



Interim report as of 30 June 2016

Past value creation efforts bear fruit



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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Message from the Chairman and Co-CEOs

Dear clients, business partners
and fellow shareholders,

In the first half of 2016, we continued to realize potential in private markets and expanded our global investment platform to over 850 employees across 19 offices worldwide. This growth allows us to screen and ultimately invest in an even larger opportunity set on behalf of our clients and beneficiaries worldwide. With over EUR 49 billion in assets under management (AuM), we remain committed to being a thought leader in the industry when it comes to providing comprehensive private markets portfolio solutions.

Our expansion has enabled us to further raise investment capacity and transact on more assets with value creation potential, while also remaining disciplined in a market environment which continues to be characterized by elevated valuations. In H1 2016, we invested a total of USD 4.9 billion in attractive corporate, real estate and infrastructure assets on behalf of our clients. Investment activities remained globally diversified and were spread across regions, sectors and investment strategies. We maintained our focus on investment selectivity, screening nearly 2'000 direct transactions across all asset classes and investing in only 35 of them. Our secondary team screened USD 65 billion in globally diversified private markets assets and invested in USD 1.2 billion of these. We complemented our direct and secondary investment activities by committing USD 1.1 billion to select private markets managers.

With regard to our client activities, we received EUR 4.6 billion in new commitments from our global client base across all private markets asset classes. Client demand was well spread across all asset classes and continued to be highly diversified across regions, size and types of clients. Corporate and public pension funds were once more the key contributors to AuM growth, representing almost half of the total client demand in H1 2016. Based on strong client demand and a continued solid pipeline of investment opportunities, we narrowed our guidance for the anticipated bandwidth of gross client commitments for the full-year 2016 to EUR 8-9 billion. This constitutes the upper end of the previous full-year 2016 guidance of EUR 7-9 billion.

In parallel, in H1 2016, the firm's revenues and EBITDA increased by 58% and 64% compared to the previous period to CHF 453 million and CHF 272 million, respectively. Revenues

from performance fees amounted to CHF 131 million in H1 2016, compared to CHF 32 million in H1 2015. Clients remain the principal beneficiaries of the returns generated, as this increase in revenues from performance fees was a result of consistently strong performance in a number of mature client portfolios which reached their hurdle rates in H1 2016. The EBITDA margin remained stable and amounted to 60%, in line with our margin target. IFRS net profit increased by 19%, standing at CHF 254 million for the period.

In H1 2016, we further expanded our global presence and announced our intention to develop a purpose-built 'campus' in Denver which will act as a hub for our Americas operations. We also expanded our Asian presence with the opening of an office in Manila which will act as a services hub, supporting the continued growth of the firm globally.

In the year following our 20th anniversary, we look ahead with confidence. Our aim is to further build upon our strong track record and continue to create diversified private markets portfolios for our global investor base.

Thank you for your continued trust in us.



Dr. Peter Wuffli

Chairman of the Board of Directors



André Frei

Co-Chief Executive Officer



Christoph Rubeli

Co-Chief Executive Officer

H1 2016 at a glance – Partners Group’s business model and review of financial performance

Investments

Focus on stability and value creation

As prices remain elevated across private markets, selectivity and a focus on quality remain key. In the current environment, we place increased emphasis on the stability of valuations in the companies we are evaluating for private equity and private debt investments. In private infrastructure, we look for situations where we can compete on the basis of superior value creation rather than higher asset prices. In private real estate, we seek robust properties that stand to benefit from shifts in demand in local, regional and global property markets.

In H1 2016, we continued to increase our investment activities across the entire private markets spectrum and again led a significant number of transactions. Due to our global reach, extensive industry network and proactive sourcing efforts, we were able to maintain our investment selectivity in H1 2016. We screened 1'956 direct transactions across all asset classes, investing in only 35 of them, which corresponds to a decline rate of 98%. Partners Group’s secondary investment specialists screened USD 65 billion in private markets assets and invested in less than 2% of these.

Deal flow H1 2016

	Directs (#)	Secondaries	Primaries (#)
Private equity	615	USD 41 billion	372
Private debt	251	n/a	2
Private real estate	660	USD 19 billion	121
Private infrastructure	430	USD 5 billion	58
Total	1'956	USD 65 billion	553
Executed	USD 2.7 billion 35 transactions*	USD 1.2 billion 13 transactions	USD 1.1 billion 26 commitments

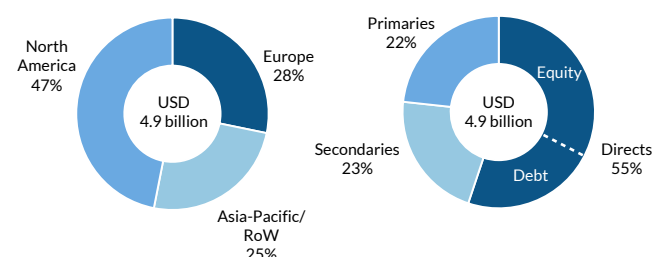
*Including 18 credits amounting to USD 1.2 billion.

Note: investment figures exclude investments for cash management and syndication purposes, as well as short-term loans.

With a focus on attractive corporate, real estate and infrastructure assets, we invested a total of USD 4.9 billion on behalf of our clients during the period. A total of USD 2.7 billion (55% of total investment volume) was deployed in direct transactions, of which USD 1.6 billion was invested in 17 individual assets across private equity, private real estate and private infrastructure and USD 1.2 billion was invested in 18 corporate credits. Our secondaries investment teams invested a total of USD 1.2 billion (23% of total investment volume) in globally diversified private markets portfolios. We further committed USD 1.1 billion (22% of total investment volume) to select private markets managers.

Investment activities remained globally diversified and were spread across regions, sectors and investment strategies. We invested 47% of the total investment volume in North America (H1 2015: 33%). This increase is a reflection of the positive transaction momentum in the US in general and of the attractive pockets of growth we identified in that region through our relative value approach in particular. The relative share of our European transactions decreased to 28% in H1 2016 (H1 2015: 43%). We expect this number to increase again on a full-year basis as most recent transactions, such as the acquisition of Foncia, the leading French property management services provider, will be included in the H2 2016 figures. Lastly, our investment activity in Asia-Pacific/Rest of World remained largely stable and represented 25% of the total investment volume (H1 2015: 24%).

Private markets investments during H1 2016 (based on volumes)



Note: investment figures exclude investments for cash management and syndication purposes, as well as short-term loans.

- **Private equity: value preservation and growth potential are key**

With prices at all-time highs, and expected returns lower than historical averages, our focus in due diligence has further shifted to place even more emphasis on the stability of valuations. We are looking for companies that have largely preserved their value over several cycles and that will continue to hold their value (in terms of traded EBITDA multiple) in future periods of volatility. These are typically companies with long-term recurring revenue streams, sticky customer contracts and highly visible cash flows.

In addition, we maintain our focus on growth-focused investment opportunities, as well as our belief that the search for these must go beyond sectors and regions and into specific transformative trends. We are looking for sub-sectors where growth is around 2-3x higher than the overall growth rate in that region or sector and where we can work actively alongside companies on initiatives that enable them to tap into that growth.

H1 2016 at a glance – Partners Group's business model and review of financial performance

In June 2016, we agreed to acquire PCI Pharma Services (PCI), a leading global provider of outsourced pharmaceutical services. PCI offers its clients, which include the world's leading pharmaceutical manufacturers, services across the entire pharmaceutical supply chain, including drug development and manufacturing, clinical trials and packaging services. Following the acquisition, we plan to work with PCI's management team to add more specialized offerings to the product range and expand the company both organically and through add-on acquisitions.

- **Private real estate: shifts in demand create opportunity**

Overall, real estate sentiment appears to remain positive in Europe, but amid a potentially softening environment, we intend to maintain our focus on acquiring defensive properties in markets where occupier demand has demonstrated its robustness. In the current environment, the logistics and residential sectors are among those in which we see the most potential to find this type of asset.

In the US, from a relative value perspective, we currently overweight opportunities to acquire properties which capitalize on key fundamental real estate drivers such as population and employment growth, positive industry trends – high tech growth for instance – and urbanization. A recent example of our ability to capitalize on these dynamics includes our acquisition of a two-acre site on which to develop a multifamily development project on East 6th Street in Austin, Texas. Construction of the property began in January 2015 and the property is slated to be five stories in height, contain 208 units and include approximately 6'400 square feet of retail space. To-date, the site development permit, demolition and construction of the foundation have been completed. The first units are anticipated to be delivered mid-2017, with final units completed by year-end.

In Asia-Pacific, the growth of the middle class consumer and their spending patterns will continue to have a profound effect on changing tenant requirements and space needs across property types. Our strategic investment approach focuses on key properties that stand to benefit most from the global trends driving real estate demand across the region, such as the increase of inbound tourism and the growth of logistics demand.

- **Private debt: private lenders continue to be in demand**

In Europe, it is especially the mid-market space that offers attractive investment opportunities. Within this space, we have supported a number of companies in expanding their market presence across borders and in scaling up and consolidating their segment. For example, we recently lead-arranged the junior debt financing of ADB Airfield Solutions (ADB), the global leader in airfield ground lighting products and systems. The transaction supports ADB's recent add-on acquisition of Safegate International, the second largest player in the market. ADB has a strong installed base in approximately 2'000 airports in 175 countries, providing strong visibility in terms of revenue and cost projections.

In the US, private equity sponsors seek alternative financing sources as traditional financing methods remain less attractive or available. The leveraged debt market in the US continues to evolve away from the traditional syndicated debt model, in which banks originate and distribute to a broad lender base, and has pivoted instead towards increasing reliance on larger club-style transactions, even in the middle and upper-middle markets. An example of a situation in which we were able to offer a tailor-made financing structure was our recent investment in eResearch Technology (ERT), a provider of cloud-based solutions for clinical trial sponsors and contract research organizations. We invested in the second lien tranche, removing market risk for sponsor Nordic Capital in a volatile funding environment.

The loan markets in Asia continue to grow in terms of liquidity and focus more on traditional senior debt financing to sponsors in LBO situations. While regional banks – more noticeably Taiwanese and Japanese banks – are looking outside of their traditional markets to maintain yield on their loan portfolios, Chinese banks are increasingly involved in offshore financing situations to support growing Chinese outbound M&A volumes. Private debt providers in Asia differentiate themselves by remaining flexible across the capital structure and offering alternative financing solutions. These include the provision of non-amortizing and/or stretch senior term loans which give added flexibility for follow-on growth. The ability to provide long-term junior debt is a key differentiator, as banks are constrained by regulatory capital requirements.

H1 2016 at a glance – Partners Group's business model and review of financial performance

- **Private infrastructure: capitalizing on transformative trends**

In Europe, we have further enlarged our focus within the communications and renewable power sectors. Communication infrastructure investments are attractive due to rapidly increasing demand for mobile voice and for data. For the years 2015 to 2020, the European Telecommunications Network Operators' Association predicts Compound Annual Growth Rates (CAGRs) for mobile data traffic of 52% and 45% in Central & Eastern and Western Europe, respectively.

Investments in energy generation and infrastructure continue to be a key theme in the US, where environmental restrictions continue to drive the retirement of older thermal power generation facilities such as coal, oil, and gas-steam plants. This is driving a reconfiguration of the US generation mix, which opens up opportunities to invest in gas-fired, solar, and wind generation assets.

In Asia-Pacific, renewable energy continues to be an attractive sector, as countries in the region re-balance their energy generation mix away from coal and nuclear to include renewable energy. We recently agreed to invest in a Taiwanese solar power development platform. The platform has entered into an agreement with Sinogreenenergy, a Taiwanese developer of photovoltaic power plants, to develop a portfolio of up to 550MW of solar power plants across Taiwan over the next three years. Once completed, the portfolio will be supported by a 20-year Power Purchase Agreement with the state-owned utility.

Exits H1 2016: USD 5 billion in underlying portfolio distributions

We have made active use of the positive exit environment and realized a number of investments at the end of their value creation phase, leading to underlying portfolio distributions of USD 5.0 billion in H1 2016. These incremental distributions led certain investment programs launched between 2005 and 2009 to reach their hurdle rates and pay out performance fees. Two select examples of our private markets exit activities are listed below.

In June 2016, Partners Group and Starr Investment Holdings sold MultiPlan, Inc., the US' largest provider of transaction-based solutions that reduce medical costs. MultiPlan uses technology, analytics and data to generate over USD 13 billion in savings annually for commercial, property and casualty, and government payers of medical claims. Partners Group and Starr Investment Holdings have retained minority investments in the company and will therefore continue to benefit from future value creation.

In March 2016, we exited our investment in Heyford Park, a 2013-vintage mezzanine investment. Heyford Park is a 1'250-acre master-planned estate located in Oxfordshire, England. The property included over 300 residential units, 1.3 million square feet of commercial space, as well as a 55-acre residential development plot. The business plan consisted of a refurbishment to the existing homes in order to increase expected value through unit-by-unit sales, continuing to drive up occupancy and increase rents at the commercial properties, as well as selling a portion of the developable land to fund the development of over 360 new residential homes.

H1 2016 at a glance – Partners Group's business model and review of financial performance

Clients

Fundamental drivers continue to support private markets investment

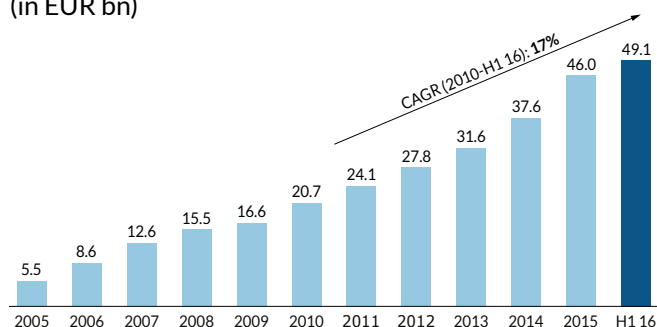
The fundraising environment remains supportive as institutional investors continue to enhance the risk/return profile of their overall portfolios. These investors' traditional substantial allocations to asset classes regarded as defensive, such as government or investment grade bonds, and a preference for holding cash have disproportionately deepened their need to increase allocations to other asset classes with more attractive risk/return profiles.

This structural shift is likely to endure, despite a potential rebound in interest rates, as investors have realized that private markets can provide additional return potential as well as diversification benefits to their portfolios. They will therefore play a key role in fulfilling future obligations to beneficiaries. We believe we are well-positioned to continue to cater to our clients' needs by providing them with superior private markets investment solutions on a global basis.

AuM grew to EUR 49 billion; 13% annualized growth

In H1 2016, we received EUR 4.6 billion in new commitments from our global client base across all private markets asset classes. This demand for programs and mandates brings total AuM to EUR 49.1 billion as of 30 June 2016 (31 December 2015: EUR 46.0 billion) and represents a net annualized growth of 13%.

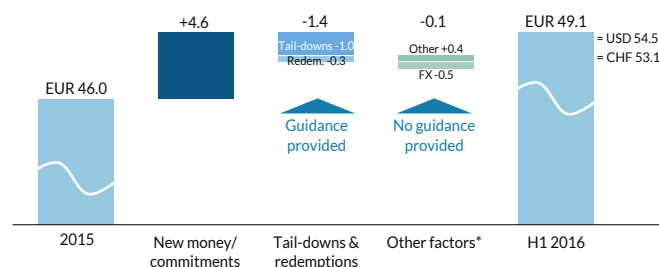
Total assets under management (in EUR bn)



Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies.

Next to gross client demand of EUR 4.6 billion in H1 2016, there were EUR -1.0 billion in tail-down effects from mature private markets investment programs and EUR -0.3 billion in redemptions from liquid and semi-liquid vehicles, amounting to a total of EUR -1.4 billion in H1 2016. Foreign exchange effects amounted to EUR -0.5 billion in H1 2016. A positive contribution of EUR +0.4 billion stemmed mainly from performance-related effects from a select number of open-ended and semi-liquid investment vehicles that directly link their asset base to the development of the net asset value of the underlying portfolio. As a result, the overall net effect amounted to EUR -1.5 billion.

Total assets under management (in EUR bn)



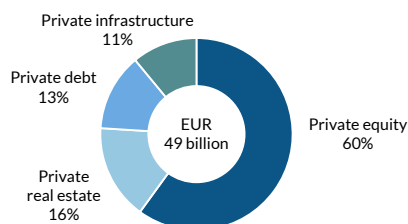
Client demand across all asset classes

Private equity was the largest contributor to assets raised in H1 2016, representing 64% of all new commitments. The demand was split across a wide range of products and mandates with the private equity direct investment program, the global private equity secondary program and the global integrated private equity program being the main contributors. The overall annualized growth rate of private equity AuM amounted to 13% in H1 2016. New client demand for private real estate represented 4% of the total flow and contributed least to the overall inflows. This was mainly due to the limited number of investable programs during the period. As a result, the total private real estate AuM remained largely flat. Private debt represented 15% of total new commitments. The demand stemmed predominantly from more traditional debt programs and less from mandates. The annualized growth of private debt AuM amounted to 16%. Private infrastructure represented 17% of overall client demand. Demand was spread over a number of different investment programs, with the largest contributors being the global direct and global integrated investment programs. Private infrastructure AuM had an annualized growth of 29% in H1 2016.

H1 2016 at a glance – Partners Group’s business model and review of financial performance

The chart below shows our total AuM by asset class as of 30 June 2016: EUR 29 billion private equity, EUR 8 billion private real estate, EUR 6 billion private debt and EUR 6 billion private infrastructure.

AuM by asset class

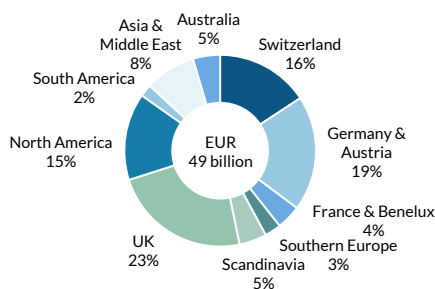


Note: as of 30 June 2016.

Demand by region

We have an international client base of over 850 institutional investors around the world. In H1 2016, client demand was again well-diversified globally. Notably strong countries in continental Europe were Germany and Switzerland, contributing about a third of the inflows in H1 2016. Another third of the AuM growth came from the UK and US. The final third was contributed by the remaining regions across the globe, with the Asia-Pacific region standing out. The chart below shows our total AuM by region as of 30 June 2016.

AuM by region

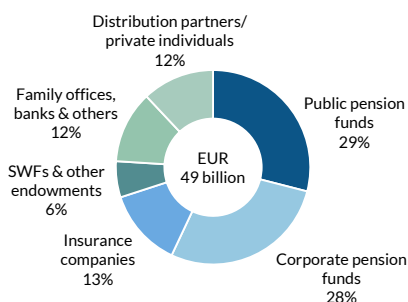


Note: as of 30 June 2016.

Demand by client type

We continued to grow all of our core private markets businesses with different types of investors in H1 2016 and entered into new collaborations with some of the largest and most sophisticated institutional investors globally. Corporate and public pension funds continued to be the key contributors to AuM growth, representing about half of the total client demand during H1 2016. These investors typically want to further enhance the risk/return profile of their portfolios by reducing bond exposure. Insurance companies accounted for around 12% of overall assets raised in H1 2016 and became increasingly active in private markets investments, showing particular demand for our yield-generating private debt offerings. Sovereign wealth funds and endowments accounted for approximately 8% of total assets raised in H1 2016 and generally engage with us seeking highly tailored private markets solutions to complement their existing portfolios. With regard to distribution partners/private individuals, we again saw increasing demand from this segment as investors recognize the benefits of private markets and aim to mirror the allocations of institutional investors in their private portfolios. We offer several suitable investment programs for private investors and actively engage with select intermediaries. Some 18% of total client demand in H1 2016 was represented by this type of investor. The remaining 12% was split among family offices, banks and other investors. The chart below shows our total AuM by investor type as of 30 June 2016.

AuM by type



Note: as of 30 June 2016.

H1 2016 at a glance – Partners Group's business model and review of financial performance

Financials

Strong platform development and past performance contributed to a new record H1 bottom line

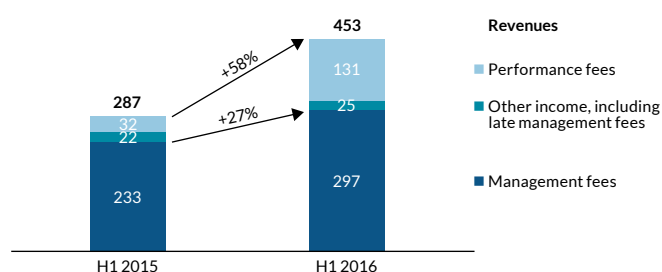
Successful investment activities (USD 4.9 billion invested) and record client demand (EUR 4.6 billion raised) enabled the firm to generate strong financial results across the board in H1 2016. The firm's revenues and EBITDA increased by 58% and 64% compared to the same period a year ago to CHF 453 million and CHF 272 million, respectively. These results were mainly attributable to the solid performance fee development in H1 2016. The IFRS net profit increased by 19% to CHF 254 million.

Revenue growth outpaces AuM growth due to higher performance fees

In H1 2016, the total average AuM of EUR 47.6 billion increased by 22% (H1 2015: EUR 39.0 billion). Revenues rose to CHF 453 million (H1 2015: CHF 287 million). Management fees grew in line with average AuM and increased by 27%, amounting to CHF 297 million (H1 2015: CHF 233 million). Other income, including late management fees, remained largely stable and amounted to CHF 25 million (H1 2015: CHF 22 million).

Performance fees grew to CHF 131 million in H1 2016 (H1 2015: CHF 32 million). Most of Partners Group's client arrangements entitle the firm to a performance fee, typically subject to pre-agreed return hurdles. The considerable increase in revenues from performance fees was a result of several mature portfolios passing their return hurdles based on the strong performance achieved over the last six to nine years.

Revenues (in CHF m)



Note: revenues include revenues from management services, net, other operating income and share of results of associates.

Performance fee mechanism: consistent, long-term returns for clients will generate performance fees

In private markets, performance fees are designed to remunerate investment managers for their long-term value creation results. They are a profit-sharing incentive for managers that outperform an agreed hurdle over the lifetime of an investment program. Performance fees are typically only charged once investments are largely realized and a pre-defined return hurdle has been exceeded. Because the value creation period lasts for several years, performance fees typically only start to be earned six to nine years after an investment program commences its investment activities, and only if these are successful.

Key financials

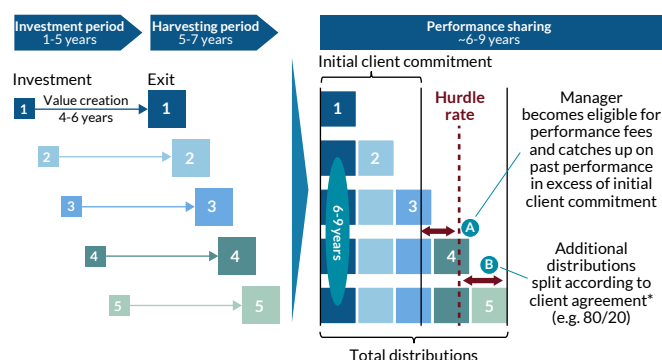
	H1 2015	H1 2016
AuM as of 30 June (in EUR bn)	42.1	49.1
Average AuM (in EUR bn, daily)	39.0	47.6
Revenue margin ^{1,2}	1.39%	1.74%
Recurring revenue margin ^{1,2,3}	1.13%	1.14%
Revenues (in CHF m) ²	287	453
Recurring revenues (in CHF m) ^{2,3}	233	297
EBITDA margin	58%	60%
EBITDA (in CHF m)	166	272
IFRS net profit (in CHF m) ⁴	214	254

¹ Based on average AuM (in CHF) calculated on a daily basis. ² Revenues from management services, net, including other operating income and share of results of associates. ³ Recurring revenues are based on stable, long-term management fees and recur every year. ⁴ Pearl Holding Limited generated a CHF 51 million gain in H1 2015 in the context of its successful conversion into a closed-ended structure, as requested by the program's investors.

H1 2016 at a glance – Partners Group’s business model and review of financial performance

Exit activities in client portfolios advance the maturity profile of an investment program and increase the likelihood that the required return hurdle is reached. Once the hurdle rate is reached, the investment manager is entitled to performance fees generated in previous periods (“catch-up” period) and will share future distributions according to a pre-defined performance-sharing mechanism with clients, who remain the principal beneficiaries of the returns generated.

Performance fee sharing mechanism



*Performance fees of performance fee generating investment programs and mandates typically range between 10-20% over a hurdle of 6-8% IRR on invested capital, depending on the program and instruments.
Note: for illustrative purposes only.

Partners Group currently manages over 200 diverse investment programs and mandates at different stages of their life cycle. The firm’s established approach of launching investment programs and mandates to enable clients to capitalize on specific private markets investment opportunities at different points in the market cycle means that the number of investment vehicles at each stage of the cycle is large and may even increase further over time. For this reason, Partners Group anticipates that performance fees will be paid more regularly from a diversified range of vehicles going forward, making them a quasi-recurring source of income assuming market conditions remain broadly supportive.

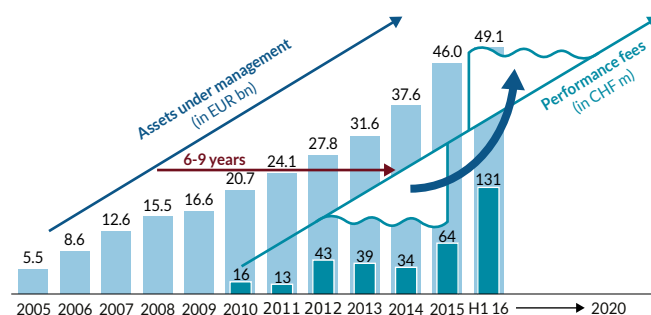
In the long term, performance fees are expected to grow alongside AuM. While the firm generated performance fee payments of up to 10% as a proportion of total revenues before 2016, it was anticipated that average performance fees would ramp up to around 20% from 2016 onwards due to the increase in the proportion of direct and secondary investments made over the past decade.

Performance fees 2016-2020

A large number of investment programs and mandates from a wide range of vintages are expected to pay performance fees during 2016-2020. The anticipated concentration of performance fees within this timeframe is predominantly a result of the financial crisis in 2008 and 2009. Certain assets in

programs launched before the financial crisis have experienced longer holding periods, which has resulted in a shift in the timing of anticipated performance fee payments from 2010-2015 to 2016-2020. At the same time, other assets in programs launched after the financial crisis have had shorter holding periods, which has shifted some performance fees to the earlier end of the 2016-2020 period.

Performance fee payments shifted to 2016-2020



For the full-year 2016, Partners Group expects to continue to unlock more of the firm's performance fee potential and thus anticipates a comparably strong H2 2016. The actual development will, though, depend on the exit processes for underlying globally diversified assets in which value has been created.

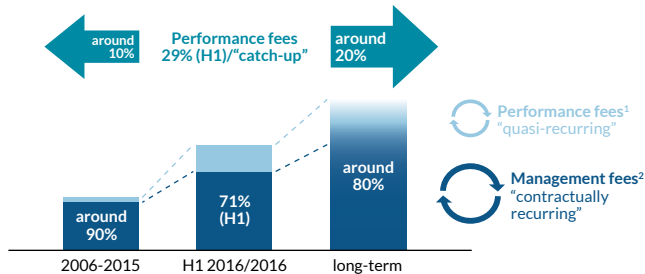
For the years 2017-2020, assuming that the market remains favorable to exits, Partners Group expects to continue to generate significant performance fees from its underlying client portfolios due to the visibility that it has on the life cycles of its programs. Performance fee payments in these years may also include some (more modest) catch-ups from the 2010-2015 period, lifting total performance fees somewhat above the firm's anticipated long-term average of around 20% as a proportion of total revenues in select years between 2017-2020.

Stable management fees will continue to be the main source of revenues

Despite the increase in performance fees, management fees will continue to dominate Partners Group's revenue streams in the years to come. Given the anticipated growth in the firm's AuM, management fees are expected to make up around 80% of total revenues and will be recurring based on long-term client contracts, with a typical duration of 10-12 years. Performance fees are expected to grow in absolute terms alongside AuM, representing around 20% of total revenues in the longer term.

H1 2016 at a glance – Partners Group's business model and review of financial performance

Performance fee outlook

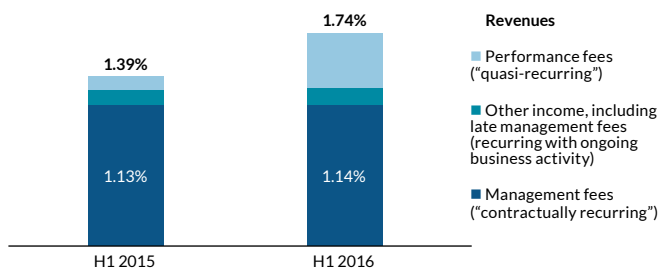


¹ Assuming a benign environment prevails, the amounts and timing of performance fees depend on ongoing exit activities of the firm's underlying globally diversified assets.
² Management fees include recurring management fees, late management fees and other income and share of results of associates.

Revenue margin increases as performance fees increase

The increase in performance fees in H1 2016 lifted the revenue margin to 1.74% for H1 2016 (H1 2015: 1.39%). The majority of the firm's revenue base is still recurring and based on long-term contracts with its clients, providing highly visible cash flows. The firm's management fee margin remained stable at 1.14% in H1 2016 (H1 2015: 1.13%).

Revenue margin (calculated as revenues divided by average daily AuM)

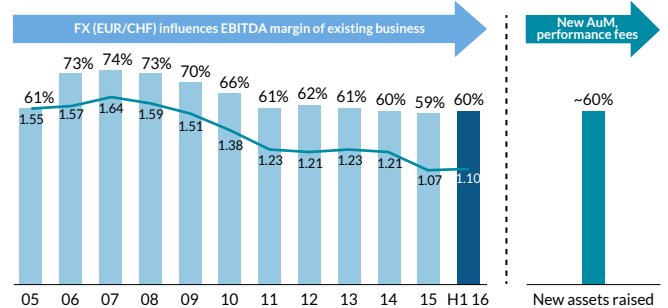


Note: revenues include revenues from management services, net, other operating income and share of results of associates.

EBITDA margin remains stable; ~60% target EBITDA margin confirmed

Partners Group's EBITDA margin remained stable and amounted to 60% in H1 2016 (H1 2015: 58%); EBITDA increased to CHF 272 million in H1 2016 (H1 2015: CHF 166 million). The firm continues to manage its EBITDA margin in a disciplined manner and reconfirms its ~60% target EBITDA margin for newly generated management fees (assuming stable foreign exchange rates), as well as for performance fees on existing and new AuM. In order to align long-term employee compensation with investment performance for clients and the firm's overall financial success, Partners Group allocates ~40% of performance fees earned from investments to the firm's professionals through its compensation programs.

EBITDA margin development



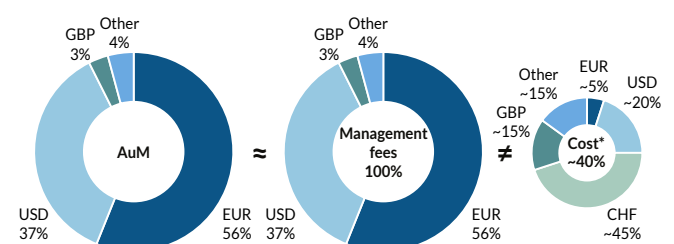
Note: EUR/CHF foreign exchange rates in daily averages in respective periods.

Diversified currency exposure

Partners Group has further grown its business internationally and consequently diversified its sources of income. However, the firm's revenues still primarily derive from EUR- and USD-denominated investment programs and mandates. As a result, foreign exchange fluctuations against the CHF affect the absolute amount of revenues generated. In H1 2016, foreign exchange effects were not significant.

The outcome of the recent UK referendum, in which the British public voted in favor of exiting the European Union, created political and economic uncertainty and weakened the GBP against other currencies – namely the EUR, USD and CHF – at the end of H1 2016. For Partners Group, the impact on revenues is nonetheless expected to be limited as only 3% of the firm's AuM is GBP-denominated.

Currency exposure in H1 2016



*Representing a 40% cost/income ratio on management and performance fees.

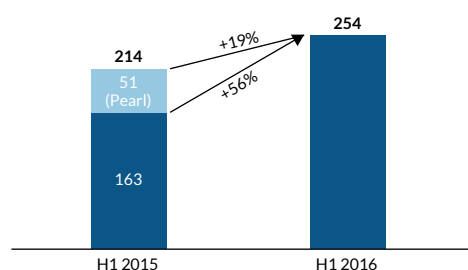
Financial result again driven by value creation in client portfolios

Partners Group typically invests into its investment programs alongside its clients (around 1% of client commitments); the positive performance of these investments contributed to a financial result of CHF 23 million in H1 2016 (H1 2015: CHF 19 million, adjusted for Pearl).

H1 2016 at a glance – Partners Group’s business model and review of financial performance

In H1 2015, the investment program Pearl generated an additional CHF 51 million gain in the context of its conversion into a closed-ended structure, as requested by the program’s investors.

IFRS net profit development (in CHF m)



Note: Pearl Holding Limited generated a CHF 51 million gain in H1 2015 in the context of its successful conversion into a closed-ended structure, as requested by the program’s investors.

In summary, the firm’s IFRS net profit increased by 19% in H1 2016, standing at CHF 254 million (H1 2015: CHF 214 million).

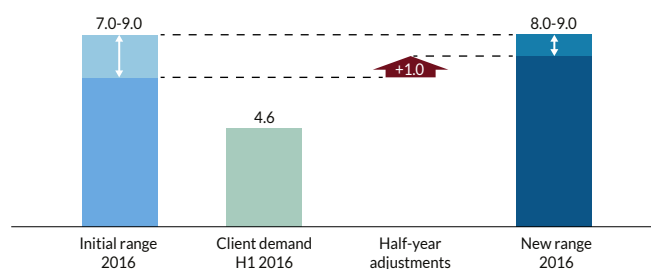
Net liquidity of 479 million

Partners Group’s balance sheet remains strong. After a dividend payment of CHF 277 million in May 2016, the firm holds a current net liquidity position of CHF 479 million. The net liquidity position comprises cash & cash equivalents and short-term working capital facilities for investment programs provided by the firm, net of borrowings.

Outlook

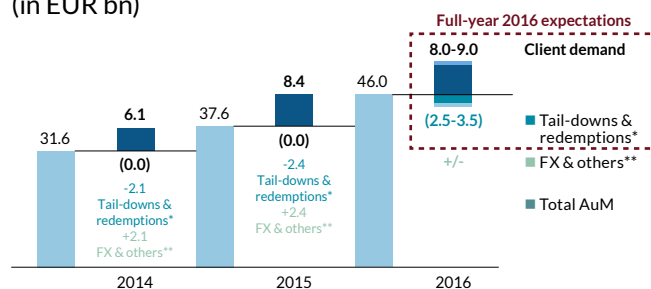
A continued solid pipeline of investment opportunities allowed Partners Group to narrow its guidance for the anticipated bandwidth of gross client commitments for the full-year 2016 to EUR 8-9 billion, which constitutes the upper end of the previous full-year 2016 guidance of EUR 7-9 billion 2015.

Full-year 2016 guidance narrowed (in EUR bn)



The firm’s full-year estimates for tail-down effects from the more mature Partners Group programs and potential redemptions from liquid and semi-liquid programs have not changed and amount to EUR -2.5 to -3.5 billion.

AuM, client demand and other effects (in EUR bn)



*Tail-downs consist of maturing investment programs; redemptions stem from liquid and semi-liquid programs (~10% of AuM).

**Others consist of performance from select programs and other effects.

Note: negative effects in a given year consist of both tail-downs & redemptions as well as FX & others.



Nan Leake Private Real Estate Americas | **Robert Collins** Investment Solutions Americas

We are developing a purpose-built 'campus' in Denver which will act as a hub for our Americas operations and support the continued growth of our business in the region.

Condensed interim consolidated income statement

– unaudited

In thousands of Swiss francs	Note	First six months period	
		2016	2015
Management fees and other revenues, net	2	310'755	248'377
Performance fees, net	2	131'167	31'825
Revenues from management services, net		441'922	280'202
Other operating income		10'869	7'087
Share of results of associates	6	2	-
Third party services		(3'846)	(3'357)
Personnel expenses	8	(155'604)	(96'248)
General and administrative expenses		(14'226)	(14'546)
Travel and representation expenses		(6'913)	(6'855)
EBITDA		272'204	166'283
Depreciation and amortization		(5'898)	(5'228)
EBIT		266'306	161'055
Net finance income and expense	7	22'591	69'624
Profit before tax		288'897	230'679
Income tax expense		(35'157)	(16'854)
Profit for the period		253'740	213'825
Profit for the period attributable to owners of the Company		253'740	213'825
Basic earnings per share (in Swiss francs)		9.63	8.12
Diluted earnings per share (in Swiss francs)		9.53	8.03

Condensed interim consolidated statement of comprehensive income – unaudited

In thousands of Swiss francs	First six months period	
	2016	2015
Profit for the period	253'740	213'825
Other comprehensive income:		
Exchange differences on translating foreign operations	(23'341)	(57'967)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods	(23'341)	(57'967)
Net actuarial gains/(losses) from defined benefit plans	(4'612)	190
Tax impact on net actuarial gains/losses from defined benefit plans	667	(101)
Actuarial gains/(losses) from defined benefit plans, net of tax	(3'945)	89
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax	(3'945)	89
Total other comprehensive income for the period, net of tax	(27'286)	(57'878)
Total comprehensive income for the period, net of tax	226'454	155'947
Total comprehensive income attributable to owners of the Company	226'454	155'947

Condensed interim consolidated balance sheet

– unaudited

In thousands of Swiss francs	Note	30 June 2016	31 December 2015
Assets			
Cash and cash equivalents		67'456	163'776
Marketable securities		1'690	11'561
Trade and other receivables ¹⁾	3	246'145	117'204
Short-term loans		661'106	581'108
Assets held for sale		120'450	90'017
Total current assets		1'096'847	963'666
Property and equipment		14'717	15'522
Intangible assets		53'515	46'448
Investments in associates	6	124'967	129'440
Financial investments	4	347'207	338'162
Other financial assets		3'141	3'917
Deferred tax assets		3'536	3'809
Total non-current assets		547'083	537'298
Total assets		1'643'930	1'500'964

1) Comparative amounts have been represented. For further information see note 12.

Condensed interim consolidated balance sheet

– unaudited

In thousands of Swiss francs	Note	30 June 2016	31 December 2015
Liabilities and equity			
Liabilities			
Trade and other payables ¹⁾		113'727	119'535
Income tax liabilities		19'225	26'050
Borrowings		250'000	95'000
Provisions ²⁾		26'498	20'406
Liabilities held for sale		15'157	5'182
Total current liabilities		424'607	266'173
Employee benefits		6'732	1'727
Provisions ²⁾		6'047	2'446
Deferred tax liabilities		4'602	5'690
Other long-term liabilities		780	920
Total non-current liabilities		18'161	10'783
Total liabilities		442'768	276'956
Equity			
Share capital	9	267	267
Treasury shares		(101'282)	(133'802)
Legal reserves		218	218
Other components of equity		1'301'959	1'357'325
Equity attributable to owners of the Company		1'201'162	1'224'008
Total liabilities and equity		1'643'930	1'500'964

1) Comparative amounts have been represented. For further information see note 12.

2) The current portion of "provisions" has been represented. For further information see note 12.

Condensed interim consolidated statement of changes in equity – unaudited

Equity attributable to owners of the Company						30 June 2016	
In thousands of Swiss francs			Other components of equity				
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January 2016	267	(133'802)	218	(66'087)	1'423'412	1'357'325	1'224'008
Transactions with owners of the Company, recorded directly in equity							
Contributions by and distributions to owners of the Company:							
Purchase of treasury shares		(99'890)					(99'890)
Disposal of treasury shares		132'410			(15'319)	(15'319)	117'091
Share-based payment expenses					12'653	12'653	12'653
Tax effect resulting from equity-settled transactions					(1'980)	(1'980)	(1'980)
Dividends paid to owners of the Company					(277'174)	(277'174)	(277'174)
Total contributions by and distributions to owners of the Company	-	32'520	-	-	(281'820)	(281'820)	(249'300)
Profit for the period					253'740	253'740	253'740
Total other comprehensive income for the period, net of tax	-	-	-	(23'341)	(3'945)	(27'286)	(27'286)
Total comprehensive income for the period, net of tax	-	-	-	(23'341)	249'795	226'454	226'454
Balance as of 30 June 2016	267	(101'282)	218	(89'428)	1'391'387	1'301'959	1'201'162

Condensed interim consolidated statement of changes in equity – unaudited

Equity attributable to owners of the Company						30 June 2015	
In thousands of Swiss francs				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January 2015	267	(119'783)	218	(38'554)	1'261'243	1'222'689	1'103'391
Transactions with owners of the Company, recorded directly in equity							
Contributions by and distributions to owners of the Company:							
Purchase of treasury shares		(60'316)					(60'316)
Disposal of treasury shares		123'802			(18'619)	(18'619)	105'183
Share-based payment expenses					13'155	13'155	13'155
Tax effect resulting from equity-settled transactions					(119)	(119)	(119)
Dividends paid to owners of the Company					(224'994)	(224'994)	(224'994)
Total contributions by and distributions to owners of the Company	-	63'486	-	-	(230'577)	(230'577)	(167'091)
Profit for the period					213'825	213'825	213'825
Total other comprehensive income for the period, net of tax	-	-	-	(57'967)	89	(57'878)	(57'878)
Total comprehensive income for the period, net of tax	-	-	-	(57'967)	213'914	155'947	155'947
Balance as of 30 June 2015	267	(56'297)	218	(96'521)	1'244'580	1'148'059	1'092'247

Condensed interim consolidated statement of cash flows

– unaudited

In thousands of Swiss francs	Note	First six months period	
		2016	2015
Operating activities			
Profit for the period		253'740	213'825
<i>Adjustments:</i>			
Share of results of associates	6	(2)	-
Net finance (income) and expense	7	(22'591)	(69'624)
Income tax expense		35'157	16'854
Depreciation and amortization ¹⁾		5'898	5'228
Share-based payment expenses		12'653	13'155
Change in provisions		10'650	2'379
Other non-cash items ¹⁾		392	484
Operating cash flow before changes in working capital		295'897	182'301
(Increase)/decrease in trade and other receivables and short-term loans		(226'221)	(9'707)
Increase/(decrease) in trade and other payables		(5'207)	(20'830)
Financial expenses (other than interest) paid		(277)	(321)
Cash generated from/(used in) operating activities		64'192	151'443
Income tax paid		(33'343)	(11'360)
Net cash from/(used in) operating activities		30'849	140'083

1) Comparative amounts have been represented. For further information see note 12.

Condensed interim consolidated statement of cash flows

– unaudited

In thousands of Swiss francs	Note	First six months period	
		2016	2015
Investing activities			
Change in marketable securities		(19)	100
Purchase of property and equipment		(1'435)	(1'869)
Purchase of intangible assets		(11'525)	(2'927)
Purchase of financial investments ¹⁾		(80'793)	(68'466)
Proceeds on disposal of financial investments ²⁾		72'474	34'688
Acquisition of subsidiary, net of cash acquired	10	-	(73'668)
Change in other financial assets		703	1'121
Interest and dividends received ³⁾	7	149	88
Net cash from/(used in) investing activities		(20'446)	(110'933)
Financing activities			
Proceeds from and (repayments of) borrowings, net		155'000	10'000
Interest paid	7	(238)	(103)
Dividends paid to shareholders of the Company	9	(277'174)	(224'994)
Purchase of treasury shares		(99'890)	(60'316)
Disposal of treasury shares		117'091	105'183
Net cash from/(used in) financing activities		(105'211)	(170'230)
Net increase/(decrease) in cash and cash equivalents		(94'808)	(141'080)
Cash and cash equivalents as of 1 January		163'776	199'260
Exchange differences on cash and cash equivalents		(1'512)	(4'677)
Cash and cash equivalents as of 30 June		67'456	53'503

1) Purchase of investments held for sale is included in this line item.

2) Proceeds on disposal of investments held for sale are included in this line item.

3) Comparative amounts have been represented. For further information see note 12.

Notes to the condensed interim consolidated financial statements – unaudited

1. General information

Partners Group Holding AG ("the Company") is a company domiciled in Switzerland whose shares are publicly traded on the SIX Swiss Exchange. The condensed interim consolidated financial statements for the six months ended 30 June 2016 and 2015 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors ("BoD") on 31 August 2016.

2. Segment information

The BoD has been identified as the chief operating decision-maker. 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 assesses the business from a business line perspective. This results in an identification of the following operating segments:

- Private equity
- Private debt
- Private real estate
- Private infrastructure

Notes to the condensed interim consolidated financial statements – unaudited

In thousands of Swiss francs					First six months period 2016	
	Operating segments					
	Private equity	Private debt	Private real estate	Private infra-structure	Unallocated	Total
Management fees and other revenues	235'170	35'155	52'530	35'040	323	358'218
Performance fees	127'622	2'922	6'493	5'069	-	142'106
Revenue deductions	(36'267)	(7'056)	(9'836)	(5'243)	-	(58'402)
Revenues from management services, net	326'525	31'021	49'187	34'866	323	441'922
Other operating income	6'317	1'463	4'673	803	(2'387)	10'869
Share of results of associates	2	-	-	-	-	2
Total	332'844	32'484	53'860	35'669	(2'064)	452'793
Third party services	(417)	(130)	(60)	(16)	(3'223)	(3'846)
Personnel expenses	(32'953)	(6'775)	(10'157)	(9'900)	(95'819)	(155'604)
General and administrative expenses	(14)	(7)	(4)	(1)	(14'200)	(14'226)
Travel and representation expenses	(943)	(175)	(324)	(355)	(5'116)	(6'913)
Gross segment result before depreciation and amortization	298'517	25'397	43'315	25'397	(120'422)	272'204
Depreciation and amortization	-	-	-	-	(5'898)	(5'898)
Gross segment result	298'517	25'397	43'315	25'397	(126'320)	266'306
<i>Reconciliation to profit for the period:</i>						
Net finance income and expense						22'591
Income tax expense						(35'157)
Profit for the period						253'740

Notes to the condensed interim consolidated financial statements – unaudited

In thousands of Swiss francs					First six months period 2015	
	Operating segments					
	Private equity	Private debt	Private real estate	Private infra-structure	Unallocated	Total
Management fees and other revenues	187'978	32'531	48'021	20'725	1'014	290'269
Performance fees	29'856	1'951	28	81	-	31'916
Revenue deductions	(27'992)	(5'720)	(6'036)	(2'235)	-	(41'983)
Revenues from management services, net	189'842	28'762	42'013	18'571	1'014	280'202
Other operating income	3'423	841	2'305	518	-	7'087
Total	193'265	29'603	44'318	19'089	1'014	287'289
Third party services	(520)	(20)	(116)	(25)	(2'676)	(3'357)
Personnel expenses	(17'490)	(4'436)	(7'057)	(5'334)	(61'931)	(96'248)
General and administrative expenses	(40)	(8)	(4)	(13)	(14'481)	(14'546)
Travel and representation expenses	(880)	(248)	(441)	(306)	(4'980)	(6'855)
Gross segment result before depreciation and amortization	174'335	24'891	36'700	13'411	(83'054)	166'283
Depreciation and amortization	-	-	-	-	(5'228)	(5'228)
Gross segment result	174'335	24'891	36'700	13'411	(88'282)	161'055
<i>Reconciliation to profit for the period:</i>						
Net finance income and expense						69'624
Income tax expense						(16'854)
Profit for the period						213'825

Management fees and other revenues

Typically based on long-term contracts, the Group earns investment management fees for discretionary mandates. The fees are typically based on the commitments by investors into investment structures and are typically payable on a quarterly basis in advance. On-going investment management fees including all non-performance related fees are recognized when they are earned, based on the specific contracts.

In the process of structuring new products, the Group typically receives a fee for its services in connection with establishing investment vehicles and related legal and structuring work. These organizational fees are always one-off fees, which are typically due when a new investor commits into the structure. Occasionally, the Group also receives transaction fee income relating to private market transactions. These transaction fees are typically one-time occurring.

Notes to the condensed interim consolidated financial statements – unaudited

Performance fees

These performance-related revenues are only recognized once the likelihood of a potential future claw-back is not considered meaningful anymore in the assessment of the Group. This assessment may include inputs such as, but not limited to, distributions to investors, current net asset value, prudent estimated future cash flows, as well as the investment program's life cycle and the market environment.

3. Trade and other receivables

In thousands of Swiss francs	30 June 2016	31 December 2015
Trade receivables	176'424	64'841
Other receivables	4'804	17'512
Prepayments	61'578	33'143
Derivative assets held for risk management	3'339	1'708
Total trade and other receivables	246'145	117'204

The increase in trade receivables mainly resulted from recognized but not yet paid performance fees.

4. Financial investments

The Group holds investments in various investment programs that it manages. These investments typically account for a stake of one percent in an investment program. Within the investment programs, the Group typically performs investment management activities for the benefit of external investors under a predetermined investment policy and receives a predetermined management fee and, where applicable, a performance fee for its services, disclosed as "revenues from management services, net". The investment programs are financed by the investors. Typically, the Group acts as the investment manager and with regard to the investment programs, the Group acts as an agent on behalf of the investors in the investment programs and therefore does not consolidate these investment program structures.

Investments into investment programs are classified as at fair value through profit or loss and are measured at fair value.

In thousands of Swiss francs	30 June 2016	31 December 2015
Balance as of 1 January	338'162	285'615
Additions	26'270	85'493
Disposals	(37'184)	(50'333)
Transfer from marketable securities	9'904	-
Change in fair value of investments held at period end	16'024	32'179
Change in fair value of investments disposed/liquidated during the period	-	(109)
Exchange differences	(5'969)	(14'683)
Balance as of end of period	347'207	338'162

Notes to the condensed interim consolidated financial statements – unaudited

As of the relevant balance sheet date, the Group held the following investments into investment programs, split into the following operating segments:

In thousands of Swiss francs	30 June 2016	31 December 2015
Private equity	205'748	207'554
Private debt	69'953	65'278
Private real estate	47'930	45'176
Private infrastructure	23'576	20'154
Total financial investments	347'207	338'162

5. Capital commitments

As of 30 June 2016, the Group had capital commitment contracts of CHF 459.5 million (31 December 2015: CHF 433.2 million), whereof CHF 174.1 million (31 December 2015: CHF 172.1 million) were not yet called by the relevant investment manager. The capital commitments are called over time, typically between one to five years following the subscription of the commitment. In addition, the Group may selectively enter into capital commitment contracts to bridge investments for investment programs managed by the Group and enter into capital commitments for seed capital investments into investment programs managed by the Group.

6. Investments in associates

The Group accounted for investments in associates as of 30 June 2016 as summarized below:

In thousands of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investment	124'495	124'495	28%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	472	472	40%
Total investments in associates			124'967	

In thousands of Swiss francs	30 June 2016	31 December 2015
Balance as of 1 January	129'440	449
Purchase of investments in associates	-	119'872
Share of results (Pearl)	(3'962)	6'288
Share of results (LGT)	2	21
Exchange differences	(513)	2'810
Balance as of end of period	124'967	129'440

The share of results of associates resulting from Pearl is disclosed in profit or loss as "net finance income and expense" (see note 7), while the share of results of associates resulting from LGT is disclosed as "share of results of associates".

Notes to the condensed interim consolidated financial statements – unaudited

Summary of financial information of the investments in associates - 100%:

In thousands of Swiss francs	Pearl Holding Limited		LGT Private Equity Advisers	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Total assets	444'591	525'200	7'527	9'484
Total liabilities	2'664	67'387	6'347	8'308
Equity	441'927	457'813	1'180	1'176
Revenues	2'590	40'223	2'275	11'719
Profit/(loss)	(14'064)	46'491	4	52

The financial information is based on unaudited financial information as of the balance sheet date.

7. Net finance income and expense

In thousands of Swiss francs	First six months period	
	2016	2015
Interest income	149	88
Net gains on:		
Held for trading instruments	-	846
Fair value through profit or loss instruments, designated	16'024	21'574
Fair value of investments held for sale	4'311	2'409
Share of results of associates (Pearl)	-	5'460
Gain on a bargain purchase (Pearl)	-	45'349
Net exchange differences	6'567	-
Total finance income	27'051	75'726
Interest expense	(238)	(103)
Net losses on:		
Held for trading instruments	(54)	-
Share of results of associates (Pearl)	(3'962)	-
Other finance expense	(206)	(509)
Net exchange differences	-	(5'490)
Total finance expense	(4'460)	(6'102)
Total net finance income and (expense)	22'591	69'624

The gain on a bargain purchase in the first six months period of 2015 was mainly a reflection of the difference between the redemption price of 108% per convertible bond and the net asset value per convertible bond at final maturity redeeming bondholders gave up, as well as the positive performance of the underlying portfolio of Pearl, since the final maturity of Pearl's bonds.

Notes to the condensed interim consolidated financial statements – unaudited

8. Personnel expenses

In thousands of Swiss francs	First six months period	
	2016	2015
Wages and salaries	(97'667)	(67'848)
Share-based payment expenses	(12'653)	(13'120)
Other long-term benefits	(27'998)	(2'713)
Retirement schemes - defined contribution plans	(5'708)	(4'660)
Retirement schemes - defined benefit plans	(1'478)	(1'307)
Other social security expenses	(6'692)	(2'641)
Sundry personnel expenses	(3'408)	(3'959)
Total personnel expenses	(155'604)	(96'248)

The increase in wages and salaries and other long-term benefits mainly resulted from the increase in performance fees recognized, whereby the Nomination & Compensation Committee and the BoD plan an allocation of around 40% of the recognized performance fees to senior professionals.

The average number of employees during the reporting period was 856 (first six months period of 2015: 765), which is equivalent to 838 full-time employees (first six months period of 2015: 751).

Share-based payment expenses

As of 30 June 2016 the Group had 952'788 options and non-vested shares outstanding (30 June 2015: 1'188'699). The treasury shares necessary to cover the non-vested shares have already been transferred into separate escrow accounts. Thus, the number of treasury shares in note 9 is already net of non-vested shares outstanding.

9. Share capital and reserves

In effective number of shares	30 June 2016	30 June 2015
Issued as of 1 January	26'700'000	26'700'000
Issued during the period	-	-
Issued as of 30 June - fully paid in	26'700'000	26'700'000

The issued share capital comprises 26'700'000 registered shares (30 June 2015: 26'700'000) at CHF 0.01 nominal value each. The shareholders are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company.

Dividends

The Company paid a dividend of CHF 10.50 (2015: CHF 8.50) per share on 19 May 2016. As the Group's treasury shares were not eligible for a dividend payment, the approved dividend distribution for 2015 of CHF 280.4 million was not fully distributed, i.e. CHF 277.2 million of the approved dividend was distributed.

Notes to the condensed interim consolidated financial statements – unaudited

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			30 June 2016
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2016	26'700'000	391'524	26'308'476
Purchase of treasury shares		275'081	(275'081)
Disposal of treasury shares		(381'970)	381'970
Balance as of 30 June 2016	26'700'000	284'635	26'415'365
Weighted average number of shares outstanding during the period (180 days)			26'355'550

In effective number of shares			30 June 2015
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2015	26'700'000	517'547	26'182'453
Purchase of treasury shares		219'731	(219'731)
Disposal of treasury shares		(516'239)	516'239
Balance as of 30 June 2015	26'700'000	221'039	26'478'961
Weighted average number of shares outstanding during the period (180 days)			26'326'018

10. Changes in scope of consolidation

(a) Incorporation of new Group entities

- On 7 January 2016, the Group incorporated Partners Group US Investment Services LLC, Delaware (USA). The entity's main purpose is to support the Group's investment activities in the region.
- On 2 March 2016, the Group incorporated Partners Group US Management II LLC, Delaware (USA). The entity's main purpose is to serve as general partner for US-based investment programs.
- On 11 March 2016, the Group incorporated Partners Group Finance SGD IC Limited, Guernsey, a cell of Partners Group Finance ICC, Guernsey. The cell's main purpose is to support the Group's financing activities.
- On 20 April 2016, the Group incorporated Partners Group Prime Services Solutions (Philippines), Inc., Philippines. The entity's main purpose is to act as a service hub for the Group.
- On 2 June 2016, the Group incorporated Partners Group Client Access 10 MP Management Limited, Guernsey. The entity's main purpose is to serve as general partner for a Guernsey-based investment program.
- On 21 June 2016, the Group incorporated Partners Group Colorado Propco LLC, Delaware (USA). The entity's main purpose is to purchase and own land and property for the Group's US offices.

Notes to the condensed interim consolidated financial statements – unaudited

(b) Acquisition of subsidiary

During the first six months period of 2016, the Group did not acquire any subsidiaries.

On 4 March 2015, the Group obtained control over Pearl Access Limited, Guernsey ("PAL") and therewith PAL's 28% holding in Pearl's shares. The Group therefore has significant influence over Pearl. As a result, Pearl is presented as an "investment in associates" (see note 6) in the condensed interim consolidated balance sheet.

11. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access to at that date. The fair value of a liability reflects its non-performance risk. 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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the fair value hierarchy of the Group's financial assets and liabilities that are measured at fair value:

In thousands of Swiss francs				30 June 2016
	Level 1	Level 2	Level 3	Total
Marketable securities	1'690			1'690
Derivative assets held for risk management ¹⁾		3'339		3'339
Assets held for sale			120'450	120'450
Financial investments			347'207	347'207
Financial assets	1'690	3'339	467'657	472'686
Derivative liabilities held for risk management ²⁾		4'728		4'728
Liabilities held for sale			15'157	15'157
Financial liabilities	-	4'728	15'157	19'885

1) Disclosed in the line item "trade and other receivables" in the condensed interim consolidated balance sheet.

2) Disclosed in the line item "trade and other payables" in the condensed interim consolidated balance sheet.

Notes to the condensed interim consolidated financial statements – unaudited

In thousands of Swiss francs				31 December 2015
	Level 1	Level 2	Level 3	Total
Marketable securities	11'561			11'561
Derivative assets held for risk management ¹⁾		1'708		1'708
Assets held for sale			90'017	90'017
Financial investments			338'162	338'162
Financial assets	11'561	1'708	428'179	441'448
Derivative liabilities held for risk management ²⁾		7'303		7'303
Liabilities held for sale			5'182	5'182
Financial liabilities	-	7'303	5'182	12'485

1) Disclosed in the line item "trade and other receivables" in the condensed interim consolidated balance sheet.

2) Disclosed in the line item "trade and other payables" in the condensed interim consolidated balance sheet.

The fair values for "cash and cash equivalents", "trade and other receivables", "short-term loans", "trade and other payables" and "borrowings" are expected to approximate their carrying amounts given the short-term nature of these financial instruments.

The following table shows the reconciliation of all level 3 financial instruments:

In thousands of Swiss francs			30 June 2016
	Financial assets	Financial liabilities	
Balance as of 1 January 2016	428'179	5'182	
Transfers from level 1	9'904	-	
Additions	90'909	10'116	
Disposals	(72'474)	-	
Change in fair value	20'335	-	
Exchange differences	(9'196)	(141)	
Balance as of 30 June 2016	467'657	15'157	

In thousands of Swiss francs			31 December 2015
	Financial assets	Financial liabilities	
Balance as of 1 January 2015	364'478	1'535	
Additions	115'554	3'709	
Disposals	(72'381)	-	
Change in fair value	37'495	-	
Exchange differences	(16'967)	(62)	
Balance as of 31 December 2015	428'179	5'182	

The transfer from level 1 to level 3 resulted from the Group's request to redeem its certificates in Partners Group Private Equity Performance Holding Limited early. As there is no active market for these redeemed certificates, the determination of the fair value requires subjective assessment with varying degrees of judgment depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific financial instrument. The transfer of the financial asset from level 1 to level 3 took place at the beginning of the reporting period.

There were no transfers between levels in 2015.

Notes to the condensed interim consolidated financial statements – unaudited

Sensitivity of fair values

From a Group perspective, financial investments and investments held for sale are typically valued at the adjusted net asset values of the investment programs. A reasonable possible change in the adjusted net asset value would have the following effects on the fair value of these investments held by the Group with changes to be recognized in profit or loss:

In thousands of Swiss francs	30 June 2016	31 December 2015
Adjusted net asset value (1% increase)	4'525	4'230

Although the Group believes that its estimates of fair values are appropriate, the use of different methodologies and different unobservable inputs, especially in the underlying investments of investment programs, could lead to different measurements of fair value. Due to the number of unobservable input factors used in the valuation of the investment programs' direct investments and the broad range, in particular concerning the EBITDA multiple, a sensitivity analysis on these underlying unobservable input factors does not result in meaningful outcomes.

12. Summary of significant accounting policies

Basis of preparation

The unaudited condensed interim consolidated financial statements present a true and fair view of the Group's financial position, results of operations and cash flows in accordance with IAS 34, "Interim Financial Reporting" and comply with Swiss law. They do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015.

Amendments and interpretations effective for the first time

The accounting policies adopted for the first six months period of 2016 are consistent with those of the previous financial year, except where new or revised standards and interpretations were adopted.

The following amendments and interpretations have been applied:

- "Annual Improvements to IFRSs 2012-2014 Cycle" (various standards)
- "Accounting for Acquisition of Interests in Joint Operations" (Amendments to IFRS 11)
- "Clarification of Acceptable Methods of Depreciation and Amortization" (Amendments to IAS 16 and IAS 38)

These amendments and interpretations have no significant impact on the Group's financial statements.

Representation of the current portion of "provisions"

The presentation of "provisions" has been changed to disclose the current portion of "provisions" within current liabilities. The comparative amount of CHF 20.4 million as of 31 December 2015 has been represented accordingly.

Notes to the condensed interim consolidated financial statements – unaudited

Representation of various line items

Various line items in the condensed interim consolidated balance sheet and the condensed interim consolidated statement of cash flows have been aggregated to make the information and disclosures more understandable.

- The previously separate disclosed trade receivables, other receivables, prepayments, derivative assets and other current assets are represented as "trade and other receivables".
- The previously separate disclosed trade payables, accrued expenses and other current liabilities are disclosed as "trade and other payables".
- Depreciation of property and equipment and amortization of intangible assets are disclosed in the same line item within the condensed interim consolidated statement of cash flows.
- Change in fair value of assets held in experience account and change in employee benefit assets/liabilities are aggregated in the line item "other non-cash items" within the condensed interim consolidated statement of cash flows.
- Interest received and dividends received are disclosed in the same line item within the condensed interim consolidated statement of cash flows.

Comparative amounts have been represented accordingly.

Applied foreign currency exchange rates

The Group applied the following currency exchange rates against the Swiss franc:

Year	Currency	Balance sheet rate 30 June 2016	Average rate First six months period of 2016
2016	EUR	1.0825	1.0957
	USD	0.9739	0.9821
	GBP	1.3071	1.4075
	SGD	0.7233	0.7114

Year	Currency	Balance sheet rate 31 December 2015	Average rate First six months period of 2015
2015	EUR	1.0872	1.0568
	USD	1.0002	0.9468
	GBP	1.4750	1.4421
	SGD	0.7060	0.7015

13. Subsequent events

No events took place between 30 June 2016 and 31 August 2016 that would require material adjustments to the amounts recognized in these condensed interim consolidated financial statements.

Contacts

Investor relations contact

Philip Sauer
T +41 41 784 66 60
philip.sauer@partnersgroup.com

Media relations contact

Jenny Blinch
T +41 41 784 65 26
jenny.blinch@partnersgroup.com

partnersgroup@partnersgroup.com
www.partnersgroup.com

Zug

Zugerstrasse 57
6341 Baar-Zug
Switzerland
T +41 41 784 60 00

San Francisco

150 Spear Street
18th Floor, Suite 1850
San Francisco, CA 94105
USA
T +1 415 872 3000

Denver

1660 17th Street, Suite 201
Denver, CO 80202
USA
T +1 303 606 3600

Houston

5847 San Felipe Street, Suite 1730
Houston, TX 77057
USA
T +1 713 821 1622

New York

The Grace Building
1114 Avenue of the Americas, 37th Floor
New York, NY 10036
USA
T +1 212 908 2600

São Paulo

Rua Joaquim Floriano 1120, 11º andar
CEP 04534-004, São Paulo - SP
Brazil
T +55 11 3528 6500

London

110 Bishopsgate, 14th Floor
London EC2N 4AY
United Kingdom
T +44 20 7575 2500

Guernsey

P.O. Box 477
Tudor House, Le Bordage
St Peter Port, Guernsey
Channel Islands, GY1 6BD
T +44 1481 711 690

Paris

14, rue Cambacérès
75008 Paris
France
T +33 1 70 99 30 00

Luxembourg

2, rue Jean Monnet
L-2180 Luxembourg
B.P. 2178
L-1021 Luxembourg
T +352 27 48 28 1

Milan

Via della Moscova 3
20121 Milan
Italy
T +39 02 888 369 1

Munich

Skygarden im Arnulfpark
Erika-Mann-Str. 7
80636 Munich
Germany
T +49 89 38 38 92 0

Dubai

Dubai International Financial Centre
Level 3, Gate Village 10
P.O. Box 125115
Dubai, UAE
T +971 4 401 9143

Mumbai

Suite 3103 (Four Seasons Hotel)
114, Dr. E Moses Road, Worli
Mumbai 400 018
India
T +91 22 2481 8750

Singapore

71 Robinson Road, Level 13-01
Singapore 068895
T +65 6671 3500

Manila*

18/F Net Park Building
5th Avenue Corner 26th Street
Bonifacio Global City, Taguig
1634 Metro Manila
Philippines
T +63 2804 7100

Shanghai

Unit 2003, Level 20, Tower II
Jing An Kerry Centre
No. 1539 West Nanjing Road, Jing An District
Shanghai 200040
China
T +86 21 2221 8666

Seoul

25th Fl. (Gangnam Finance Center,
Yeoksam-Dong) 152 Teheranro
Gangnam-Gu, Seoul 06236
South Korea
T +82 2 6190 7000

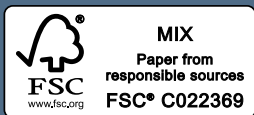
Tokyo

Daido Seimei Kasumigaseki Bldg. 5F
1-4-2 Kasumigaseki, Chiyoda-ku,
Tokyo 100-0013
Japan
T +81 3 5532 2030

Sydney

Level 33, Aurora Place
88 Phillip Street
Sydney, NSW 2000
Australia
T +61 2 8216 1900

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