partners Group Management X Limited, Guernsey. The company's main purpose is to serve as investment manager / general partner for Scotland based investment vehicles.

- On 1 July 2008 the Group incorporated Partners Group Management II S.àr.l., Luxemburg. The company's main purpose is to serve as investment manager / general partner for Luxembourg based investment vehicles.

- On 4 March 2008 the Group incorporated Partners Group Management VIII and IX Limited, Guernsey. The companies' main purpose is to serve as investment manager / general partner for Scotland based investment vehicles.

- On 2 January 2008 the Group incorporated Partners Group Finance ICC, consisting of four Cells for EUR, CHF, GBP and USD. The company's main purpose is to serve as financing entity for some of the Group's other investments.

The effect of these formations on the Group's consolidated financial statements is not material.

(b) Restructurings

No restructurings took place during the reporting period.

(c) Acquisition of subsidiaries

The Group did not acquire additional subsidiaries in 2009 and 2008.

6. SEGMENT INFORMATION

The chief operating decision-maker (CODM) has been identified as the Board of Directors (BoD). The BoD reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The BoD considers the business from a business line perspective. This results in an identification of the following operating segments:
- Private equity
- Private debt
- Private real estate
- All other segments

In these business lines the Group services its clientele with investment advisory and management services in the privat market spectrum, comprising structuring and investment advising as relates to investments in third party managed vehicles and direct investments in operating companies or assets, typically alongside specialized managers. In its advisory and management services the Group offers diversified as well as more focused investment programs as relates to investment styles, industry and geography of the investments in private markets. The majority of the investments are situated in the United States of America, Europe or Asia.

Private equity
Private equity refers to investments made in private – i.e. not publicly traded – companies. Private equity investments are characterized according to financing stage, which refers to the stage of development of a company at the point of investment. Each financing stage carries distinct risk, return and correlation characteristics. Accordingly, each financing stage can play a different role within a diversified private equity portfolio. Partners Group covers the full range of opportunities offered by this type of investment, from investments in venture and growth capital to buyouts and restructuring as well as other special situations opportunities.

Private debt
Private debt refers to debt financing for private – i.e. not publicly traded – corporations or large projects. Private debt allows investors to access investment opportunities that are not available in the public corporate bond market. Partners Group invests in subordinated debt associated with buyout transactions. Mezzanine directs are a direct infusion of capital into select companies within the framework of corporate takeovers.

Private real estate
Private real estate refers to investments made in private – i.e. not publicly traded – real estate assets. Within this sector, there is a wide range of investment opportunities, from housing complexes and office space to shopping centers and industrial buildings.

All other segments
All other segments include the Group's private infrastructure, listed alternatives, absolute return strategies and private wealth management activities. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2009.

The activities in the all segments consist of:
- Strategic asset allocation and portfolio management
- Investment management and monitoring
- Risk management
- Reporting and portfolio administration
- Relationship management
- etc.

The BoD assesses the performance of the operating segments based on a segment result, determined from the allocation of directly attributable revenues and expenses for the respective operating segment. Therefore this result per operating segment does not include allocation of expenses which are not directly attributable, such as overhead, travelling, general operating expenses etc. All not directly attributable elements of the income statement are summarized in the reconciliation column.

Management believes that this reporting is most relevant in evaluating the results of its segments.

The Group discloses no inter-segment transactions, as there are none; consequently no eliminations are necessary.

In thousands of Swiss francs						2008
	Private equity	Private debt	Private real estate	All other segments	Recon-ciliation	Total
Revenues from management and advisory services, net	259’911	25’758	6’107	31’456	–	323’232
Share of results of associates	4’689	–	–	–	–	4’689
Net revenues	**264’600**	**25’758**	**6’107**	**31’456**	**–**	**327’921**
Third party services	– 680	– 80	– 104	– 1’609	– 1’422	– 3’895
Personnel expenses	– 20’560	– 4’516	– 5’153	– 10’581	– 25’266	– 66’076
General and administrative expenses	– 210	– 109	– 37	– 137	– 10’713	– 11’206
Marketing and representation expenses	– 879	– 232	– 735	– 599	– 4’591	– 7’036
Depreciation and amortization					– 5’662	– 5’662
Gross segment result	**242’271**	**20’821**	**78**	**18’530**	**– 47’654**	**234’046**
Reconciliation to income statement:						
Change in fair value of derivatives arising from insurance contracts						– 42’713
Net finance income and expense						– 9’778
Income tax expense						– 11’099
Net profit for the period						**170’456**

In thousands of Swiss francs						2009
	Private equity	Private debt	Private real estate	All other segments	Recon-ciliation	Total
Revenues from management and advisory services, net	264'201	27'190	14'001	16'389	–	321'781
Share of results of associates	2'942	–	–	–	–	2'942
Net revenues	**267'143**	**27'190**	**14'001**	**16'389**	**–**	**324'723**
Third party services	– 880	– 103	– 134	– 2'082	– 1'842	– 5'041
Personnel expenses	– 22'930	– 5'036	– 5'747	– 11'801	– 28'178	– 73'692
General and administrative expenses	– 226	– 118	– 40	– 148	– 11'544	– 12'076
Marketing and representation expenses	– 841	– 222	– 703	– 573	– 4'394	– 6'733
Depreciation and amortization					– 5'342	– 5'342
Gross segment result	**242'266**	**21'711**	**7'377**	**1'785**	**– 51'300**	**221'839**
Reconciliation to income statement:						
Change in fair value of derivatives arising from insurance contracts						– 5'580
Net finance income and expense						866
Income tax expense						– 12'253
Net profit for the period						**204'872**

IFRS 8 – Operating segments is applied for the first time and therefore the format of the disclosure of the segment information has been changed compared to the previous period:

- the listed alternatives (comprising listed private equity, listed infrastructure and listed real estate) activities have been moved from the segment private equity in 2008 to "all other segments" in 2009
- only directly attributable revenues and expenses for the respective operating segments have been allocated commencing in 2009 whereas the previous segment information included a proportional allocation of "reconciliation" expenses to the respective operating segments
- the absolute return strategies (formerly named hedge funds) activities do not exceed the quantitative thresholds and are therefore included in "all other segments" in 2009

The Group does not disclose segment assets since it has early adopted the amendment to IFRS 8 which is part of the IASB's annual improvement project (April 2009). According to this amendment segment assets are only required to be disclosed if reported regularly to the CODM.

Reporting by geographical segments

The segments are managed on a worldwide basis, but revenues are received in local entities in Switzerland, Guernsey, other European countries, North America and the rest of the world. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location where the respective revenues are accounted for; i.e. in which locations the revenues are shown in the Group's entities financial statements.

	Net revenues	
In thousands of Swiss francs	2009	2008
Switzerland	132'671	122'187
Guernsey	160'304	177'558
North America	12'401	13'175
Other European countries	7'952	6'904
Rest of world	8'453	3'408
Total revenues from management and advisory services, net	**321'781**	**323'232**

No client of the Group is responsible for more than 10% of the Group's revenues.

7. REVENUES FROM MANAGEMENT AND ADVISORY SERVICES, NET

The Group acts in different businesses (refer to note 6). Within these different businesses, it earns income for its various functions, which are further explained and outlined below:

Investment management

Typically based on long-term contracts, the Group earns investment management fees for discretionary mandates The fee is typically based on the commitments by investors into investment structures. The fees are typically payable quarterly in advance. The fees may include a performance-related remuneration. In the process of structuring new products, the Group often receives a fee for its services in connection with establishing investment vehicles and related legal and structuring work. These fees are always one-off fees, which are typically due when a new investor invests in the structure. Occasionally, the Group also derives transaction fee incomee relating to corporate finance activities for private market transactions. These fees are usually one-time occurring.

Insurance premiums

The private equity insurance premiums relate to Pearl Holding Limited where the Group acts as policyholder only, since European International Reinsurance Company Limited is the insurer and thus the Group forwards the entire amount to the insurer. See also notes 16 and 27.

Revenue deductions

The revenue deductions represent the Group's payments to third parties, who introduce clients to it as well as rebates paid to existing clients. Third party payments may be one-off payments or also recurring retainers, depending on individual agreements. Rebates to existing clients are e.g. for fees charged which were earned when investing through a pooling vehicle, in order to avoid double charging of fees.

7. REVENUES FROM MANAGEMENT AND ADVISORY SERVICES, NET (CONTINUED)

In thousands of Swiss francs	2009	2008
Private equity		
Private equity investment management	305’747	312’744
./. Revenue deductions	–41’546	–52’833
Net private equity investment management	264’201	259’911
Private equity insurance premiums	25’527	30’633
./. Insurance fees, where group acts as policyholder only	–25’527	–30’633
Net private equity insurance premiums	–	–
Total revenues from private equity, net	**264’201**	**259’911**
Private debt		
Private debt investment management	33’705	31’521
./. Revenue deductions	–6’515	–5’763
Net private debt investment management	27’190	25’758
Total revenues from private debt, net	**27’190**	**25’758**
Private real estate		
Private real estate investment management	18’579	7’136
./. Revenue deductions	–4’578	–1’029
Net private real estate investment management	14’001	6’107
Total revenues from private real estate, net	**14’001**	**6’107**

7. REVENUES FROM MANAGEMENT AND ADVISORY SERVICES, NET (CONTINUED)

In thousands of Swiss francs	2009	2008
Other revenues		
Public markets	13'785	39'692
./. Revenue deductions	– 4'509	– 13'883
Net public markets	9'276	25'809
Private infrastructure investment management	4'092	225
./. Revenue deductions	– 536	–
Net private infrastructure investment management	3'556	225
Wealth management	3'299	4'316
./. Revenue deductions	– 252	– 274
Net wealth management	3'047	4'042
Other revenues	510	1'380
Total other revenues, net	**16'389**	**31'456**
Revenues from management and advisory services, net	**321'781**	**323'232**

In thousands of Swiss francs	2009	2008
Summary		
Total gross revenues	405'244	427'647
./. Revenue deductions	– 57'936	– 73'782
./. Insurance fees, where group acts as policyholder only	– 25'527	– 30'633
Revenues from management and advisory services, net	**321'781**	**323'232**

8. THIRD PARTY SERVICES

In thousands of Swiss francs	2009	2008
Consulting and legal fees	–4’384	–3’151
Sundry third party service expenses	–657	–744
Total third party expenses	**–5’041**	**–3’895**

9. PERSONNEL EXPENSES

In thousands of Swiss francs	2009	2008
Wages and salaries	–51’751	–48’328
Retirement schemes – defined contribution plans	–3’191	–4’233
Retirement schemes – defined benefit plans	–1’620	–1’183
Other social security expenses	–3’257	–1’356
Share-based payment expenses	–11’343	–8’721
Sundry personnel expenses	–2’530	–2’255
Total personnel expenses	**–73’692**	**–66’076**

In addition to the expense recognized for non-vested shares (5 year vesting) and share options granted in 2009 (refer to note 26) the Group recognized the following expenses for grants in previous periods as well as expenses for shares granted to employees at start of employment:

In thousands of Swiss francs	2009	2008
Grant 2006	–1’805	–2’008
Grant 2007	–2’811	–3’009
Grant 2008 (options and non-vested shares)	–2’771	–3’134
Grant 2009 (options and non-vested shares)	–3’735	–
Share grants at start of employment	–221	–570
Total share-based payments	**–11’343**	**–8’721**

The average number of employees in 2009 was 352 (2008: 309).

10. NET FINANCE INCOME AND EXPENSE

In thousands of Swiss francs	2009	2008
Interest income on fair value through profit or loss instruments	10’241	13’097
Net gains / losses on		
Held for trading instruments	2’963	– 12’922
Fair value through profit or loss instruments	– 8’679	– 16’737
Net foreign exchange gain / (loss)	– 3’361	10’002
Total other finance income / (expense), net	**1’164**	**– 6’560**
Interest expense on financial liabilities	– 36	– 88
Other financial expense	– 262	– 3’130
Total finance cost	**– 298**	**– 3’218**
Net finance income and expense	**866**	**– 9’778**

11. INCOME TAX EXPENSE

Recognized in the income statement:

In thousands of Swiss francs	2009	2008
Current tax expense:		
Current year	13’217	10’508
Under / (over)provided in prior years	– 729	130
Total current tax expense	**12’488**	**10’638**
Deferred tax expense / income:		
Deferred tax expense / income, net relating to the origination and reversal of temporary differences	– 235	461
Total income tax expense	**12’253**	**11’099**

In thousands of Swiss francs	2009	2008
Profit before tax	**217’125**	**181’555**
Weighted average expected Group tax rate	5.90%	6.20%
Expected tax expense	12’814	11’254
Non-tax-deductible expense	176	52
Non-taxable income	–	– 172
Consummation of unrecognized tax loss carry-forwards	– 8	– 165
Under / (over)provided in prior years	– 729	130
	12’253	**11’099**

The Group calculates a weighted average tax rate for the whole Group, taking into account official taxation rates of the individual companies in their specific locations and their contribution to the total profit, which leads to the weighted average expected Group tax rate.

Deferred tax assets and liabilities are disclosed separately in note 17.

12. PROPERTY AND EQUIPMENT

In thousands of Swiss francs					2008
	Office furniture	Interior fittings	Equipment and IT fittings	Cars	Total
Cost					
Balance at 1 January 2008	3’539	5’068	3’993	322	12’922
Additions	1’114	905	1’811	–	3’830
Disposals	–	–	– 56	–	– 56
Effects of movements in FX	– 194	– 141	– 166	–	– 501
Balance at 31 December 2008	**4’459**	**5’832**	**5’582**	**322**	**16’195**
Accumulated depreciation					
Balance at 1 January 2008	2’215	2’582	2’834	320	7’951
Additions	561	638	1’118	2	2’319
Effects of movement in FX	– 84	– 67	– 81	–	– 232
Balance at 31 December 2008	**2’692**	**3’153**	**3’871**	**322**	**10’038**
Carrying amount					
At 1 January 2008	1’324	2’486	1’159	2	4’971
At 31 December 2008	1’767	2’679	1’711	–	6’157
Impairment losses incurred in 2008					nil
Fire insurance value					9’306

12. PROPERTY AND EQUIPMENT (CONTINUED)

In thousands of Swiss francs					2009
	Office furniture	Interior fittings	Equipment and IT fittings	Cars	Total
Cost					
Balance at 1 January 2009	4’459	5’832	5’582	322	16’195
Additions	364	1’445	955	–	2’764
Disposals	– 7	–	–	–	– 7
Removals	–	–	–	– 322	– 322
Effects of movements in FX	3	– 18	– 10	–	– 25
Balance at 31 December 2009	**4’819**	**7’259**	**6’527**	**–**	**18’605**
Accumulated depreciation					
Balance at 1 January 2009	2’692	3’153	3’871	322	10’038
Additions	626	775	1’232	–	2’633
Disposals	–	–	37	–	37
Removals	–	–	–	– 322	– 322
Effects of movement in FX	– 4	– 14	– 10	–	– 28
Balance at 31 December 2009	**3’314**	**3’914**	**5’130**	**–**	**12’358**
Carrying amount					
At 1 January 2009	1’767	2’679	1’711	–	6’157
At 31 December 2009	1’505	3’345	1’397	–	6’247
Impairment losses incurred in 2009					nil
Fire insurance value					13’248

13. INTANGIBLE ASSETS

In thousands of Swiss francs						2008
	Cost of initial put option	Existing client contracts	Goodwill	Software	Placing expenses [1]	Total
Cost						
Balance at 1 January 2008	47’162	972	11’327	3’714	9’896	73’071
Additions	–	–	–	1’106	258	1’364
Disposals	–	–	–	– 19	–	– 19
Effects of movement in FX	– 4’722	– 58	– 673	– 3	– 687	– 6’143
Balance at 31 December 2008	**42’440**	**914**	**10’654**	**4’798**	**9’467**	**68’273**
Accumulated amortization						
Balance at 1 January 2008	–	139	–	3’002	5’122	8’263
Additions	–	264	–	968	2’111	3’343
Effects of movement in FX	–	– 12	–	– 1	– 413	– 426
Balance at 31 December 2008	**–**	**391**	**–**	**3’969**	**6’820**	**11’180**
Carrying amount						
At 1 January 2008	47’162	833	11’327	712	4’774	64’808
At 31 December 2008	42’440	523	10’654	829	2’647	57’093
Impairment losses incurred in 2008						nil

1) relating to securing investment management contracts

13. INTANGIBLE ASSETS (CONTINUED)

In thousands of Swiss francs						2009
	Cost of initial put option	Existing client contracts	Goodwill	Software	Placing expenses [1)]	Total
Cost						
Balance at 1 January 2009	42’440	914	10’654	4’798	9’467	68’273
Additions	–	–	–	680	1’467	2’147
Effects of movement in FX	– 240	– 29	– 339	–	– 57	– 665
Balance at 31 December 2009	**42’200**	**885**	**10’315**	**5’478**	**10’877**	**69’755**
Accumulated amortization						
Balance at 1 January 2009	–	391	–	3’969	6’820	11’180
Additions	–	266	–	648	1’798	2’712
Disposals	–	–	–	56	–	56
Effects of movement in FX	–	– 25	–	– 1	– 53	– 79
Balance at 31 December 2009	**–**	**632**	**–**	**4’672**	**8’565**	**13’869**
Carrying amount						
At 1 January 2009	42’440	523	10’654	829	2’647	57’093
At 31 December 2009	42’200	253	10’315	806	2’312	55’886
Impairment losses incurred in 2009						nil

1) relating to securing investment management contracts

Initial put option

Pearl Holding Limited

On 30 March 2006 the Group entered into an agreement with Swiss Re with regards to the extension of the convertible bond issued by Pearl Holding Limited (“Pearl”) from 30 September 2010 to 30 September 2014 and an increase of the redemption amount of the bond from EUR 660 million to EUR 712.8 million. The agreement became effective on 1 January 2006.

Under this agreement the Group has committed to invest an additional EUR 33 million into the experience account until 30 September 2010 to provide for further security. The discounted amount of EUR 28.5 million (CHF 44.8 million) was paid into the experience account on 20 December 2006. The Group’s risk associated with its exposure as policyholder for Pearl is still limited to the value of the experience account; nevertheless this additional commitment increases the Group’s overall exposure and thus was recognized as an additional intangible asset and an additional derivative liability (see note 27).

The intangible asset represents the incremental cost directly attributable to securing an investment management contract. It will be amortized using the straight-line method over the extension period from 1 October 2010 to 30 September 2014.

13. INTANGIBLE ASSETS (CONTINUED)

Placing expenses
The Group selectively uses third party placing agents for the distribution of its investment structures (usually limited partnership structures). It is common to compensate such services with a one-off payment dependant on the amount of assets raised by such third party providers. The cost paid is recognized as incremental cost incurred in connection with the securing of investment management fees. This intangible asset is amortized using the straight-line method over the duration of the investment period of the relevant product the cost was incurred for, usually between three to five years (see also note 2.8).

Existing client contracts
In course of the acquisition of Partners Group Real Estate, LLC the Group acquired existing client contracts. The Group has valued these contracts based on the contractual relationships, taking into account cancellation periods and nature of the contracts. The estimated future returns have been discounted at a rate of 11.16% to derive the net present value of the intangible asset acquired. It will be amortized using the straight-line method over the period from 1 July 2007 to 31 December 2010.

Impairment testing for cash-generating unit containing goodwill
For the purpose of impairment testing, goodwill is allocated to the Group's operating division which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The entire goodwill has been allocated to the private real estate segment.

The recoverable amount of the private real estate cash-generating unit was based on its value in use. The carrying amount of the unit was determined to be lower than its recoverable amount and thus no impairment of the goodwill was recognized. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

– Cash flows were projected based on actual operating results and a 5-year business plan (2010 - 2014). Cash flows for the time thereafter were taken into account by calculating a terminal value based on the discount factor applied by the Group. No growth rate was applied.
– Net profit was projected based on the development of existing business, taking into account the generation of additional business in the years 2010 to 2014.
– General expenses as well as third party expenses growth was considered at a constant rate of 20% p.a. (2008: 10% p.a.)
– Personnel expenses growth was considered at a constant rate of 25% p.a. (2008: 8% p.a.)
– A pre-tax discount rate of 13.18% (2008: 10.55%) was applied in determining the recoverable amount of the unit. The discount rate did not take into account any cost for leverage, as the Group used no debt to finance the transaction. The Group applied a market interest rate of 3.84% (2008: 6.50%), adjusted by an industry weighted average beta factor.

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

14. INVESTMENTS IN ASSOCIATES

In thousands of Swiss francs	Country	Investment at cost	Carrying value	Ownership
LGT Private Equity Advisers, Vaduz	LI	400	3'382	40%

In thousands of Swiss francs	2009	2008
Balance at the beginning of the year	5'130	5'424
Dividends received from investments in associates	–4'413	–4'752
Other movements	–277	–231
Share of results	2'942	4'689
Balance at the end of the year	**3'382**	**5'130**

Summary financial information on associates – 100%:

In thousands of Swiss francs	Total assets	Total liabilities	Equity	Revenues	Profit / (loss)
2008					
LGT Private Equity Advisers, Vaduz	14'953	2'129	12'824	13'310	11'723
2009					
LGT Private Equity Advisers, Vaduz	10'236	1'780	8'456	8'594	7'356

15. OTHER INVESTMENTS

Other investments comprise investments into investment programs and investments in investment companies.

Investment programs
Investment programs are non-current investment holdings, which may have long-term or temporary character.

Investments of a long-term nature are participations the Group entered into in the due course of its business, where it enters a minority participation in order to act either as general partner, sponsor or holder of the management shares or similar participations. The Group performs an investment activity to the benefit of external investors under a predetermined investment policy, and receives a predetermined management and performance fee for its services, which is significantly less than the expected return to the investors. Those investment program entities are treated as special purpose entities, and since the majority of risks and rewards involved lie with the external investors, they are not consolidated.

Investments with temporary character are selected investments that the Group bridges for products, which are currently in the marketing phase and have not yet been closed. Such investments typically represtent a small portfolio of investment programs and are transferred to the respective product once they have held their closing.

Investments into investment programs are classified as at "fair value through profit or loss" and are measured at fair value (refer to note 2.9).

15. OTHER INVESTMENTS (CONTINUED)

Investment companies

The Group holds a majority of the shares of certain investment companies managed by the Group; however it is not the ultimate beneficial owner of the assets held by these investment companies. The Group performs an investment activity to the benefit of external investors under a predetermined investment policy, and receives a predetermined management and performance fee for its services, which is significantly less than the expected return to the investors. Those investment company entities are treated as special purpose entities, and since the majority of risks and rewards involved lie with the external investors, they are not consolidated.

The investments in investment companies are classified as at “fair value through profit or loss” and measured at fair value.

In thousands of Swiss francs	2009	2008
Balance at 1 January	108’869	126’570
Additions	32’533	69’650
Disposals	– 5’750	– 55’293
Revaluation to fair value	– 8’679	– 16’737
Effects of movements in FX	– 2’101	– 15’321
Balance at 31 December	**124’872**	**108’869**

The revaluation of other investments is included in the Group‘s financial result (see note 10).

15. OTHER INVESTMENTS (CONTINUED)

At the relevant balance sheet dates the Group was holding the following investments into investment programs and investments in investment companies:

Name	Structure [1)]	Domicile	Type [2)]	Owned in %	Diluted ownership	Currency	FV 2009	FV 2008
In thousands of Swiss francs								
Private Equity								
Luna 2000 Cell	PCC	GGY	Cell-Shares	16.599	16.599	USD	258	365
Partners Group Global Opportunities	Corp	GGY	Shares	0.010	0.010	EUR	7'889	1'372
Partners Private Equity	LP	CAY	LP	0.067	0.067	CHF	25	31
PG Asia Pacific 2005	LP	USA	GP	0.790	0.790	USD	1'898	2'006
PG Asia Pacific 2007	LP	UK	GP	1.000	1.000	USD	2'035	1'479
PCP Asia Pacific 2007	LP	UK	GP	0.995	0.995	USD	167	–
PG Direct Investments 2006	LP	UK	GP	1.961	1.961	EUR	9'351	10'030
PG Direct Investments 2009	LP	UK	GP	0.635	0.635	EUR	782	673
PG Direct Investments 2009 SICAR	LP	LUX	GP	1.000	1.000	EUR	295	83
PG Distressed 2009	LP	UK	GP	0.642	0.642	USD	286	73
PG Emerging Markets 2007	LP	UK	GP	0.467	0.467	USD	428	371
PG Europe 2002	LP	USA	GP	1.000	1.000	EUR	2'150	2'410
PG European Buyout 2005 (A)	LP	UK	GP	0.637	0.637	EUR	1'432	1'433
PG European Buyout 2005 (B)	LP	UK	GP	0.534	0.534	EUR	813	829
PG European Buyout 2008 (A)	LP	UK	GP	0.943	0.943	EUR	582	484
PG European Buyout 2008 (B)	LP	UK	GP	0.572	0.572	EUR	325	169
PG European Growth 2008	LP	UK	GP	0.402	0.402	EUR	99	79
PG Global Value 2006	LP	UK	GP	0.877	0.877	EUR	2'087	2'389
PG Global Vaue 2008	LP	UK	GP	0.503	0.503	EUR	681	527
PG Global Vaue 2008 SICAR	LP	LUX	GP	1.000	1.000	EUR	771	505
PCP Global Value	LP	UK	GP	0.999	0.999	EUR	331	–
PG Global Value SICAV	Corp	LUX	Shares	0.046	0.046	EUR	7'018	7'687
PG International Private Equity SICAV	Corp	LUX	Shares	n/a	n/a	EUR	–	46
PG Maple Leaf Secondary Fund I	LP	UK	GP	0.990	0.990	EUR	1'175	1'444
PG Maple Leaf Mid-Market Opp. Fund I	LP	UK	GP	0.990	0.990	EUR	126	122
PG Maple Leaf Secondary Fund II	LP	UK	GP	0.990	0.990	EUR	597	329
PG Secondary 2004	LP	USA	GP	1.000	1.000	EUR	2'767	3'297
PG Secondary 2006	LP	UK	GP	0.973	0.973	EUR	7'534	8'877
PG Secondary 2008	LP	UK	GP	0.809	0.809	EUR	5'818	1'986
PG Secondary 2008 SICAR	LP	LUX	GP	1.000	1.000	EUR	1'544	211
PCP Secondary 2008	LP	UK	GP	1.081	1.081	EUR	151	–
PG Secondary Syndicate	LP	USA	GP	0.873	0.873	EUR	71	96
PG US Buyout 2007	LP	UK	GP	0.718	0.718	EUR	555	549
PG US Venture 2004	LP	USA	GP	0.358	0.358	USD	402	419
PG US Venture 2006	LP	UK	GP	1.160	1.160	USD	1'424	1'107
PG Private Equity LLC	Corp	USA	GP	98.24 [3)]	98.24 [3)]	USD	10'265	–
KIC Private Market I	LP	UK	GP	0.990	0.990	USD	452	–
PG MRP	LP	UK	GP	1.000	1.000	USD	740	–
Sedco PG Opportunity	LP	UK	GP	0.990	0.990	USD	57	–
Princess Private Equity Holding	Corp	GGY	Shares	0.001	0.001	EUR	503	462

15. OTHER INVESTMENTS (CONTINUED)

Partners Group Private Equity Perf. Holding	Corp	GGY	Shares	100.000	30 5)	EUR	13	15
Pearl Holding	Corp	GGY	Shares	100.000	0.002 4)	EUR	15	15
Partners Group Investment ICC	ICC	GGY	Core-Shares	50.000	0 5)	USD	–	–
Total Private Equity							**73'912**	**51'970**

1) PCC = Protected Cell company; LP = Limited Partnership; Corp = Corporation; ICC = Incorporated Cell Company

2) GP = General partner commitment; LP = Limited partner commitment

3) Interest serves only to constitute a sponsorship established by the Group, thus no substantial ownership results from such investment

4) Dilution due to convertible bond issued

5) Based on contractual agreements

15. OTHER INVESTMENTS (CONTINUED)

Name	Struct. 1)	Dom.	Type 2)	Owned in %	Diluted ownership	Currency	FV 2009	FV 2008
In thousands of Swiss francs								
Private Debt								
Mezzanine Invest S.àr.l.	Corp	LUX	Shares	0.001	–	EUR	49	49
Penta CLO1	Corp	LUX	Shares	0.988	0.988	EUR	1'856	5'429
PG Euro Mezzanine 2005 SICAR	LP	LUX	GP	0.594	0.594	EUR	2'341	2'267
PG Euro Mezzanine 2008	LP	UK	GP	0.563	0.563	EUR	766	359
PG Euro Mezzanine 2008 SICAR	LP	LUX	GP	1.000	1.000	EUR	441	268
PG Global Mezzanine 2005 SICAR	LP	LUX	GP	0.965	0.965	EUR	3'014	3'208
PG Global Mezzanine 2007 SICAR	LP	LUX	GP	1.000	1.000	EUR	3'771	3'782
Total Private Debt							**12'238**	**15'362**
Private Real Estate								
PG Global Real Estate SICAV	Corp	LUX	Shares	100 3)	100 3)	EUR	46	46
PG Global Real Estate 2008	LP	UK	GP	0.218	0.218	EUR	231	437
PG Distressed US Real Estate 2009 SICAR	LP	LUX	GP	1.000	1.000	USD	474	235
The Kochav Fund I	LP	US	GP	0.099	0.099	USD	57	7
PG Global Real Estate 2008 SICAR	LP	LUX	GP	1.000	1.000	EUR	804	95
PG Asia-Pacific & Emerging Market Real Estate 2009	LP	UK	GP	0.760	0.760	USD	59	19
PG Real Estate Secondary 2009 (EUR) SICAR	LP	LUX	GP	1.000	1.000	EUR	367	–
JDPT Partners Group I	LP	US	GP	0.100	0.100	USD	351	–
PG Real Estate Secondary 2009 (EUR) LP	LP	UK	GP	0.004	0.004	EUR	1	–
Total Private Real Estate							**2'390**	**839**
All other segments								
PG Absolute Return Investment Fund	Corp	GGY	Shares	38.140	38.140	USD	33'926	34'838
PGAS SICAV	Corp	LUX	Shares	0.063	–	EUR	46	46
PG ABS SICAV	Corp	LUX	Shares	100 3)	100 3)	EUR	445	–
PGAS Inactive Cells	PCC	GGY	Cell-Shares	n/a	n/a	USD	–	34
b-to-v Private Equity SICAR	LP	LUX	GP	3.630	3.630	EUR	1'388	1'018
KZVK PE Lortium GmbH	Corp	D	Shares	n/a	n/a	EUR	1	1
Perennius Capital Partners S.A.	Corp	LUX	Shares	15.000	15.000	EUR	276	277
PG Global Resources 2009	LP	UK	GP	0.7021 3)	0.7021 3)	EUR	81	4'451
PG Global Infrastructure 2009	LP	UK	GP	0.004	0.004	EUR	–	–
PG Global Infrastructure 2009 SICAR	LP	LUX	GP	1.000	1.000	EUR	155	–
PG Prime Yield S.àr.l.	Corp	LUX	Shares	0.001	0.001	EUR	–	19
Vega Invest Plc	Corp	IRL	Shares	–	–	EUR	14	14
Total all other segments							**36'332**	**40'698**
Total other investments							**124'872**	**108'869**

1) PCC = Protected Cell company; LP = Limited Partnership; Corp = Corporation
2) GP = General partner commitment; LP = Limited partner commitment
3) Interest serves only to constitute a sponsorship established by the Group, thus no substantial ownership results from such investment

16. OTHER FINANCIAL ASSETS

In thousands of Swiss francs	2009	2008
Assets held in experience account:	96'618	91'654
Restricted cash and cash equivalents	96'618	91'654
Loans to third parties and related parties	–	18
Loans to directors and officers of the Group	3'697	2'446
Other financial assets	323	68
Total	**100'638**	**94'186**

Since the Group cannot access the assets held in the experience account, which serve as first level coverage for the repayment of the convertible bond issued by Pearl Holding Limited, Guernsey, the assets are disclosed as non-current financial assets and stated at fair value.

The effective interest earned on the assets of the experience account was as follows:

	2009	2008
Effective interest rate of restricted cash and cash equivalents	1.67%	5.19%

Once the aforesaid convertible bond for Pearl Holding Limited, Guernsey, is fully repaid and a balance in the experience account remains, Pearl Management Limited is entitled to this amount.

Pearl Management Limited is fully consolidated (see note 32). According to SIC 12, the company has to consolidate its beneficial ownership in the experience account. The assets in the experience account are held in Euro. The assets increase over the duration of the convertible bond via:

- Fund transfers by the Group and the issuer
- Interest income on the funds held
- Net gains on disposal of held for trading instruments
- Net gains on fair value remeasurement of held for trading instruments

Restricted securities are classified as at fair value through profit or loss.

The loans to directors and officers of the Group of CHF 3'696'837 (2008: CHF 2'446'236) bear interest at market conditions.

17. DEFERRED TAX ASSETS

Taxable temporary differences arise from the application of IAS 28 and IAS 39 and the stating of the assets valued at "fair value through profit or loss" at fair value. The revaluation is included in the net financing result (see note 10). The Company is treated as a holding company under Swiss tax regulation and under certain conditions does not have to pay taxes on the disposal of these assets. In such circumstances the Group applies a tax rate of 0%, which results in no deferred tax liability, although a temporary difference arises.

In connection with the Group's granting of options to its employees based in Switzerland, the Group recognized an expense in its statutory accounts, which is deductible for tax purposes. This expense led to a tax loss which may be carried forward. In accordance with IAS 12.68 C, the relating tax asset was recognized directly in equity in 2006. In addition the Group recognizes deferred tax assets in connection with its liabilities arising out of the application of IAS 19.

The deferred tax assets developed as follows:

In thousands of Swiss francs	2009	2008
Balance at 1 January	188	900
Additions recognized in the income statement	235	–461
Used during reporting period	–23	–217
Effects of movement in FX	–4	–34
Balance as of 31 December	**396**	**188**

17. DEFERRED TAX ASSETS (CONTINUED)

Tax loss carry-forwards

Some Group companies generated net losses during the years under review, resulting in potential future deductions, once the companies generate a net profit. The analysis of the net operating losses carried forward is as follows:

In thousands of Swiss francs	2009	2008
Tax relevant losses carried forward on 1 January	7'643	5'846
Effect of movements in foreign exchange rates	–281	–378
Additional losses in the current reporting period	2'708	2'824
Utilized losses carried forward	–251	–649
Balance as of 31 December	**9'819**	**7'643**

The losses carried forward expire within the following time frame:

In thousands of Swiss francs	2009	2008
6 years	1'640	–
11 to 20 years	8'179	7'643
Total losses carried forward	**9'819**	**7'643**

Since the future utilization of the losses carried forward is uncertain, the Group does not recognize any deferred tax assets in respect of these amounts.

The Group does not recognize a deferred tax liability for all taxable temporary differences associated with investments, branches, associated companies due to the tax status of the companies holding such investments, since upon realization of such differences no deferred tax would arise.

18. PREPAID EXPENSES, DERIVATIVE ASSETS, LOANS, TRADE AND OTHER RECEIVABLES

In thousands of Swiss francs	2009	2008
Derivative assets	5’279	3’322
Other prepaid expenses	2’077	4’966
Current loans	119’088	–
Trade receivables	38’659	34’589
Other receivables	3’705	6’428
Total	**168’808**	**49’305**

No allowances were recognized during and at the end of the years under review. As of the reporting date no material receivables are overdue. The Group reviews its counterparty risk in trade receivables on a regular basis. As disclosed in Note 3.2, as of the balance sheet date the Group can collect 69% of the trade receivables based on discretionary management agreements; the remaining 31% are invoiced to clients which are mainly major institutional clients. As a part of its risk management the Group has reviewed all the major counterparties with respect to their current credit standing.

“Current loans” includes loans to investment structures. Of the outstanding balance as of 31 December 2009, the majority relates to the following short-term financing:

As of 25 September 2009, one of the Group entities (Partners Group Finance CHF IC Limited, Guernsey) entered into 3-year term loan revolving facilities available to three investment structures, namely Princess Private Equity Limited, Pearl Holding Limited and Partners Group Global Opportunities Limited. The credit facilities have been arranged by a large international bank and entered alongside other lenders including the arranging bank. Each facility forms part of syndicated term loan and revolving facilities of EUR 170 million in aggregate, which may, subject to certain minimum and maximum limits, be allocated across the three borrowers as per individual demand and as determined by Partners Group AG, in its capacity as allocation agent. The syndicated facilities comprise senior and junior facilities of EUR 85 million each. A borrower may not, fully or partially, repay any amount of its junior facility before its senior facility has been repaid in full. The credit facilities mature on 25 September 2012 unless they are repaid earlier.

The Group participates with a maximum credit amount of EUR 121.3 million being comprised of EUR 69.3 million in the junior facilities and EUR 52 million in the senior facilities. Subsequent to the end of the reporting period, EUR 20 million of the Group’s senior facilities commitment were transferred to a large bank. Therefore the Group’s senior facilities commitment was reduced to EUR 32 million and the maximum credit amount to EUR 101.3 million. Of the total commitment by the Group, EUR 62 million have been drawn as of the end of the reporting period.

In relation to the senior facilities, interest on drawn amounts is calculated at a rate of 5% per annum (calculated as a margin of 2.75% on drawn amounts plus a facility fee of 2.25% on the applicable senior facility amount) above the applicable EURIBOR rate. In addition there is a facility fee of 2.25% per annum on the remaining undrawn applicable senior facility amount. The margin on drawn amounts under the junior facility is 8.75% per annum above EURIBOR. No facility fee is due under the junior facilities.

In addition there is a one-off participation fee of 2% of the committed facility amount payable by the borrowers. The facilities are, where applicable, secured, inter alia, by way of pledge of certain assets/investments, shares and bank accounts of the three borrowers.

19. MARKETABLE SECURITIES

In thousands of Swiss francs	2009	2008
Equity securities held for trading	10’098	13’609
Debt securities held for trading	72	63
Total	**10’170**	**13’672**

20. CASH AND CASH EQUIVALENTS

In thousands of Swiss francs	2009	2008
Bank balances	169’671	186’837
Call deposits	5	5
Petty cash	6	3
Total	**169’682**	**186’845**

21. SHARE CAPITAL AND RESERVES

In effective number of shares	2009	2008
Issued at 1 January	26’700’000	26’700’000
Issued during period	–	–
Issued at 31 December – fully paid in	**26’700’000**	**26’700’000**

The issued share capital comprises 26’700’000 registered shares (2008: 26’700’000) at CHF 0.01 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Legal reserve
The legal reserve comprises the reserves, which are to be maintained due to the legal requirements as indicated in the Swiss Code of Obligations. The legal reserve cannot be distributed. The Group’s legal reserves amounted to CHF 218’100 as of 31 December 2009 (2008: CHF 218’100).

Own equity instruments
Own equity instruments include treasury shares and share options of the Company. They are recognized at cost and presented separately within equity. At the balance sheet date the Group held 1’953’389 (2008: 1’972’246) of the Company’s issued shares.

The Group holds treasury shares to provide for shares for existing share option programs.

Translation reserves
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities included in the consolidation.

21. SHARE CAPITAL AND RESERVES (CONTINUED)

Dividends

After the balance sheet date the Directors proposed a dividend distribution of CHF 120.2 million (CHF 4.50 per share). During the reporting period the Company has paid a dividend of CHF 105.4 million (CHF 4.25 per share) (2008: CHF 106.0 million, CHF 4.25 per share). The Group's treasury shares were not eligible for a dividend payment.

Outstanding shares

The computation of the weighted average number of ordinary shares outstanding during the period is based on the following figures:

In effective number of shares			2008
	Shares issued	Treasury shares	Out-standing
Balance as of 1 January 2008	26'700'000	1'776'582	24'923'418
Purchase of treasury shares for cash		1'414'558	– 1'414'558
Sale of treasury shares for cash		– 1'218'894	1'218'894
Balance as of 31 December 2008	**26'700'000**	**1'972'246**	**24'727'754**
Weighted average number of shares outstanding during the period (360 days)			24'828'707
Shareholders above 5 % (in % of shares issued)		**Shares held**	**in %**
Gantner Alfred		3'788'826	14.19%
Erni Marcel		3'788'826	14.19%
Wietlisbach Urs		3'788'826	14.19%

In effective number of shares			2009
	Shares issued	Treasury shares	Out-standing
Balance as of 1 January 2009	26'700'000	1'972'246	24'727'754
Purchase of treasury shares for cash		1'328'486	– 1'328'486
Sale of treasury shares for cash		– 1'347'343	1'347'343
Balance as of 31 December 2009	**26'700'000**	**1'953'389**	**24'746'611**
Weighted average number of shares outstanding during the period (360 days)			24'719'999
Shareholders above 5 % (in % of shares issued)		**Shares held**	**in %**
Gantner Alfred		3'790'326	14.20%
Erni Marcel		3'790'326	14.20%
Wietlisbach Urs		3'790'326	14.20%

22. EARNINGS PER SHARE

	2009	2008
Basic and diluted earnings per share		
Net profit for the period (in thousands of Swiss francs)	204’838	170’754
Weighted average number of ordinary shares outstanding	24’719’999	24’828’707
Average fair value of one ordinary share during the period (in Swiss francs)	102.80	113.50
Weighted average number of shares under option during the period	4’776’497	4’056’345
Exercise price for shares under option during the period (in Swiss francs)	82.65	83.17

			2008
	Per share	Earnings	Shares
Net profit for the period (in thousands of Swiss francs)		170’754	
Weighted average number of ordinary shares outstanding			24’828’707
Basic earnings per share (in Swiss francs)	**6.88**		
Weighted average number of shares under option during the period			4’056’345
Number of shares that would have been issued at fair value *			– 2’420’349
Diluted earnings per share (in Swiss francs)	**6.45**		**26’464’703**

			2009
	Per share	Earnings	Shares
Net profit for the period (in thousands of Swiss francs)		204’838	
Weighted average number of ordinary shares outstanding			24’719’999
Basic earnings per share (in Swiss francs)	**8.29**		
Weighted average number of shares under option during the period			4’776’497
Number of shares that would have been issued at fair value *			– 3’070’386
Diluted earnings per share (in Swiss francs)	**7.75**		**26’426’110**

* calculated on the basis of each individual share option grant

23. BORROWINGS

As of the balance sheet date the Group had no borrowings outstanding (2008: nil). For information regarding the Group's exposure to interest rate and foreign currency risk see note 3.4.

24. ACCRUED EXPENSES

In thousands of Swiss francs	2009	2008
Bonus accruals – to be paid out in the following year	12'380	14'217
Third party fees	16'295	4'786
Outstanding invoices	2'322	445
Derivative liabilities	202	4
Other accrued expenses	6'194	7'530
Total accrued expenses	**37'393**	**26'982**

25. OTHER CURRENT LIABILITIES

In thousands of Swiss francs	2009	2008
Deferred income	1'691	1'701
Social securities and other taxes	4'509	6'025
Other current liabilities	1'698	872
Total other current liabilities	**7'898**	**8'598**

26. EMPLOYEE BENEFITS

(a) Pension obligations

Liability for defined benefit obligations

The Group's only defined benefit plan is the plan for its Swiss employees. The plan is maintained by Gemini Sammelstiftung, Zurich. The plan covers the minimum legal requirement under Swiss law including the legal coordination charge, which is also insured. The monthly premium is split equally between employer and employees.

Net liability recognized

In thousands of Swiss francs	2009	2008
Fair value of plan assets	23'596	19'730
Defined benefit obligation	–28'150	–25'829
Funded status	**–4'554**	**–6'099**
Unrecognized actuarial / (gains) and losses	4'347	5'726
Recognized liability for defined benefit obligations	**–207**	**–373**

Movements in the net liability for defined benefit obligations recognized in the balance sheet

In thousands of Swiss francs	2009	2008
Net liability for defined benefit obligations at 1 January	–373	–3'792
Expense recognized in the income statement	–1'620	–1'183
Employer's contribution	1'786	4'602
Net liability for defined benefit obligations at 31 December	**–207**	**–373**

26. EMPLOYEE BENEFITS (CONTINUED)

Development of obligations and assets

In thousands of Swiss francs	2009	2008
Present value of benefit obligation at 1 January	– 25’829	– 21’380
Service cost	– 2’622	– 2’504
Interest cost	– 839	– 695
Benefits paid	326	– 302
Actuarial gain / (loss) on benefit obligation	814	– 948
Present value of benefit obligation at 31 December	**– 28’150**	**– 25’829**

In thousands of Swiss francs	2009	2008
Fair value of plan assets at 1 January	19’730	17’563
Expected return on plan assets	987	966
Employer’s contributions	1’786	4’602
Employee’s contributions	1’100	1’050
Benefits paid	– 326	302
Actuarial gain / (loss) on plan assets	319	– 4’753
Fair value of plan assets at 31 December	**23’596**	**19’730**

Expense recognized in the income statement

In thousands of Swiss francs	2009	2008
Current service costs	– 2’622	– 2’504
Interest on obligation	– 839	– 695
Expected return on plan assets	987	966
Actuarial gain (loss) outside corridor recognised in year	– 246	–
Net periodic pension cost	**– 2’720**	**– 2’233**
Employees’ contributions	1’100	1’050
Expense recognized in the income statement	**– 1’620**	**– 1’183**

The expense is recognized in personnel expenses (see also note 9).

Return

	2009	2008
Actual return on plan assets	**8.91%**	**– 24.03%**

26. EMPLOYEE BENEFITS (CONTINUED)

Principal actuarial assumptions at 31 December

	2009	2008
Discount rate	3.25%	3.25%
Expected net return on plan assets	5.00%	5.00%
Average future salary increases	2.00%	2.00%
Future pension increases	0.50%	0.50%

Asset allocation at 31 December

In thousands of Swiss francs	2009	2008	Expected long term rate of return	Contribution to rate of return
Cash	1.70%	10.60%	1.50%	0.03%
Bonds	40.60%	43.70%	3.50%	1.42%
Equities	29.50%	19.70%	7.00%	2.07%
Property	0.00%	3.40%	4.00%	0.00%
Other	28.20%	22.60%	6.00%	1.69%
Total	**100.00%**	**100.00%**		**5.20%**
			Cost, rounding	–0.20%
			Net return	**5.00%**
Entity’s own transferable bonds	n/a	n/a		
Entity’s own transferable equitites	n/a	n/a		
Property occupied by entity	n/a	n/a		
Other assets used by entity	n/a	n/a		

Development of defined benefit plan

In thousands of Swiss francs	2009	2008	2007	2006	2005
Fair value of plan assets	23’596	19’730	17’563	15’400	12’648
Present value of benefit obligation	–28’150	–25’829	–21’380	–16’969	–16’257
Funded / (unfunded) status	**–4’554**	**–6’099**	**–3’817**	**–1’569**	**–3’609**
Change in assumptions gain / (loss) on plan liabilities	–50	–	914	–	–695
Experience gain / (loss) on plan liabilities	864	–948	–1’803	1’389	859
Experience gain / (loss) on plan assets	319	–4’753	–143	959	–780
Total actuarial gain / (loss)	**1’133**	**–5’701**	**–1’032**	**2’348**	**–616**

The expected employer’s contribution in 2010 amounts to TCHF 1’122.

26. EMPLOYEE BENEFITS (CONTINUED)

(b) Share-based payments

Options

The Group started to establish share option programs in 2000. Up until 30 June 2006 the option grants have been vested at grant. Thereafter the Group implemented vesting conditions consisting of a 5 respectively 6 year service period.

Option and non-vested share grants	Grant date	Number of instruments	Vesting conditions	Expiry date
Options	31.12.2002	4’779’300	none	30.06.2010
Options	31.12.2003	1’393’740	none	30.06.2010
Options	31.12.2004	1’229’535	none	30.06.2010
Options	31.12.2005	1’738’170	none	31.12.2015
Options	30.06.2006	26’700	none	30.06.2016
Options	16.08.2006	26’700	5 years service	16.08.2016
Options	09.10.2006	26’700	5 years service	09.10.2016
Options	30.11.2006	8’549	none	30.11.2016
Options	30.11.2006	324’720	5 years service	30.11.2016
Options	30.11.2006	507’300	6 years service	30.11.2016
Options	19.11.2007	921’140	5 years service	19.11.2017
Options	24.11.2008	743’840	5 years service	24.11.2018
Non-vested shares	24.11.2008	185’960	5 years service	indefinite
Options	26.11.2009	4’070	none	26.11.2019
Options	26.11.2009	269’880	5 years service	26.11.2019
Non-vested shares	26.11.2009	134’940	5 years service	indefinite
Total options / non-vested shares granted		**12’321’244**		
Options / non-vested shares expired / forfeited since inception		–305’070		
Repurchase / redemption of options	2004	–1’201’500		
Exercised alongside IPO	2006	–5’493’525		
Exercised	2007	–160’200		
Exercised	2008	–56’070		
Exercised	2009	–53’400		
Net options outstanding as of 31 December 2009		**5’051’479**		

Share grants	Date	Number of instruments	Vesting conditions
Shares	2006	13’241	1 year service
Shares	2007	4’812	1 year service
Shares	2008	5’070	1 year service
Shares	2009	2’885	1 year service
Total granted shares as of 31 December 2009		**26’008**	

26. EMPLOYEE BENEFITS (CONTINUED)

The number and weighted average exercise prices of share options and non-vested shares are as follows:

In effective number of options	Weighted average exercise price (in CHF) 2009	Number of instruments 2009	Weighted averae exercise price (in CHF) 2008	Number of instruments 2008
Outstanding at the beginning of the period	82.04	4'835'909	82.44	4'020'529
Forfeited during the period	110.65	– 139'920	154.20	– 58'350
Exercised during the period	1.87	– 53'400	1.87	– 56'070
Granted during the period – options	150.00	273'950	100.00	743'840
Granted during the period – shares	–	134'940	–	185'960
Oustanding at the end of the period	**83.58**	**5'051'479**	**82.04**	**4'835'909**
Exercisable at the end of the period		**395'160**		**18'690**

Of the outstanding 5'051'479 options and non-vested shares under the diverse programs of the Group 395'160 options are exercisable immediately and all other options are subject to a restriction period of at least until 31 December 2010.

The fair value of services in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. Instead of the contractual life of the option, the input to the model is based on the expected time of execution, taking into account the exercise restriction of the options.

Fair value of share options and non-vested shares granted in 2009, and related assumptions

	Options	Non-vested shares	Vested options
Date of grant	26.11.2009	26.11.2009	26.11.2009
Fair value per option / non-vested share at exercise price at measurement date (in CHF)	24.57	125.00	24.57
Share price (in CHF)	125.00	125.00	125.00
Exercise price (in CHF)	150.00	–	150.00
Expected volatility	35.00%		35.00%
Expected term of execution	5 years		5 years
Expected dividend ratio	2.50%		2.50%
Risk-free interest rate (based on Swap rates)	1.18%		1.18%
Total options/non-vested shares granted	269'880	134'940	4'070
Amount to be recognized as service expense (in CHF)	6'630'952	15'180'750	100'000
Amount recognized in current year (in CHF)	**1'105'159**	**2'530'125**	**100'000**
Total amount recognized in current year (in CHF)			**3'735'284**

26. EMPLOYEE BENEFITS (CONTINUED)

Since the Company's stock has only been listed since 24 March 2006, the expected five year volatility applied for the options granted in 2009 has been estimated by comparing the applicable historic volatility of the Company's stock with the historic volatility of the MSCI European Financials Index ("MSCI"). Based on this comparison the Group applied the respective ratio to the five years historic volatility of the MSCI to derive the respective expected five year volatility of the Company's stock.

In 2009, the Group has further granted 2'885 (2008: 5'070) shares to employees of the Group. These shares are also subject to a vesting period of one year however the shares are in addition subject to a restriction period of maximum five years, which will be shortened if the employee resigns from the Group before this date. These shares are kept within the books of the Group and disclosed separately in the statement of changes in equity until the physical transfer of the shares to the individual employee after either five years or on the last working day of the individual employee.

Furthermore in 2009, the Group granted "non-vested shares" together with options. These shares are subject to a vesting period of five years since they were granted.

Although the options and non-vested shares imply a service period of typically 5 years, the Group already as of granting date recognized a sixth of the corresponding amount in the income statement since part of the option and non-vested shares granting is deemed to be part of the compensation for past services rendered by the option/non-vested share holders.

27. DERIVATIVES ARISING FROM INSURANCE CONTRACTS

(a) Introduction

Pearl Holding Limited

In 2000, the Group entered into an agreement with Pearl Holding Limited ("Pearl") through its subsidiary Pearl Management Limited ("PML"), to act as a policyholder for an insurance entered into by a subsidiary of Swiss Re, insuring the repayment of the principal amount of a convertible bond issued by Pearl. On 30 March 2006 the Group entered into an additional agreement with Swiss Re with regards to the extension of the term of the aforesaid bond from 30 September 2010 to 30 September 2014 and an increase of the redemption amount of the bond from EUR 660 million to EUR 712.8 million. The agreement became effective on 1 January 2006. The liability has been increased by the initial put option value of EUR 28.5 million reflecting the further payment of the Group into the experience account as of 20 December 2006.

PML only acts as policyholder and pays certain amounts into an experience account which serves as first-level-coverage in the case of a default of Pearl. The Group's exposure is dependant on the value development of the outstanding portfolio of Pearl and thus is classified as a derivative financial instrument. Given the exposure is limited to the value of the assets contained in the experience account, the Group has no net exposure left anymore relating to the agreement with Pearl.

(b) Basic assumptions

The derivative is valued applying a Black-Scholes model. The following assumptions have been made for the input parameters of the model:

	2009	2008
Net asset value (in relation to bond notional)	88%	103%
Strike price (in millions)	EUR 712.8	EUR 712.8
Dividend yield	5.07%	4.99%
Risk free interest rate (government bonds)	2.44%	3.14%
Implicit volatility	12%	12%
Term of option	30.09.2014	30.09.2014

27. DERIVATIVES ARISING FROM INSURANCE CONTRACTS (CONTINUED)

Share price
The share price reflects the net asset value of the investment company as of the relevant balance sheet date.

Strike price
The strike price reflects the redemption amount of the bond.

Dividend yield
The dividend yield reflects the outflows of the investment company with regards to investment management fee, insurance premium and administration fees. The investment management fees as well as the insurance premium take into account a potential over-commitment of the product, as the fees are based on the higher of "net asset value of the investment company" or "net asset value of private equity assets invested plus unfunded commitments". Since the second base may be higher than the net assets of the company, the dividend yield has to be adjusted accordingly to reflect it.

Implicit volatility
The implicit volatility is based on the historic volatility for a comparable private equity portfolio, reflecting the given level of diversification in terms of stages, vintage years, industries and geographies.

(c) Derivative liabilities arising from insurance contracts

In thousands of Swiss francs	2009	2008
Balance at beginning of period	91'654	57'228
Change in fair value	5'580	42'713
Effects of movement in FX	–616	–8'287
Balance at end of period	**96'618**	**91'654**

28. OPERATING LEASES

Leases as a lessee
Non-cancelable operating lease rentals are payable as follows:

In thousands of Swiss francs	2009	2008
Less than one year	3’030	3’065
Between one and five years	15’026	9’154
More than five years	835	–
	18’891	**12’219**

The Group classifies its office rental liabilities under operating leases. The office leases typically run for an initial period of two to five years, with an option to renew the lease after that date. None of the leases include contingent rentals.

During the current year CHF 4’267’021 was recognized as an expense in the income statement in respect of operating leases and housekeeping costs in connection with operating leases (2008: CHF 4’437’871).

29. CAPITAL COMMITMENTS

As of 31 December 2009 the Group had capital commitment contracts for TCHF 165’838 (2008: TCHF 150’506), whereof TCHF 81’526 (2008: TCHF 76’414) were not yet called by the relevant investment manager. The capital commitments are called over time, usually between one to five years since subscription for the commitment. In addition the Group may selectively enter into capital commitment contracts to bridge investments for investment products managed by the Group, refer also to note 15.

As described in note 18, the Group entered into 3-year term loan revolving facilities with three investment structures. Currently the Group participates with a maximum credit amount of CHF 101.3 million of which CHF 62 million have been drawn as at the end of the reporting period. Therefore a further CHF 39.3 million is still available to the three investment structures.

30. CONTINGENCIES

The Group currently has neither contingent assets nor liabilities.

31. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries (see note 32), associates (see note 14), investment companies/vehicles (see note 15 and 16), with its pension funds (see note 26) and with its management and significant shareholders.

Associates purchased services from the Group in the amount of CHF 300’000 (2008: CHF 300’000) and at the balance sheet date associates owed CHF nil to the Group (2008: CHF 75’000). The Group received dividends of CHF 4’412’928 (2008: CHF 4’751’616) from associates.

Board members and shareholders employed by the Group and their immediate relatives control 68.1% (2008: 69.3%) of the voting shares of the Company. Loans to directors and officers of the Group amount to CHF 3’696’837 (2008: CHF 2’446’236) and are included in “other financial assets” (see note 16).

The Group purchased treasury shares from its shareholders as follows (see also note 21):

In effective number of shares	2009	2008
From shareholders, which are employed by the Group	411’964	78’477
	411’964	**78’477**
Purchase price per share	118.44	141.03

The Group is managed by the board of directors of the Company and the executive board of the Group (hereinafter referred to as “senior management”). The total personnel expenses of senior management included in personnel expenses (see note 9) amounts to:

In thousands of Swiss francs	2009	2008
Board members of Partners Group Holding AG		
Short-term employment benefits	800	1’050
Post-employment benefits	129	134
Share-based payment expenses	100	–
	1’029	**1’184**
Executive board		
Short-term employment benefits	4’415	4’770
Post-employment benefits	578	563
Share-based payment expenses	1’164	2’669
	6’157	**8’002**
Total board members and executive board	**7’186**	**9’186**

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Senior management can also participate in the Group's share option program (see note 26). At the relevant balance sheet date, senior management was entitled to the following number of options, non-vested shares and shares:

In effective number of options and non-vested shares	2009	2008
Board members	9'331	8'549
Members of the Executive Board	942'500	912'900
Other Partners & Managing Directors	1'755'950	1'569'310
Total	**2'707'781**	**2'490'759**

In effective number of shares	2009	2008
Board members	11'380'978	11'378'478
Members of the Executive Board	1'709'350	2'456'250
Other Partners & Managing Directors	3'018'789	2'984'434
Total	**16'109'117**	**16'819'162**

For further information in accordance with Art. 663b[bis] and 663c Swiss Code of Obligations refer to the entity accounts of Partners Group Holding AG.

32. GROUP ENTERPRISES

Name	Country of incorporation	Ownership interest 2009	2008
(a) Significant subsidiaries (full consolidation)			
Partners Group AG	Switzerland	100%	100%
Asset Management Partners AG	Switzerland	84%	84%
Partners Group (Luxembourg) S.àr.l.	Luxembourg	100%	100%
Partners Group Management I S.àr.l.	Luxembourg	100%	100%
Partners Group Management II S.àr.l.	Luxembourg	100%	100%
Partners Group (Deutschland) GmbH	Germany	100%	100%
Partners Group (Guernsey) Limited	Guernsey	100%	100%
Partners Group Management Limited	Guernsey	100%	100%
Partners Group Management II Limited	Guernsey	100%	100%
Partners Group Management III Limited	Guernsey	100%	100%
Partners Group Management IV Limited	Guernsey	100%	100%
Partners Group Management V Limited	Guernsey	100%	100%
Partners Group Management VI Limited	Guernsey	100%	100%
Partners Group Management VII Limited	Guernsey	100%	100%
Partners Group Management VIII Limited	Guernsey	100%	100%
Partners Group Management IX Limited	Guernsey	100%	100%
Partners Group Management X Limited	Guernsey	100%	100%
Partners Group Management XI Limited	Guernsey	100%	n/a
Partners Group Fund Services Limited	Guernsey	100%	100%
Partners Group Finance ICC Limited	Guernsey	100%	100%
Partners Group Finance CHF IC Limited	Guernsey	100%	100%
Partners Group Finance EUR IC Limited	Guernsey	100%	100%
Partners Group Finance GBP IC Limited	Guernsey	100%	100%
Partners Group Finance USD IC Limited	Guernsey	100%	100%
Pearl Management Limited	Guernsey	100%	100%
Penta Management Limited	Guernsey	100%	100%
Princess Management Limited	Guernsey	100%	100%
Partners Private Equity Management Limited	Guernsey	100%	100%
Partners Private Equity Management Inc.	Cayman Islands	100%	100%
Partners Group (Scotland) Limited	Scotland	100%	100%
Partners Group (UK) Limited	UK	100%	100%
Partners Group (USA) Inc.	USA	100%	100%
Partners Group Real Estate LLC	USA	100%	100%
Partners Group (Singapore) Pte Limited	Singapore	100%	100%
(b) Investments in associates (equity method)			
LGT Private Equity Advisers	Liechtenstein	40%	40%

33. SUBSEQUENT EVENTS

No events took place between 31 December 2009 and 11 March 2010 that would require material adjustments to the amounts recognized in these consolidated financial statements.

In a press release dated 14 December 2009, the Group announced the spin-out of the alternative beta strategies business, including insurance-linked securities, to further emphasize the Group's strategic concentration on private markets. The new setup allows a larger degree of independence for a business which is separate from the Group's core activities, yet will preserve institutional backing as the Group will retain a majority shareholding in this new venture. The current alternative beta strategies team will become holders of a significant equity stake. The spin-out has no material impact on the Group's revenues, net profit or balance sheet positions.

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INDEX TO THE FINANCIAL STATEMENTS PARTNERS GROUP HOLDING AG AND REPORT OF THE AUDITORS

REPORT OF THE AUDITORS ON THE FINANCIAL STATEMENTS OF PARTNERS GROUP HOLDING AG

KPMG AG
Audit Financial Services
Badenerstrasse 172
CH-8004 Zürich

Postfach
CH-8026 Zürich

Telefon +41 44 249 31 31
Telefax +41 44 249 23 19
Internet www.kpmg.ch

Report of the Statutory Auditor on the Financial Statements to the General Meeting of

Partners Group Holding AG, Baar

As statutory auditor, we have audited the accompanying financial statements of Partners Group Holding AG, which comprise the balance sheet, income statement and notes (pages 110 to 120) for the year ended 31 December 2009.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Partners Group Holding AG, Baar
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Swen Wysbrod
Licensed Audit Expert
Auditor in Charge

Micha Bitterli
Licensed Audit Expert

Zurich, 11 March 2010

INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs	2009	2008
Income from financial investments	235’421	287’919
Value adjustments on financial investments	3’461	– 13’831
Other financial income	2’147	2’436
Total income	**241’029**	**276’524**
Personnel expenses	– 2	– 8
General and administrative expenses	– 679	– 660
Other financial expenses	– 7’920	– 60’785
Profit before taxes	**232’428**	**215’071**
Taxes	– 1’207	166
Net profit for the period	**231’221**	**215’237**

BALANCE SHEET AS OF 31 DECEMBER 2009 AND 2008

In thousands of Swiss francs	Note	2009	2008
Assets			
Current assets			
Cash and cash equivalents		163’515	72’268
Securities		10’170	13’672
Treasury shares	3	169’019	147’918
Accounts receivables		18	–
Other receivables:			
– third parties		13’332	558
– group companies		33’172	47’035
Deferred expenses and accrued income		54’205	75’906
Total current assets		**443’431**	**357’357**
Non-current assets			
Financial investments:			
– participations	2	237’296	140’154
– loans to employees		3’664	2’446
– other financial assets		5’645	707
Total non-current assets		**246’605**	**143’307**
Total assets		**690’036**	**500’664**
Liabilities and shareholders’ equity			
Liabilities			
Other current liabilities:			
– third parties		581	83
– group companies		85’511	21’594
Accrued expenses		115	1’114
Total liabilities		**86’207**	**22’791**
Shareholders’ equity			
Share capital		267	267
Legal reserves:			
– legal reserve		218	218
– reserve for treasury shares	3	206’617	218’457
– reserve for options granted		100	–
Available earnings:			
– retained earnings	4	165’406	43’694
– net profit for the period		231’221	215’237
Total shareholders’ equity		**603’829**	**477’873**
Total liabilities and shareholders’ equity		**690’036**	**500’664**

1. COMMITMENTS AND CONTINGENT LIABILITIES

In thousands of Swiss francs	2009	2008
Guarantees		
Guarantees for subsidiaries	30’840	30’842

2. PARTICIPATIONS

	Share capital				Ownership interest	
In thousands of Swiss francs		2009		2008	2009	2008
Partners Group AG, Baar	CHF	200	CHF	200	100%	100%
Princess Management Limited, Guernsey	USD	600	USD	600	100%	100%
Partners Group (USA) Inc, New York	USD	75	USD	75	100%	100%
Partners Group (Guernsey) Limited, Guernsey	GBP	40	GBP	40	100%	100%
Partners Group (UK) Limited, London	GBP	450	GBP	450	100%	100%
Partners Group (Luxembourg) S.àr.l., Luxembourg	EUR	4’985	EUR	500	100%	100%
Partners Group (Singapore) Pte Limited, Singapore	SGD	1	SGD	1	100%	100%
Pearl Management Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Fund Services Limited, Guernsey	USD	200	USD	196	100%	100%
Penta Management Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Private Equity Management Inc, Cayman Island	USD	1	USD	1	100%	100%
Partners Private Equity Management Limited, Guernsey	CHF	1	CHF	1	100%	100%
LGT Private Equity Advisers AG, Vaduz	CHF	1’000	CHF	1’000	40%	40%
Partners Group Private Equity Performance Holding Limited, Guernsey	EUR	10	EUR	10	100%	100%
Pearl Holding Limited, Guernsey	EUR	10	EUR	10	100%	100%
Partners Group Management Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management II Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management III Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management IV Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management V Limited, Guernsey	USD	20	USD	20	100%	100%
Partners Group Management VI Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management VII Limited, Guernsey	USD	20	USD	20	100%	100%
Partners Group Management VIII Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management IX Limited, Guernsey	EUR	20	EUR	20	100%	100%
Partners Group Management X Limited, Guernsey	USD	20	USD	20	100%	100%
Partners Group Management XI Limited, Guernsey	USD	28	n/a	n/a	100%	n/a
Partners Group Management I S.àr.l., Luxembourg	EUR	31	EUR	31	100%	100%
Partners Group Management II S.àr.l., Luxembourg	EUR	31	EUR	31	100%	100%
Partners Group (Deutschland) GmbH, Frankfurt	EUR	25	EUR	25	100%	100%
Partners Group Finance ICC Limited, Guernsey	CHF	1	CHF	1	100%	100%
Partners Group Finance CHF IC Limited, Guernsey	CHF	–	CHF	–	100%	100%
Partners Group Finance USD IC Limited, Guernsey	USD	–	USD	–	100%	100%
Partners Group Finance EUR IC Limited, Guernsey	EUR	–	EUR	–	100%	100%
Partners Group Finance GBP IC Limited, Guernsey	GBP	–	GBP	–	100%	100%
Asset Management Partners AG, Baar	CHF	200	CHF	200	84%	84%

3. NUMBER OF TREASURY SHARES AS OF 31 DECEMBER

	Number of shares	Average price	Total value
		In Swiss francs	In thousands of Swiss francs
Balance as of 1 January 2008	1’776’582		
Purchase of treasury shares for cash	1’414’558	122.18	172’833
Exercised options	– 56’070	1.87	– 105
Sale of treasury shares for cash	– 1’162’824	98.68	– 114’749
Shares with subsidiaries [1]	72’200	67.00	4’837
Balance as of 31 December 2008	**2’044’446**		
Purchase of treasury shares for cash	1’328’486	108.41	144’020
Exercised options	– 80’100	11.23	– 900
Sale of treasury shares for cash	– 1’339’443	101.74	– 136’277
Balance as of 31 December 2009	**1’953’389**		

1) These shares have been transferred to employees in January 2009.

The shares are valued at the lower of transactions or market price. The average value per share amounts to CHF 86.53 (31 December 2008: CHF 72.35).

The company has 5’051’479 outstanding employee options (including non-vested shares) which will vest over the next 10 years (see also note 26 of the consolidated financial statements) (31 December 2008: 4’835’909).

4. RETAINED EARNINGS

In thousands of Swiss francs	2009	2008
Balance as of 1 January	43’694	– 55’214
Allocation of previous year’s result	215’237	252’629
Payment of dividend	– 105’365	– 105’979
Net treasury shares bought in period / reallocation to reserve for treasury shares	11’840	– 47’742
Balance as of 31 December	**165’406**	**43’694**

5. CONDITIONAL CAPITAL

The annual general meeting on 27 April 2007 approved the increase of the conditional capital for employee options to:

	2009	2008
Number of registered shares	4’005’000	4’005’000
Par value (in Swiss francs)	40’050	40’050

6. SHAREHOLDERS ABOVE 5% (IN % OF SHARES ISSUED)

	2009	2008
Gantner Alfred	14.20%	14.19%
Erni Marcel	14.20%	14.19%
Wietlisbach Urs	14.20%	14.19%

7. CHANGE IN ACCOUNTING POLICY

Partners Group Holding AG changed from the individual valuation of the participations to the overall valuation of the balance sheet position of participations.

8. RISK ASSESSMENT DISCLOSURE IN ACCORDANCE WITH ART. 663B PAR. 12 SWISS CODE OF OBLIGATIONS

The Board of Directors has performed an assessment of the risks to which Partners Group Holding AG is exposed. The analysis is based on the data and instruments used for the risk management of the company. The risk management covers in particular the market risks, the credit risks and the operational risks. The Board of Directors has taken into consideration the internal control system designed to monitor and reduce the risks of the company for its assessment.

9. MANAGEMENT COMPENSATION IN ACCORDANCE WITH ART. 663B^BIS SWISS CODE OF OBLIGATIONS

In thousands of Swiss francs					2008
	Base compensation (cash)	Variable compensation (cash bonus)	Other compensation[1)]	Options/ shares	Total
Board of Directors					
Gantner Alfred, Executive Chairman	300	–	104	–	404
Erni Marcel, Executive Vice Chairman	300	–	41	–	341
Wietlisbach Urs, Executive Vice Chairman	300	–	107	–	407
Fehring Ulrich	50	–	2	–	52
Schenker Robert	50	–	39	–	89
Zürcher Wolfgang	50	–	3	–	53
Total Board of Directors	**1’050**	**–**	**296**	**–**	**1’346**
Executive Board					
Meister Steffen, Chief Executive Officer	198	502	48	647	1’395
Birchler Kurt, Chief Financial Officer	199	300	57	–	556
Wenger Jürg, Chief Operating Officer	218	293	66	162	739
Kaas Erik [2)]	198	402	78	404	1’082
Gysler Philipp	250	280	55	324	909
Jacquemai Michel	218	232	49	–	499
Haldner Felix	198	332	80	324	934
Schäli Stephan	218	312	77	404	1’011
Biner Rene	198	252	64	324	838
Näf Stefan	210	290	67	485	1’052
Total Executive Board	**2’105**	**3’195**	**641**	**3’074**	**9’015**

1) Amounts include payments by the Group for pension and other benefits (including fee rebates on personally held Partners Group products).

2) Member of Executive Board until 31 December 2007

9. MANAGEMENT COMPENSATION IN ACCORDANCE WITH ART. 663B^BIS SWISS CODE OF OBLIGATIONS (CONTINUED)

In thousands of Swiss francs					2009
	Base compensation (cash)	Variable compensation (cash bonus)	Other compensation[1)]	Options/ shares	Total
Board of Directors					
Gantner Alfred, Executive Chairman	250	–	87	–	337
Erni Marcel, Executive Vice Chairman	250	–	55	–	305
Wietlisbach Urs, Executive Vice Chairman	250	–	92	–	342
Fehring Ulrich	50	–	2	–	52
Wuffli Peter	–	–	–	50	50
Zürcher Wolfgang	–	–	–	50	50
Total Board of Directors	**800**	**–**	**236**	**100**	**1’136**
Executive Board					
Meister Steffen, Chief Executive Officer	263	387	45	–	695
Birchler Kurt, Chief Financial Officer	270	180	64	291	805
Wenger Jürg, Chief Operating Officer	270	210	59	–	539
Gysler Philipp	250	250	112	–	612
Haldner Felix	250	250	59	–	559
Schäli Stephan	270	230	64	291	855
Biner Rene	250	190	59	291	790
Näf Stefan	270	205	62	291	828
Trommsdorff Tilman	270	150	54	–	474
Total Executive Board	**2’363**	**2’052**	**578**	**1’164**	**6’157**

1) Amounts include payments by the Group for pension and other benefits (including fee rebates on personally held Partners Group products).

10. MANAGEMENT SHARE OWNERSHIP IN ACCORDANCE WITH ART. 663C SWISS CODE OF OBLIGATIONS

Number of shares / options held as of 31 December 2008			2008
	Share ownership	Non-vested shares	Options
Board of Directors			
Gantner Alfred, Executive Chairman	3’788’826	–	–
Erni Marcel, Executive Vice Chairman	3’788’826	–	–
Wietlisbach Urs, Executive Vice Chairman	3’788’826	–	–
Fehring Ulrich	5’000	–	3’288
Schenker Robert	5’500	–	3’288
Zürcher Wolfgang	1’500	–	1’973
Executive Board			
Meister Steffen, Chief Executive Officer	534’000	6’400	185’800
Birchler Kurt, Chief Financial Officer	151’300	–	80’100
Wenger Jürg, Chief Operating Officer	178’900	1’600	33’100
Kaas Erik [1)]	283’750	4’000	96’100
Gysler Philipp	222’500	3’200	92’900
Jacquemai Michel	409’400	–	26’700
Haldner Felix	347’100	3’200	92’900
Schäli Stephan	244’750	4’000	96’100
Biner Rene	71’200	3’200	96’200
Näf Stefan	13’350	4’800	182’700
Total	**13’834’728**	**30’400**	**991’149**

1) Member of Executive Board until 31 December 2007

10. MANAGEMENT SHARE OWNERSHIP IN ACCORDANCE WITH ART. 663C SWISS CODE OF OBLIGATIONS (CONTINUED)

Number of shares / options held as of 31 December 2009			2009
	Share ownership	Non-vested shares	Options
Board of Directors			
Gantner Alfred, Executive Chairman	3’790’326	–	–
Erni Marcel, Executive Vice Chairman	3’790’326	–	–
Wietlisbach Urs, Executive Vice Chairman	3’790’326	–	–
Fehring Ulrich	2’500	–	3’288
Wuffli Peter	6’000	–	2’035
Zürcher Wolfgang	1’500	–	4’008
Executive Board			
Meister Steffen, Chief Executive Officer	534’000	6’400	185’800
Birchler Kurt, Chief Financial Officer	121’300	1’800	83’700
Wenger Jürg, Chief Operating Officer	168’900	1’600	33’100
Gysler Philipp	152’500	3’200	92’900
Haldner Felix	347’100	3’200	92’900
Schäli Stephan	196’000	5’800	99’700
Biner Rene	66’200	5’000	99’800
Näf Stefan	13’350	6’600	186’300
Trommsdorff Tilman	110’000	1’600	33’100
Total	**13’090’328**	**35’200**	**916’631**

PROPOSAL BY THE BOARD OF DIRECTORS OF PARTNERS GROUP HOLDING AG FOR THE APPROPRIATION OF AVAILABLE EARNINGS AS OF 31 DECEMBER

In thousands of Swiss francs	2009	2008
Profit for the year	231’221	215’237
Retained earnings	165’406	43’694
Available earnings	**396’627**	**258’931**
Proposal by the Board of Directors to the General Meeting:		
To be distributed to shareholders	– 120’150	– 105’365
To be carried forward	**276’477**	**153’566**

ANALYZING THE DEVELOPMENT OF A REAL ESTATE INVESTMENT

Claude Angéloz Co-Head Private Real Estate and **Marc Weiss** Head Private Real Estate Secondaries.

Partners Group is committed to meeting high standards of corporate governance, with the aim of guiding our company to further success. Partners Group bases its corporate governance on the "Swiss Code of Best Practice for Corporate Governance" issued by economiesuisse and the "Directive on Information relating to Corporate Governance" issued by the SIX Swiss Exchange.

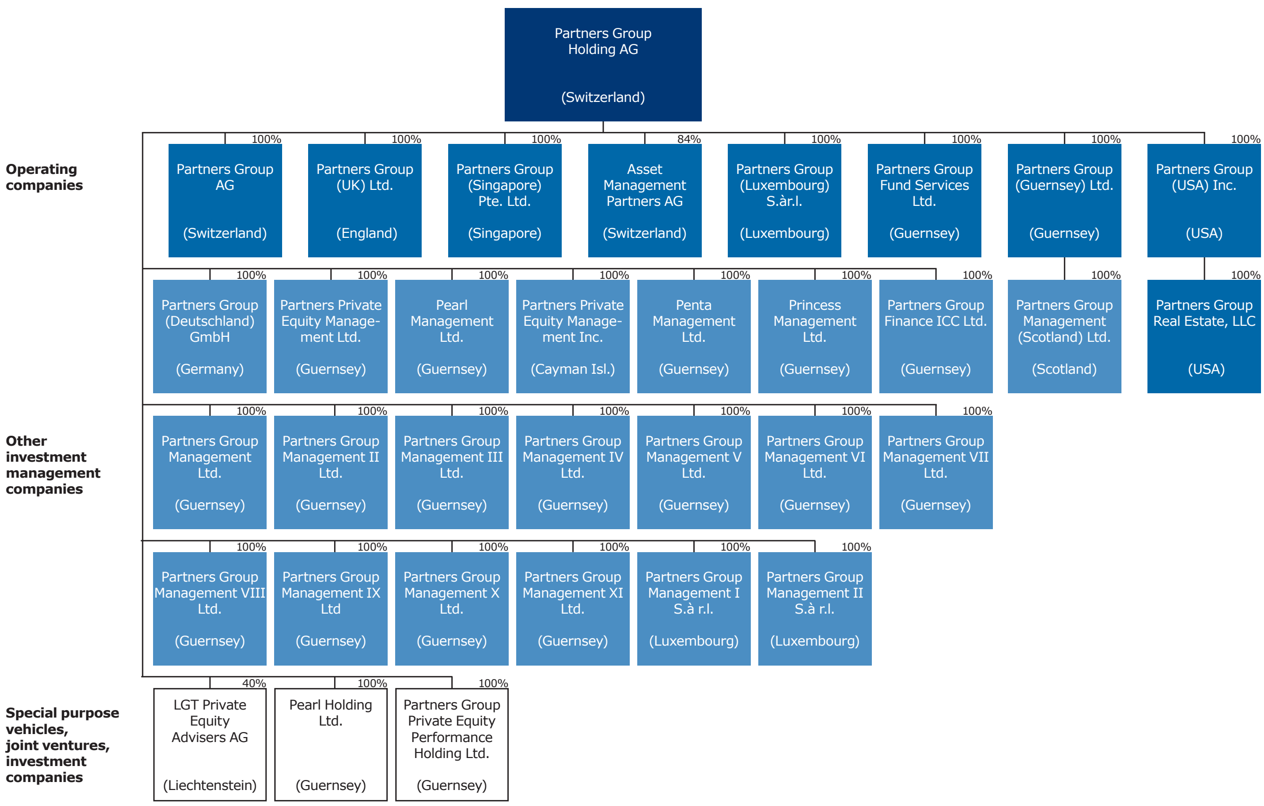
The Corporate Governance section contains information on the following:
1. Group structure and shareholders
2. Capital structure
3. Board of directors
4. Executive board
5. Compensation, shareholdings and loans
6. Shareholders' participation
7. Changes of control and defense measures
8. Auditors
9. Information policy

In this corporate governance report, references to "Partners Group", "Partners Group Holding", the "firm", the "company", "we", "us" and "our" are to Partners Group Holding AG together with its consolidated subsidiaries, unless the context requires otherwise.

1. Group structure and shareholders

1.1 Group structure
Partners Group Holding operates through majority or wholly owned subsidiaries in Switzerland, the United Kingdom, the United States, Singapore, Guernsey and other jurisdictions. The chart below provides an overview of the group structure as of 31 December 2009.

1.1.1 Listed companies belonging to the Group
Partners Group Holding is a stock corporation incorporated under Swiss law with its registered office and headquarter at Zugerstrasse 57, 6341 Baar-Zug. Partners Group Holding is listed on the SIX Swiss Exchange under Swiss Security Number 002460882 and ISIN number CH0024608827. The market capitalization of



the company as of 31 December 2009 is CHF 3.5 billion. All other group companies are privately held.

1.1.2 Unlisted companies belonging to the Group
For more detailed information on the unlisted subsidiaries of the group, including names, domiciles, share capital and ownership interests, please see note 32 to the consolidated financial statements and note 2 to the statutory financial statements in the annual report 2009.

1.2 Significant shareholders
Partners Group Holding has one group of shareholders holding more than 3% of the shares and voting rights of the company. This group is composed of Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach along with 26 other Partners of Partners Group. All members of this group have entered into a lock-up agreement which imposes certain selling restrictions and/or individual non-compete arrangements on the members of the group for a time period of up to March 2013. As of 31 December 2009, this group holds 4’721’644 shares or 17.68% of the total share capital. Within this group, Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach each hold 731’413 shares, or 2.74% of the total share capital. Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach each additionally hold 3’058’913 shares outside of the group, corresponding to 11.46% of the total share capital each. At year-end, Partners Group Holding held 1’953’389 treasury shares, corresponding to 7.32% of the total share capital.

1.3 Cross-shareholdings
Partners Group Holding has no cross-shareholdings with another company or group of companies.

2. Capital structure

2.1 Capital
The issued nominal share capital of Partners Group Holding amounts to CHF 267’000, comprising 26’700’000 fully paid in registered shares with a nominal value of CHF 0.01 each.

2.2 Authorized and conditional share capital
Partners Group Holding currently has no authorized capital.

The extraordinary general meeting of shareholders held on 14 December 2005 approved the creation of a conditional capital of a maximum of CHF 13’350, divided into 1’335’000 fully paid-in registered shares of a nominal value of CHF 0.01 each. Furthermore, the annual general meeting of shareholders held on 27 April 2007 approved the increase of the conditional capital to a maximum of CHF 40’050, divided into 4’005’000 fully paid-in registered shares of a nominal value of CHF 0.01 each.

The share capital may be increased through the exercise of options granted to the members of the board of directors and employees of Partners Group in the aggregate amount of the conditional capital. Pre-emptive rights as well as the shareholders’ advance subscription rights are excluded in favor of the option holders. The board of directors will determine the details of any issue of conditional capital according to the terms of the related option rights. The acquisition of the registered shares by exercising the option rights and the further transfer of the shares are subject to the transfer restrictions set forth in section 2.6 below.

2.3 Changes in capital
Apart from the creation and increase of the conditional capital as described in section 2.2 above, no further changes in capital have occurred during the last three years.

2.4 Shares and participation certificates
Partners Group Holding has issued 26’700’000 fully paid-in registered shares with a nominal value of CHF 0.01 each and transferability in accordance with our articles of association, as described in section 2.6 below. Shareholders do not have the right to ask for printing and delivery of share certificates. A shareholder may, however, at any time demand that Partners Group Holding issue a confirmation of such shareholder’s holding.

Each share carries one vote at shareholders’ meetings. All shares have equal rights. Voting rights and certain other non-economic rights attached to the shares, including the right to call and to attend shareholders’ meetings, may be exercised only after a shareholder has been registered in the share register of Partners Group Holding as a shareholder with voting rights. Such registration requires the approval of the board of directors and is restricted, see section 2.6 below. All shares are entitled to full dividend rights.

Partners Group Holding has not issued (non-voting) participation certificates.

2.5 Profit sharing certificates
Partners Group Holding has not issued any profit sharing certificates.

2.6 Limitations on transferability and nominee registration
Any transfer of shares will not be recognized for purposes of having voting rights with respect to such shares unless a transfer is approved by the board of directors. This limitation also applies to the establishing of a usufruct. If the application of a transferee for recognition is not declined by the board of directors within 20 days, this transferee is deemed to have been recognized as a shareholder. According to art. 6 of the articles of association, the board of directors may refuse to register a transferee as a shareholder with voting rights to the extent that said transferee's total shareholding would exceed 10% of the total share capital as registered in the commercial register. The board of directors may also refuse to register a transferee as a shareholder with voting rights if the transferee does not expressly declare that it has acquired the shares in its own name and for its own account. If the shares pass by inheritance or matrimonial property law, the transferee may not be refused as a shareholder with voting rights. Entries in the share register may be canceled if they are based on false information on the part of the transferee.

Partners Group Holding has issued special provisions for the registration of nominees. Nominees may be entered in the share register with voting rights for a maximum of 5% of the total share capital as set forth in the commercial register. The board of directors may allow a nominee to exceed this limit if such nominee discloses the name, address and shareholding of any person for whose account it is holding 0.5% or more of the share capital as set forth in the commercial register. The board of directors shall conclude agreements with such nominees concerning disclosure requirements, representation of shares and exercise of voting rights.

Any reversal or amendment of the statutory rules governing the transfer limitation require a quorum of at least two-thirds of the represented votes at the shareholders' meeting and the absolute majority of the represented nominal value of shares.

2.7 Convertible bonds and options
Partners Group Holding currently has no convertible bonds outstanding.

Since 30 June 2000, Partners Group Holding has established regular share and option programs that entitle management personnel as well as a large number of employees to purchase and/or hold shares in the entity. The options can be settled either by the issuance of conditional capital or by the delivery of existing shares. Please see note 26 (b) to the consolidated financial statements in the annual report 2009 for comprehensive information on the employee shares and options.

Partners Group Holding has not issued any further options or warrants.

3. Board of directors

The board of directors of Partners Group Holding is entrusted with the ultimate strategy and direction of the company and the supervision of the management. As of 31 December 2009, the board of directors consists of six members, of which three are executive members.

3.1 Members of the board of directors
The executive members of the board of directors are Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach. Apart from Dr. Marcel Erni's mandates as member of the board of IHAG Holding AG, Zurich, and Perennius Capital, Milan, the executive members of the board of directors of Partners Group Holding do not hold any management positions or any board memberships outside the Partners Group Holding group or associated companies, nor do they hold any official functions or political posts. The texts below provide information on the professional history and education of each member of the board of directors, including other activities and functions such as mandates on boards of important corporations, organizations and foundations, or permanent functions for important interest groups.

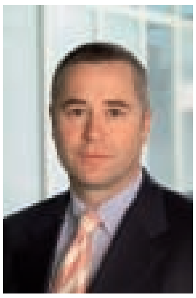
The table below shows the current composition of the board of directors:

Name	Director since	Term expires	Nationality	Age	Committee membership[1]	Function
Alfred Gantner	1997	2010	Swiss	41	RAC, NCC, BDC[2]	Director, Executive Chairman
Dr. Marcel Erni	1997	2011	Swiss	44	BDC	Director, Executive Vice Chairman
Urs Wietlisbach	1997	2012	Swiss	48	BDC	Director, Executive Vice Chairman
Ulrich Fehring	1998	2011	German	68	NCC[2]	Director
Dr. Peter Wuffli	2009	2010	Swiss	52	RAC[2]	Director
Dr. Wolfgang Zürcher	2005	2012	Swiss	45	RAC, NCC	Director

[1] Detailed information on committees is provided in section 3.3 below
RAC: Risk and audit committee
NCC: Nomination and compensation committee
BDC: Business development committee

[2] Committee chair

Alfred Gantner is a founding Partner of Partners Group, chairman of the business development committee and a member of both the risk and audit committee and the nomination and compensation committee. As the firm's Executive Chairman, he leads the business strategy and corporate development of the firm. He is also a member of the global portfolio investment committee, and is instrumental in the firm's private market investment management business. Prior to founding Partners Group, he worked for Goldman Sachs & Co. where, after stays in New York and London, he built up an institutional client business in Switzerland. He started his career in the securities trading department of the UBS Private Banking Group (Cantrade) in Zurich and Geneva. He holds an MBA from the Marriott School of Management at Brigham Young University.



Dr. Marcel Erni is a founding Partner of Partners Group and a member of the business development committee and the global portfolio investment committee. He serves as Executive Vice Chairman and is responsible for the firm's investment strategy and development. He has been pivotal in building the firm's direct investment business. Prior to founding Partners Group, he was a banker at Goldman Sachs & Co. and a management consultant at McKinsey & Co. He is a member of the board of directors of IHAG Holding AG, Zurich and of Perennius Capital, Milan. He holds an MBA from the University of Chicago and a PhD and master's degree in finance and banking from the University of St. Gallen (HSG).

Urs Wietlisbach is a founding Partner of Partners Group, serves as an Executive Vice Chairman, and is a member of the business development committee. He is also a member of the global portfolio investment committee. He was initially responsible for the firm's partnership investment activities and was instrumental in building Partners Group's private equity funds portfolio and a global industry network. Later, he also focused on business development responsibilities, first in Europe, and subsequently in the US and the Asia-Pacific region. Prior to founding Partners Group, he was an executive director at Goldman Sachs & Co. where, after assignments in London and New York, he was appointed head of the firm's institutional clients business in Switzerland. Previously, he was a relationship manager for multinational corporate clients at Credit Suisse in New York and Zurich. He holds a master's degree in business administration from the University of St. Gallen (HSG).

Ulrich Fehring has been an advisor to and member of the board of directors of Partners Group since 1998 and is chairman of the nomination and compensation committee. Additionally, Mr. Fehring has acted as manager of Partners Group (Deutschland) GmbH since June 2005. Previously, he served in various capacities with the Warburg Group, Schröder Münchmeyer Hengst, Bank in Liechtenstein and Credit Suisse Deutschland. His last assignment with Credit Suisse Deutschland was as Chief Executive Officer of the group's activities in Germany. His assignments were in Switzerland, Germany, New York and London. Ulrich Fehring holds other board mandates (Aufsichtsratvorsitzender) with LUPUS alpha KaG, Frankfurt (asset management firm) and with Pensionskasse für die Deutsche Wirtschaft, Duisburg. Mr. Fehring holds a commercial apprenticeship degree. Apart from his advisory capacity and function at Partners Group (Deutschland) GmbH as mentioned above, neither Mr. Fehring nor any of his close family members have ever been members of the senior management of Partners Group Holding or any of its subsidiaries, nor do they have any significant business connections with either Partners Group Holding or one of its subsidiaries. Mr. Fehring does not exercise any official functions or hold a political post. Mr. Fehring does not have any permanent management/consultancy functions for significant domestic and foreign interest groups.

Dr. Peter Wuffli has been a member of the board of directors of Partners Group Holding AG since 2009 and is chairman of the risk and audit committee. Dr. Wuffli further holds mandates in various organizations. He is a director at the Board of Karl Steiner AG, the leading Swiss Total Services Contractor firm, and he serves as Chairman of the elea Foundation for Ethics in Globalization that he founded together with his wife in 2006. He is also a Vice Chairman of the IMD International Institute of Management Development in Lausanne and of the Zürich Opera House. After earning a BA in Economics and Social Sciences and a PhD in International Management from the University of St. Gallen (Switzerland), Peter Wuffli joined McKinsey & Co in 1984, first as Management Consultant (1984-1990) and then as a Partner (1990-1994). In 1994 he joined the Swiss Bank Corporation (SBC), where he was Chief Financial Officer and a member of SBC's Group Executive Board (1994-1998). Following the merger of SBC and the Union Bank of Switzerland in 1998, Peter Wuffli continued as Chief Financial Officer of the UBS Group (1998-1999), before becoming Chairman and CEO of UBS Asset Management (1999-2001), President of the Group Executive Board of UBS (2001-2003) and Group CEO (2003-2007). Neither Dr. Wuffli nor any of his close family members have ever been members of the senior management of Partners Group Holding or any of its subsidiaries, nor do they have any significant business connections with either Partners Group Holding or one of its subsidiaries. Dr. Wuffli does not exercise any official functions, hold a political post- or have any permanent management/consultancy functions for significant domestic and foreign interest groups.

Dr. Wolfgang Zürcher, a member of the board of directors of Partners Group since 2005, is a member of the risk and audit and the nomination and compensation committees and a partner at Wenger & Vieli, Attorneys-at-Law. He advises Partners Group as well as further national and international clients with respect to mergers and acquisitions, capital markets and banking law. Before joining Wenger & Vieli in 1996, Dr. Zürcher worked as an assistant at the chair of corporate and banking law at the University of Zurich and with an international law firm in the United States. Wolfgang Zürcher holds a doctorate in law from the University of Zurich as well as an LL.M. degree from the University College, London. Apart from his advisory capacity as mentioned above, neither Dr. Zürcher nor any of his close family members have ever been members of the senior management of Partners Group Holding or any of its subsidiaries, nor do they have any significant business connections with either Partners Group Holding or one of its subsidiaries. Dr. Zürcher does not exercise any official functions or hold a political post. Dr. Zürcher does not have any permanent management/consultancy functions for significant domestic and foreign interest groups.

Changes in the board of directors
Robert Schenker resigned from the board of directors after more than ten years at the annual general meeting on 30 April 2009, at which Dr. Peter Wuffli was elected to the board of directors as his replacement.

3.2 Elections and terms of office

The board of directors consists of at least three members, all of which are elected individually (staggered renewal) by the shareholders' meeting, usually for a term of three years, unless the shareholders' meeting establishes different terms of office for individual members. The year of first appointment to the board of directors and the expiry of the current term of each member are listed in the table in section 3.1. There are no limits on terms of office.

3.3 Internal organizational structure

The board of directors has adopted written internal regulations, the rules of the organization and of operations (ROO), for the management of the company and of its subsidiaries pursuant to article 716b of the Swiss Code of Obligations, the rules of the SIX Swiss Exchange and the company's articles of association.

The board of directors has ultimate responsibility for the management of Partners Group Holding. While three members are non-executive, the three executive members of the board of directors also assume management responsibilities.

Once a year, during the first board meeting following the annual general meeting of shareholders, the board of directors appoints its chairman from amongst its members, and appoints its secretary, who need not be a member of the board of directors. The board of directors meets as often as business requires, but no less than once a year; in 2009, four meetings were held, which each lasted approximately three hours. The external auditors attended one meeting of the board of directors in 2009. The board of directors can deliberate if the majority of its members are present. Resolutions are adopted with the majority of the votes of the members present. In the event of a tie, the chairman casts the deciding vote. Resolutions by circular letter require the absolute majority of all members of the board of directors.

The board of directors has established three sub-committees: the risk and audit committee, the nomination and compensation committee and the business development committee. Each committee advises the board of directors on the matters specified below, often with the assistance of the executive board and others involved in the management of Partners Group Holding. The members and chairmen of these committees are determined by the board of directors.

Any of the committee members may call committee meetings. In order for resolutions to be valid, the majority of a committee's members must be present (physically or by phone / video conference) at the meeting or the resolution must be adopted by way of a circular resolution.

Risk and audit committee

The risk and audit committee is in charge of ensuring diligent performance of internal and external auditing as well as financial controlling in addition to performing other tasks related to risk management. In particular, the risk and audit committee (i) approves internal audit's organization and tasks, (ii) orders the performance of specific audits, (iii) supervises internal audit's activities, (iv) ensures the execution of the external audit, (v) monitors the financial review processes and (vi) ensures the review of the management and internal control processes. The role of the risk and audit committee is primarily supervisory and its decision making authority is limited to those areas which are ancillary to its supervisory role (see also section 3.5.1.2). As of 31 December 2009, the members of the risk and audit committee were Dr. Peter Wuffli (chair), Mr. Alfred Gantner and Dr. Wolfgang Zürcher. The risk and audit committee held three meetings in 2009, which each lasted approximately two hours and were all also attended by internal audit. In addition, the external auditors attended one meeting of the risk and audit committee in 2009. The chief executive officer, chief financial officer and chief risk officer regularly attend risk and audit committee meetings. The majority of the committee members were present at all meetings.

Nomination and compensation committee

The nomination and compensation committee advises the board of directors and the executive board regarding: (i) the composition of the board of directors and (ii) the remuneration policy and strategy for directors and personnel. As of 31 December 2009, the members of the nomination and compensation committee were Messrs. Ulrich Fehring (chair), Alfred Gantner and Dr. Wolfgang Zürcher. The nomination and compensation committee met once in November 2009 for approximately four hours to discuss the annual compensation for the board of directors and the executive board as well as to confirm the overall compensation policy.

Business development committee

The business development committee advises the board of directors on strategic matters and decides on general policy and strategies within the current set guidelines and practices. The business development committee instructs and directs the executive board on these issues and their implementation. As of 31 December 2009, the members of the business development committee were Messrs. Alfred Gantner (chair), Urs Wietlisbach and Dr. Marcel Erni. The chief executive officer, chief financial officer, chief operating officer and the co-head of the investment solutions team participate in meetings of the business development committee, although they do not have voting rights. The business development committee meets bi-weekly for approximately two hours to discuss strategic matters of the firm. The majority of the meetings throughout the year were attended by all committee members, as well as by the non-voting advisers.

3.4 Definition of areas of responsibility

The board of directors has delegated the day-to-day management to the executive board unless provided otherwise by law, the articles of association or as described below. The board of directors has the right to issue specific rules for this purpose and to form the respective committees to determine the principles of business policy, the risk policy of the various business sectors as well as the authority and responsibilities of each of the company's bodies. The positions of the chairman of the board of directors and the chief executive officer are held by two separate persons, thus ensuring a system of internal checks and balances and an independence of the board of directors from the day-to-day management of the company.

Apart from the non-transferable functions mentioned in the law and in the articles of association, the board of directors has a number of additional duties and powers, including (among other things) resolutions regarding the establishment of branch offices, all transactions in connection with real estate (outside of investment activities), establishment of employment policies, all activities pertaining to the shareholder register, acceptance of audit reports and budgets and the periodic review of internal organization structures.

Responsibilities delegated to the executive board of Partners Group Holding include the following:

1. direct management and conduct of the company's business, ongoing monitoring of transactions within the scope of and with reference to the rules, directives, authority and responsibilities, individual resolutions and limits issued by the board of directors;
2. entering into business transactions to the extent these are within the limits established by rules, directives, authority and responsibilities, individual resolutions and limits set by the board of directors;
3. preparation and activation of directives, policies and job descriptions for employees to the extent this responsibility is not reserved to the board of directors;
4. employment and termination of employees within the scope of the limits established in the ROO;
5. filing of lawsuits within the limits established in the ROO, and entering into settlements up to such limits;
6. organization, management and implementation of accounting, financial planning and reporting including preparation of the management report and the annual financial statements for the attention of the board of directors;
7. preparation of the annual group budget for approval by the board of directors;
8. execution of the resolutions adopted by the board of directors;
9. organization, attendance to and coordination of pension benefit institutions;
10. organization of insurance management;
11. organization of risk management;
12. informing all executives regarding resolutions adopted by the board of directors and by the executive board concerning them;
13. introduction of motions regarding any business to be submitted to the board of directors pursuant to the ROO; and
14. exercising the rights of the company as a shareholder in other group companies, which includes voting in relation to the composition of management teams, approving respective financial statements and related matters.

3.5 Information and control instruments vis-à-vis the senior management

The board of directors is kept informed of the activities of the executive board through a number of information and control instruments. The executive office is in a regular dialogue with the executive members of the board of directors (at least bi-weekly through the business development committee) about the general course of business, the financial situation of the company and any developments or events of importance to the company and its business. In the event of extraordinary incidents or developments, the executive board will notify the chairman without delay.

The executive board must submit decisions beyond the ordinary management or decisions that carry major implications to the business development committee or the board of directors, including (but not limited to) decisions specifically reserved to the business development committee or the board of directors.

The general counsel attends executive board meetings and takes an advisory role in order to ensure the compliance with all legal and regulatory requirements. The general counsel is in particular responsible for the internal control of and compliance with third-party or regulatory obligations of the group entities as well as products and mandates.

3.5.1 Group risk management

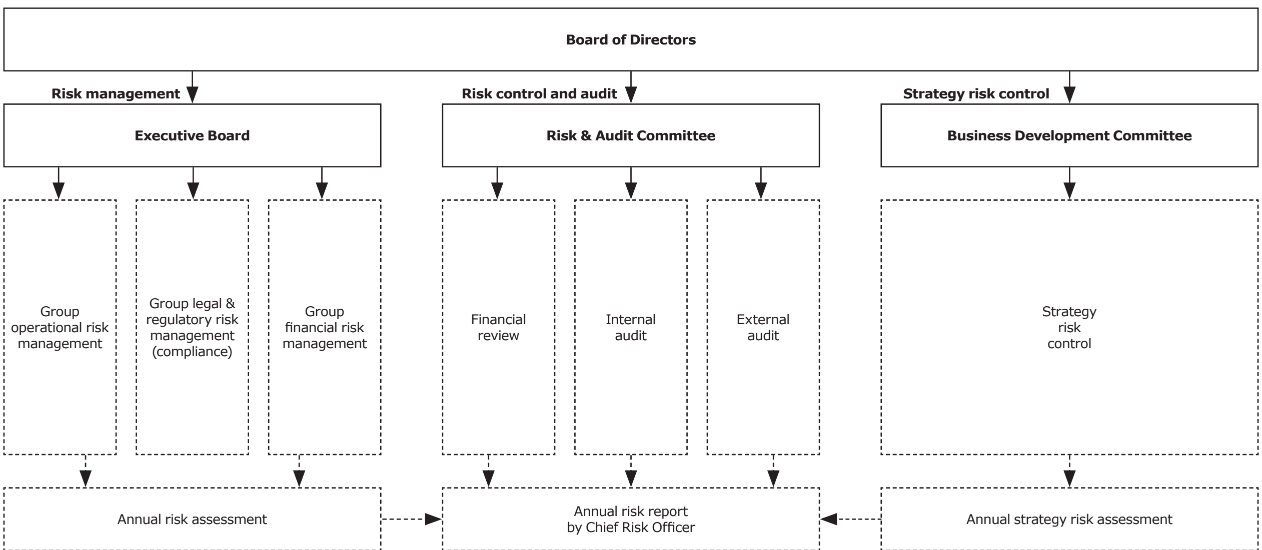
Partners Group Holding is aware that the proper assessment and control of risks are critical for the continued success of the company. The board of directors holds the ultimate responsibility for the establishment of a framework relating to the group risk management, which comprises the following elements, (i) risk management, (ii) risk control and audit, and (iii) strategy risk control. The overall risk management of Partners Group Holding is illustrated below.

3.5.1.1 Risk management

The ongoing risk management is delegated to the executive board, which provides an annual risk assessment and risk management report to the board of directors. In establishing appropriate processes regarding the risk management, a distinction is made between group operational risk management, group legal and regulatory risk management and group financial risk management. In these areas, Partners Group has created internal task control systems for product obligations and procedures (POPs), regulatory obligations and procedures (ROPs) and financial obligations and procedures (FOPs).

3.5.1.2 Risk control and audit

The risk control and audit of Partners Group Holding is delegated to the risk and audit committee, which establishes appropriate processes regarding financial review, internal and external audit. The risk and audit committee provides a risk control and audit report to the board of directors.



The internal audit department established by the board of directors is an independent, objective assurance and consulting entity designed to add value and improve the firm's operations. Internal audit conducts a periodic review and prepares written reports on audit findings and the status of corrective actions. The head of internal audit reports administratively to the chief executive officer and functionally to the risk and audit committee of the board of directors.

3.5.1.3 Strategy risk control

The business development committee of the board of directors has the responsibility to establish appropriate processes regarding the group strategy risk control. The business development committee provides a strategy risk control report to the board of directors on an annual basis.

3.5.1.4 Risk report

On an annual basis the chief risk officer provides a risk report to the board of directors based on a risk assessment of the executive board, risk and audit committee and the business development committee.

3.5.2 Management information system

Partners Group Holding has a management information system (MIS) in place to further support internal controls and information procedures as well as the financial controlling of the firm. A comprehensive report is generated out of the firm's reporting system and provided to the executive office on a monthly basis and to the board of directors on a quarterly basis while ad hoc reports can be generated as needed.

3.5.3 Conflict resolution

Partners Group strives to avoid situations that result in conflicts of interest. However, in certain situations conflicts cannot be avoided and for such instances the conflict resolution board has been appointed by the group companies as the governing committee for handling all conflicts of interest within the group. The members of the conflict resolution board are the executive chairman (chair), the chief executive officer, the chief financial officer and the general counsel.

The table below shows the current composition of the executive board:

Name	Joined Partners Group in	Nationality	Age	Position
Steffen Meister[1]	2000	Swiss	39	Chief Executive Officer
Pam Alsterlind[2]	2007	American	46	Co-Head Private Real Estate
René Biner	1999	Swiss	39	Head Private Finance
Kurt Birchler	1997	Swiss	41	Head Product Operations
Philipp Gysler	1998	Swiss	42	Head Asia
Felix Haldner	2001	Swiss	46	Head Investment Structures
Stefan Näf	2000	Swiss	36	Co-Head Investment Solutions
Dr. Stephan Schäli	1999	Swiss	41	Head Private Equity
Tilman Trommsdorff	1999	Swiss	46	Head Portfolio & Risk Management
Jürg Wenger[1]	1999	Swiss	50	Chief Operating Officer
Dr. Cyrill Wipfli[1,2]	2002	Swiss	36	Chief Financial Officer

[1] member of the executive office

[2] since 1 January 2010

4. Executive board

4.1 Members of the executive board
In accordance with the articles of association and the rules of the organization and of operations enacted by the board of directors on 25 November 2005 and updated on 25 November 2009, the board of directors has delegated the operational management of the company to the executive board, unless otherwise required by law, the articles of association or the rules of the organization and of operations (ROO). The executive office is made up of the chief executive officer, chief financial officer and chief operating officer. The general counsel attends executive board meetings and takes an advisory role in order to ensure the compliance with all legal and regulatory requirements.

None of the members of the executive board is a member of governing or supervisory bodies of important Swiss or foreign organizations outside of Partners Group. None of the members hold permanent management or consultancy functions for important Swiss or foreign interest groups, and none of the members have official functions or hold political posts. None of the members of the executive board have carried out tasks for Partners Group prior to joining the firm, except Felix Haldner, who acted for Partners Group in a consultant capacity during his employment at Pricewaterhouse-Coopers.

Steffen Meister is a Partner, Chief Executive Officer (CEO) of Partners Group and leads the executive board. He is also a non-voting member of the business development committee and the global portfolio investment committee. Previously, he served as deputy CEO of Partners Group and prior to that, he was head of the investment structures team, where he was responsible for developing and structuring the firm's transactions and investment products. Prior to joining Partners Group, he spent five years at Credit Suisse Financial Products (CSFP) in London and Zurich, where he worked as a derivatives specialist focusing on structured solutions for corporate finance transactions. Previously, he had several assignments at Swiss Reinsurance Company and the Department of Mathematics of the Swiss Federal Institute of Technology (ETH). He holds a master's degree in mathematics from the Swiss Federal Institute of Technology, Zurich.

Pam Alsterlind is a Partner, co-head of the private real estate team, a member of the executive board and the private real estate investment committee. Prior to joining Partners Group in the San Francisco office, she was a Managing Director acting as Chief Operating Officer for real estate at Pension Consulting Alliance, a global leader in real estate asset management. Previously, she was a Senior Manager in the real estate consulting practice at Kenneth Leventhal & Company, and its successor, Ernst & Young, LLP, as well as an investment manager for Prudential Realty Group in Boston and involved in all aspects of managing a large real estate portfolio. She holds an MBA in finance and marketing from the University of Michigan.

René Biner is a Partner, head of the private finance business department, a member of the executive board and the global portfolio investment committee, and chairman of the private debt investment committee. He previously worked on private equity direct investments and transactions before taking on responsibility for partnership investments in Europe and later, relocating to Partners Group's New York office where he was co-head of the firm's US private equity investment activities. Following his return to Partners Group's principal office in Zug, he was assigned responsibility for the firm's private debt investment management activities. Prior to joining Partners Group, he spent five years at PricewaterhouseCoopers in Zurich with responsibility in the due diligence and audit practice and assignments to IPO projects. He holds a master's degree in economics and business administration from the University of Fribourg, and is a Swiss Certified Public Accountant.

Kurt Birchler is a Partner, head of the product operations business department and a member of the executive board. He joined the firm shortly after its inception. In his previous role as the firm's Chief Financial Officer until 31 December 2009, he was instrumental in building the group-wide finance department of Partners Group and all its relevant processes and systems, including reporting and controlling. Prior to joining Partners Group, he worked for KPMG in the audit team serving US and Japanese banks. Previously, he worked as a credit officer and recovery manager for mid-size companies in the real estate and trading sector at UBS and the Cantonal Bank of Zurich. He holds a Swiss Federal Diploma in banking and an executive master's degree in corporate finance from the University of Central Switzerland.

Philipp Gysler is a Partner, responsible for Partners Group's Asian investment activities, co-head of the private equity directs & primaries team and head of Partners Group's Singapore office. He is a member of the executive board and the global portfolio investment committee and chairman of the private equity Asia investment committee. Previously, he held various private equity investment management positions at Partners Group and was instrumental in building Partners Group's portfolio of venture capital investments in Europe and the US. Later, he established and subsequently managed Partners Group's New York based investment practice before relocating to Zug and assuming responsibility for the firm's private equity investment team. Prior to joining Partners Group, he worked for UBS Investment Bank in Zurich, where he advised institutional clients regarding equities, derivatives and risk optimization strategies. He holds a master's degree in business administration from the University of St. Gallen (HSG).

Felix Haldner is a Partner, head of the investment structures business department and a member of the executive board. He is materially involved in private market deal structuring and execution, respectively for advice on tax, legal, regulatory and structural matters, relating to direct and fund investments. He has developed and launched many major alternative investment products for Partners Group's institutional and private clients in Europe and overseas. Prior to joining Partners Group, he was a Partner at PricewaterhouseCoopers where he advised multinational insurance companies, investment management and banking clients on strategic tax planning matters and investment products. He holds a master's degree in business law from the University of St. Gallen (HSG), is admitted to the Swiss Bar and is a Certified Swiss Tax Expert.

Stefan Näf is a Partner, co-head of the investment solutions business department and a member of the executive board. The investment solutions team is globally responsible for investment origination, business development and client relationship management. He established and subsequently managed Partners Group's London office. Previously he worked in the firm's private equity team with a focus on European investments. He holds a master's degree in finance from the University of St. Gallen (HSG) and a degree in economics from the American River College.

Dr. Stephan Schäli is a Partner, head of the private equity business department, a member of the executive board and chairman of the global portfolio investment committee as well as of the private equity secondary investment committee. He played a key role in the firm's primary investment activities and was instrumental in building the firm's portfolio of secondary transactions and in establishing a network of deal sources. Prior to joining Partners Group, he worked for UBS, where he was a business and management associate with assignments in the firm's strategic project group. He holds an MBA degree from the University of Chicago and a PhD and master's degree in business administration from the University of St. Gallen (HSG).

Tilman Trommsdorff is a Partner, head of the portfolio & risk management business department and a member of the executive board. He is chairman of the portfolio management committee and a member of the global portfolio investment committee. He started his career at Partners Group in the private equity team with responsibilities in buyout partnerships selection. Subsequently, he had senior responsibilities within the firm's trading and operations activities. Prior to joining Partners Group, he headed the institutional asset management division at the Cantonal Bank of Zug and worked as a trader and investment manager at the Industrial Bank of Japan and Bank Leu in Zurich. He holds a degree from the Swiss Banking School, Zurich.

Jürg Wenger is a Partner, Chief Operating Officer, a member of the executive board and a non-voting member of the business development committee and head of the resources business department. He has been instrumental in building Partners Group's investment administration, accounting and reporting systems and operations. Prior to joining Partners Group, he spent 11 years with UBS, where he was head of the Central Switzerland resources division. Previously, he managed the private clients and management support unit at UBS in Zug. He holds a master's degree in business law from the University of Zurich.

Dr. Cyrill Wipfli is a Partner, Chief Financial Officer since 1 January 2010, a member of the executive board and a non-voting member of the business development committee and head communications (investor relations and public relations). Previously, he was a member of the private equity team, concentrating on investment due diligence for venture, buyout and mezzanine investments, followed by an assignment focused on strategic development activities within the markets department. Prior to joining Partners Group, he was a consultant at McKinsey & Co. and a financial analyst at Venture Capital Finance and the Swiss Federal Committee for Technology and Innovation. He holds a doctorate in finance and banking from the University of St. Gallen (HSG).

4.3 Management contracts

Partners Group Holding has not entered into any management contracts with companies or individuals not belonging to the group.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation

The compensation of the members of the board of directors as well as the members of the executive board is set by the board of directors, acting through the nomination and compensation committee. Please also see section 3.3 for further information regarding the nomination and compensation committee.

Partners Group's compensation structure is focused on ensuring the alignment of long-term value creation interests between shareholders and senior management, as we believe such alignment is key. Therefore, the bulk of of the compensation for the executive members of the board of directors and for senior management results from capital gains from a long-term share price increase. In addition, a large part of the annual compensation for both these groups is based on dividend payments resulting from shareholdings in the company. In addition, shares and/or options are granted to all employees of the company, thereby retaining the emphasis on the company's success and further incentivizing all team members to participate in achieving the corporate goals and delivering solid performance to shareholders. We believe our employees consider our reward structures fair and competitive, which is essential in ensuring Partners Group can continue to attract and retain talent.

At its annual meeting, the nomination and compensation committee reviews the compensation for the members of the board of directors and of the executive board. As well as proposing compensation changes, if any, for the members of the board of directors, the committee proposes the coming year's fixed annual salary for the members of the executive board and the variable component (bonus and stock options) for the current year, with the performance assessment based on measurable quantitative criteria and further augmented by qualitative criteria where appropriate. This is based on a detailed and thorough review of the respective department's as well as the firm's achievements for the year. The nomination and compensation committee is also provided overall statistics on compensation payments and developments and is presented with and ratifies the compensation proposals for the rest of the firm. Although the nomination and compensation committee ensures total compensation is in line with industry standards, it does not apply any specific benchmarks or use external advisors in structuring compensation systems. The nomination and compensation committee also updates the board of directors on an annual basis about any changes in the procedure for determination of compensation as well as of the progress of the compensation process. Additionally, important decisions such as senior management promotions are approved by the full board of directors.

The performance assessment for each individual is mainly based on a tool developed by Partners Group. The personal planning process (PPP) is an annual planning tool in which each employee within the firm defines his or her goals for any one year. These goals are derived from the overall corporate goals set by the executive board which are ultimately broken down into the specific department and team goals, thereby defining individual goals for all employees. After the completion of the PPP assessment, an overview is prepared for each individual employee in which five key points are summarized: (i) productivity/output during the year, (ii) quality of work, (iii) team contribution, (iv) integrated business building and (v) corporate matters. Together with the achievement of the corporate goals (including the financial result), this process and thus the fulfillment of the individual short-term and long-term goals form the basis for determining the annual compensation for each individual.

The annual compensation for professionals of the firm is augmented by shares and options. Partners Group options are awarded out of the money (typically 20%) and both these as well as shares awarded are subject to a cliff vesting or blocking period of typically five years, followed by a two year non-compete period. The vesting parameters of equity incentives are rather stringent. Any holder of blocked shares leaving the firm has the obligation to render his or her blocked interest back to the company and any option holder leaving the firm will forfeit his or her unvested options. Granting stock option and share awards to the members of the executive board as well as other Partners Group employees is considered on an annual basis. Further information on duration, exercise price etc. of Partners Group's stock option program can be found in note 26 (b) to the annual report 2009. There are no special provisions such as severance payments, "golden parachutes", reduced option vesting periods etc. in place in case of departure of a member of the board of directors or of the executive board.

The executive members of the board of directors receive an annual fixed compensation of CHF 250’000 with no variable component. As co-founders of Partners Group, all three executive members of the board of directors hold significant shareholdings in the company and thus participate in the success of the company through these. This compensation structure further underlines the commitment of the executive members of the board of directors to focus on long-term value creation in accordance with shareholder interests.

The remuneration of the non-executive members of the board of directors consists of a fixed annual compensation of CHF 50’000 with no variable component, which is paid in either cash or options.

The annual remuneration of the CEO is proposed by the nomination and compensation committee, and approved by the board of directors. The CEO’s compensation consists of a base salary which is paid in cash on a monthly basis as well as a variable bonus and may also include shares and options. The variable portion is performance-based and dependent on the defined corporate goals for the year being met while taking current market developments into consideration. There is no pre-defined ratio of the basic salary to the performance-related component in place. The CEO further participates in the success of the company through his shareholdings in the firm, thereby further ensuring the alignment of interests between internal and external shareholders.

The annual compensation for the further members of the executive board is proposed by the nomination and compensation committee with the involvement of the CEO, and approved by the board of directors. As with the CEO’s compensation, the remuneration consists of a base salary, which is paid in cash on a monthly basis as well as a variable bonus and may also include shares and options. The variable portions are performance-based and dependent on the achievement of the defined corporate, business department and individual goals, considering contributions towards these achievements while taking the current market environment into consideration. There is also no pre-defined ratio of the basic salary to the performance-related component in place. The alignment of interests with shareholders and the focus on long-term value creation are further ensured by members of the executive board also participating in the success of the company through their shareholdings in the firm.

Pursuant to Art. 663b bis and 663c of the Swiss Code of Obligations (i) the total compensation paid in 2009 to the members of the board of directors and to the executive board, (ii) the shares and the options held or vested by the members of the board of directors and the executive board and (iii) the loans, if any, granted to the members of the board of directors and to the executive board, need to be disclosed in the notes to the financial statements. Partners Group goes beyond these requirements and discloses the full compensation paid to each individual member of the board of directors and the executive board. In this regard, please see notes 9 and 10 to the statutory financial statements included the annual report 2009.

6. Shareholders' participation

6.1 Voting rights & representation measures
Each share entitles one vote. Entitled to attend shareholders' meetings and to exercise voting rights are shareholders recorded with voting rights in the shareholder register as of a qualifying date prior to the shareholders' meeting set by the board of directors.

Registration in the shareholder register with the attached voting rights is restricted by the limits on transferability and nominee registration as set forth in section 2.6 above. All registered shareholders are invited to attend shareholders' meetings. If they do not wish to attend, any shareholder may be represented at the shareholders' meeting by (i) a legal representative who needs not be a shareholder, (ii) a representative of the company, (iii) an independent proxy or (iv) their bank. The board of directors will decide as to whether the authority/proxy is recognized.

6.2 Statutory quorums
The articles of association for Partners Group Holding provide that, unless provided otherwise by mandatory provisions of law, the following resolutions of the shareholders' meeting require at least two-thirds of the represented votes and the absolute majority of the represented nominal value of shares:
- the cases provided for by law in Art. 704 para. 1 of the Swiss Code of Obligations;
- reversal or amendment of the transfer limitation as set forth in section 2.6 above.

Votes and elections in the shareholders' meeting are open unless provided otherwise by the chairman or decided otherwise by the shareholders' meeting.

6.3 Convocation of shareholders' meetings
The annual general meeting of shareholders (AGM) takes place within six months after the close of the financial year. All registered shareholders receive a written invitation to the AGM including detailed descriptions of the items to be discussed and the motions of the board of directors no later than 20 days before the date of the AGM. In 2010, the AGM is scheduled for 6 May.

Shareholders representing at least one-tenth of the share capital may at any time request that a shareholders' meeting be called. The request for calling a meeting must be submitted in writing at least 45 days ahead of the meeting by stating the item on the agenda and the motions to be introduced by the shareholders.

6.4 Placing of items on the agenda
Shareholders representing at least one-tenth of the share capital may submit proposals to be placed on the agenda at a shareholders' meeting, provided these items are received by the board of directors no later than 45 days prior to the meeting by stating the item on the agenda and the motions to be introduced by the shareholders.

6.5 Inscriptions into share register
The general rules for registration as a shareholder apply as described above in sections 2.4 and 2.6. The qualifying date for the registration of shares is defined by the board of directors for every shareholder meeting.

7. Changes of control and defense measures

7.1 Opting-out

Partners Group Holding has elected to opt out of the rule that an investor acquiring 33 1/3% of all voting rights has to submit a public offer for all outstanding shares.

7.2 Clauses on change of control

The employment contracts with the members of both the board of directors and the executive board do not contain any clauses activated by a change in control. Partners Group Holding also has no provisions for "golden parachutes" in place.

8. Auditors

8.1 Duration of mandate and term of office

The consolidated financial statements and the statutory accounts of Partners Group Holding are audited by KPMG AG. The statutory and group auditors are elected for one year periods at the annual general meeting of shareholders. KPMG AG was first elected statutory and group auditor on 21 November 2001. The lead auditor, Swen Wyssbrod, has been in charge of the mandate since 3 March 2006 and is subject to a seven-year rotation interval.

8.2 Auditing Fees

In the financial year 2009, KPMG AG and other KPMG companies received a total of CHF 0.6 million for audit services.

8.3 Additional fees

In addition, KPMG AG and other KPMG companies received TCHF 166 in fees for other services rendered to Partners Group Holding and its subsidiaries in the financial year 2009. These fees consisted primarily of fees for tax advice (TCHF 120) as well as for other services including advice regarding the Group's share buyback program.

8.4 Supervision and control vis-à-vis the external auditors

The board of directors is responsible for the acceptance and processing of the reports from the statutory and group auditors. In this, the board of directors is supported by the risk and audit committee, which periodically monitors the qualification, independence and performance of the external auditors.

The risk and audit committee primarily bases its evaluation on a presentation of all audit findings by KPMG AG, which is presented on an annual basis. The assessment further includes documents such as the management letter as well as oral and written statements made by KPMG AG concerning individual aspects or factual issues in connection with the accounting and the audit. During the financial year 2009, the external auditors participated in one meeting of the risk and audit committee in order to discuss audit processes and issues. Among others, evaluated issues include risk factors and processes.

Key factors in assigning the external audit mandate to KPMG AG were:

- detailed audit budget proposal containing expected hours and the relevant hourly rate
- comprehensive debriefing after completion of audit, during which improvement suggestions on both sides are discussed
- quality of service provided
- international expertise in regard to audit and accounting
- independence and reputation of the audit firm
- industry knowledge and qualifications
- competitive fees

The risk and audit committee reviews and assesses the auditor's performance on an annual basis. In this context and in the spirit of upholding a good corporate governance, Partners Group Holding conducted an extensive review of the audit mandate during the financial year 2008, in which in particular budget issues were reviewed in order to ensure audit fees were kept at a competitive level in the best interests of shareholders. KPMG AG as well as a further company were invited to submit a budget proposal. Following this review, the board of directors was confirmed in again proposing KPMG AG to shareholders for re-election for a further term of one year at the annual general meeting.

Please also refer to the sections concerning the risk and audit committee (3.3) as well as internal audit (3.5.1.2) above.

9. Information policy

As a company listed on the SIX Swiss Exchange, Partners Group Holding is committed to pursuing an open, transparent and consistent communication strategy vis-à-vis its shareholders as well as the financial community.

Key dates for 2010 are as follows:

Event	**Date**
Annual general meeting of shareholders	6 May 2010
Pre-close announcement AuM as of 30 June 2010	13 July 2010
Publication semi-annual report	6 September 2010

Partners Group Holding's semi-annual and annual reports are available for download on the website at www.partnersgroup.com. Partners Group Holding also distributes all current news via regular press releases. Shareholders and other interested parties may subscribe to press releases at www.partnersgroup.com to receive all information automatically upon publication via email.

All this information can be found on the website at www.partnersgroup.com in the "Investors & Media" section under www.partnersgroup.com/investorsand-media.

For all investor enquiries Dr. Cyrill Wipfli can be reached as follows:

Partners Group
Zugerstrasse 57
6341 Baar-Zug
Switzerland
Phone +41 41 768 85 71
Fax +41 41 768 85 58
cyrill.wipfli@partnersgroup.com

TRAVELING IN SEARCH OF IRR

Urs Wietlisbach Executive Vice Chairman and **Marcel Erni** Chief Investment Officer.

Photography: Martin Graf, www.graf-foto.com

CONTACTS

Investor relations

Dr. Cyrill Wipfli, Partner
Chief Financial Officer
Phone +41 41 768 85 71
Email cyrill.wipfli@partnersgroup.com

Media relations

Tamara Krebs
Communications
Phone +41 41 768 85 26
Email tamara.krebs@partnersgroup.com

www.partnersgroup.com
partnersgroup@partnersgroup.com

Zug:
Zugerstrasse 57
6341 Baar-Zug
Switzerland
Phone: +41 41 768 85 85
Fax: +41 41 768 85 58

San Francisco:
150 Spear Street
18th Floor
San Francisco, CA 94105
USA
Phone: +1 415 537 85 85
Fax: +1 415 537 85 58

New York:
450 Lexington Avenue
39th Floor
New York, NY 10017
USA
Phone: +1 212 763 47 00
Fax: +1 212 763 47 01

London:
1 Angel Court
19th Floor
London EC2R 7HJ
United Kingdom
Phone: +44 20 7260 1700
Fax: +44 20 7260 1701

Guernsey:
Tudor House, 3rd Floor
Le Bordage
St Peter Port GY1 1BT
Guernsey
Phone: +44 1481 711 690
Fax: +44 1481 730 947

Luxembourg:
55, avenue de la gare
1611 Luxembourg
Phone: +352 27 48 28 1
Fax: +352 27 48 28 28

Singapore:
61 Robinson Road
#16-01 Robinson Centre
Singapore 068893
Phone: +65 62 48 35 35
Fax: +65 62 48 35 36

Bejing:
Excel Center
#1105, No 6 Wudinghou Street
Xicheng District
Beijing 100140
China
Phone: +86 10 8356 1600
Fax: +86 10 8356 1601

Tokyo:
Otemachi First Square
East Tower 4F
1-5-1 Otemachi, Chiyoda-ku
Tokyo 100-0004
Japan
Phone: +81 3 5219 1321
Fax: +81 3 5219 1400

Sydney:
AMP Center
L34, 50 Bridge Street
Sydney, NSW 2000
Australia
Phone: +61 2 8216 0885
Fax: +61 2 8216 0883

Partners Group
Passion for Private Markets