



Interim Report as of 30 June 2017

# Sustainable performance, strong results



## Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

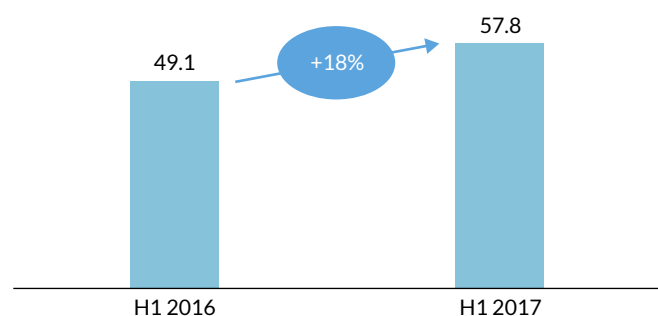
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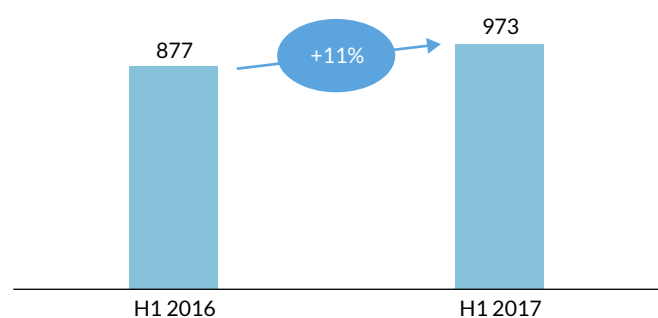
# Key figures H1 2017

## Business development

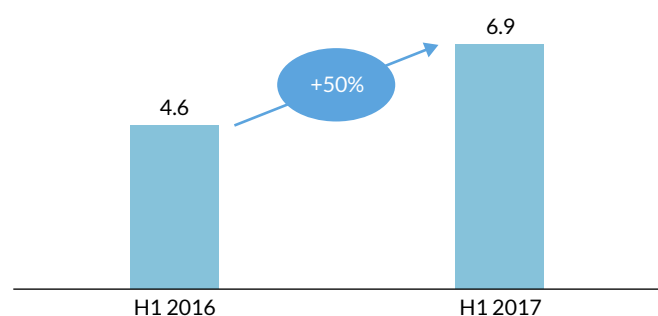
### Assets under management (in EUR bn)



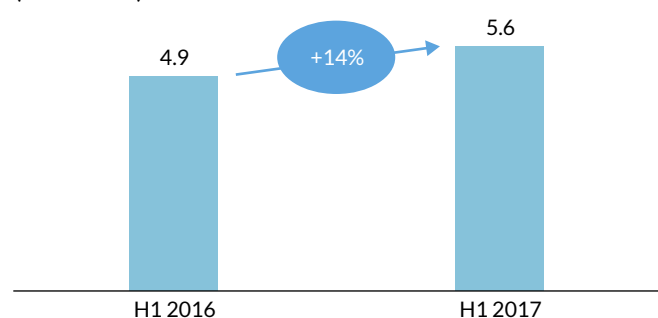
### Professionals (in #)



### Fundraising (in EUR bn)

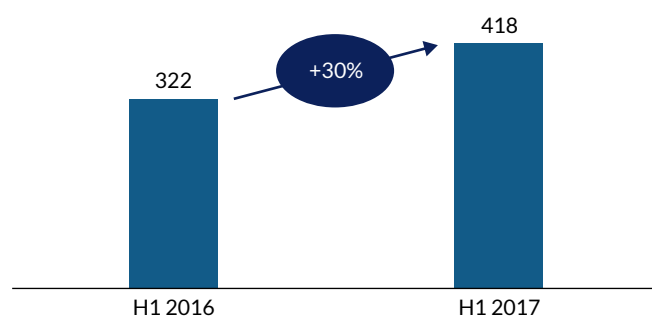


### Investments (in USD bn)

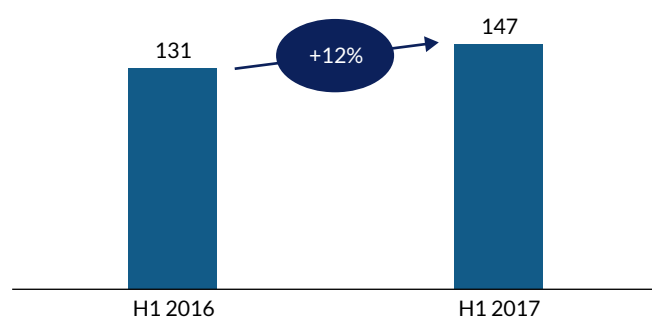


## Financials

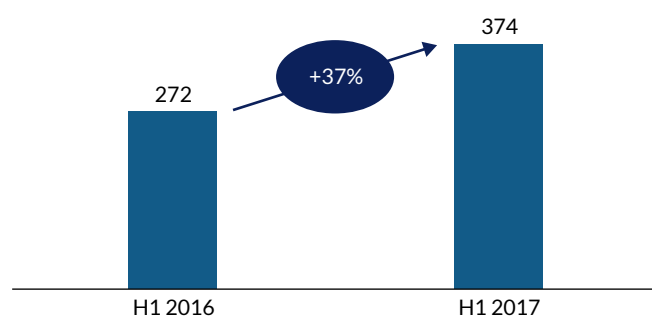
### Management fees<sup>1</sup> (in CHF m)



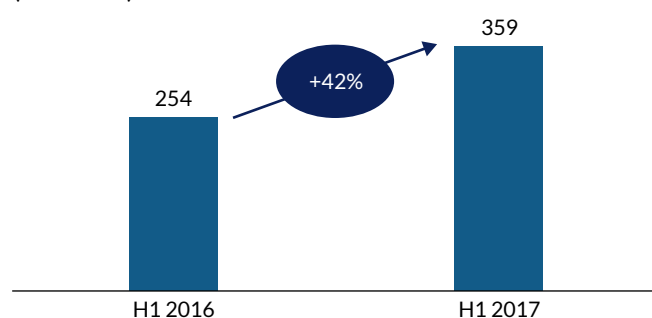
### Performance fees (in CHF m)



### EBITDA (in CHF m)



### IFRS profit (in CHF m)



<sup>1</sup> Management fees include recurring management fees and other revenues, net, other operating income and share of results of associates.

# Message from the Chairman and Co-CEOs

Dear clients, business partners,  
shareholders and colleagues,

**We are pleased to report a strong set of results for the first half of the year. Our investors entrusted us with significant commitments to our most recent flagship programs, with new demand bringing total assets under management (AuM) to EUR 57.8 billion. Sustainable investment performance combined with this demand contributed to our strong H1 2017 financial performance across the board.**

Revenues and EBITDA increased by 25% and 37% year on year to CHF 565 million and CHF 374 million, respectively. These results were attributable to both a sustained increase in revenues from management fees and continued strong performance fee development in H1 2017. As always, our clients remain the principal beneficiaries of the returns generated, as this increase in revenues from performance fees was the result of consistently strong performance in a number of mature client portfolios. As a result, the IFRS profit increased by 42% year on year to CHF 359 million, an increase of 18% compared to the previous period.

With regard to our investment activities in the first half of the year, we maintained both our highly disciplined and selective approach and our focus on identifying assets in segments experiencing above-average growth due to transformative trends. After a long stretch of extremely loose monetary conditions, creating high valuations and elevated leverage levels in many sectors and countries, we place even greater emphasis on assessing an asset's value creation potential and on testing its resilience to potential adverse economic scenarios. In H1 2017, we invested a total of USD 5.6 billion in select high-quality corporate, real estate and infrastructure assets on behalf of our clients, despite the challenging investment environment.

In a market characterized by record asset prices, active portfolio management becomes increasingly important to ensure that investment targets can be met and risks can be contained. In view of this, we further strengthened our dedicated Portfolio Management team in the first half of the year. Portfolio Management is a global team which supports our Global Portfolio Committee in constructing diversified private markets portfolios and adjusting them as needed so that they reflect our evolving relative value views and meet our clients' portfolio requirements and individual long-term NAV targets, regardless of the prevailing investment environment. They do this via a

number of proprietary tools, such as proactive investment level steering, rigorous quantitative and qualitative risk management, and active dialogue with investment teams and clients, all of which enable the optimization of risk and return and a balance between diversification and relative value.

In terms of client demand, in H1 2017 we received new commitments of EUR 6.9 billion from our global client base across all private markets asset classes. Together, capital raised for our latest direct flagship programs in private equity, private debt and private infrastructure represented around 40% of all client demand during the period. We successfully completed the fundraising for some of these flagship programs, including raising EUR 1 billion for the latest offering in our Multi-Asset Credit series and securing EUR 6 billion for our 2016/2017 direct private equity vintage. For this reason, we expect client demand to be skewed towards the first half of the year. Nonetheless, based on robust demand for our programs and mandates and driven by a steady increase in investment capacity, we have adjusted our guidance for the anticipated bandwidth of gross client commitments for the full-year 2017 from EUR 8-10 billion to EUR 10-12 billion.

We also continue to receive recognition for our thought-leadership in the area of Responsible Investment, which remains a focus area for the firm. In July, we were awarded the highest possible A+ score for our Responsible Investment strategy and governance for a third consecutive year in the UN PRI's annual assessment.

For the remainder of the year, we will continue to build out our investment platform and work hard to create value at both an asset and portfolio level for the benefit of our diversified, 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 2017 at a glance – review of investments, client activity and financial performance

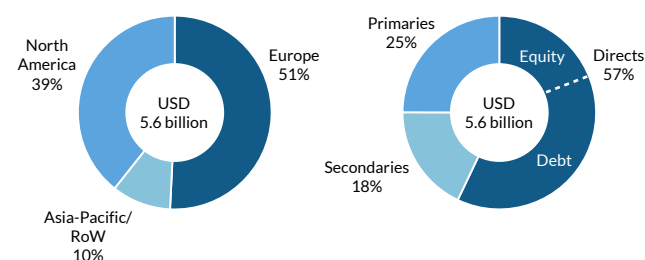
## Investments

In H1 2017, we continued to take a highly disciplined and prudent approach to investment and were able to lead a significant number of transactions, despite a challenging market environment characterized by high valuations across all private markets asset classes. With a focus on corporate, real estate and infrastructure assets where active value creation remains the key driver of returns, we invested a total of USD 5.6 billion on behalf of our clients during the period.

Of this amount, a total of USD 3.2 billion (57% of all investments) was deployed in direct transactions across all asset classes: USD 0.9 billion in nine equity investments across private equity, private real estate and private infrastructure and USD 2.3 billion in 33 debt investments. Our secondaries investment teams invested a total of USD 1.0 billion (18% of all investments) in globally diversified private markets portfolios. To complement our direct and secondary investments, we committed USD 1.4 billion (25% of all investments) to select private markets managers.

Investment activities continued to remain geographically diversified in H1 2017, with 51% of capital invested in Europe, 39% in North America and 10% in Asia-Pacific and emerging markets, reflecting our global reach and scope.

### Private markets investments during H1 2017 (based on volumes)



Note: figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.

### High level of selectivity is key

Our global platform of over 950 employees, together with our extensive industry network and proactive sourcing efforts, allowed us to maintain high levels of investment selectivity in H1 2017. Our investment professionals screened 2'211 direct transactions across all asset classes, investing in only 42 of them and registering a decline rate of 98%. Our secondary investment specialists screened USD 73 billion in private markets assets and invested in less than 2% of these.

### First screenings in H1 2017

	Directs (#)	Secondaries	Primaries (#)
Private equity	798	USD 42 billion	111
Private debt	246	n/a	n/a
Private real estate	694	USD 26 billion	100
Private infrastructure	473	USD 5 billion	47
Total	2'211	USD 73 billion	258
Executed	USD 3.2 billion 42 transactions*	USD 1.0 billion 12 transactions	USD 1.4 billion 21 commitments

\*Includes 33 credits amounting to USD 2.3 billion.

Note: figures exclude investments executed for short-term loans, cash management purposes and syndication partner investments.

### Making active use of the benign exit environment

In H1 2017, we also continued to make active use of the benign exit environment and were able to realize a number of mature private markets assets on behalf of our clients, leading to a total of USD 4.3 billion in underlying portfolio distributions.

### The importance of scenario thinking in the current market

In addition to maintaining high levels of investment selectivity, after nearly a decade of rising markets and a long stretch of extremely loose monetary conditions, creating high valuations and elevated leverage levels in many sectors and countries, we place even more emphasis on economic scenario analysis in our underwriting. We still believe in a base case projection of continued low but steady growth combined with gradual monetary tightening in the US. However, we are also aware of the risk of a deviation from this base case and have defined three additional potential test scenarios that can be used to assess the robustness of an asset to different economic and capital market outcomes, as summarized below.

### Partners Group's economic and market scenarios

In our **base case** scenario of low but steady growth, real economic growth maintains its modest upward trajectory over the next five years. Rising US wages and inflation result in Fed rate hikes at a slightly faster pace than the ones currently priced in by markets, yet leave real rates at historically low levels. If history proves to be a guide to capital markets, under this type of scenario, total returns in the broader equity market might remain neutral to positive, but multiples would tend to retract somewhat.

In a more positive scenario, highly accommodative monetary policy combined with outsized expectations on growth would lead to higher valuations and a lengthy 'bull' market (**stock market rally**), while the economic and rates scenario would play out as per our base case of low but steady growth.



# H1 2017 at a glance – review of investments, client activity and financial performance

Alternatively, rising wage pressures in the US and/or rising longer-dated yields would pressurize the Fed into a **faster rate hike cycle**. A Fed balance sheet reduction and the possible end of European Central Bank asset purchases may further strain financial conditions. Real rates would move higher and return to historical averages of 2-3%. Valuations would correct more notably.<sup>1</sup>

A **mild recession** or an external shock (a US policy misstep, a more adverse Brexit outcome, the bursting of a tech bubble, a geopolitical shock) would result in an economic slowdown and leave Fed rates at current levels in five years' time. After a more adverse downward move, valuations would slightly recover.

Our H2 2017 Private Markets Navigator report, which was published at the end of August, explains in more detail our mid-term outlook and investment preferences for all private markets asset classes. A copy of the Private Markets Navigator can be provided upon request.

## Economic and market scenarios: main parameters

	Base case	Test scenarios		
	Low but steady growth	Stock market rally	Faster rate hike cycle	Mild recession
Global GDP growth (5-year average)	2-3%	2-3%	3-4%	1-2%
Inflation (US) (5-year average)	~2%	1-2%	2-3%	~1%
Change in Fed Funds Rate (in 5 years' time)	+200-250bps	+200-250bps	+300-500bps	unchanged
Market valuations (in 5 years' time)	10-15% lower	20-30% higher	20-30% lower	10-15% lower

Note: market valuations refer to price-to-earnings ratio for public equities, enterprise value to earnings before interest, tax, depreciation and amortization for private equity, capitalization rates for private real estate and underwriting internal rate of return for private infrastructure. For illustrative purposes only.  
Source: Partners Group.

We are seeking assets that not only work well in our base case, but that would also be able to successfully withstand downside scenarios – and outperform the broader industry – in terms of operational performance and valuation robustness. In this context, our investment focus lies in identifying assets operating in sub-sectors that benefit from transformative trends, such as changing customer habits and technological advances, or structural drivers, such as demographic shifts and changing wealth patterns, which make these assets more resilient to economic downturns. Select examples of recent investments are shown on pages 16-18 and include medical laboratory services operator Cerba Healthcare in private equity, managed IT services provider Claranet in private debt, a Class A office tower in Atlanta in private real estate, and a 270MW wind farm project in Australia in private infrastructure.

<sup>1</sup> Partners Group's H1 2017 Private Markets Navigator explains in more detail the implications of rising rates and faster than anticipated rate increases (real rates) by asset class. A copy of the H1 2017 edition can be provided upon request.

# H1 2017 at a glance – review of investments, client activity and financial performance

## Clients

### Structural shifts continue to support private markets investment

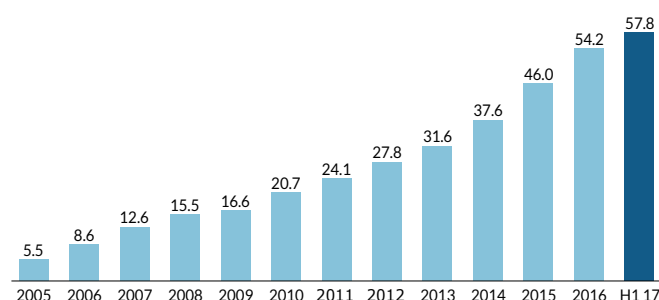
We have seen a sustained growth in AuM over the last decade as clients from all over the world have entrusted our firm with significant commitments throughout different economic environments. This strong client demand across asset classes and regions continues to be driven by both structural growth in institutional AuM as well as rising allocations to private markets, as investors seek to benefit from the additional return potential and diversification advantages that private markets portfolios can provide. Indeed, private markets continue to offer attractive investment opportunities relative to public markets for long-term investors such as pension funds, sovereign wealth funds, insurance companies and family offices, especially in the current low interest rate cycle.

Today's private markets investors also seek ancillary portfolio services which reduce their administrative burden and help manage regulatory complexity, bringing their private markets portfolios closer to their public markets investments with regards to transparency, accessibility, performance measurement and administration. Because of this, there is a growing preference from investors globally to invest with those market leaders who have an institutionalized operational set-up and the ability to provide global solutions across private markets asset classes and capital structures.

### AuM grew to over EUR 57 billion; 14% annualized growth

In H1 2017, we received EUR 6.9 billion in new commitments from our global client base across all private markets asset classes. This demand for programs and mandates brings total assets under management (AuM) to EUR 57.8 billion as of 30 June 2017 (31 December 2016: EUR 54.2 billion), and represents a net annualized growth of 14%.

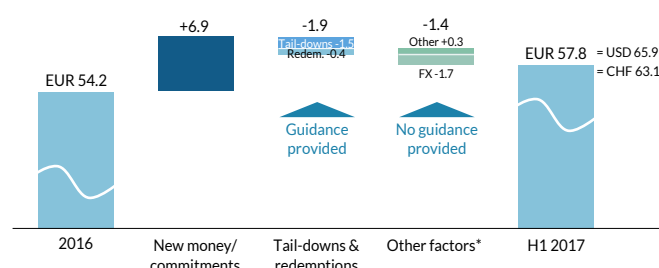
### Total assets under management (in EUR bn)



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

Next to gross client demand of EUR 6.9 billion in H1 2017, there were EUR -1.5 billion in tail-down effects from mature private markets investment programs and EUR -0.4 billion in redemptions from liquid and semi-liquid vehicles, amounting to a total of EUR -1.9 billion in H1 2017. In addition, foreign exchange effects amounted to EUR -1.7 billion in H1 2017. A positive contribution of EUR +0.3 billion stemmed mainly from performance-related effects from certain investment vehicles. Overall, this resulted in net AuM growth of EUR 3.6 billion during the period.

### Total assets under management development in H1 (in EUR bn)



### Client demand across all asset classes

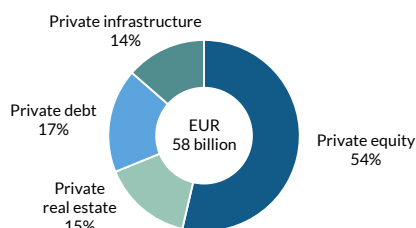
**Private equity** was the largest contributor to assets raised in H1 2017. The demand was split across a wide range of programs and mandates, with the flagship private equity direct program and the global private equity integrated program being the main contributors. The annualized growth rate of private equity AuM amounted to 7% in H1 2017. **Private debt** saw strong new commitments in H1 2017. The demand was spread over several different programs and mandates, including, among others, the private markets credit strategy focused on corporate senior debt and the multi-asset class strategy. The annualized growth rate of private debt AuM amounted to 38% in H1 2017, making it the fastest-growing segment within the firm. In H1 2017, the total **private real estate** AuM remained largely flat. We anticipate the real estate business to be a stronger contributor in the second half of the year as our latest flagship real estate programs are expected to contribute substantially to fundraising in the coming quarters. **Private infrastructure** demand was spread over a number of different investment programs, with the largest contributors being the flagship global direct and global integrated programs. Private infrastructure AuM had an annualized growth rate of 37% in H1 2017.

The breakdown of total AuM as of 30 June 2017 is as follows: EUR 31 billion private equity, EUR 10 billion private debt, EUR 9 billion private real estate, and EUR 8 billion private infrastructure.

# H1 2017 at a glance – review of investments, client activity and financial performance

The following chart shows our total AuM by asset class as of 30 June 2017.

## AuM by asset class



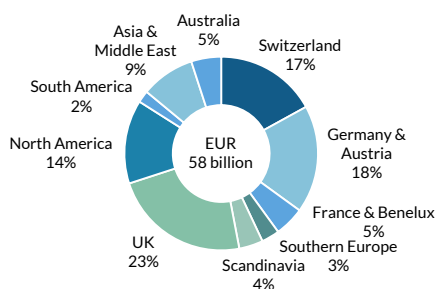
Note: as of 30 June 2017.

## Client demand by region

We have an international client base of over 900 institutional investors around the world. In H1 2017, client demand was again well-diversified across regions: notably strong countries in **continental Europe** were Germany and Switzerland, which together contributed around 40% of total inflows. A third of AuM growth came from **the UK and US**. The remainder was contributed by all other regions across the globe, with **Asia** also making a notably strong contribution.

The chart below shows our AuM by region as of 30 June 2017.

## AuM by region



Note: as of 30 June 2017.

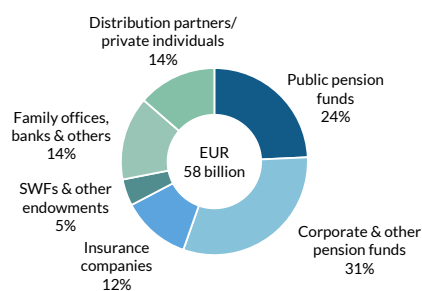
## Client demand by type

In H1 2017, **corporate, public and other pension funds** continued to be the key contributors to AuM growth, representing around half of the total client demand. These investors typically seek to further enhance the risk/return profile of their portfolios by increasing their private markets exposure. **Insurance companies** accounted for around 9% of overall inflows in H1 2017, displaying particular appetite for our yield-generating private debt offerings. **Sovereign wealth funds and endowments** accounted for approximately 5% of total assets raised in H1 2017 and generally engage with us seeking highly tailored private markets solutions to complement their existing portfolios. We once again saw strong

demand from **distribution partners/private individuals**, which represented 16% of client demand in H1 2017. These types of investors recognize the benefits of private markets and aim to mirror the allocations of institutional investors in their private portfolios. Usually, they seek to access private markets through liquid and semi-liquid structures, which are still unusual in an industry dominated by illiquid, long-duration funds. Partners Group has been a notable pioneer in the structuring of innovative liquid and semi-liquid programs for investors and to-date manages around 15% of its total AuM in such vehicles. The remaining 14% of total client demand in H1 2017 was split among **family offices**, banks and other investors.

The chart below shows our total AuM by investor type as of 30 June 2017.

## AuM by type



Note: as of 30 June 2017.

## AuM outlook

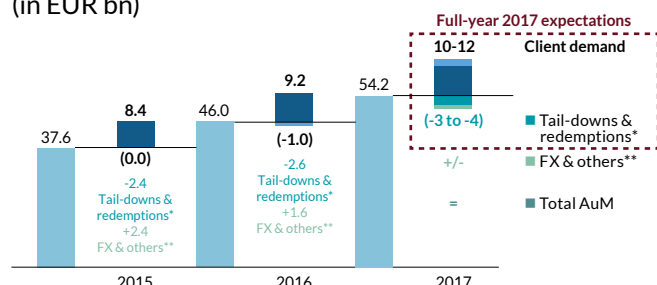
Based on robust client demand for programs and mandates and driven by a steady increase in investment capacity, we have adjusted our guidance for the anticipated bandwidth of gross client commitments for the full-year 2017 from EUR 8-10 billion to EUR 10-12 billion. We expect client demand to be skewed towards the first half of the year given successful fundraising for a number of flagship programs in private equity, private infrastructure and private debt in H1 2017. Client demand for private real estate is expected to increase in H2 2017 with the launch of the latest flagship programs.

Our 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 -3 to -4 billion.



# H1 2017 at a glance – review of investments, client activity and financial performance

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



\*Tail-downs consist of maturing investment programs; redemptions stem from liquid and semi-liquid programs (~15% of AuM).

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

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

## Private markets outperformance expected to persist in different economic scenarios

Stretched valuations and a wider range of possible rate outcomes warrant a more detailed sensitivity analysis during investment underwriting. As mentioned in the Investments section, we have defined a base case and three potential test scenarios that can be used to assess the robustness of an asset, sector or portfolio of assets to different economic and market outcomes.

We have analyzed the return sensitivities of the broader private markets industry, as well as of public markets, to these different economic scenarios, using the Partners Group Expected Return Framework.

Partners Group's **Expected Return Framework** calculates expected asset class returns for private and public markets based on fundamental drivers (income, growth and valuation change) over a seven-year horizon. The Framework complements our qualitative relative value investment approach by adding a quantitative component, reflecting **broad industry returns**.

Our **base case** economic scenario assumes low but steady growth and slightly faster Fed rate increases than the ones currently priced in by the market, partly as a result of higher inflation but also in real terms. Applying these parameters to our Expected Return Framework and using public and private equity as an example, amid low top-line growth, we assume about 3% public equity earnings growth p.a. and base the additional private equity-specific operational value creation return contribution (top-down and bottom-up) on past research, taking into account the impact of leverage reduction. In line with our seven-year mean reversion assumptions, valuations retract by 10-15% over a five-year horizon (the time

horizon of our rates scenario), which is then extended pro-rata to the framework's seven-year calculation. Applying the same approach to the other asset classes results in historically low expected returns across the spectrum of public as well as private markets asset classes. However, private markets continue to show a material expected outperformance over their public peers, exceeding outperformance potential even in a normal market environment.

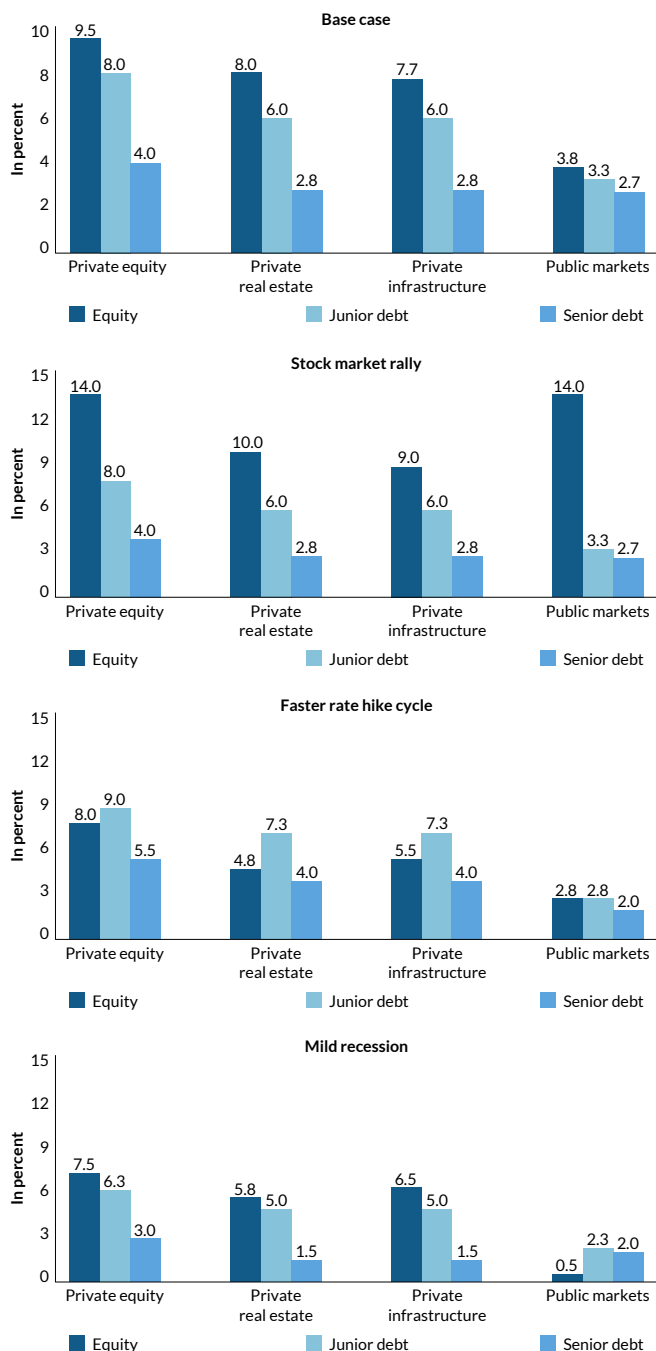
Applying our **stock market rally** scenario of slight earnings growth improvement and further valuation expansion results in a material positive return contribution in particular for public market equities (valuation change) and private equity (valuation change and return from finance as margins allow for accelerated debt repayment). For private real estate and infrastructure, market momentum offsets the impact of higher real rates. The market also places greater value on de-risking and operational improvements, thus lifting return expectations. Debt returns remain broadly unchanged compared to our base case.

In the **faster rate hike cycle** scenario, we assume a 400bps rate increase (vs. 200bps in the base case), alongside a slight uptick in earnings growth and inflation expectations. For public equities, the adverse impact on valuations is partially offset by the higher return contribution from growth, in line with past experience during periods of rising rates. For private equity, additional financing costs are somewhat offset by higher nominal earnings growth, while valuations retract. For real estate and infrastructure, the relatively higher sensitivity to real rate increases leads to somewhat lower returns. Floating-rate instruments (junior and senior debt) benefit in a rising rates environment, despite slightly higher default rates. For fixed-rate debt (high yield and investment grade), the positive impact of higher reinvestment income is largely offset by the negative valuation impact.

The **mild recession** scenario (unchanged Fed rates, lower inflation, lower earnings growth) reduces return expectations across the board on the back of lower growth, rising default rates and muted investor sentiment. Defensive asset classes fare somewhat better, benefiting from lower real rates (real estate and infrastructure) and limited asset beta sensitivity (infrastructure equity). Higher spreads offset the adverse impact of rising default rates on floating-rate debt.

# H1 2017 at a glance – review of investments, client activity and financial performance

## Expected net returns under the different scenarios



For illustrative purposes only. As of H2 2017. All of the above data is derived from Partners Group calculations and assumptions and should not be construed as representative of Partners Group investments. Partners Group utilizes historical market data and academic research to generate the above calculations, a full list of which can be provided on demand. There is no guarantee that expected returns will be realized or achieved or that an investment program will be successful. Hypothetical or simulated performance results have certain limitations. Unlike the results shown in an actual performance record, these results do not represent actual trading. Past performance is not a reliable indicator of future performance. Source: Partners Group Expected Return Framework, H2 2017.

Changing a minimal number of parameters under our different economic scenarios illustrates the sensitivity of asset class expected returns to economic and rate conditions, as summarized in the chart on the left. With the exception of public equities in the stock market rally scenario, private markets show a material relative outperformance over public asset classes in all of the scenarios.

Our experience has shown that key drivers of this outperformance include factors such as better access to information on the part of private markets investment managers, improved governance as a result of private markets ownership, an operational, long-term outlook focused on hands-on value creation, and greater ability to time exits.

# H1 2017 at a glance – review of investments, client activity and financial performance

## Financials

### H1 fundraising and realizations drive H1 financials

Strong client demand (EUR 6.9 billion raised), successful investment activities (USD 5.6 billion invested) and realizations in H1 2017 enabled us to generate strong financials across the board. Revenues increased by 25% year on year to CHF 565 million, attributable to an increase in revenues from management fees and solid performance fee development. EBITDA increased by 37% year on year to CHF 374 million as revenues grew at a higher rate than costs. IFRS profit increased by 42% year on year to CHF 359 million and by 18% compared to the previous period (H2 2016).

The favorable, long-term underlying client trends and the expected continued outperformance of private markets against public markets represent structural industry dynamics which should further drive demand for comprehensive private markets offerings in the future. These dynamics, combined with our stable margins and a balance sheet-light business approach, translate into attractive financial returns for shareholders.

### H1 2017 highlights

#### AuM development drives management fees

Total average AuM increased by 20% and management fees increased by 30%. The disproportionate growth is mainly due to late management fees and other income<sup>1</sup> in H1 stemming from successful closings of flagship programs. Late management fees and other income will be skewed to H1.

#### Performance fees remain solid

Performance fee development continued to be strong, with total performance fees amounting to CHF 147 million in H1 2017 (H1 2016: CHF 131 million). Performance fees are expected to grow in absolute terms alongside AuM, representing around 20-30% of total revenues in the longer term.

#### EBITDA margin (temporarily) expanded

Partners Group's EBITDA margin temporarily increased to 66% in H1 2017 (H1 2016: 60%) mainly due to a strong increase in late management fees and other income during the period. However, we maintain our longer-term target EBITDA margin of ~60% as we will continue to dedicate resources to the further build-out of our investment platform, increasing our capacity to generate and pursue a larger set of investment opportunities.

## Key financials

	H1 2016	H1 2017
AuM as of 30 June (in EUR bn)	49.1	57.8
Average AuM (in EUR bn, daily)	47.6	56.9
Revenue margin <sup>2,3</sup>	1.74%	1.84%
attributable to management fee margin <sup>2,4</sup>	1.24%	1.36%
attributable to performance fee margin <sup>2</sup>	0.50%	0.48%
Revenues (in CHF m) <sup>3</sup>	453	565
management fees (in CHF m) <sup>4</sup>	322	418
performance fees (in CHF m)	131	147
EBITDA margin	60%	66%
EBITDA (in CHF m)	272	374
IFRS profit (in CHF m)	254	359

<sup>1</sup> Late management fees and other income amounted to CHF 56m in H1 2017 (H1 2016: CHF 26m), an increase of +124%. <sup>2</sup> Based on average AuM (in CHF) calculated on a daily basis. <sup>3</sup> Revenues from management services, net, including other operating income and share of results of associates. <sup>4</sup> Management fees include recurring management fees and other revenues, net, other operating income and share of results of associates.

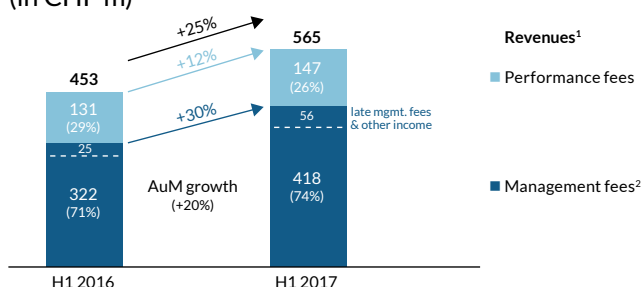
# H1 2017 at a glance – review of investments, client activity and financial performance

## Revenue growth outpaces AuM growth due to higher late management fees and other income

In H1 2017, revenues rose to CHF 565 million (H1 2016: CHF 453 million) and increased by 25%. Management fees increased by 30%, amounting to CHF 418 million (H1 2016: CHF 322 million), growing faster than average AuM. This was mainly due to higher late management fees<sup>2</sup> and other income in H1 2017.

Performance fees remained at a solid level and amounted to CHF 147 million in H1 2017 (H1 2016: CHF 131 million). Most of our client contracts entitle the firm to a performance fee, typically subject to pre-agreed return hurdles. The increased proportion of revenues derived from performance fees was a result of several mature portfolios passing their return hurdles during the period, based on the performance achieved over the last six to nine years. A number of other mature portfolios had passed their hurdles in previous periods and continued to contribute to overall performance fees through their distribution activity.

## Revenues (in CHF m)



<sup>1</sup> Revenues include management fees and performance fees.

<sup>2</sup> Management fees include recurring management fees and other revenues, net, other operating income and share of results of associates.

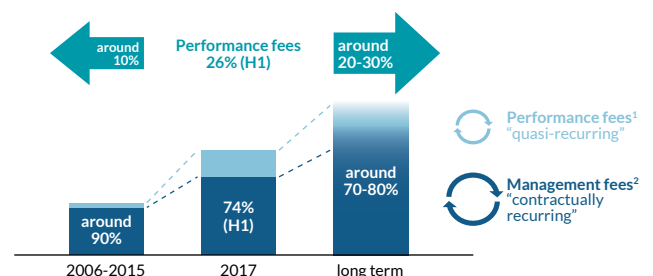
## Management fees will continue to be the main source of revenues

Despite the higher level of performance fees, management fees will continue to dominate our firm's revenues in the years to come. Given anticipated growth in the firm's AuM, management fees are expected to make up around 70-80% of total revenues and will be recurring based on long-term client contracts, with a typical duration of 10-12 years for equity and 5-7 years for debt offerings. Performance fees are expected to grow in absolute terms alongside AuM, representing around 20-30% of total

<sup>2</sup> Late management fees occur in limited partnership structures, which typically have a contractual life of 10-12 years. At the very beginning of this contractual life, these structures go through a fundraising period of 12-24 months. All clients who commit to open investment programs during this period owe management fees for the entire lifetime of the fund, irrespective of when the commitment was made. This is based on the fact that the firm has already commenced investment management services for these programs from the day of their initiation. Clients who join an investment program at a later stage of the fundraising period are required to pay for these previously delivered management services. Any management fee payments relating to prior accounting years are called late management fees. A period in which older programs complete fundraising is more likely to lead to higher late management fees in the same period.

revenues in the longer term. In H1 2017, management fees represented 74% and performance fees 26% of total revenues.

## Management fees are contractually recurring



<sup>1</sup> 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.

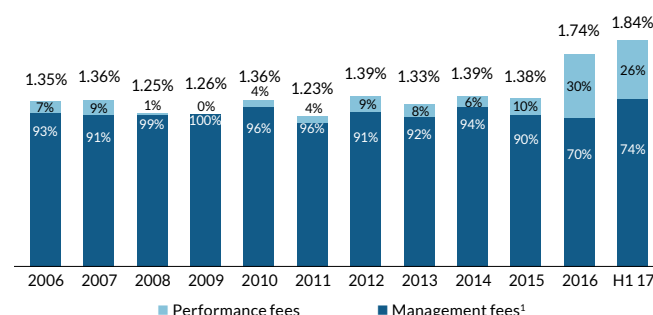
<sup>2</sup> Management fees include recurring management fees and other revenues, net, other operating income and share of results of associates.

We currently manage over 200 diverse investment programs and mandates at different stages of their life cycle. Our 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 there will typically be several investment vehicles maturing at each stage of the cycle. For this reason, we anticipate that performance fees will be earned regularly from a diversified range of vehicles going forward, making them a "quasi-recurring" source of income assuming market conditions remain broadly supportive.

## Revenue margin increases with higher level of performance fees

The combination of higher-margin management fees and higher late management fees and other income during the period lifted the revenue margin, which stands at 1.84% (H1 2016: 1.74%). The dominant part of our revenue base is still recurring and based on long-term contracts with our clients, providing highly visible cash flows. Our management fee margin increased driven by the factors mentioned above, amounting to 1.36% (H1 2016: 1.24%).

## Continued solid revenue margin



<sup>1</sup> Management fees include recurring management fees and other revenues, net, other operating income and share of results of associates.

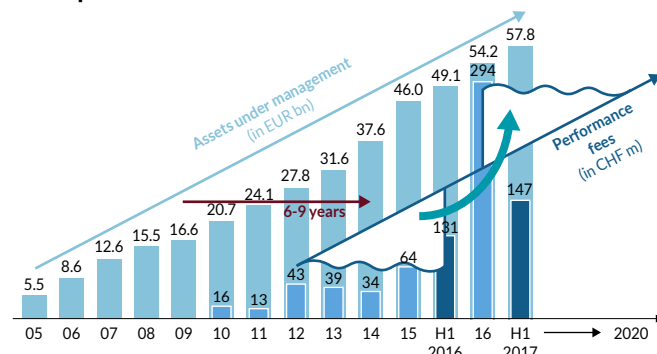
# H1 2017 at a glance – review of investments, client activity and financial performance

## Performance fee outlook

A large number of investment programs and mandates from a wide range of vintages are expected to pay performance fees over the years to come. In particular, the strong increase in performance fees generated in 2016 was mainly due to a shift in timing as 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 these programs from 2010-2015 to 2016 onwards. At the same time, other assets in programs launched after the financial crisis have had shorter holding periods, which has brought some of the performance fee payments forward.

Following another strong value creation period in H1 2017, a number of mature programs launched before and after the financial crisis passed their performance hurdles and paid performance fees. Due to the visibility that we have on the life cycles of our programs, we expect to continue to generate significant performance fees from underlying client portfolios over the years to come. The expected bandwidth for performance fees as a proportion of total revenues is around 20-30%, assuming that the market remains favorable to exits.

## Solid performance fee contribution in H1 2017



Note: 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.

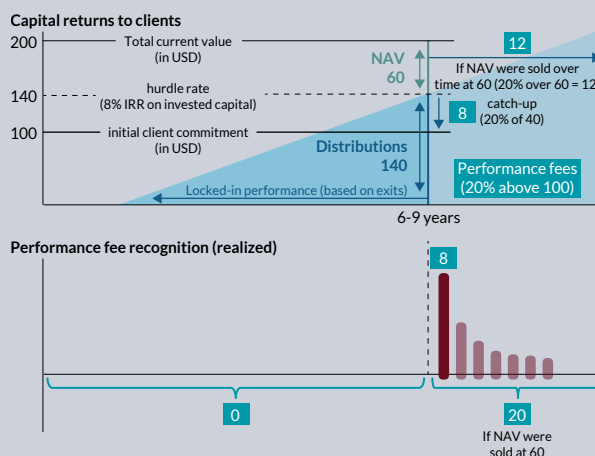
## Performance fee mechanism

### Only 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 realized and the 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.

The illustrative example below shows how distribution activities in client portfolios advance the maturity profile of an investment program and increase the likelihood that the required return hurdle is reached. Once distributions meet the hurdle rate (below assumed to be 140), the investment manager is allowed to catch up (also called “catch-up” period) on past performance (40 x 20% performance fees = 8) in excess of the initial client commitment (100). After the catch-up period, the investment manager will share any further distributions stemming from selling the remaining portfolio (NAV of 60) over time, according to a pre-defined performance-sharing mechanism with clients (80% to clients; 20% to the investment manager). Clients therefore remain the principal beneficiaries of the returns generated. The chart shows the performance fee recognition model of a typical limited partnership program.

## Performance fee recognition model



Note: 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. For illustrative purposes only.



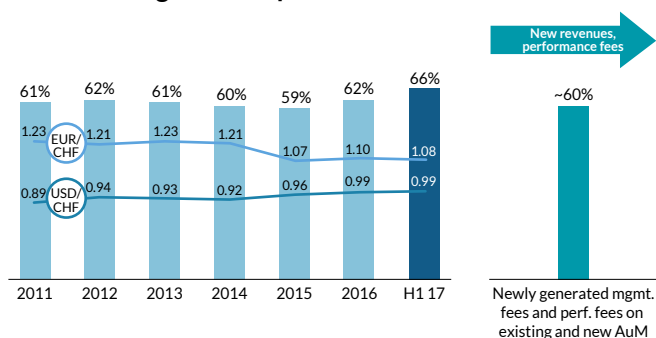
# H1 2017 at a glance – review of investments, client activity and financial performance

## EBITDA margin temporarily up; ~60% target EBITDA margin confirmed

EBITDA increased by 37% year on year, amounting to CHF 374 million (H1 2016: CHF 272 million). The EBITDA margin increased to 66% (H1 2016: 60%), temporarily above the firm's long-term target EBITDA margin of ~60% for newly generated management fees (assuming stable foreign exchange rates), as well as for performance fees on existing and new AuM. We will further invest in the build-out of our investment platform to systematically increase our capacity to generate and pursue attractive investment opportunities. The temporary margin expansion was mainly due to the strong increase in revenues, which outpaced the firm's hiring activities during the period.

Furthermore, our compensation philosophy is based on aligning long-term employee compensation with investment performance for clients and the firm's overall financial success. As such, we allocate ~40% of performance fees earned from investments to the firm's professionals through our compensation programs.

## EBITDA margin development and outlook



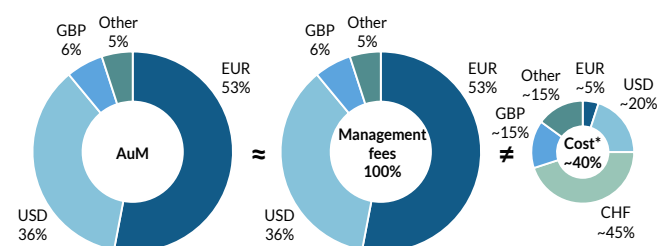
Note: EUR/CHF foreign exchange rates given as daily average in respective years/periods.

## Continued diversification of AuM, revenues and cost base anticipated

We have further grown our business internationally and consequently diversified our sources of income. However, revenues still primarily derive from EUR- and USD-denominated investment programs and mandates. Fluctuations in these currencies against the CHF can affect the absolute amount of revenues and costs. In H1 2017, there were no such significant currency fluctuations against the CHF.

Based on the increased set of investment opportunities around the world, our team has grown at a higher rate outside Switzerland in recent years. This diversifies our cost base further and reduces our cost base in CHF in relative terms over time. As a result, the foreign exchange impact on the EBITDA margin deriving from a CHF-denominated cost base contrasted with EUR/USD-denominated revenues is expected to be reduced even further.

## Currency exposure in H1 2017



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

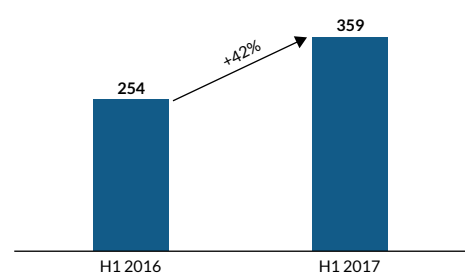
Note: all figures are based on estimates and currency denomination of underlying programs; revenues include revenues from management services, net, other operating income and share of results of associates.

## Ongoing value creation in client portfolios drives financial result

Partners Group typically invests into its investment programs alongside its clients (around 1% of client commitments); the positive performance of these investments mainly contributed to a financial result of CHF 30 million in H1 2017 (H1 2016: CHF 23 million).

In summary, the firm's IFRS profit increased by 42% year on year to stand at CHF 359 million (H1 2016: CHF 254 million), an increase of 18% compared to the previous period (H2 2016: CHF 304 million).

## IFRS profit (in CHF m)



## Net liquidity of CHF 702 million; successful bond issuance of CHF 300 million in H1 2017

Partners Group's balance sheet remains strong. After a dividend payment of CHF 397 million in May 2017, we hold a current net liquidity position of CHF 702 million as of 30 June 2017. The net liquidity position comprises cash & cash equivalents and short-term working capital facilities for investment programs provided by the firm, net of borrowings.

In H1 2017, we successfully issued Partners Group's first corporate bond, raising CHF 300 million through a fixed-rate senior unsecured CHF-denominated issue. The bond was issued with a seven-year term and a coupon of 0.15% and matures on 7 June 2024.

# H1 2017 at a glance – review of investments, client activity and financial performance

The proceeds of the bond issuance enabled us to optimize the management of our liquidity, in particular for short-term financing needs arising from the provision of treasury management services to clients. These services allow for the efficient use of capital within a number of our investment programs by bridging capital drawdowns and distributions where beneficial to clients.

As of 30 June 2017, Partners Group had a total of CHF 300 million in bonds and no other borrowings outstanding.

## Financial outlook

We are moving confidently into the remainder of 2017 and continue to see solid demand for our programs and mandates from clients across the globe. In particular, client demand for private real estate is expected to increase with the launch of our latest flagship programs.

We expect management fees to continue to grow alongside AuM and performance fees to grow in line with the expected bandwidth of around 20-30% as a proportion of total revenues, assuming that the market remains favorable to exits. While our H1 fundraising success was dominated by our latest series of flagship programs across private equity, private debt and private infrastructure, enabling the firm to generate a disproportionate amount of late management fees and other income, we expect such fees to be tilted to the first half of the year in line with overall fundraising.

Our balance sheet remains solid. With CHF 1.5 billion in shareholders' equity and a gearing of only 20%, we feel well equipped to realize the potential of private markets for our clients, shareholders and employees in different economic environments.

## Market commentary



## Private equity Developing category leaders.

The prospect of different potential macroeconomic outcomes paired with high valuations makes for a challenging investment environment. At the early stage of the cycle, we focused on acquiring high-quality companies, well positioned to maintain their cash flow profile even in the event of future periods of volatility. Increasingly, this has also been a focus for the broader market and valuations for such quality assets have crept up significantly. Accordingly, over the last few years, we have shifted our focus to platforms through which we can build a resilient market leader at a reasonable price. We have often looked at sectors where we see consolidation trends transforming pricing dynamics. As a sector consolidates, pricing integrity improves and sector vulnerability in a market slowdown decreases. Acquiring a company with a proven acquisition strategy and then working with it to continue to acquire add-on companies, diversify its revenue base and realize operational efficiencies is the best way to leverage this strategy. Such assets can often command an improved multiple at exit, as being the scale player in a consolidating sector commands a premium valuation. Sub-sectors within the healthcare, consumer and business and financial services sectors are where we currently find the most interesting investment opportunities to build category leaders.

In H1 2017, we acquired **Cerba HealthCare** (Cerba), a leading operator of clinical pathology laboratories, with a number one position in France and strong market positions in Belgium and Luxembourg. Cerba conducts both routine diagnostic lab tests and more complex medical diagnoses and testing services for clinical trials. Lab-based diagnostics serve an integral role in lowering the overall cost of healthcare. The early and accurate detection of disease is the most effective way to optimize outcomes for patients and payers alike. Cerba benefits from significant economies of scale and has proven to be a 'category

winner', leading sector consolidator in the fragmented French clinical laboratory services market.

### Our key investment strategies

#### Build out platform companies

We acquire platform companies with a strong management team and infrastructure, and then purchase add-on companies to further grow the platform. This allows us to bring small or lower mid-market businesses into the platform and benefit from the lower acquisition multiples of these segments compared with upper mid-market and large-cap companies.

#### Capture category winners

We actively screen sub-segments of specific industries benefitting from trend-based tailwinds and focus on finding 'category winners' that are leaders in the sub-segment in terms of market share or growth potential. Our Industry Value Creation team then works with the companies' management teams to further develop growth and increase profitability via effective value chain improvements.

#### Seek out defensive leaders

We search for 'niche leaders', not only with value creation potential, but also with strong defensive capabilities, high cash flow generation and the ability to quickly de-leverage in an uncertain economic environment.

# Market commentary



## Private debt Realizing the potential of privately originated loans.

We view the private debt market in three distinct categories: **liquid loans**, i.e. senior loans broadly syndicated by banks which typically offer the lowest returns and are sometimes used as a cash management or bond replacement tool by fixed income investors; **direct loans**, which are also senior in the capital structure but privately originated by a single lender or small group of institutions and banks and thus generally relatively illiquid; and **junior debt**, which is typically more subordinated in the capital structure and includes second lien and mezzanine debt tranches, which tend to have very limited liquidity, but offer the highest return potential.

For investors that are not seeking high levels of liquidity, we believe direct loans continue to offer the most attractive return potential. Accordingly, while we have selectively invested in the liquid loans market, our focus has been on directly originated transactions, especially where we see opportunities to provide add-on acquisition financing. We continue to focus on leading businesses operating in attractive niches, for instance within sub-sectors of the healthcare and financial and business services sectors. The information technology sector, particularly the software as a service segment, has also emerged as an attractive area of investment more recently.

In H1 2017, we were the largest investor and only non-bank lender in a senior term loan club financing to **Claranet**, one of the leading independent information technology service providers in Europe. We were viewed as an attractive partner given our ability to offer multiple financing options, in addition to having capacity to provide follow-on financing in the coming years. Founded in 1996, Claranet offers a range of integrated hosting, network and communications managed services to small- and medium-sized enterprises. Claranet provides mission-critical IT outsourcing services with a contracted revenue base and has a diversified customer and geographic

footprint, serving over 6,500 customers in eight countries across Europe and Latin America. Claranet operates in an attractive, growing niche and has a strong track record of acquisitions, with revenues increasing fourfold over the last five years.

### Our key investment strategies

We provide financing solutions that fill gaps in traditional debt market coverage and are often more attractive and flexible than those offered by the broader capital or syndicated loan markets, providing excess yields to our investors. We focus on three key strategies:

#### Offer creative structures

We offer flexible and tailor-made capital structures that support companies' specific cash flow profiles and working capital needs.

#### Target niche industries

We target niche industries where we have the depth of experience and confidence in underlying growth fundamentals. We actively seek to invest into loan structures in these spaces in resilient companies growing both organically and via acquisitions.

#### Support buy-and-build strategies

We support successful sponsors and management teams in their buy-and-build strategies by providing add-on acquisition financing in a timely manner, particularly under strict time constraints.

## Market commentary



# Private real estate

## Looking for value creation opportunities.

We continue to believe that a number of ongoing transformative trends are driving real estate demand on a global scale: demographic shifts are impacting residential and office occupier requirements; new urbanization is influencing property design so that it caters to 'live-work-play' lifestyles; and shifting global consumer demands and the resulting growth in e-commerce are changing retail and logistics demand.

Among property types, office is a relative overweight globally due to a continuous decrease in vacancy rates and an increase in net absorption. Similarly, the apartment sector has proved to be resilient throughout the cycle and opportunities exist to acquire properties in fundamentally strong locations that benefit from urban renewal and demographic trends. Logistics, in turn, benefits from the ongoing increase in e-commerce across all regions, which is creating demand for last-mile delivery facilities close to urban centers.

From a regional perspective, the US real estate market has remained remarkably resilient to external shocks and market volatility due to the balancing effect of positive economic indicators such as low unemployment rates, higher consumer spending and enough liquidity in the markets. Similarly, the European market remains stable and properties are attractively priced, even though investors are exercising more caution amid political events. In Asia-Pacific, we tend to overweight Australia and key gateway cities with historically high transaction volumes and positive population and employment growth rates that offer transparency and strong local fundamentals.

One example of a transaction in an attractive US office market is our acquisition of a 33-story, over 622,000 square foot **Class A office tower** in Atlanta in H1 2017. The property benefits from strong regional and national tenants spanning many different industries. It is located in the center of metropolitan

Atlanta, close to the worldwide headquarters of companies such as Coca-Cola, Delta Airlines, AT&T and UPS, which are all benefitting from the migration trend in the area. Our value creation initiatives include a capex plan to improve the available tenant space and proactively increase lease renewals.

### Our key investment strategies

#### Buy below replacement cost

We target assets with low valuations located in rebounding markets that can be repositioned and then leased-up by under-cutting market rents. These opportunities typically arise as a result of ineffective management, inadequate leasing or physical deficiencies – often these issues can be addressed in our value creation approach.

#### Buy, fix, and sell

This approach typically targets older buildings in great locations that are in need of owner-oriented asset management initiatives including capital expenditure, repositioning, lease-up and the implementation of building efficiencies to capture rental and pricing differentials.

#### Develop core

In markets with strong long-term fundamentals and trends that support additional absorption, we will selectively develop properties through ground-up construction. We focus on developments with end-user visibility that caters to core investor appetite.



# Market commentary



## Private infrastructure

### Scaling up anchor assets.

Infrastructure asset valuations have been on a fairly steady upward trajectory since 2009. Even though (US) interest rates have begun to inch up, we expect that pricing will remain at elevated levels for some time to come. We maintain our view that, more often than not, current valuations do not factor in the general mean reversion of real rates, nor do they provide for any buffer against adverse regulatory changes or other risks specific to a certain infrastructure business. This is particularly true for core assets, where an investor's scope for active management or smart structuring is limited. As such, our investment focus remains firmly on infrastructure assets that offer value creation potential.

In the current environment, one of our preferred strategies to create value is to build platforms. Investing in themes that we know and like, either through add-on acquisitions or by building out a project pipeline, is a highly accretive way for us to deploy capital and an opportunity to create large, stabilized assets that represent attractive acquisition targets for potential future buyers. We consider platform strategies in all sectors of the infrastructure market and currently see the most attractive opportunities within the communications and energy infrastructure spaces.

On the other hand, proactively building core assets instead of buying them continues to be our preferred investment strategy for renewable power generation assets, particularly in Europe and the Asia-Pacific region. One example is our recent investment in **Sapphire Wind Farm** (Sapphire), a 270MW onshore wind project in the state of New South Wales in Australia. The investment is attractive based on its long-term contracted revenues: around 40% of capacity is already contracted to the AAA-rated Australian Capital Territory Government for a 20-year term. Another of the key attractions

of this investment for us was the potential for platform build-out. Our developer CWP has around 1GW of wind projects in development besides Sapphire, which may require up to AUD 1 billion in equity investments. In addition, we are currently exploring the possibility of creating an integrated renewables generation platform by using Sapphire's interconnection infrastructure to add a solar farm at the site.

#### Our key investment strategies

##### Capitalize on platform expansion opportunities

We look for investments that offer us the opportunity to build scale, for example, through investing in fragmented markets that have the potential for consolidation and platform-building.

##### Proactively build core

We seek out opportunities where strong long-term fundamentals in a particular market support the demand for building a select type of infrastructure, for example, due to evolving infrastructure needs or changing market fundamentals.

##### Focus on operational value creation

We focus on investment opportunities that offer us the potential to enhance operational value through growth and efficiency improvements. A key source of these opportunities is the ongoing trend for corporate owners of infrastructure to sell assets as part of a restructuring.

# Condensed interim consolidated income statement

## – unaudited

In thousands of Swiss francs	Note	First six months period	
		2017	2016
Management fees and other revenues, net		403'491	310'755
Performance fees, net		147'034	131'167
<b>Revenues from management services, net</b>	<b>2.</b>	<b>550'525</b>	<b>441'922</b>
Other operating income		14'351	10'869
Share of results of associates	5.	2	2
Third party services		(4'017)	(3'846)
Personnel expenses	3.1.	(162'706)	(155'604)
General and administrative expenses		(17'450)	(14'226)
Travel and representation expenses		(7'168)	(6'913)
<b>EBITDA</b>		<b>373'537</b>	<b>272'204</b>
Depreciation and amortization		(6'216)	(5'898)
<b>EBIT</b>		<b>367'321</b>	<b>266'306</b>
Net finance income and expense	4.1.	30'113	22'591
<b>Profit before tax</b>		<b>397'434</b>	<b>288'897</b>
Income tax expense		(38'055)	(35'157)
<b>Profit for the period</b>		<b>359'379</b>	<b>253'740</b>
Profit for the period attributable to owners of the Company		359'379	253'740
Basic earnings per share (in Swiss francs)		13.56	9.63
Diluted earnings per share (in Swiss francs)		13.42	9.53

# Condensed interim consolidated statement of comprehensive income – unaudited

In thousands of Swiss francs	First six months period	
	2017	2016
<b>Profit for the period</b>	<b>359'379</b>	<b>253'740</b>
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	(17'541)	(23'341)
<b>Total other comprehensive income that may be reclassified to the income statement in subsequent periods</b>	<b>(17'541)</b>	<b>(23'341)</b>
Net actuarial gains/(losses) from defined benefit plans	1'230	(4'612)
Tax impact on net actuarial gains/losses from defined benefit plans	(178)	667
<b>Actuarial gains/(losses) from defined benefit plans, net of tax</b>	<b>1'052</b>	<b>(3'945)</b>
<b>Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax</b>	<b>1'052</b>	<b>(3'945)</b>
<b>Total other comprehensive income for the period, net of tax</b>	<b>(16'489)</b>	<b>(27'286)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>342'890</b>	<b>226'454</b>
Total comprehensive income attributable to owners of the Company	342'890	226'454

# Condensed interim consolidated balance sheet

## – unaudited

In thousands of Swiss francs	Note	30 June 2017	31 December 2016
<b>Assets</b>			
Cash and cash equivalents		514'257	185'971
Fixed deposits and marketable securities		10	32'704
Trade and other receivables	4.4.	299'871	233'653
Short-term loans		487'370	708'868
Assets held for sale		130'655	187'559
<b>Total current assets</b>		<b>1'432'163</b>	<b>1'348'755</b>
Property and equipment		21'888	22'165
Intangible assets		54'962	50'534
Investments in associates	5.	122'092	115'988
Financial investments	4.2.	383'445	359'225
Other financial assets		13'208	5'990
Deferred tax assets		29'984	25'769
<b>Total non-current assets</b>		<b>625'579</b>	<b>579'671</b>
<b>Total assets</b>		<b>2'057'742</b>	<b>1'928'426</b>

# Condensed interim consolidated balance sheet

## – unaudited

In thousands of Swiss francs	Note	30 June 2017	31 December 2016
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Trade and other payables		170'298	180'267
Income tax liabilities		38'692	35'187
Provisions		30'488	65'181
Liabilities held for sale		34'665	87'063
<b>Total current liabilities</b>		<b>274'143</b>	<b>367'698</b>
Employee benefit obligations		1'322	2'214
Provisions		11'059	13'294
Deferred tax liabilities		2'410	3'657
Long-term debt	6.	299'214	-
Other long-term liabilities		881	790
<b>Total non-current liabilities</b>		<b>314'886</b>	<b>19'955</b>
<b>Total liabilities</b>		<b>589'029</b>	<b>387'653</b>
<b>Equity</b>			
Share capital	7.	267	267
Treasury shares		(95'841)	(72'984)
Legal reserves		218	218
Other components of equity		1'564'069	1'613'272
<b>Equity attributable to owners of the Company</b>		<b>1'468'713</b>	<b>1'540'773</b>
<b>Total liabilities and equity</b>		<b>2'057'742</b>	<b>1'928'426</b>



# Condensed interim consolidated statement of changes in equity – unaudited

In thousands of Swiss francs	Equity attributable to owners of the Company						30 June 2017
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
<b>Balance as of 1 January 2017</b>	<b>267</b>	<b>(72'984)</b>	<b>218</b>	<b>(91'957)</b>	<b>1'705'229</b>	<b>1'613'272</b>	<b>1'540'773</b>
<b>Transactions with owners of the Company, recorded directly in equity</b>							
<i>Contributions by and distributions to owners of the Company:</i>							
Purchase of treasury shares		(101'052)					(101'052)
Disposal of treasury shares		78'195			(14'913)	(14'913)	63'282
Share-based payment expenses					13'652	13'652	13'652
Tax effect resulting from equity-settled transactions					6'550	6'550	6'550
Dividends paid to owners of the Company					(397'382)	(397'382)	(397'382)
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>(22'857)</b>	<b>-</b>	<b>-</b>	<b>(392'093)</b>	<b>(392'093)</b>	<b>(414'950)</b>
Profit for the period					359'379	359'379	359'379
Total other comprehensive income for the period, net of tax	-	-	-	(17'541)	1'052	(16'489)	(16'489)
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17'541)</b>	<b>360'431</b>	<b>342'890</b>	<b>342'890</b>
<b>Balance as of 30 June 2017</b>	<b>267</b>	<b>(95'841)</b>	<b>218</b>	<b>(109'498)</b>	<b>1'673'567</b>	<b>1'564'069</b>	<b>1'468'713</b>

# Condensed interim consolidated statement of changes in equity – unaudited

In thousands of Swiss francs		Equity attributable to owners of the Company					30 June 2016
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
<b>Balance as of 1 January 2016</b>	<b>267</b>	<b>(133'802)</b>	<b>218</b>	<b>(66'087)</b>	<b>1'423'412</b>	<b>1'357'325</b>	<b>1'224'008</b>
<b>Transactions with owners of the Company, recorded directly in equity</b>							
<i>Contributions by and distributions to owners of the Company:</i>							
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)
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>32'520</b>	<b>-</b>	<b>-</b>	<b>(281'820)</b>	<b>(281'820)</b>	<b>(249'300)</b>
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)
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23'341)</b>	<b>249'795</b>	<b>226'454</b>	<b>226'454</b>
<b>Balance as of 30 June 2016</b>	<b>267</b>	<b>(101'282)</b>	<b>218</b>	<b>(89'428)</b>	<b>1'391'387</b>	<b>1'301'959</b>	<b>1'201'162</b>

# Condensed interim consolidated statement of cash flows

## – unaudited

In thousands of Swiss francs	Note	First six months period	
		2017	2016
<b>Operating activities</b>			
Profit for the period		359'379	253'740
<i>Adjustments:</i>			
Share of results of associates (LGT)	5.	(2)	(2)
Net finance (income) and expense	4.1.	(30'113)	(22'591)
Income tax expense		38'055	35'157
Depreciation and amortization		6'216	5'898
Share-based payment expenses		13'652	12'653
Change in provisions		(34'786)	10'650
Other non-cash items		338	392
<b>Operating cash flow before changes in working capital</b>		<b>352'739</b>	<b>295'897</b>
(Increase)/decrease in trade and other receivables and short-term loans		149'815	(226'221)
Increase/(decrease) in trade and other payables		(8'115)	(5'207)
Financial expenses (other than interest) paid		(676)	(277)
<b>Cash generated from/(used in) operating activities</b>		<b>493'763</b>	<b>64'192</b>
Income tax paid		(35'616)	(33'343)
<b>Net cash from/(used in) operating activities</b>		<b>458'147</b>	<b>30'849</b>

# Condensed interim consolidated statement of cash flows

## – unaudited

In thousands of Swiss francs	Note	First six months period	
		2017	2016
<b>Investing activities</b>			
Purchase of disposal of fixed deposits and marketable securities <sup>3)</sup>		-	(19)
Proceeds on disposal of fixed deposits and marketable securities <sup>3)</sup>		32'501	-
Purchase of property and equipment		(2'328)	(1'435)
Purchase of intangible assets		(10'356)	(11'525)
Purchase of financial investments <sup>1)</sup>		(86'024)	(80'793)
Proceeds on disposal of financial investments <sup>2)</sup>		79'861	72'474
Purchase of investments in associates	5.	(13'940)	-
Disposal of investments in associates	5.	15'387	-
Purchase of other financial assets <sup>3)</sup>		(7'339)	(563)
Proceeds on disposal of other financial assets <sup>3)</sup>		-	1'266
Interest and dividends received	4.1.	211	149
<b>Net cash from/(used in) investing activities</b>		<b>7'973</b>	<b>(20'446)</b>
<b>Financing activities</b>			
Repayments of borrowings <sup>3)</sup>		(160'000)	(168'000)
Proceeds from borrowings <sup>3)</sup>		160'000	323'000
Issuance of long-term debts	6.	299'176	-
Interest paid	4.1.	(347)	(238)
Dividends paid to shareholders of the Company	7.	(397'382)	(277'174)
Purchase of treasury shares		(101'052)	(99'890)
Disposal of treasury shares		63'282	117'091
<b>Net cash from/(used in) financing activities</b>		<b>(136'323)</b>	<b>(105'211)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>329'797</b>	<b>(94'808)</b>
Cash and cash equivalents as of 1 January		185'971	163'776
Exchange differences on cash and cash equivalents		(1'511)	(1'512)
<b>Cash and cash equivalents as of 30 June</b>		<b>514'257</b>	<b>67'456</b>

1) Purchases of assets and liabilities held for sale are included in this line item.

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

3) The line items have been disaggregated to make the information and disclosure more understandable. Comparative amounts have been represented.

# 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 2017 and 2016 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 30 August 2017.

## 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 2017	
	Operating segments					
	Private equity	Private debt	Private real estate	Private infra-structure	Unallocated	Total
Management fees and other revenues	293'499	48'494	52'295	62'963	656	457'907
Performance fees	138'800	3'762	1'754	7'300	-	151'616
Revenue deductions	(37'056)	(4'975)	(6'761)	(10'206)	-	(58'998)
<b>Revenues from management services, net</b>	<b>395'243</b>	<b>47'281</b>	<b>47'288</b>	<b>60'057</b>	<b>656</b>	<b>550'525</b>
Other operating income	4'487	5'238	1'554	2'916	156	14'351
Share of results of associates	2	-	-	-	-	2
<b>Total</b>	<b>399'732</b>	<b>52'519</b>	<b>48'842</b>	<b>62'973</b>	<b>812</b>	<b>564'878</b>
Third party services	(366)	(151)	(329)	(32)	(3'139)	(4'017)
Personnel expenses	(34'704)	(9'585)	(11'399)	(10'159)	(96'859)	(162'706)
General and administrative expenses	(4)	(7)	-	(1)	(17'438)	(17'450)
Travel and representation expenses	(823)	(261)	(439)	(383)	(5'262)	(7'168)
<b>Gross segment result before depreciation and amortization</b>	<b>363'835</b>	<b>42'515</b>	<b>36'675</b>	<b>52'398</b>	<b>(121'886)</b>	<b>373'537</b>
Depreciation and amortization	-	-	-	-	(6'216)	(6'216)
<b>Gross segment result</b>	<b>363'835</b>	<b>42'515</b>	<b>36'675</b>	<b>52'398</b>	<b>(128'102)</b>	<b>367'321</b>
<i>Reconciliation to profit for the period:</i>						
Net finance income and expense						30'113
Income tax expense						(38'055)
<b>Profit for the period</b>						<b>359'379</b>

# 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)
<b>Revenues from management services, net</b>	<b>326'525</b>	<b>31'021</b>	<b>49'187</b>	<b>34'866</b>	<b>323</b>	<b>441'922</b>
Other operating income	6'317	1'463	4'673	803	(2'387)	10'869
Share of results of associates	2	-	-	-	-	2
<b>Total</b>	<b>332'844</b>	<b>32'484</b>	<b>53'860</b>	<b>35'669</b>	<b>(2'064)</b>	<b>452'793</b>
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)
<b>Gross segment result before depreciation and amortization</b>	<b>298'517</b>	<b>25'397</b>	<b>43'315</b>	<b>25'397</b>	<b>(120'422)</b>	<b>272'204</b>
Depreciation and amortization	-	-	-	-	(5'898)	(5'898)
<b>Gross segment result</b>	<b>298'517</b>	<b>25'397</b>	<b>43'315</b>	<b>25'397</b>	<b>(126'320)</b>	<b>266'306</b>
<i>Reconciliation to profit for the period:</i>						
Net finance income and expense						22'591
Income tax expense						(35'157)
<b>Profit for the period</b>						<b>253'740</b>

## Management fees and other revenues

The Group earns investment management fees for discretionary mandates, typically based on long-term contracts. The fees are typically based on the commitments by investors into investment structures and 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 programs and the 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 fees relating to private market transactions. These transaction fees are typically one-time occurring.

# Notes to the condensed interim consolidated financial statements – unaudited

## Performance fees

Performance-related revenues are only recognized once the likelihood of a potential significant 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, cash 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. Remuneration

### 3.1. Personnel expenses

In thousands of Swiss francs	First six months period	
	2017	2016
Wages and salaries	(104'647)	(97'667)
Share-based payment expenses	(13'652)	(12'653)
Other long-term benefits (management carry program)	(26'675)	(27'998)
Retirement schemes - defined contribution plans	(6'969)	(5'708)
Retirement schemes - defined benefit plans	(1'450)	(1'478)
Other social security expenses	(4'257)	(6'692)
Sundry personnel expenses	(5'056)	(3'408)
<b>Total personnel expenses</b>	<b>(162'706)</b>	<b>(155'604)</b>

The average number of employees during the reporting period was 946 (first six months period of 2016: 856), which is equivalent to 921 full-time employees (first six months period of 2016: 838).

### 3.2. Share-based payment expenses

As of 30 June 2017, the Group had 1'079'037 options and non-vested shares outstanding (30 June 2016: 952'788). 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 7 is already net of non-vested shares outstanding, but not net of shares needed to cover the outstanding options.

# Notes to the condensed interim consolidated financial statements – unaudited

## 4. Investments held by the Group, net financial result and fair value measurement

### 4.1. Net finance income and expense

In thousands of Swiss francs		First six months period	
	Note	2017	2016
Interest income		211	149
Net gains on:			
Fair value through profit or loss instruments, designated		19'302	20'335
Share of results of associates (Pearl and PGGLF)	5.	5'293	-
Net exchange differences		6'841	6'567
<b>Total finance income</b>		<b>31'647</b>	<b>27'051</b>
Interest expense		(347)	(238)
Net losses on:			
Held for trading instruments		(61)	(54)
Share of results of associates (Pearl)	5.	-	(3'962)
Other finance expense		(1'126)	(206)
<b>Total finance expense</b>		<b>(1'534)</b>	<b>(4'460)</b>
<b>Total net finance income and (expense)</b>		<b>30'113</b>	<b>22'591</b>

### 4.2. 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, as disclosed in the condensed interim consolidated income statement. 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.

In thousands of Swiss francs	30 June 2017	31 December 2016
Balance as of 1 January	359'225	338'162
Additions	34'542	59'447
Distributions/disposals	(32'002)	(79'644)
Transfers from marketable securities and assets and liabilities held for sale	6'732	13'300
Change in fair value of investments held at period end	18'904	30'572
Exchange differences	(3'956)	(2'612)
<b>Balance as of end of period</b>	<b>383'445</b>	<b>359'225</b>

# 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 2017	31 December 2016
Private equity	203'828	193'170
Private debt	99'963	85'829
Private real estate	47'217	47'193
Private infrastructure	32'437	33'033
<b>Total financial investments</b>	<b>383'445</b>	<b>359'225</b>

## 4.3. Capital commitments

As of 30 June 2017, the Group had capital commitment contracts of CHF 521.9 million (31 December 2016: CHF 483.8 million), whereof CHF 187.0 million (31 December 2016: CHF 171.7 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.

## 4.4. Trade and other receivables

In thousands of Swiss francs	30 June 2017	31 December 2016
Trade receivables	148'713	160'157
Other receivables	23'999	25'507
Prepayments / accrued revenues	123'965	42'817
Derivative assets held for risk management	3'194	5'172
<b>Total trade and other receivables</b>	<b>299'871</b>	<b>233'653</b>

The increase in total trade and other receivables mainly resulted from recognized but not yet received performance fees.

# Notes to the condensed interim consolidated financial statements – unaudited

## 4.5. 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 2017
	Level 1	Level 2	Level 3	Total
Fixed deposits and marketable securities	10			10
Derivative assets held for risk management <sup>1)</sup>		3'194		3'194
Assets held for sale			130'655	130'655
Financial investments			383'445	383'445
<b>Financial assets</b>	<b>10</b>	<b>3'194</b>	<b>514'100</b>	<b>517'304</b>
Derivative liabilities held for risk management <sup>2)</sup>		2'530		2'530
Liabilities held for sale			34'665	34'665
<b>Financial liabilities</b>	<b>-</b>	<b>2'530</b>	<b>34'665</b>	<b>37'195</b>

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 2016
	Level 1	Level 2	Level 3	Total
Fixed deposits and marketable securities	1'679			1'679
Derivative assets held for risk management <sup>1)</sup>		5'172		5'172
Assets held for sale			187'559	187'559
Financial investments			359'225	359'225
<b>Financial assets</b>	<b>1'679</b>	<b>5'172</b>	<b>546'784</b>	<b>553'635</b>
Derivative liabilities held for risk management <sup>2)</sup>		1'264		1'264
Liabilities held for sale			87'063	87'063
<b>Financial liabilities</b>	<b>-</b>	<b>1'264</b>	<b>87'063</b>	<b>88'327</b>

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, other financial assets, trade and other payables, borrowings and fixed deposits are expected to approximate their carrying amounts given the short-term nature of these financial instruments.



# Notes to the condensed interim consolidated financial statements – unaudited

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

In thousands of Swiss francs	30 June 2017	
	Financial assets	Financial liabilities
Balance as of 1 January 2017	546'784	87'063
Additions	109'579	23'555
Disposals	(155'805)	(75'944)
Change in fair value <sup>1)</sup>	19'302	-
Exchange differences	(5'760)	(9)
<b>Balance as of 30 June 2017</b>	<b>514'100</b>	<b>34'665</b>

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 <sup>1)</sup>	20'335	-
Exchange differences	(9'196)	(141)
<b>Balance as of 30 June 2016</b>	<b>467'657</b>	<b>15'157</b>

1) Disclosed in the line item net finance income and expense in the condensed interim consolidated income statement.

There were no transfers between levels in the first six months period of 2017.

The transfer from level 1 to level 3 in the first six months period of 2016 resulted from the Group's decision to redeem early its certificates in Partners Group Private Equity Performance Holding Limited. 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.

## 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 effect 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 2017	31 December 2016
Adjusted net asset value (1% increase)	4'794	4'597

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 values. 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.

# Notes to the condensed interim consolidated financial statements – unaudited

## 5. Investments in associates

The Group accounted for investments in associates as of 30 June 2017 as summarized below:

In thousands of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	107'651	107'651	28%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	475	475	40%
PGGLF D.A.C., Ireland ("PGGLF")	Debt financing	13'966	13'966	33%
<b>Total investments in associates</b>			<b>122'092</b>	

In thousands of Swiss francs	Note	30 June 2017	30 June 2016
Balance as of 1 January		115'988	129'440
Purchase of investments in associates (PGGLF)		13'940	-
Redemption of shares (Pearl)		(15'387)	-
Share of results (Pearl and PGGLF)	4.1.	5'293	(3'962)
Share of results (LGT)		2	2
Exchange differences		2'256	(513)
<b>Balance as of end of period</b>		<b>122'092</b>	<b>124'967</b>

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

In thousands of Swiss francs	Pearl		LGT		PGGLF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Total assets	383'893	444'591	2'299	7'527	142'381	-
Total liabilities	1'759	2'664	1'111	6'347	100'483	-
Equity	382'134	441'927	1'188	1'180	41'898	-
Revenues	29'353	2'590	2'473	2'275	89	-
Profit/(loss) for the period	18'697	(14'064)	5	4	82	-

The table above is based on unaudited financial information as of the balance sheet date as received from Pearl, LGT and PGGLF.

In 2017, the Group and a third party investor incorporated PGGLF D.A.C., Ireland. The capital structure of PGGLF comprises profit participating notes in an aggregate commitment of USD 300 million, whereof the Group committed one third. The main purpose of the entity is debt financing. The majority of PGGLF's board of directors is unaffiliated with the Group and PGGLF's investments are managed by its independent investment committee, which is advised by subsidiaries of the Company. The Group assessed that it has a significant influence but does not have control over PGGLF. For the rendered services, the Group receives advisory fees in accordance with a portfolio advisory agreement. The fair value of PGGLF represents the exposure to risk from involvement.

# Notes to the condensed interim consolidated financial statements – unaudited

## 6. Long-term debt

In thousands of Swiss francs	30 June 2017	31 December 2016
Balance as of 1 January	-	-
Issuance of long-term debts	299'176	-
Accreted interest	38	-
<b>Balance as of end of period</b>	<b>299'214</b>	<b>-</b>

The Group issued the following corporate bonds denominated in Swiss francs and listed on the SIX Swiss Exchange (ISIN: CH0361532895):

Date of issue	Face value in thousands of CHF	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
7 June 2017	300'000	0.150%	2024	100.052%	100.000%

Corporate bonds issued by the Group are measured at amortized cost using the effective interest method, with interest expense recognized in the condensed interim consolidated income statement on the effective yield basis.

The fair value of the corporate bonds as of 30 June 2017 was CHF 298.1 million and was determined by the quoted market price.

## 7. Share capital and reserves

In effective number of shares	30 June 2017	30 June 2016
Issued as of 1 January	26'700'000	26'700'000
Issued during the period	-	-
<b>Issued as of 30 June - fully paid in</b>	<b>26'700'000</b>	<b>26'700'000</b>

The issued share capital of the Company comprises 26'700'000 registered shares (30 June 2016: 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 15.00 (19 May 2016: CHF 10.50) per share on 17 May 2017. As the Group's treasury shares were not eligible for a dividend payment, the approved dividend distribution for 2016 of CHF 400.5 million was not fully distributed, i.e. a total of CHF 397.4 million of the approved dividend for 2016 was distributed on 17 May 2017.

# 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 2017
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2017	26'700'000	180'607	26'519'393
Purchase of treasury shares		190'709	(190'709)
Disposal of treasury shares		(174'913)	174'913
<b>Balance as of 30 June 2017</b>	<b>26'700'000</b>	<b>196'403</b>	<b>26'503'597</b>
Weighted average number of shares outstanding during the period (180 days)			26'512'474

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
<b>Balance as of 30 June 2016</b>	<b>26'700'000</b>	<b>284'635</b>	<b>26'415'365</b>
Weighted average number of shares outstanding during the period (180 days)			26'355'550

# Notes to the condensed interim consolidated financial statements – unaudited

## 8. Subsequent events

No events took place between 30 June 2017 and 30 August 2017 that would require material adjustments to the amounts recognized in these condensed interim consolidated financial statements.

## 9. Summary of significant accounting policies

### 9.1. 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 2016.

### 9.2. Amendments and interpretations effective for the first time

The accounting policies adopted for the first six months period of 2017 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:

- "Recognition of Deferred Tax Assets for Unrealised Losses" (Amendments to IAS 12)
- "Annual Improvements to IFRSs 2014-2016 Cycle" (various standards)
- "Disclosure Initiative" (Amendments to IAS 7)

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

### 9.3. Standards that are not yet effective and might be relevant to the Group, but have not been early adopted

#### IFRS 9, "Financial Instruments"

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has assessed the adoption of the new standard but does not currently anticipate significant changes to its consolidated financial statements except for disclosures.

#### IFRS 15, "Revenue from Contracts with Customers"

The International Accounting Standards Board has issued a new standard for the recognition of revenues that replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes." IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has assessed the effects of applying the new standard on its financial statements. However, the Group does not currently anticipate that IFRS 15 will significantly change the amounts recognized as revenues from management services, net.

# Notes to the condensed interim consolidated financial statements – unaudited

## 9.4. Applied foreign currency exchange rates

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

Year	Currency	Balance sheet rate 30 June 2017	Change to 31 December 2016	Average rate First six months period of 2017	Change to the first six months period of 2016
2017	EUR	1.0923	+1.9%	1.0764	-1.8%
	USD	0.9579	-5.7%	0.9942	+1.2%
	GBP	1.2435	-1.0%	1.2515	-11.1%
	SGD	0.6956	-1.2%	0.7080	-0.5%

Year	Currency	Balance sheet rate 31 December 2016	Change to 31 December 2015	Average rate First six months period of 2016	Change to the first six months period of 2015
2016	EUR	1.0721	-1.4%	1.0957	+3.7%
	USD	1.0161	+1.6%	0.9821	+3.7%
	GBP	1.2556	-14.9%	1.4075	-2.4%
	SGD	0.7037	-0.3%	0.7114	+1.4%

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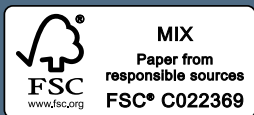
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# Partners Group

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