Condensed interim consolidated income statement – unaudited

In millions of Swiss francs	Note	Six months ended 30 June	
		2019	2018
Management fees and other revenues, net		522.6	464.8
Performance fees, net		130.4	174.9
Revenues from management services, net	**2.**	**653.0**	**639.7**
Other operating income [1]		29.0	18.9
Personnel expenses	3.1.	(200.7)	(188.7)
Other operating expenses		(34.6)	(32.9)
EBITDA [2]		**446.7**	**437.0**
Depreciation and amortization		(15.2)	(8.2)
EBIT [2]		**431.5**	**428.8**
Finance income	4.1.	34.1	29.0
Finance expense	4.1.	(11.6)	(12.0)
Profit before tax		**454.0**	**445.8**
Income tax expense		(57.4)	(51.5)
Profit for the period		**396.6**	**394.3**
Profit for the period attributable to owners of the Company		396.6	394.3
Basic earnings per share (in Swiss francs)		14.91	14.81
Diluted earnings per share (in Swiss francs)		14.80	14.66

[1] This includes the share of results of associates, previously disclosed separately.
[2] For definitions please refer to p. 20.

Condensed interim consolidated statement of comprehensive income – unaudited

In millions of Swiss francs	Six months ended 30 June	
	2019	**2018**
Profit for the period	**396.6**	**394.3**
Other comprehensive income:		
Exchange differences on translating foreign operations	(22.7)	(0.7)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods	**(22.7)**	**(0.7)**
Net actuarial gains/(losses) from defined benefit plans	(0.3)	(0.1)
Tax impact on net actuarial gains/losses from defined benefit plans	0.0	0.0
Actuarial gains/(losses) from defined benefit plans, net of tax	**(0.3)**	**(0.1)**
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax	**(0.3)**	**(0.1)**
Total other comprehensive income for the period, net of tax	**(23.0)**	**(0.8)**
Total comprehensive income for the period, net of tax	**373.6**	**393.5**
Total comprehensive income attributable to owners of the Company	373.6	393.5

Condensed interim consolidated balance sheet – unaudited

In millions of Swiss francs	Note	30 June 2019	31 December 2018
Assets			
Cash and cash equivalents		282.9	412.2
Trade and other receivables	4.4.	516.3	403.8
Short-term loans		1'493.2	1'113.4
Assets held for sale		131.5	91.0
Total current assets		**2'423.9**	**2'020.4**
Property and equipment		98.7	67.6
Right-of-use assets [1]	9.2.	69.0	-
Intangible assets		60.2	61.8
Investments in associates	5.	48.0	55.0
Financial investments	4.2.	567.7	554.0
Other financial assets		165.9	166.7
Deferred tax assets		30.0	23.6
Total non-current assets		**1'039.5**	**928.7**
Total assets		**3'463.4**	**2'949.1**

[1] The Group has initially applied IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated.

Condensed interim consolidated balance sheet – unaudited

In millions of Swiss francs	Note	30 June 2019	31 December 2018
Liabilities and equity			
Liabilities			
Trade and other payables	4.5.	175.6	234.5
Income tax liabilities		37.6	81.7
Credit facilities drawn		120.0	-
Employee benefit liabilities	3.2.	63.4	121.9
Liabilities held for sale		76.4	54.1
Total current liabilities		**473.0**	**492.2**
Employee benefit liabilities	3.2.	173.0	158.2
Provisions		3.4	0.3
Deferred tax liabilities		2.0	2.5
Long-term debt	6.	798.6	299.4
Lease liabilities [1)]	9.2.	60.4	-
Other long-term liabilities		34.3	28.6
Total non-current liabilities		**1'071.7**	**489.0**
Total liabilities		**1'544.7**	**981.2**
Equity			
Share capital	7.	0.3	0.3
Treasury shares		(107.4)	(143.6)
Legal reserves		0.2	0.2
Other components of equity		2'025.6	2'111.0
Equity attributable to owners of the Company		**1'918.7**	**1'967.9**
Total liabilities and equity		**3'463.4**	**2'949.1**

1) The Group has initially applied IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated.

Condensed interim consolidated statement of changes in equity – unaudited

In millions of Swiss francs	Equity attributable to owners of the Company						30 June 2019
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January 2019	**0.3**	**(143.6)**	**0.2**	**(93.3)**	**2'204.3**	**2'111.0**	**1'967.9**
Transactions with owners of the Company, recorded directly in equity							
Contributions by and distributions to owners of the Company:							
Purchase of treasury shares		(265.6)					(265.6)
Disposal of treasury shares		301.8			(23.2)	(23.2)	278.6
Contractual obligation to purchase treasury shares					110.0	110.0	110.0
Share-based payment expenses					26.5	26.5	26.5
Tax effect on share-based payment and treasury share transactions					13.1	13.1	13.1
Dividends paid to owners of the Company					(585.4)	(585.4)	(585.4)
Total contributions by and distributions to owners of the Company	**-**	**36.2**	**-**	**-**	**(459.0)**	**(459.0)**	**(422.8)**
Profit for the period					396.6	396.6	396.6
Total other comprehensive income for the period, net of tax	-	-	-	(22.7)	(0.3)	(23.0)	(23.0)
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**(22.7)**	**396.3**	**373.6**	**373.6**
Balance as of 30 June 2019	**0.3**	**(107.4)**	**0.2**	**(116.0)**	**2'141.6**	**2'025.6**	**1'918.7**

For further information with regard to the contractual obligation to purchase treasury shares, please refer to note 7.

Condensed interim consolidated statement of changes in equity – unaudited

In millions of Swiss francs	Equity attributable to owners of the Company						30 June 2018
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January 2018	**0.3**	**(57.1)**	**0.2**	**(53.8)**	**2'066.2**	**2'012.4**	**1'955.8**
Transactions with owners of the Company, recorded directly in equity							
Contributions by and distributions to owners of the Company:							
Purchase of treasury shares		(209.1)					(209.1)
Disposal of treasury shares		221.2			(12.7)	(12.7)	208.5
Contractual obligation to purchase treasury shares					(79.3)	(79.3)	(79.3)
Option premium					1.1	1.1	1.1
Share-based payment expenses					23.8	23.8	23.8
Tax effect on share-based payment and treasury share transactions					5.9	5.9	5.9
Dividends paid to owners of the Company					(506.3)	(506.3)	(506.3)
Total contributions by and distributions to owners of the Company	**-**	**12.1**	**-**	**-**	**(567.5)**	**(567.5)**	**(555.4)**
Profit for the period					394.3	394.3	394.3
Total other comprehensive income for the period, net of tax	-	-	-	(0.7)	(0.1)	(0.8)	(0.8)
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**(0.7)**	**394.2**	**393.5**	**393.5**
Balance as of 30 June 2018	**0.3**	**(45.0)**	**0.2**	**(54.5)**	**1'892.9**	**1'838.4**	**1'793.9**

Condensed interim consolidated statement of cash flows – unaudited

In millions of Swiss francs	Note	Six months ended 30 June	
		2019	2018
Operating activities			
Profit for the period		396.6	394.3
Adjustments:			
Net finance (income) and expense	4.1.	(22.5)	(17.0)
Income tax expense		57.4	51.5
Depreciation and amortization		15.2	8.2
Share-based payment expenses		26.5	23.8
Change in provisions		0.0	0.1
Change in employee benefit assets/liabilities		(43.0)	(37.2)
Non-cash change in other financial assets		7.6	17.8
Non-cash change in other long-term liabilities		5.9	2.2
Operating cash flow before changes in working capital		**443.7**	**443.7**
(Increase)/decrease in trade and other receivables and short-term loans		(511.0)	(312.2)
Increase/(decrease) in trade and other payables		44.8	(112.8)
Finance expense (other than interest) paid		(0.9)	(1.3)
Cash generated from/(used in) operating activities		**(23.4)**	**17.4**
Income tax paid		(96.0)	(70.1)
Net cash from/(used in) operating activities		**(119.4)**	**(52.7)**
Investing activities			
Purchase of property and equipment		(35.2)	(14.5)
Purchase of intangible assets		(4.5)	(4.9)
Purchase of financial investments & assets and liabilities held for sale		(56.2)	(40.9)
Proceeds on disposal of financial investments & assets and liabilities held for sale		45.4	49.8
Proceeds on disposal of investments in associates	5.	9.4	10.4
Purchase of other financial assets		(8.8)	(16.8)
Proceeds on disposal of other financial assets		2.8	4.7
Interest received	4.1.	1.3	0.5
Net cash from/(used in) investing activities		**(45.8)**	**(11.7)**

Condensed interim consolidated statement of cash flows – unaudited

In millions of Swiss francs	Note	Six months ended 30 June	
		2019	2018
Financing activities			
Repayments of credit facilities		(310.0)	-
Drawdowns from credit facilities		430.0	-
Issuance of long-term debts	6.	499.1	-
Payments of lease liabilities [1]	9.2.	(6.3)	-
Interest paid		(2.5)	(2.4)
Dividends paid to shareholders of the Company	7.	(585.4)	(506.3)
Purchase of treasury shares		(265.7)	(209.1)
Disposal of treasury shares		278.5	208.5
Option premium received		-	1.1
Net cash from/(used in) financing activities		**37.7**	**(508.2)**
Net increase/(decrease) in cash and cash equivalents		**(127.5)**	**(572.6)**
Cash and cash equivalents as of 1 January		412.2	852.3
Exchange differences on cash and cash equivalents		(1.8)	0.4
Cash and cash equivalents as of 30 June		**282.9**	**280.1**

[1] The Group has initially applied IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated.

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 2019 and 2018 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 2019.

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 millions of Swiss francs							Six months ended 30 June 2019
	Operating segments						
	Private equity	Private debt	Private real estate	Private infra-structure	Total reportable segments	Unallo-cated	Total
Management fees and other revenues	353.0	83.3	93.1	76.8	606.2	0.5	606.7
Revenue deductions for management fees and other revenues	(51.0)	(8.0)	(16.3)	(8.8)	(84.1)	-	(84.1)
Performance fees	112.8	12.2	6.6	4.6	136.2	-	136.2
Revenue deductions for performance fees	(5.4)	(0.1)	(0.2)	(0.1)	(5.8)	-	(5.8)
Revenues from management services, net	**409.4**	**87.4**	**83.2**	**72.5**	**652.5**	**0.5**	**653.0**
Other operating income	6.3	4.1	9.1	6.6	26.1	2.9	29.0
Revenues and other operating income	**415.7**	**91.5**	**92.3**	**79.1**	**678.6**	**3.4**	**682.0**
Personnel expenses	(37.2)	(13.9)	(13.7)	(13.9)	(78.7)	(122.0)	(200.7)
Other operating expenses	(2.2)	(1.6)	(0.6)	(0.7)	(5.1)	(29.5)	(34.6)
Gross segment result before depreciation and amortization	**376.3**	**76.0**	**78.0**	**64.5**	**594.8**	**(148.1)**	**446.7**
Depreciation and amortization	-	-	-	-	-	(15.2)	(15.2)
Gross segment result	**376.3**	**76.0**	**78.0**	**64.5**	**594.8**	**(163.3)**	**431.5**
Reconciliation to profit for the period:							
Net finance income and expense							22.5
Income tax expense							(57.4)
Profit for the period							**396.6**

Notes to the condensed interim consolidated financial statements – unaudited

In millions of Swiss francs							Six months ended 30 June 2018
	Operating segments						
	Private equity	Private debt	Private real estate	Private infra-structure	Total reportable segments	Unallo-cated	Total
Management fees and other revenues	294.2	75.9	90.0	66.1	526.2	0.5	526.7
Revenue deductions for management fees and other revenues	(31.2)	(9.7)	(14.6)	(6.4)	(61.9)	-	(61.9)
Performance fees	168.0	7.1	1.9	7.4	184.4	-	184.4
Revenue deductions for performance fees	(9.1)	-	(0.3)	(0.1)	(9.5)	-	(9.5)
Revenues from management services, net	**421.9**	**73.3**	**77.0**	**67.0**	**639.2**	**0.5**	**639.7**
Other operating income [1]	5.4	1.8	8.0	3.3	18.5	0.4	18.9
Revenues and other operating income	**427.3**	**75.1**	**85.0**	**70.3**	**657.7**	**0.9**	**658.6**
Personnel expenses	(40.8)	(11.5)	(12.5)	(13.0)	(77.8)	(110.9)	(188.7)
Other operating expenses	(2.1)	(0.9)	(0.8)	(0.6)	(4.4)	(28.5)	(32.9)
Gross segment result before depreciation and amortization	**384.4**	**62.7**	**71.7**	**56.7**	**575.5**	**(138.5)**	**437.0**
Depreciation and amortization	-	-	-	-	-	(8.2)	(8.2)
Gross segment result	**384.4**	**62.7**	**71.7**	**56.7**	**575.5**	**(146.7)**	**428.8**
Reconciliation to profit for the period:							
Net finance income and expense							17.0
Income tax expense							(51.5)
Profit for the period							**394.3**

[1] This includes the share of results of associates, previously disclosed separately.
The Group refined the segment allocation of revenues related to its multi-segment investment programs. Comparative amounts have been re-presented.

Management fees and other revenues

The Group earns investment management fees for discretionary investment programs, typically based on long-term contracts. The fees are often based on the investment exposure of investors in the investment structures and are often payable on a quarterly basis in advance. The performance obligation of the Group in respect of these fees is to manage the investment structures on an ongoing basis. Ongoing investment management fees including all non-performance related fees are recognized over time, 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 related legal and structuring work. These organizational fees are always one-off fees, which are typically received when a new investor commits into a structure. The structuring of the relevant investment programs represents a separate performance obligation of the Group, and therefore revenue is recognized at the point in time when the investor commits. The Group also receives transaction fee income relating to private market transactions. These transaction fees are typically one-time events. The performance obligation of the Group is satisfied by the execution of the private market transaction, and therefore revenue is recognized at the point in time when the execution of the transaction is completed.

Notes to the condensed interim consolidated financial statements – unaudited

Performance fees

Typically, performance fees are recognized so that they do not exceed the portion of performance fees related to realized investments which results in a sufficiently large cushion to offset any potential negative development on the remaining portfolio. This creates a very low probability that these fees are subject to a reversal resulting from a potential claw-back situation.

Accordingly, the recognition of performance fees from investment programs with a claw-back is assessed based on the following three-step approach once a pre-defined return hurdle has been exceeded: (1) the total proceeds from realized investments are determined and the corresponding costs of such realized investments as well as of fully written-off investments are deducted ("Net Proceeds"), (2) the NAV of unrealized investments is determined. The respective NAV will be written down (in a so-called "Write-Down Test") to the level at which the probability of a future claw-back risk becomes minimal. Then, the corresponding costs of such unrealized investments are deducted, resulting in a "Write-Down NAV". This Write-Down NAV is added to the Net Proceeds. In the final step (3), performance fees to be recognized are calculated by multiplying the lower of (1) and (2) by the applicable performance fee rate, if the value is positive.

On a quarterly basis, the Write-Down Test is applied to all private markets investment programs with a claw-back. The discount applied in the Write-Down Test may vary from investment program to investment program and considers specific risk characteristics, including macroeconomic, (geo-) political and investment program-specific risk factors. The discount applied in the Write-Down Test is regularly assessed by the Group and reviewed by the Board of Directors. As of 30 June 2019, the applied discount was 50% (30 June 2018: between 50% and 65%).

3. Remuneration

3.1. Personnel expenses

In millions of Swiss francs	Six months ended 30 June	
	2019	2018
Salaries and cash bonus	(121.1)	(101.1)
Share-based payment expenses	(26.5)	(23.8)
Other long-term benefits (management carry program)	(28.1)	(43.2)
Retirement schemes - defined contribution plans	(7.9)	(7.4)
Retirement schemes - defined benefit plans	(1.8)	(1.5)
Other social security expenses	(6.8)	(4.8)
Sundry personnel expenses	(8.5)	(6.9)
Total personnel expenses	**(200.7)**	**(188.7)**

The average number of employees during the reporting period was 1'267 (six months ended 30 June 2018: 1'065), which is equivalent to 1'254 full-time employees (six months ended 30 June 2018: 1'047).

Notes to the condensed interim consolidated financial statements – unaudited

3.2. Employee benefits

In millions of Swiss francs	30 June 2019	31 December 2018
Defined benefit plan	(1.1)	(0.4)
Accrued variable compensation (cash bonus)	(120.5)	(145.2)
Management Carry Plan	(103.0)	(125.2)
Other employee benefit liabilities	(11.8)	(9.3)
Total net employee benefit liabilities	**(236.4)**	**(280.1)**
Current liabilities	(63.4)	(121.9)
Non-current liabilities	(173.0)	(158.2)
Balance as of end of period	**(236.4)**	**(280.1)**

Performance fee related compensation

Each year, the Nomination & Compensation Committee ("NCC") allocates up to 40% of recognized performance fees to the Performance Fee Compensation Pool which is then distributed to an eligible group of employees.

The promise represents a constructive obligation towards the eligible group of employees. The pool is allocated to the individual employees via the MCP with the remainder, i.e. the difference between the Performance Fee Compensation Pool and the MCP allocation, being allocated via the Performance Fee Bonus Pool.

For the six months ended 30 June 2019, performance fees recognized in the consolidated income statement amounted to CHF 130.4 million (six months ended 30 June 2018: CHF 174.9 million), of which CHF 29.9 million (six months ended 30 June 2018: CHF 45.2 million) were allocated via the MCP allocation (including social securities) and CHF 22.3 million (six months ended 30 June 2018: CHF 24.8 million) via the Performance Fee Bonus Pool allocation. For the six months ended 30 June 2019, the total payout amounted to CHF 90.8 million for both schemes (six months ended 30 June 2018: CHF 96.5 million).

Notes to the condensed interim consolidated financial statements – unaudited

4. Investments, working capital, finance result and fair value measurement

4.1. Finance income and expense

In millions of Swiss francs	Note	Six months ended 30 June	
		2019	2018
Interest income calculated using the effective interest rate method		1.3	0.5
Net gains on fair value through profit or loss instruments		29.5	26.8
Share of results of associates (Pearl)	5.	3.2	1.7
Other finance income		0.1	-
Total finance income		**34.1**	**29.0**
Interest expense calculated using the effective interest rate method		(2.5)	(2.5)
Other finance expense		(1.2)	(1.4)
Net exchange differences		(7.9)	(8.1)
Total finance expense		**(11.6)**	**(12.0)**
Total net finance income and (expense)		**22.5**	**17.0**

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 of 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 presented as revenues from management services 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 millions of Swiss francs	30 June 2019	31 December 2018
Balance as of 1 January	554.0	451.8
Additions	21.7	108.9
Distributions/disposals	(31.4)	(72.9)
Transfers from assets and liabilities held for sale	-	45.1
Change in fair value of investments held at period end	31.0	35.2
Change in fair value of investments disposed/liquidated during the period	-	0.1
Exchange differences	(7.6)	(14.2)
Balance as of end of period	**567.7**	**554.0**

Notes to the condensed interim consolidated financial statements – unaudited

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

In millions of Swiss francs	30 June 2019	31 December 2018
Private equity	271.5	262.4
Private debt	190.0	191.5
Private real estate	54.7	52.6
Private infrastructure	51.5	47.5
Total financial investments	**567.7**	**554.0**

The Group refined the segment allocation of investments related to its multi-segment investment programs. Comparative amounts have been re-presented.

4.3. Capital commitments

As of 30 June 2019, the Group had capital commitment contracts of CHF 684.1 million (31 December 2018: CHF 638.3 million), of which CHF 249.8 million (31 December 2018: CHF 212.8 million) were not yet called by the relevant investment manager. Capital commitments are called over time, typically between one to five years following the subscription of the commitment. Capital commitments are not considered to be a financial liability as the commitments do not constitute any obligation to pay cash until the capital is called.

4.4. Trade and other receivables

In millions of Swiss francs	30 June 2019	31 December 2018
Marketable securities	0.0	0.0
Fees receivable	211.9	158.8
Other receivables	17.2	35.3
Accrued income	272.4	201.5
Derivative assets held for risk management	14.8	8.2
Total trade and other receivables	**516.3**	**403.8**

4.5. Trade and other payables

In millions of Swiss francs	Note	30 June 2019	31 December 2018
Trade payables		66.1	71.6
Goods and services received not yet invoiced		4.7	3.6
Derivative liabilities held for risk management		0.4	0.1
Accrued revenue deductions		55.7	32.0
Cash collateral for forward contracts		26.6	0.3
Contractual obligation to purchase treasury shares	7.	-	110.0
Lease liabilities [1)]	9.2.	10.3	-
Other payables		11.8	16.9
Total trade and other payables		**175.6**	**234.5**

[1)] The Group has initially applied IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated.

Notes to the condensed interim consolidated financial statements – unaudited

4.6. 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 knowledgeable 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 millions of Swiss francs				**30 June 2019**
	Level 1	**Level 2**	**Level 3**	**Total**
Marketable securities [1]	0.0			0.0
Derivative assets held for risk management [1]		14.8		14.8
Assets held for sale			131.5	131.5
Financial investments			567.7	567.7
Financial assets	**0.0**	**14.8**	**699.2**	**714.0**
Derivative liabilities held for risk management [2]		0.4		0.4
Liabilities held for sale			76.4	76.4
Other long-term liabilities			0.7	0.7
Financial liabilities	**-**	**0.4**	**77.1**	**77.5**

1) Presented in the line item trade and other receivables in the condensed interim consolidated balance sheet.
2) Presented 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 millions of Swiss francs				31 December 2018
	Level 1	Level 2	Level 3	Total
Marketable securities [1]	0.0			0.0
Derivative assets held for risk management [1]		8.2		8.2
Assets held for sale			91.0	91.0
Financial investments			554.0	554.0
Financial assets	**0.0**	**8.2**	**645.0**	**653.2**
Derivative liabilities held for risk management [2]		0.1		0.1
Liabilities held for sale			54.1	54.1
Other long-term liabilities			0.8	0.8
Financial liabilities	**-**	**0.1**	**54.9**	**55.0**

[1] Presented in the line item trade and other receivables in the condensed interim consolidated balance sheet.
[2] Presented in the line item trade and other payables in the condensed interim consolidated balance sheet.

The carrying amounts for cash and cash equivalents, trade and other receivables (excluding marketable securities and derivatives), short-term loans, and trade and other payables (excluding derivatives) are expected to approximate the fair values given the short-term nature of these financial instruments. The carrying amounts for other financial assets are expected to approximate fair values since time values do not materially differ.

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

In millions of Swiss francs		30 June 2019
	Financial assets	Financial liabilities
Balance as of 1 January 2019	645.0	54.9
Purchases	81.5	25.3
Sales	(47.1)	(1.7)
Change in fair value [1]	29.5	(0.1)
Exchange differences	(9.7)	(1.3)
Balance as of 30 June 2019	**699.2**	**77.1**

In millions of Swiss francs		30 June 2018
	Financial assets	Financial liabilities
Balance as of 1 January 2018	712.6	156.1
Purchases	129.2	88.3
Sales	(158.7)	(109.3)
Change in fair value [1]	26.8	0.1
Exchange differences	(2.4)	(0.8)
Balance as of 30 June 2018	**707.5**	**134.4**

[1] Presented in the line items finance income and finance expense in the condensed interim consolidated income statement.

There were no transfers between levels.

Notes to the condensed interim consolidated financial statements – unaudited

Sensitivity of fair values

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

In millions of Swiss francs	30 June 2019	31 December 2018
Adjusted net asset value (1% increase)	6.2	5.9

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 broad range and number of unobservable input factors used in the valuation of the investment programs' direct investments, particularly concerning the EBITDA multiple, a sensitivity analysis on these underlying unobservable input factors does not result in meaningful outcomes.

5. Investments in associates

The Group accounted for investments in associates as of 30 June 2019 as summarized below:

In millions of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	47.5	47.5	28%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	0.5	0.5	40%
Total investments in associates			**48.0**	

In millions of Swiss francs	30 June 2019	31 December 2018
Balance as of 1 January	55.0	90.1
Redemption of shares (Pearl)	(9.4)	(28.0)
Share of results (Pearl)	3.2	(3.8)
Share of results (LGT)	0.0	0.0
Exchange differences	(0.8)	(3.3)
Balance as of end of period	**48.0**	**55.0**

Notes to the condensed interim consolidated financial statements – unaudited

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

	Pearl		LGT	
In millions of Swiss francs	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Total assets	170.0	196.9	1.9	1.9
Total liabilities	1.3	3.4	0.7	0.7
Equity	168.7	193.5	1.2	1.2
Revenues	14.7	7.7	0.9	2.9
Profit/(loss) for the period	11.4	(13.4)	0.0	0.0

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

6. Long-term debt

In millions of Swiss francs	30 June 2019	31 December 2018
Balance as of 1 January	299.4	299.2
Issuance of long-term debts	499.1	-
Accreted interest	0.1	0.2
Balance as of end of period	**798.6**	**299.4**

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

ISIN	Date of issue	Face value in millions of CHF	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
CH0361532895	7 June 2017	300.0	0.150%	2024	100.052%	100.000%
CH0419041287	21 June 2019	500.0	0.400%	2027	100.098%	100.000%

The fair values of the corporate bonds as of 30 June 2019 were CHF 302.7 million (31 December 2018: CHF 300.0 million) and CHF 508.8 million, respectively and were determined by the quoted market price.

7. Share capital and reserves

In effective number of shares	30 June 2019	30 June 2018
Issued as of 1 January	26'700'000	26'700'000
Issued during the period	-	-
Issued as of 30 June - fully paid in	**26'700'000**	**26'700'000**

The issued share capital of the Company comprises 26'700'000 registered shares (30 June 2018: 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.

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 2019
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2019	26'700'000	207'805	26'492'195
Purchase of treasury shares		373'988	(373'988)
Disposal of treasury shares		(434'105)	434'105
Balance as of 30 June 2019	**26'700'000**	**147'688**	**26'552'312**
Weighted average number of shares outstanding during the period (180 days)			26'600'517

In effective number of shares			30 June 2018
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January 2018	26'700'000	105'165	26'594'835
Purchase of treasury shares		296'445	(296'445)
Disposal of treasury shares		(339'176)	339'176
Balance as of 30 June 2018	**26'700'000**	**62'434**	**26'637'566**
Weighted average number of shares outstanding during the period (180 days)			26'630'750

As of 30 June 2019, the Group had 1'359'474 options and non-vested shares outstanding (30 June 2018: 1'289'659). The treasury shares necessary to cover the obligation for non-vested shares have already been placed in separate escrow accounts in the names of the employees. Thus, the number of treasury shares is already net of non-vested shares outstanding.

Dividends

The Company pays a dividend once per financial year following the approval of the appropriation of available earnings by the owners of the Company at the annual general meeting, typically held in May. The Company paid a dividend of CHF 22 per share on 21 May 2019 (16 May 2018: CHF 19). As the Company's treasury shares are not eligible for a dividend payment, the dividend distribution of CHF 587.4 million approved in May 2019 (May 2018: CHF 507.3 million) was not fully distributed, i.e. a total of CHF 585.4 million was paid out (May 2018: 506.3 million).

Contractual obligation to purchase treasury shares

In 2018, the Company entered into agreements with third parties to purchase its registered shares. As of 30 June 2018, the total remaining notional amount of CHF 79.3 million was directly recognized in equity. There is no such obligation in 2019.

In 2018, the Company also entered into an agreement with an executive committee member to purchase some of its registered shares at arm's length. The maximum transaction value amounts to CHF 110 million. As the arithmetic average of the daily VWAPs (volume weighted average prices) of PGHN shares traded over the SIX Swiss Exchange during the period starting on 21 January 2019 and ending on 15 February 2019 was below the agreed threshold of CHF 700, the transaction did not take place and was reclassified through equity.

Notes to the condensed interim consolidated financial statements – unaudited

8. Subsequent events

No events took place between 30 June 2019 and 28 August 2019 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 2018.

Some line items in the condensed interim consolidated income statement, condensed interim consolidated balance sheet and condensed interim statement of cash flows have been aggregated and/or re-presented to increase the quality of the information and disclosures presented. Comparative amounts have been re-presented accordingly.

9.2. Standards, amendments and interpretations effective for the first time

The accounting policies adopted for the period of the first six months of 2019 are consistent with those of the previous financial year, except where new or revised standards and interpretations were adopted.

The following standard has been applied for the first time:

IFRS 16, “Leases”

The International Accounting Standards Board has issued a new standard for leases that replaces existing leases guidance, including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases - Incentives“ and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of the Lease”. Under the new standard, an asset (the right to use the leased item) and a financial liability representing the present value of the outstanding lease payments are recognized. The only exemptions are short-term and low-value leases. In addition, the nature of expenses related to applicable leases changed as IFRS 16 replaced the operating lease expense with a depreciation charge for the right-of-use assets and an interest expense on lease liabilities.

Definition of a lease

The Group assesses whether a contract is either a lease or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is either a lease or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.

As a lessee

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of outstanding lease payments at the commencement date, discounted by using the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and is decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group, as a lessee, identified leases mainly relating to rental contracts for its offices (including parkings). As permitted by the transitional provisions of IFRS 16, the Group applied the modified retrospective approach. The cumulative effect of adopting IFRS 16 was recognized as an adjustment to the opening balance of the respective line items as of 1 January 2019 with no impact on equity. Comparative information was not restated.

Notes to the condensed interim consolidated financial statements – unaudited

The following practical expedients were elected when applying IFRS 16 where the Group is the lessee in a lease previously classified as operating lease under IAS 17:

- Exemption not to apply the requirements of IFRS 16 for short-term leases whereby short-term is defined as leases with a lease term of twelve months or less.
- Recognition exemption not to apply the requirements of IFRS 16 for leases for which the underlying asset is of low value.

Where an extension option exists, the Group concluded that the extension for the offices will be exercised, unless it was reasonably certain that the extension option would not be exercised. Overall, the adoption of IFRS 16 resulted in an increase in both the total assets and the total liabilities on the Group's consolidated financial statements of CHF 42.7 million. The impact of the transition is summarized below:

	31 December 2018	Impact	1 January 2019
Current assets	**2'020.4**	**-**	**2'020.4**
Right-of-use assets	-	42.7	42.7
Other non-current assets	928.7	-	928.7
Non-current assets	**928.7**	**42.7**	**971.4**
Total assets	**2'949.1**	**42.7**	**2'991.8**
Trade and other payables [1)]	234.5	7.2	241.7
Other current liabilities	257.7	-	257.7
Current liabilities	**492.2**	**7.2**	**499.4**
Lease liabilities	-	32.5	32.5
Non-current provision for dilapidation	0.3	3.0	3.3
Other non-current liabilities	488.7	-	488.7
Non-current liabilities	**489.0**	**35.5**	**524.5**
Equity	**1'967.9**	**-**	**1'967.9**
Total liabilities and equity	**2'949.1**	**42.7**	**2'991.8**

1) Impact reflects an addition of current lease liabilities of CHF 11.3 million less a reversal of previously recognized accrued rent expense of CHF 4.1 million.

When measuring lease liabilities, the Group discounted future lease payments using its incremental borrowing rate. The weighted-average rate applied was 1.9%.

For individual lease contracts, the payments are comprised of variable lease payments that depend on an index or rate and are initially included in the lease liability using the index or rate as at the commencement date of the lease. After the commencement date, the lease liability is remeasured to reflect changes to the lease payments arising from changes in the index or rate. Any remeasurement is generally adjusted against the right-of-use asset.

There were no uncommenced leases to which the Group was committed as per 30 June 2019.

As a lessor

The Group sub-leases some of its properties. Per IAS 17, the head lease and sub-lease contracts were classified as operating leases. Upon transition to IFRS 16, the right-of-use assets recognized from the head leases were measured at cost. The sub-lease contracts are classified as operating leases under IFRS 16.

Notes to the condensed interim consolidated financial statements – unaudited

Impacts for the period

In millions of Swiss francs	30 June 2019	31 December 2018
Lease liabilities as of 1 January	43.8	-
Additions	33.5	-
Accreted interest	0.6	-
Lease payments	(6.3)	-
Exchange differences	(0.9)	-
Lease liabilities as of end of period	**70.7**	**-**
Current liabilities	10.3	-
Non-current liabilities	60.4	-
Lease liabilities as of end of period	**70.7**	**-**

The depreciation of the right-of-use assets for the six months ended 30 June 2019 is CHF 6.3 million.

Amendments and interpretations

The following amendments and interpretations have been applied for the first time but have no significant impact on the Group's financial statements:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term interests in Associate and Joint Ventures (Amendments to IAS 28)
- Annual improvements to IFRSs 2015-2017 Cycle - various standards

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

The following new and revised standards, amendments and interpretations have been issued by the date the condensed interim consolidated financial statements were authorized for issue, but are not yet effective and are not adopted early in these condensed interim consolidated financial statements. Their impacts on the condensed interim consolidated financial statements of the Group have not yet been systematically analyzed. The expected impacts as disclosed in the table below reflect a first assessment by the Group's management.

Standard		Effective date	Planned adoption by the Group
New standards or interpretations			
IFRS 17, "Insurance Contracts"	*	1 January 2021	Reporting year 2021
Revision and amendments of standards and interpretations			
Amendments to References to Conceptual Framework in IFRS Standards	*	1 January 2020	Reporting year 2020
Definition of a Business (Amendments to IFRS 3)	*	1 January 2020	Reporting year 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	*	1 January 2020	Reporting year 2020

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

Notes to the condensed interim consolidated financial statements – unaudited

9.4. Incorporation of new Group entities

Name	Incorporation date	Principal activity
Partners Group Property AG, Switzerland	4 June 2019	Purchase, sale, construction, reconstruction, maintenance and management of real estate
Partners Group Management VI (USD) S.à.r.l., Luxembourg	14 January 2019	Serve as investment manager
Partners Group Management V (GBP) S.à.r.l., Luxembourg	14 January 2019	Serve as investment manager
Partners Group Management IV (EUR) S.à.r.l., Luxembourg	14 January 2019	Serve as investment manager
Partners Group US Management III LLC, Delaware (USA)	7 January 2019	Serve as investment manager
Partners Group (Canada) Inc., Canada	15 November 2018	Support the Group's investment activities in the region
Partners Group Advisors (DIFC) Limited, United Arab Emirates	8 July 2018	Support the Group's investment activities in the region
Partners Group Cayman Management IV Limited, Cayman Islands	29 March 2018	Serve as investment manager
Partners Group Private Markets (Australia) Pty. Ltd., Australia	14 March 2018	Support the Group’s investment activities in the region

9.5. Applied foreign currency exchange rates

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

Year	Currency	Balance sheet rate 30 June 2019	Average rate Six months ended 30 June 2019
2019	EUR	1.1105	1.1291
	USD	0.9753	0.9997
	GBP	1.2412	1.2935
	SGD	0.7208	0.7356

Year	Currency	Balance sheet rate 31 December 2018	Average rate Six months ended 30 June 2018
2018	EUR	1.1267	1.1697
	USD	0.9853	0.9670
	GBP	1.2559	1.3300
	SGD	0.7230	0.7287