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PARTNERS GROUP WELCOMES HOUSTON AND MUMBAI TO ITS GLOBAL PLATFORM

PARTNERS GROUP HOLDING INTERIM REPORT 30 JUNE 2014

Partners Group
Passion for Private Markets

DEVELOPING HIGH QUALITY ASSETS IN MARKETS WITH STRONG FUNDAMENTALS

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TABLE OF CONTENTS

H1 2014 at a glance	**4**
Consolidated income statement	**11**
Consolidated balance sheet	**13**
Notes to the interim report	**18**
Contacts	**34**

VALUE CREATION ABILITY REMAINS KEY TO NAVIGATING ASSETFLATION

During the first six months of 2014, Partners Group again strengthened its position as one of the leading global private markets investment managers with a superior track record and best-in-class client servicing and operational capabilities. This was demonstrated by the positive performance seen during the period in terms of investment and client activity, as well as financial results.

Investment activity

Platform build-out drives investment

In the first half of 2014, Partners Group deployed a total of USD 4.2 billion in private equity, private real estate, private infrastructure and private debt investments around the globe. To further expand the firm's investment platform in markets and segments of opportunity, the company opened its 17th and 18th offices in Mumbai, India, and Houston, Texas, US, respectively during the period. The addition of these offices is in line with the firm's belief that a local presence is essential to support sourcing and investment activity in key markets. In these cases, they give the firm increased access to the myriad opportunities seen in India on the one hand and the fast-growing US energy sector centered around Houston, the fourth largest US city, on the other hand.

As of 30 June 2014, Partners Group's more than 700 employees served a global clientele of over 600 institutional investors and managed EUR 33.8 billion in assets under management (AuM) across all private markets asset classeses.

The current market environment is reflected by below-trend global growth and increased price levels, driven by strong financial market performance, but not supported by fundamentals. In such an environment, selectivity remains the key priority for Partners Group in order to ensure the quality of investments made on behalf of its clients. The ability to remain selective even in a tough market environment depends on robust deal flow, which Partners Group can assure through its global sourcing platform, in which over 480 investment professionals are actively involved.

In line with Partners Group's relative value investment approach, the firm's investment teams remained highly selective in the heated market environment during the first half of the year, screening close to 1'700 direct opportunities and declining 97% of them. Of the USD 4.2

	H1 2013	H1 2014
AuM as of 30 June (in EUR bn)	30.3	33.8
Average AuM (in EUR bn, daily)	28.3	32.4
Revenue margin[1,2]	1.27%	1.45%
Recurring revenue margin[1,3]	1.12%	1.15%
Revenues (CHF m)[2]	222	287
Recurring revenues (CHF m)[3]	195	228
EBITDA margin	61%	62%
EBITDA (CHF m)	135	178
Financial result (CHF m)	+16	+17
IFRS net profit (CHF m)	156	193
Adjusted net profit (CHF m)[4]	134	169
Net liquidity position as of 30 June (in CHF m)[5]	360	417

[1] based on average AuM calculated on a daily basis
[2] revenues from management and advisory services, net, including other operating income and share of results of associates
[3] recurring revenues are based on stable, long-term management fee and recure every year (excl. performance fee)
[4] adjusted net profit is adjusted for certain non-cash items relating to our capital-protected product Pearl Holding Limited
[5] net liquidity position comprises cash and cash equivalents, short-term loans and borrowings

billion invested on behalf of the firm's clients during the period, Partners Group deployed a total of USD 1.9 billion in direct transactions, of which USD 1.3 billion was invested in 17 investments across private equity, private real estate, subordinated debt and private infrastructure and USD 0.6 billion in 28 senior loan financings. The firm's secondaries investment teams screened close to USD 60 billion in secondary deal flow and invested in USD 1.8 billion of secondary transactions.

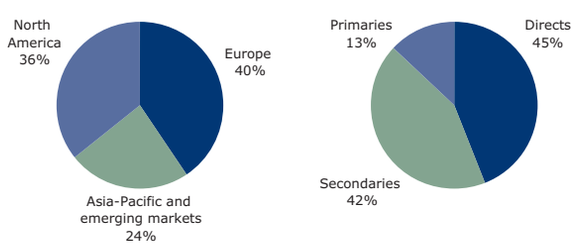
Private markets deal flow in H1 2014

	Directs	Secondaries	Primaries
Private equity	First screenings 297	First screenings USD 41.0 billion	First screenings 115
Private debt	First screenings 210	First screenings n/a	First screenings 10
Private real estate	First screenings 822	First screenings USD 14.8 billion	First screenings 128
Private infrastructure	First screenings 353	First screenings USD 3.7 billion	First screenings 39
Total screened	**1'682**	**USD 59.4 billion**	**292**
Executed	**USD 1.9 billion 45 transactions***	**USD 1.8 billion**	**USD 0.5 billion 22 commitments**

*Including 28 senior loan investments amounting to USD 0.6 billion
Note: includes transactions in closing; preliminary and estimated figures

Investment activities remained geographically diversified in H1 2014, with 40% invested in Europe, 36% in North America and 24% in Asia-Pacific and emerging markets, reflecting Partners Group's global reach and scope. The breadth of the firm's platform ensures that only those investments with the most attractive risk/return profiles on a global basis are executed. During the period, 87% of Partners Group's investments were directs and secondaries, highlighting the firm's ability to compare global investment opportunities at the individual asset level and select only the most attractive of them. This is a clear differentiator versus firms with a regional or sector focus, adding stability to the organization and to client portfolios by not being reliant on one specific region or sector.

Private markets investments during H1 2014
(estimates, based on volumes)



Note: including transactions in closing; preliminary and estimated figures

Assets under management

Client demand remained strong in H1 2014

During the first half of 2014, Partners Group reported gross client demand of EUR 2.9 billion from its global clientele across all private markets asset classes. Total AuM increased to EUR 33.8 billion as of 30 June 2014 (31 December 2013: EUR 31.6 billion), representing an annualized growth rate of 15%. The breakdown of total AuM as of 30 June 2014 is as follows: EUR 21 billion private equity, EUR 6 billion private real estate, EUR 4 billion private debt and EUR 3 billion private infrastructure.

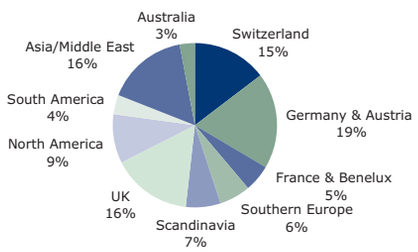
Client demand in H1 2014 was supported by continuous growth in the assets under management of global institutional investors, especially pension funds, as well as increasing allocations to private markets asset classes for diversification and performance reasons. As one of the most established investment managers in the private markets industry, Partners Group furthermore profits from the trend towards manager consolidation, as well as the tendency of investors to commit capital to larger organizations with established brands. Investors look for a strong long-term investment track record across cycles and an operational platform large and robust enough to fulfill client servicing requirements and meet regulatory challenges.

There is a clear tendency towards customized mandate solutions amongst institutional investors and these have become increasingly important to the firm and its clients in recent years, today representing almost half of the total new commitments to the firm. Such tailored portfolio solutions allow clients to adjust their investment focus over time to capture the most attractive opportunities across equity and credit strategies in all private markets asset classes, whilst benefiting from Partners Group's best-in-class portfolio and risk management as well as its strong operational set-up.

The firm continues to experience demand from existing as well as new institutional investors around the world. Client demand from the UK and German-speaking Europe was particularly strong in the first half of 2014 and reflects the underlying trend in these markets towards rising private markets allocations. Strong inflows have also been seen from the Middle East, mainly in the form of customized mandates from Sovereign Wealth Funds (SWFs). Overall, investors are still largely motivated by the search for yield, given the low returns from their bond portfolios, which remain the largest asset class allocation in most of our clients' portfolios. In-

creasingly, they see the diversification benefit of adding private markets exposure to further enhance the risk/return profiles of their portfolios.

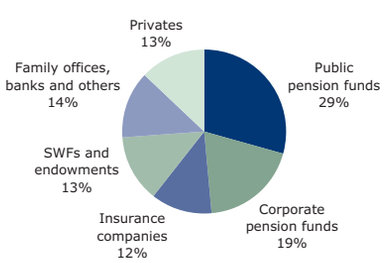
Regions
(in percentage of assets raised in H1 2014, estimates)*



*Includes assets raised from open-ended products

In terms of investor type, Partners Group has again seen the strongest client demand from corporate and public pension funds globally, motivated by the reasons mentioned above. Another client segment from which Partners Group has received significant inflows in the first six months of the year are SWFs and family offices. Several of Partners Group's largest SWF clients have their own investment teams and engage with the firm for more specific and complex solutions to complement their existing portfolios, attracted by the firm's global platform combined with its structuring and servicing capabilities.

Clients
(in percentage of assets raised in H1 2014, estimates)*

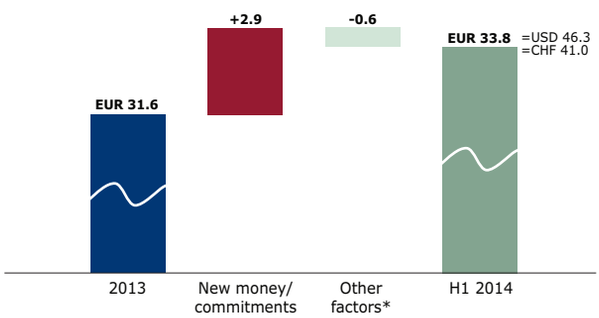


*Includes assets raised from open-ended products

Furthermore, Partners Group is actively working with a number of intermediaries across the globe to develop investment programs that give individual investors greater access to private markets. In H1 2014, Partners Group saw 13% of its client demand from individual investors via its global network of distribution partners. However, private markets as a whole remain largely accessible only to institutional investors.

Overall, Partners Group reported EUR 2.9 billion gross client demand across all asset classes in the first half of 2014. Gross AuM growth was countered by cumulative effects of EUR -0.6 billion stemming from EUR -0.6 billion in tail-down effects from maturing investment programs, EUR -0.3 billion in redemptions from liquid and semi-liquid vehicles and EUR +0.3 billion in performance, foreign exchange rate effects and other factors.

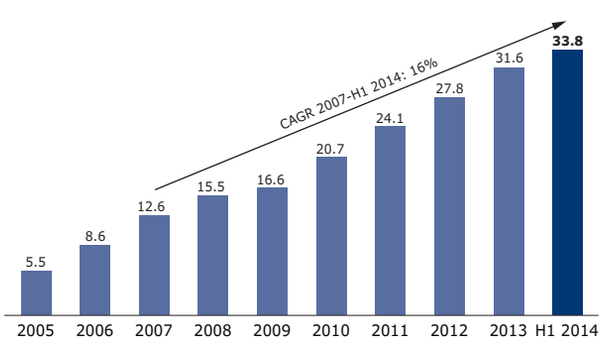
Client demand in H1 2014
(in bn, estimates)



*Other factors consist of redemptions from liquid and semi-liquid investment strategies, currency effects, performance, tail-downs and other investment program changes

Through their capital commitments in the first half of the year, clients have again indicated their continued trust in the organization. This is also reflected in the stable development of assets under management, which have seen a compounded annual growth rate of 16% since 2007. Based on the current client demand pipeline and a strong first half, the firm reconfirms its expectation of gross client demand of EUR 4.5-6.5 billion for the full year 2014.

Total assets under management
(in EUR bn, estimates)



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

H1 2014 AT A GLANCE - REVIEW OF THE FINANCIAL PERFORMANCE

Financials

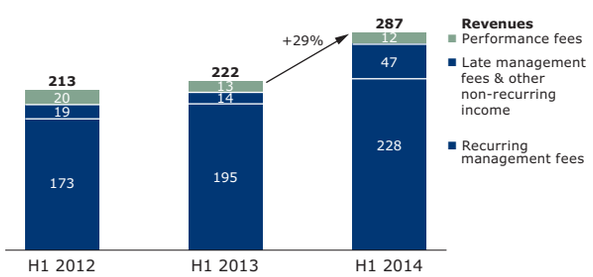
A successful first half of the year 2014

In the first half of 2014, Partners Group demonstrated successful investment and client activities with USD 4.2 billion invested and EUR 2.9 billion in terms of client demand. This positive development of the business and the further expansion of the platform enabled the firm to generate strong first half financial results across the board: revenues amounted to CHF 287 million (H1 2013: CHF 222 million), EBITDA to CHF 178 million (H1 2013: CHF 135 million) and adjusted net profit to CHF 169 million (H1 2013: CHF 134 million).

Management fees rise in line with AuM

The total average AuM of EUR 32.4 billion in H1 2014 increased by 14% compared to the previous period (H1 2013: EUR 28.3 billion). Recurring revenues (79% of all revenues during this period) stemming from management fees increased alongside average AuM, rising 17% to CHF 228 million (H1 2013: CHF 195 million). Non-recurring revenues (21% of all revenues during this period) amounted to CHF 59 million in H1 2014 (H1 2013: CHF 26 million), significantly higher than in the previous period, and stem firstly from performance fees and secondly from late management fees and other non-recurring income. As such, total revenues increased by 29% to CHF 287 million in H1 2014 (H1 2013: CHF 222 million).

Revenues
(in CHF m)



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

Performance fees

During the first half of 2014, Partners Group was able to successfully exit a number of private markets assets on behalf of its clients and generate substantial value. However, many of Partners Group's distributions still served to repay original commitments from clients and therefore have not yet generated performance fees. In H1 2014, performance fees amounted to CHF 12 million (H1 2013: CHF 13 million) and represented 4% of total revenues of the firm (H1 2013: 6%). The firm expects performance fees for the full year 2014 to remain at the levels seen in the past years and expects them to be skewed to the second half of 2014.

With the increasing maturity of a greater number of client portfolios, performance fees should show a disproportionate ramp-up in the coming years. Investment programs typically start to pay performance fees about six to nine years after inception, subsequent to clients receiving distributions equivalent to their commitments and after hurdle rates have been met.

While the expected growth of the business should also lead to higher management fees in absolute terms, Partners Group expects the proportion of performance fees in the medium term to grow to up to 20% of total revenues in relative terms based on the shift of investment mix in favor of more direct and secondary investment strategies.

Late management fees & other non-recurring income

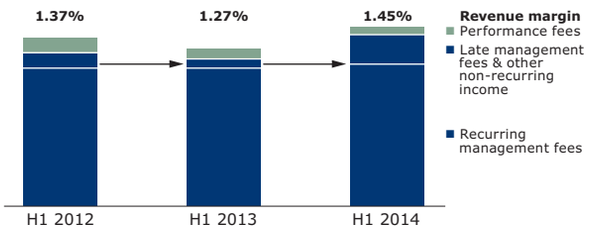
Late management fees & other non-recurring income in H1 2014 amounted to CHF 47 million, significantly higher than in the previous period (H1 2013: CHF 14 million) mainly due to two factors. Firstly, two large programs completed fundraising in the first half of the year, namely a EUR 1.5 billion global direct private equity program and a EUR 1 billion global infrastructure investment program. The late management fee contribution of those two programs will not be repeated and late management fees will be skewed to the first half of 2014. Secondly, the firm generated higher income from providing working capital facilities to investment programs for treasury management purposes and to facilitate cash management for clients. As of 30 June 2014, the firm had a net liquidity position of CHF 417 million.

Stable recurring revenue margins and higher overall revenue margin due to other income

Partners Group's recurring revenue margin slightly increased in the period to 1.15% (H1 2013: 1.12%). Due to higher non-recurring fees and other income in H1 2014 compared to the previous period, the overall revenue margin increased to 1.45% (H1 2013: 1.27%). Over the last ten years, the firm's full-year revenue margin has remained remarkably stable, ranging from about 1.20% to about 1.40%, with an average of around 1.30%. Variations to the long-term average mainly occurred due to performance fee fluctuations between the years.

H1 2014 AT A GLANCE - REVIEW OF THE FINANCIAL PERFORMANCE

Revenue margin
(calculated as revenues divided by average AuM)



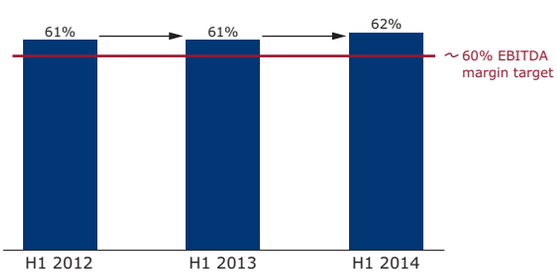
Note: including revenues from management and advisory services, net, other operating income and share of results of associates

EBITDA in-line with revenues; margin target of ~60% confirmed

Partners Group continues to place an emphasis on disciplined cost management, with new recurring costs remaining proportional to assets raised. The firm's most important cost driver is personnel costs, consistently representing over 70% of total costs since the IPO of the firm.

In H1 2014, the EBITDA margin remained stable at 62% (H1 2013: 61%) and EBITDA increased by 31% in line with revenues and amounted to a record CHF 178 million (H1 2013: CHF 135 million). The firm reconfirms its target EBITDA margin of ~60% (assuming constant FX rates) to allow for further growth of the investment platform.

EBITDA margin and target
(in percentage of revenues)



Potential for further CHF 22 million gain to IFRS net profit in H2 2014 relating to one investment program

As explained in the 2013 annual report, there is a potential gain of up to CHF 50 million to the firm's IFRS net profit in the full year 2014 stemming from the convertible bond of the Partners Group investment program "Pearl". The bond will be partially repaid or converted in Q4 2014.

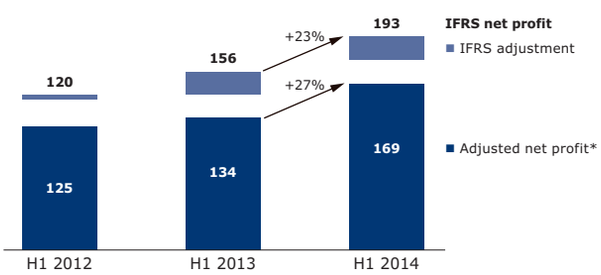
Over the years, Partners Group has paid part of the management fee for this investment program into an escrow account. The balance of this account amounts to CHF 84 million as of 30 June 2014. Under the terms of an insurance agreement, Partners Group's entitlement to the escrow account is tied to a number of factors, including the performance of the portfolio and the final conversion.

In 2013, Partners Group already accounted for CHF 34 million of the balance held in the escrow account as income on an IFRS basis, due to Pearl's performance. As Pearl has continued to perform positively during H1 2014, the probability of receiving the full escrow account has further improved and has resulted in a CHF 28 million higher IFRS net profit in H1 2014 compared to the adjusted net profit. For H2 2014, this leaves room for a further gain of up to CHF 22 million to the IFRS net profit (i.e. CHF 50 million for the full year 2014).

Strong value creation in clients' portfolios drives the firm's financial results

Partners Group invests alongside its clients in its programs (typically 1%). In H1 2014, strong value creation and performance generation in those investment programs was the largest contributer to the net financial result of CHF 17 million (H1 2013: CHF 16 million).

Adjusted and IFRS net profit development
(in CHF m)



*Adjusted for certain non-cash items relating to the capital-protected investment program Pearl Holding Limited

Strong bottom line development

The IFRS net profit increased by 23% in H1 2014, standing at CHF 193 million (H1 2013: CHF 156 million), and the adjusted net profit increased by 27% to CHF 169 million (H1 2013: CHF 134 million).

In summary, Partners Group's financials developed positively across the board in H1 2014: total average AuM increased by +14%, revenues and other income by +29%, EBITDA by +31% and adjusted net profit by +27%.

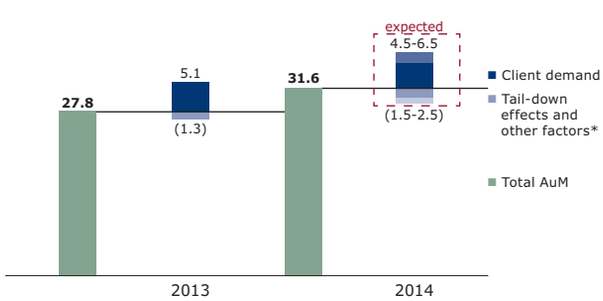
Outlook

In this current market environment, characterized by low growth and "assetflation", active value creation efforts at the individual asset level remain the key performance driver. As such, the firm focuses on realizing value creation potential across all private markets asset classes, sectors and regions.

In private equity markets characterized by elevated purchase multiples, the firm focuses on going deeper into its existing strategy of helping mid-market leaders to grow internationally and identifying investments with strong downside protection and future growth potential. In liquidity-driven debt markets, Partners Group continues to lend to mid-market companies with robust downside protection, low cyclicality and strong and resilient business models. In heated private real estate markets, the firm aims to develop high-quality properties to meet increased demand for real estate in attractive sub-sectors and industries. There is a bifurcation in private infrastructure markets, where valuations for core assets continue to edge higher. As such, Partners Group is looking for development return premiums in greenfield projects, platform developments and availability-based brownfield PPPs.

Based on the current client demand pipeline and a strong first half, the firm reconfirms its expectation of gross client demand of EUR 4.5-6.5 billion for the full year 2014. Partners Group has not changed the full year guidance it communicated at the beginning of the year and expects an unchanged amount of EUR -1.5 billion of tail-downs (2013: EUR -0.6 billion) and EUR -0.3 to -1.0 billion of potential redemptions from liquid and semi-liquid activities (2013: EUR -0.6 billion) for the full year 2014.

Expected client demand in 2014
(in EUR bn, estimates)



*Tail-down effects consist of maturing investment programs; other factors in 2013 consist of redemptions of liquid and semi-liquid programs, currency effects, performance and investment program changes and the guidance 2014 consist of redemptions of liquid and semi-liquid programs
Note: assets under management exclude divested affiliated companies

Partners Group not only benefits from the general increase of global pension fund assets, but also from higher allocations to private markets due to their attractive risk/return profiles. As an established brand with a long-term track record, Partners Group is ideally positioned to profit from this development due to the firm's ability to offer customized, strategic portfolio solutions based on a global multi-asset class investment approach. These portfolios are expected to become increasingly important to the firm and its clients over the coming years.

We thank you for your continued trust.

Dr. Peter Wuffli
Chairman

André Frei
Co-CEO

PROACTIVE OWNERSHIP AND DOWN-SIDE PROTECTION IS PIVOTAL

Dave Hunter Investment Solutions Americas, **Lukas Spiess** Private Debt,
René Biner Head Private Finance and **Christopher Hardison** Private Debt

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND 2013 - UNAUDITED

In thousands of Swiss francs	Note	30 June 2014	30 June 2013
Revenues from management and advisory services, net	**5**	276'160	215'938
Other operating income		10'512	4'842
Share of results of associates	**9**	175	934
Third party services		(2'984)	(1'406)
Personnel expenses	**6**	(87'957)	(69'241)
General and administrative expenses		(13'332)	(10'835)
Travel and representation expenses		(4'852)	(5'008)
Depreciation and amortization		(10'352)	(9'218)
EBIT		**167'370**	**126'006**
Change in fair value of derivatives arising from insurance contract	**12**	27'892	27'193
Net finance income and expense	**7**	16'700	16'239
Profit before tax		**211'962**	**169'438**
Income tax expense		(19'098)	(12'977)
Profit for the period		**192'864**	**156'461**
Profit for the period attributable to:			
Shareholders of Partners Group Holding AG (net profit)		192'864	156'452
Non-controlling interest		-	9
Basic earnings per share (Swiss francs)		7.46	6.10
Diluted earnings per share (Swiss francs)		7.33	5.89

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND 2013 - UNAUDITED

In thousands of Swiss francs	30 June 2014	30 June 2013
Profit for the period	**192'864**	**156'461**
Other comprehensive income:		
Exchange differences on translating foreign operations	(718)	5'670
Total other comprehensive income that may be reclassified to the income statement in subsequent periods	**(718)**	**5'670**
Net actuarial gains/(losses) from defined benefit plans	408	1'482
Tax impact on net actuarial gains/(losses) from defined benefit plans	(73)	(267)
Net actuarial gains/(losses) from defined benefit plans, net of tax	**335**	**1'215**
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax	**335**	**1'215**
Total other comprehensive income for the period, net of tax	**(383)**	**6'885**
Total comprehensive income for the period, net of tax	**192'481**	**163'346**
Total comprehensive income attributable to:		
Shareholders of Partners Group Holding AG	192'481	163'337
Non-controlling interest	-	9

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2014 AND 31 DECEMBER 2013 - UNAUDITED

In thousands of Swiss francs	Note	30 June 2014	31 December 2013
Assets			
Cash and cash equivalents		77'079	58'174
Marketable securities		9'681	14'787
Trade receivables	**8**	55'282	59'834
Other receivables	**8**	937	1'591
Prepayments, derivative assets and other current assets	**8**	114'749	24'302
Short-term loans		539'708	494'296
Total current assets		**797'436**	**652'984**
Property and equipment		18'914	21'284
Intangible assets		49'782	52'682
Investments in associates	**9**	431	4'323
Other investments	**10**	288'629	235'112
Other financial assets	**11**	4'051	89'542
Employee benefits		3'949	3'726
Deferred tax assets		7'358	6'189
Total non-current assets		**373'114**	**412'858**
Total assets		**1'170'550**	**1'065'842**
Equity and liabilities			
Liabilities			
Trade payables		14'099	26'956
Income tax liabilities		11'483	1'344
Accrued expenses		41'816	51'548
Other current liabilities		4'240	4'685
Borrowings		200'000	60'000
Derivatives arising from insurance contract	**12**	22'299	-
Total current liabilities		**293'937**	**144'533**
Derivatives arising from insurance contract	**12**	-	50'493
Provisions		8'379	6'100
Deferred tax liabilities		7'254	7'439
Other long-term liabilities		564	455
Total non-current liabilities		**16'197**	**64'487**
Total liabilities		**310'134**	**209'020**
Equity	**13**		
Share capital		267	267
Treasury shares		(172'098)	(202'870)
Legal reserves		218	218
Other components of equity		1'032'029	1'059'207
Equity attributable to shareholders of Partners Group Holding AG		**860'416**	**856'822**
Total equity		**860'416**	**856'822**
Total equity and liabilities		**1'170'550**	**1'065'842**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND 2013 - UNAUDITED

In thousands of Swiss francs				Other components of equity					30 June 2014
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Attributable to share-holders of the parent	Non-con-trolling interest	Total
Balance as of 1 January 2014	**267**	**(202'870)**	**218**	**(58'240)**	**1'117'447**	**1'059'207**	**856'822**	**-**	**856'822**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners:									
Purchase of treasury shares		(104'481)				-	(104'481)		(104'481)
Disposal of treasury shares		135'253			(48'913)	(48'913)	86'340		86'340
Share-based payment expenses					17'396	17'396	17'396		17'396
Tax effect resulting from equity-settled transactions					(246)	(246)	(246)		(246)
Non-controlling interest changes						-			-
Dividends paid to shareholders					(187'896)	(187'896)	(187'896)		(187'896)
Total contributions by and distributions to owners	**-**	**30'772**	**-**	**-**	**(219'659)**	**(219'659)**	**(188'887)**	**-**	**(188'887)**
Total comprehensive income for the period, net of tax									
Profit for the period					192'864	192'864	192'864		192'864
Other comprehensive income:									
Exchange differences on translating foreign operations				(718)		(718)	(718)		(718)
Net actuarial gains/(losses) from defined benefit plans					408	408	408		408
Tax impact on net actuarial gains/(losses) from defined benefit plans					(73)	(73)	(73)		(73)
Total other comprehensive income for the period, net of tax	**-**	**-**	**-**	**(718)**	**335**	**(383)**	**(383)**	**-**	**(383)**
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**(718)**	**193'199**	**192'481**	**192'481**	**-**	**192'481**
Balance as of 30 June 2014	**267**	**(172'098)**	**218**	**(58'958)**	**1'090'987**	**1'032'029**	**860'416**	**-**	**860'416**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND 2013 - UNAUDITED (CONTINUED)

In thousands of Swiss francs				Other components of equity					30 June 2013
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Attributable to share-holders of the parent	Non-con-trolling interest	Total
Balance as of 1 January 2013	**267**	**(206'704)**	**218**	**(54'783)**	**957'938**	**903'155**	**696'936**	**876**	**697'812**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners:									
Purchase of treasury shares		(247'750)				-	(247'750)		(247'750)
Disposal of treasury shares		253'465			(9'639)	(9'639)	243'826		243'826
Share-based payment expenses					9'313	9'313	9'313		9'313
Tax effect resulting from equity-settled transactions					3'833	3'833	3'833		3'833
Non-controlling interest changes					12	12	12		12
Dividends paid to shareholders					(160'707)	(160'707)	(160'707)	(108)	(160'815)
Total contributions by and distributions to owners	**-**	**5'715**	**-**	**-**	**(157'188)**	**(157'188)**	**(151'473)**	**(108)**	**(151'581)**
Total comprehensive income for the period, net of tax									
Profit for the period					156'452	156'452	156'452	9	156'461
Other comprehensive income:									
Exchange differences on translating foreign operations				5'670		5'670	5'670		5'670
Net actuarial gains/(losses) from defined benefit plans					1'482	1'482	1'482		1'482
Tax impact on net actuarial gains/(losses) from defined benefit plans					(267)	(267)	(267)		(267)
Total other comprehensive income for the period, net of tax	**-**	**-**	**-**	**5'670**	**1'215**	**6'885**	**6'885**	**-**	**6'885**
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**5'670**	**157'667**	**163'337**	**163'337**	**9**	**163'346**
Balance as of 30 June 2013	**267**	**(200'989)**	**218**	**(49'113)**	**958'417**	**909'304**	**708'800**	**777**	**709'577**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND 2013 - UNAUDITED

In thousands of Swiss francs	Note	30 June 2014	30 June 2013
Operating activities			
Profit for the period		192'864	156'461
Adjustments:			
Share of results of associates		(175)	(934)
Net finance (income) and expense	**7**	(16'700)	(16'239)
Income tax expense		19'098	12'977
Depreciation of property and equipment		3'668	3'006
Amortization of intangible assets		6'684	6'212
Share-based payment expenses	**6**	17'396	9'313
Change in fair value of derivatives arising from insurance contract	**12**	(27'892)	(27'193)
Change in fair value of assets held in experience account		(145)	(63)
Change in provisions		2'260	(1'034)
Change in employee benefit assets/liabilities		185	751
Operating cash flow before changes in working capital		**197'243**	**143'257**
(Increase)/decrease in trade and other receivables, prepayments, derivative assets and short-term loans		(46'675)	(342'303)
Increase/(decrease) in trade payables, accrued expenses and other current liabilities		(23'432)	(26'073)
Financial expenses (other than interest) paid	**7**	(259)	(257)
Dividends received from associates	**9**	4'066	-
Cash generated from/(used in) operations		**130'943**	**(225'376)**
Income tax paid		(10'557)	(17'748)
Net cash from/(used in) operating activities		**120'386**	**(243'124)**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND 2013 - UNAUDITED (CONTINUED)

In thousands of Swiss francs	Note	30 June 2014	30 June 2013
Investing activities			
Change in marketable securities		6'501	(1'155)
Purchase of property and equipment		(1'235)	(2'638)
Purchase of intangible assets		(4'118)	(1'184)
Proceeds on disposal of other investments	**10**	14'252	29'378
Purchase of other investments	**10**	(51'019)	(17'972)
Change in other financial assets		617	3'796
Interest received	**7**	238	172
Dividends received		8	8
Net cash from/(used in) investing activities		**(34'756)**	**10'405**
Financing activities			
Proceeds from borrowings		140'000	206'475
Interest paid	**7**	(717)	(77)
Dividends paid to non-controlling interest		-	(108)
Dividends paid to shareholders	**13**	(187'896)	(160'707)
Purchase of treasury shares		(104'481)	(247'750)
Disposal of treasury shares		86'340	243'826
Net cash from/(used in) financing activities		**(66'754)**	**41'659**
Net increase/(decrease) in cash and cash equivalents		**18'876**	**(191'060)**
Cash and cash equivalents as of 1 January		58'174	234'653
Foreign exchange gains/(losses) on cash and cash equivalents		29	111
Cash and cash equivalents as of 30 June		**77'079**	**43'704**

1. GENERAL INFORMATION

Partners Group Holding AG (the Company) is a company domiciled in Switzerland whose shares are publicly traded. The condensed interim consolidated financial statements for the six months ended 30 June 2014 and 2013 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 28 August 2014. The 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 International Financial Reporting Standards (IFRS) and are unaudited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". 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 2013.

New standards, amendments to standards and interpretations effective for the first time

The accounting policies as well as critical accounting estimates and judgments adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the new applied standards and interpretations mandatory for the first time for the financial year beginning 1 January 2014.

The nature and the impact of each new standard or amendment is described below:

"Investment Entities" (amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10, "Consolidated Financial Statements". The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no significant impact on the Group, since none of the entities in the Group qualify to be investment entities under IFRS 10.

"Offsetting Financial Assets and Financial Liabilities" (amendments to IAS 32)
These amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet and have no significant impact on the Group.

"Recoverable Amount Disclosures for Non-Financial Assets" (amendments to IAS 36)
These amendments remove the unintended consequences of IFRS 13, "Fair Value Measurement", on the disclosures required under IAS 36, "Impairment of Assets". In addition, these amendments require entities to disclose the recoverable amount of an asset or cash-generating unit (CGU) and to disclose how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. These amendments have no significant impact on the Group.

"Novation of Derivatives and Continuation of Hedge Accounting" (amendments to IAS 39)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no significant impact on the Group since the Group does not apply hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments to standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective for the financial year beginning 1 January 2014 and have not been early adopted:

"Revenues from Contracts with Customers" (IFRS 15)
The main objectives of the project is to remove inconsistencies and weaknesses in existing revenue recognition standards by providing clear principles for revenue recognition and to provide a single revenue recognition model which will improve comparability over a range of industries and companies. The new standard will be effective for the financial year beginning 1 January 2017.

"Financial Instruments" (IFRS 9)
The standard deals with the classification and measurement of financial assets and financial liabilities. The new standard will be applicable to financial years beginning on or after 1 January 2018.

"Employee Benefits" (amendments to IAS 19)
The amendments to the standard regarding employee contributions were published in November 2013 to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required to, be recognized as a reduction in the service cost in the period in which the related service is rendered. The amendments will be applicable for annual periods beginning on or after 1 July 2014.

3. FAIR VALUE MEASUREMENT

Introduction

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 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 the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FAIR VALUE MEASUREMENT (CONTINUED)

The following tables show 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 2014
	Level 1	Level 2	Level 3	Total
Marketable securities	9'681			9'681
Other investments			288'629	288'629
Derivative assets held for risk management		2'439		2'439
Financial assets	**9'681**	**2'439**	**288'629**	**300'749**
Derivatives arising from insurance contract			22'299	22'299
Derivative liabilities held for risk management (accrued expenses)		865		865
Financial liabilities	**-**	**865**	**22'299**	**23'164**

In thousands of Swiss francs				31 December 2013
	Level 1	Level 2	Level 3	Total
Marketable securities	14'787			14'787
Other investments			235'112	235'112
Derivative assets held for risk management		4'690		4'690
Financial assets	**14'787**	**4'690**	**235'112**	**254'589**
Derivatives arising from insurance contract			50'493	50'493
Derivative liabilities held for risk management (accrued expenses)		676		676
Financial liabilities	**-**	**676**	**50'493**	**51'169**

3. FAIR VALUE MEASUREMENT (CONTINUED)

The following tables present the reconciliation of all level 3 financial instruments:

In thousands of Swiss francs		30 June 2014
	Financial assets	Financial liabilities
Balance as of 1 January 2014	235'112	50'493
Additions	51'019	-
Disposals	(14'252)	-
Change in fair value	18'100	(27'892)
Effect of movements in exchange rates	(1'350)	(302)
Balance as of 30 June 2014	**288'629**	**22'299**

There were no transfers between levels during the first six months of 2014.

In thousands of Swiss francs		31 December 2013
	Financial assets	Financial liabilities
Balance as of 1 January 2013	217'243	-
Transfers from level 2	-	82'611
Additions	40'362	-
Disposals	(49'119)	-
Change in scope of consolidation	521	-
Change in fair value	27'808	(33'500)
Effect of movements in exchange rates	(1'703)	1'382
Balance as of 31 December 2013	**235'112**	**50'493**

In 2013 there were no transfers between levels 1 and 2. The transfer from level 2 to level 3 results from judgmental changes made on input data regarding the valuation of derivatives arising from insurance contract. The transfer of the financial liability from level 2 to level 3 took place at the beginning of the reporting period in 2013.

3. FAIR VALUE MEASUREMENT (CONTINUED)

Sensitivity of fair values

From a Group perspective, other investments are valued at the adjusted net asset values for the investment programs. A reasonably possible change in the adjusted net asset value would have the following effects on the fair value of other investments held by the Group, with changes to be recognized in the income statement:

In thousands of Swiss francs	30 June 2014	31 December 2013
Adjusted net asset value (1% increase)	2'886	2'351

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

Derivatives arising from insurance contract

The Group uses the Black-Scholes model to fair value the derivatives arising from insurance contract. The Black-Scholes model is an option pricing model which incorporates assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The Group uses an adjusted net asset value in relation to the bond notional as an unobservable input factor.

A movement of 5% in the adjusted net asset value, which is deemed to be a reasonably possible change, would have the following effect on the fair value of derivatives arising from insurance contract, with movements to be recognized in the income statement:

In thousands of Swiss francs	30 June 2014	31 December 2013
Net asset value (5% increase)	15'419	23'822

For further information on inputs used in the valuation of derivatives arising from insurance contract please refer to note 12.

4. SEGMENT INFORMATION

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

The BoD considers the business from a business line perspective. This results in an identification of the following operating segments:

- Private equity
- Private debt
- Private real estate
- All other segments

In thousands of Swiss francs						30 June 2014
	Private equity	Private debt	Private real estate	All other segments	Unallocated	Total
Revenues from management and advisory services, net	181'794	25'137	46'696	22'533	-	276'160
Other operating income	7'463	578	1'839	632	-	10'512
Share of results of associates	175	-	-	-	-	175
Total	**189'432**	**25'715**	**48'535**	**23'165**	**-**	**286'847**
Third party services	(176)	(90)	(112)	(37)	(2'569)	(2'984)
Personnel expenses	(17'866)	(3'695)	(6'447)	(3'516)	(56'433)	(87'957)
General and administrative expenses	(19)	(7)	(4)	(9)	(13'293)	(13'332)
Travel and representation expenses	(541)	(139)	(371)	(189)	(3'612)	(4'852)
Depreciation and amortization	-	-	-	-	(10'352)	(10'352)
Gross segment result	**170'830**	**21'784**	**41'601**	**19'414**	**(86'259)**	**167'370**
Reconciliation to profit for the period:						
Change in fair value of derivatives arising from insurance contract						27'892
Net finance income and expense						16'700
Income tax expense						(19'098)
Profit for the period						**192'864**

4. SEGMENT INFORMATION (CONTINUED)

In thousands of Swiss francs						30 June 2013
	Private equity	Private debt	Private real estate	All other segments	Unallocated	Total
Revenues from management and advisory services, net	154'933	18'090	25'577	17'338	-	215'938
Other operating income	4'428	1	351	62	-	4'842
Share of results of associates	934	-	-	-	-	934
Total	**160'295**	**18'091**	**25'928**	**17'400**	**-**	**221'714**
Third party services	(137)	(30)	(28)	(59)	(1'152)	(1'406)
Personnel expenses	(12'376)	(2'419)	(4'789)	(3'975)	(45'682)	(69'241)
General and administrative expenses	(25)	(6)	(4)	(68)	(10'732)	(10'835)
Travel and representation expenses	(562)	(172)	(283)	(249)	(3'742)	(5'008)
Depreciation and amortization	-	-	-	-	(9'218)	(9'218)
Gross segment result	**147'195**	**15'464**	**20'824**	**13'049**	**(70'526)**	**126'006**
Reconciliation to profit for the period:						
Change in fair value of derivatives arising from insurance contract						27'193
Net finance income and expense						16'239
Income tax expense						(12'977)
Profit for the period						**156'461**

5. REVENUES FROM MANAGEMENT AND ADVISORY SERVICES, NET

In thousands of Swiss francs	30 June 2014	30 June 2013
Private equity		
Private equity investment management	206'958	179'750
./. Revenue deductions	(25'164)	(24'817)
Net private equity investment management	181'794	154'933
Private equity insurance premiums	8'535	7'989
./. Insurance fees, where the Group acts as policyholder only	(8'535)	(7'989)
Net private equity insurance premiums	-	-
Total revenues from private equity, net	**181'794**	**154'933**
Private debt		
Private debt investment management	28'800	20'637
./. Revenue deductions	(3'663)	(2'547)
Total revenues from private debt, net	**25'137**	**18'090**
Private real estate		
Private real estate investment management	54'033	29'851
./. Revenue deductions	(7'337)	(4'274)
Total revenues from private real estate, net	**46'696**	**25'577**

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

In thousands of Swiss francs	30 June 2014	30 June 2013
Other revenues		
Private infrastructure investment management	24'439	15'511
./. Revenue deductions	(2'905)	(1'277)
Net private infrastructure investment management	21'534	14'234
Revenues from affiliated companies	-	2'703
./. Revenue deductions	-	(258)
Net revenues from affiliated companies	-	2'445
Other revenues	999	659
Total other revenues, net	**22'533**	**17'338**
Revenues from management and advisory services, net	**276'160**	**215'938**

In thousands of Swiss francs	30 June 2014	30 June 2013
Summary		
Total gross revenues	323'764	257'100
./. Revenue deductions	(39'069)	(33'173)
./. Insurance fees, where the Group acts as policyholder only	(8'535)	(7'989)
Revenues from management and advisory services, net	**276'160**	**215'938**

6. PERSONNEL EXPENSES

In thousands of Swiss francs	30 June 2014	30 June 2013
Wages and salaries	(58'525)	(47'766)
Share-based payment expenses	(17'396)	(9'313)
Other long-term benefits	(2'122)	(1'716)
Retirement schemes - defined contribution plans	(4'037)	(3'881)
Retirement schemes - defined benefit plans	(1'076)	(1'326)
Other social security expenses	(1'634)	(2'661)
Other social security and sundry personnel expenses	(3'167)	(2'578)
Total personnel expenses	**(87'957)**	**(69'241)**

In 2014, the Group has decided to issue share-based payment awards with vesting conditions consisting of service periods of one to five years, compared to two or five years service periods in the previous year. Even if the overall grant value is in line with the previous year's grant value, the distribution of the share-based payment expenses over the service periods changes and results in higher expenses in the first years (front-end-loading) and lower expenses in later years.

6. PERSONNEL EXPENSES (CONTINUED)

Also in 2014, the Group has decided to amend the share-based payment awards granted in 2012 and 2013 to change to service periods of one to five years from the previous two or five year service periods. These program modifications also result in a different distribution of the share-based payment expenses (front-end-loading), including one-off catch-up expenses in 2014. The impact of the modifications to the share-based payment awards 2012 and 2013 as well as the proportional impact of the share-based payment awards 2014, has been recognized in the financial statements as of 30 June 2014.

The average number of employees during the reporting period was 707 (30 June 2013: 642), which is equivalent to 702 full-time employees (30 June 2013: 633).

7. NET FINANCE INCOME AND EXPENSE

In thousands of Swiss francs	30 June 2014	30 June 2013
Interest income	238	172
Net gains/(losses) on:		
Held for trading instruments	1'422	494
Fair value through profit or loss instruments, designated	18'100	13'144
Net foreign exchange gain/(loss)	(2'166)	(374)
Other finance income	82	3'137
Total other finance income/(expense), net	**17'676**	**16'573**
Interest expense	(717)	(77)
Other financial expense	(259)	(257)
Total finance cost	**(976)**	**(334)**
Net finance income and (expense)	**16'700**	**16'239**

8. TRADE AND OTHER RECEIVABLES, PREPAYMENTS, DERIVATIVE ASSETS AND OTHER CURRENT ASSETS

In thousands of Swiss francs	30 June 2014	31 December 2013
Trade receivables	55'282	59'834
Other receivables	937	1'591
Prepayments	28'066	19'612
Derivative assets	2'439	4'690
Other current assets:		
Assets held in experience account:		
Restricted cash and cash equivalents (held in EUR)	84'244	-
Total	**170'968**	**85'727**

Due to the expected transfer of the assets held in experience account to the Group within twelve months after the reporting period, the assets held in experience account are transferred from other financial assets (see note 11) to other current assets.

9. INVESTMENTS IN ASSOCIATES

The Group accounts for one investment in associates as summarized below:

In thousands of Swiss francs	Principal activity	Investment at cost	Carrying value	Ownership
LGT Private Equity Advisers, Vaduz/Liechtenstein	Asset management	400	431	40%

In thousands of Swiss francs	30 June 2014	31 December 2013
Balance as of 1 January	4'323	6'126
Dividends received from investment in associates	(4'066)	(5'663)
Other movements	(1)	(12)
Share of results	175	3'872
Balance as of end of period	**431**	**4'323**

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

In thousands of Swiss francs	30 June 2014	31 December 2013
Total assets	2'273	10'815
Total liabilities	1'195	8
Equity	1'078	10'807
Revenues	2'792	11'117
Profit/(loss)	438	9'680

The financial information is based on unaudited financial statements as received from LGT Private Equity Advisers.

10. OTHER INVESTMENTS

The Group holds investments in various investment programs that it administers and advises. These investments typically account for a stake of one percent in an investment program. Within the investment programs, the Group usually performs investment advisory activities to 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. The investment programs are financed by the investors. The Group usually acts as the investment manager. With regard to the investment programs, the Group acts as an agent on behalf of the investors in the investment programs and does therefore not consolidate these investment program structures.

Investments into investment programs are classified as at fair value through profit or loss and are measured at fair value. The fair value of these unconsolidated investments represents the Group's participation in the investment programs and is the maximum exposure from the unconsolidated investment program structures.

10. OTHER INVESTMENTS (CONTINUED)

In thousands of Swiss francs	30 June 2014	31 December 2013
Balance as of 1 January	235'112	221'085
Additions	51'019	40'407
Disposals	(14'252)	(53'870)
Change in scope of consolidation	-	521
Change in fair value of investments held at period end	18'067	25'012
Change in fair value of investments disposed of/liquidated in the period	33	253
Remeasurement to fair value of initial investment in Perennius	-	3'407
Effect of movements in exchange rates	(1'350)	(1'703)
Balance as of end of period	**288'629**	**235'112**

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 2014	31 December 2013
Private equity	158'866	140'058
Private debt	51'337	30'026
Private real estate	35'267	28'422
Other operating segments:		
Partners Group managed	41'661	35'084
Third party managed	1'498	1'522
Total other investments	**288'629**	**235'112**

11. OTHER FINANCIAL ASSETS

In thousands of Swiss francs	30 June 2014	31 December 2013
Assets held in experience account:		
Restricted cash and cash equivalents (held in EUR)	-	84'884
Loans to related parties	2'264	2'763
Other financial assets	1'787	1'895
Total	**4'051**	**89'542**

The assets held in experience account serve as first level coverage for the repayment of the convertible bond issued by Pearl Holding Limited, Guernsey (see note 12) and cannot be accessed by the Group. Once the convertible bond issued by Pearl Holding Limited is fully repaid, the insurance contract dissolved and a balance held in experience account remains, Pearl Management Limited, Guernsey, which is a fully consolidated Group entity, is entitled to the remaining amount. The convertible bond expires as of 30 September 2014, and the remaining cash and cash equivalents to which Pearl Management Limited is entitled to is expected to be transferred to the Group within twelve months after the reporting period. Due to the expected transfer of the assets held in experience account to the Group within twelve months after the reporting period, the assets held in experience account are transferred to other current assets (see note 8). The Group's exposure is limited to the value of the assets held in experience account.

12. DERIVATIVES ARISING FROM INSURANCE CONTRACT

(a) Introduction

In 2000, the Group entered into an agreement with the investment program of Pearl Holding Limited ("Pearl") through its fully consolidated subsidiary Pearl Management Limited ("PML"), to act as a policyholder for an insurance entered into with a subsidiary of Swiss Re, insuring the repayment of the principal amount of a convertible bond issued by Pearl.

PML only acts as policyholder and paid certain amounts into an experience account (see note 8 and note 11), which serves as first-level-coverage in the case of a default of Pearl. The Group's exposure depends on the development of the value of the portfolio of Pearl, and thus is classified as a derivative financial instrument. The Group's exposure is limited to the value of the assets held in experience account. Due to the positive development of the value of the portfolio of Pearl and based on the valuation applying the Black-Scholes model, part of the derivatives arising from insurance contract was reduced in 2012, 2013 and during the first six months of 2014.

On 30 March 2006, the Group entered into an additional agreement with Swiss Re regarding the extension of the term of the aforesaid bond from 30 September 2010 to 30 September 2014 and an increase of the redemption amount of the bond from EUR 660 million to EUR 712.8 million.

(b) Basic assumptions

The derivative financial instrument is valued applying the Black-Scholes model. The following assumptions were applied for the input parameters of the model:

	30 June 2014	31 December 2013
Adjusted net asset value (in relation to bond notional)	108.5%	107.0%
Strike price (in millions)	EUR 712.8	EUR 712.8
Dividend yield	3.40%	3.40%
Risk free interest rate	0.18%	0.46%
Implicit volatility	12%	12%
Term of option	30.09.2014	30.09.2014

In 2013, the Group decided to start using an adjusted net asset value by applying a discount on the published net asset value of Pearl. As of 30 June 2014, the discount is 12.3% (31 December 2013: 7.4%) and corresponds to the discount on the net asset value to the market price of Pearl.

The settlement of the option is expected to be executed within twelve months of the reporting period. Therefore, derivatives arising from insurance contract is transferred from non-current liabilities to current liabilities.

(c) Derivatives arising from insurance contract

In thousands of Swiss francs	30 June 2014	31 December 2013
Balance as of 1 January	50'493	82'611
Change in fair value	(27'892)	(33'500)
Effect of movements in exchange rates	(302)	1'382
Balance as of end of period	**22'299**	**50'493**

13. SHARE CAPITAL AND RESERVES

In effective number of shares	30 June 2014	30 June 2013
Issued as of 1 January	26'700'000	26'700'000
Issued during the period	-	-
Issued as of end of period - fully paid in	**26'700'000**	**26'700'000**

The issued share capital comprises 26'700'000 registered shares (30 June 2013: 26'700'000) at CHF 0.01 each.

Treasury shares

Treasury shares are recognized at cost and presented separately within equity. At the balance sheet date the Group held 763'016 (30 June 2013: 958'159) of the Company's issued shares. The Group holds treasury shares to provide for shares for existing share and option programs.

Dividends

A dividend of CHF 7.25 (2013: CHF 6.25) per share was paid out to shareholders on 22 May 2014. As the Group's treasury shares were not eligible for a dividend payment, the approved dividend distribution of CHF 193.6 million was not fully distributed, i.e. CHF 187.9 million of the approved dividend was distributed.

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 2014
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2014	26'700'000	925'893	25'774'107
Purchase of treasury shares		444'609	(444'609)
Disposal of treasury shares		(607'486)	607'486
Balance as of 30 June 2014	**26'700'000**	**763'016**	**25'936'984**
Weighted average number of shares outstanding during the period (180 days)			25'849'293

Shareholders above 5% (in % of shares issued)	**Shares held**	**in %**
Gantner Alfred	2'673'659	10.01%
Erni Marcel	2'673'659	10.01%
Wietlisbach Urs	2'673'659	10.01%
BlackRock Inc., New York, USA	1'407'090	5.27%

13. SHARE CAPITAL AND RESERVES (CONTINUED)

In effective number of shares			30 June 2013
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2013	26'700'000	1'218'791	25'481'209
Purchase of treasury shares		1'070'012	(1'070'012)
Disposal of treasury shares		(1'330'644)	1'330'644
Balance as of 30 June 2013	**26'700'000**	**958'159**	**25'741'841**
Weighted average number of shares outstanding during the period (180 days)			25'644'363

Shareholders above 5% (in % of shares issued)	**Shares held**	**in %**
Gantner Alfred	2'673'659	10.01%
Erni Marcel	2'673'659	10.01%
Wietlisbach Urs	2'673'659	10.01%

14. SHARE-BASED PAYMENT EXPENSES

As of 30 June 2014 the Group had 1'782'153 options and non-vested shares outstanding (30 June 2013: 2'377'286). The treasury shares necessary to cover the non-vested shares have already been put aside in a separate escrow account; therefore the number of treasury shares in note 13 is already net of non-vested shares outstanding. The respective value of the granted options and non-vested shares is recognized as personnel expenses (see note 6) over the service periods.

15. CAPITAL COMMITMENTS

As of 30 June 2014 the Group had capital commitment contracts of CHF 339.2 million (31 December 2013: CHF 314.2 million), whereof CHF 122.8 million (31 December 2013: CHF 121.9 million) were not yet called by the relevant investment manager. The capital commitments are called over time, typically between one to five years since subscription for the commitment. In addition, the Group may selectively enter into capital commitment contracts to bridge investments for investment programs advised by the Group, as well as enter into capital commitments for capital investments into investment programs advised by the Group.

16. SUBSEQUENT EVENTS

No events took place between 30 June 2014 and 28 August 2014 that would require material adjustments to the amounts recognized in these condensed interim consolidated financial statements.

CREATING VALUE THROUGH OPERATIONAL IMPROVEMENT

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