Condensed interim consolidated income statement – unaudited

In millions of Swiss francs	Note	First six months period	
		2018	2017
Management fees and other revenues, net		464.8	403.5
Performance fees, net		174.9	147.0
Revenues from management services, net	**2.**	**639.7**	**550.5**
Other operating income		18.9	14.4
Share of results of associates	5.	0.0	0.0
Personnel expenses	3.1.	(188.7)	(162.7)
Other operating expenses [1]		(32.9)	(28.7)
EBITDA		**437.0**	**373.5**
Depreciation and amortization		(8.2)	(6.2)
EBIT		**428.8**	**367.3**
Finance income	4.1.	29.0	31.6
Finance expense	4.1.	(12.0)	(1.5)
Profit before tax		**445.8**	**397.4**
Income tax expense		(51.5)	(38.0)
Profit for the period		**394.3**	**359.4**
Profit for the period attributable to owners of the Company		394.3	359.4
Basic earnings per share (in Swiss francs)		14.81	13.56
Diluted earnings per share (in Swiss francs)		14.66	13.42

1) Comparative amounts have been re-presented. For further information, see note 9.1.

Condensed interim consolidated statement of comprehensive income – unaudited

In millions of Swiss francs	First six months period	
	2018	2017
Profit for the period	**394.3**	**359.4**
Other comprehensive income:		
Exchange differences on translating foreign operations	(0.7)	(17.5)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods	**(0.7)**	**(17.5)**
Net actuarial gains/(losses) from defined benefit plans	(0.1)	1.2
Tax impact on net actuarial gains/losses from defined benefit plans	0.0	(0.2)
Actuarial gains/(losses) from defined benefit plans, net of tax	**(0.1)**	**1.0**
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax	**(0.1)**	**1.0**
Total other comprehensive income for the period, net of tax	**(0.8)**	**(16.5)**
Total comprehensive income for the period, net of tax	**393.5**	**342.9**
Total comprehensive income attributable to owners of the Company	393.5	342.9

Condensed interim consolidated balance sheet – unaudited

In millions of Swiss francs	Note	30 June 2018	31 December 2017
Assets			
Cash and cash equivalents		280.1	852.3
Marketable securities		0.0	0.0
Trade and other receivables	4.4.	382.7	384.9
Short-term loans		1'021.1	713.4
Assets held for sale		194.8	260.8
Total current assets		**1'878.7**	**2'211.4**
Property and equipment		40.6	28.0
Intangible assets		60.8	61.5
Investments in associates	5.	80.5	90.1
Financial investments	4.2.	512.7	451.8
Other financial assets		57.8	64.0
Employee benefit assets		0.9	1.2
Deferred tax assets		26.2	24.7
Total non-current assets		**779.5**	**721.3**
Total assets		**2'658.2**	**2'932.7**

Condensed interim consolidated balance sheet – unaudited

In millions of Swiss francs	Note	30 June 2018	31 December 2017
Liabilities and equity			
Liabilities			
Trade and other payables [1]		182.5	215.6
Income tax liabilities		34.4	57.2
Employee benefit liabilities [1]	3.2.	71.2	127.9
Liabilities held for sale		133.6	155.1
Total current liabilities		**421.7**	**555.8**
Employee benefit liabilities [1]	3.2.	137.0	116.7
Provisions [1]		0.3	0.2
Deferred tax liabilities		2.2	2.9
Long-term debt	6.	299.3	299.2
Other long-term liabilities		3.8	2.1
Total non-current liabilities		**442.6**	**421.1**
Total liabilities		**864.3**	**976.9**
Equity			
Share capital	7.	0.3	0.3
Treasury shares		(45.0)	(57.1)
Legal reserves		0.2	0.2
Other components of equity		1'838.4	2'012.4
Equity attributable to owners of the Company		**1'793.9**	**1'955.8**
Total liabilities and equity		**2'658.2**	**2'932.7**

1) Comparative amounts have been re-presented. For further information, see note 3.2.

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 changes in equity – unaudited

In millions of Swiss francs	Equity attributable to owners of the Company						30 June 2017
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Translation reserves	Retained earnings	Total other components of equity	Total
Balance as of 1 January 2017	**0.3**	**(73.0)**	**0.2**	**(92.0)**	**1'705.3**	**1'613.3**	**1'540.8**
Transactions with owners of the Company, recorded directly in equity							
Contributions by and distributions to owners of the Company:							
Purchase of treasury shares		(101.0)					(101.0)
Disposal of treasury shares		78.2			(14.9)	(14.9)	63.3
Share-based payment expenses					13.7	13.7	13.7
Tax effect on share-based payment and treasury share transactions					6.5	6.5	6.5
Dividends paid to owners of the Company					(397.4)	(397.4)	(397.4)
Total contributions by and distributions to owners of the Company	**-**	**(22.8)**	**-**	**-**	**(392.1)**	**(392.1)**	**(414.9)**
Profit for the period					359.4	359.4	359.4
Total other comprehensive income for the period, net of tax	-	-	-	(17.5)	1.0	(16.5)	(16.5)
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**(17.5)**	**360.4**	**342.9**	**342.9**
Balance as of 30 June 2017	**0.3**	**(95.8)**	**0.2**	**(109.5)**	**1'673.6**	**1'564.1**	**1'468.8**

Condensed interim consolidated statement of cash flows – unaudited

In millions of Swiss francs	Note	First six months period	
		2018	2017
Operating activities			
Profit for the period		394.3	359.4
Adjustments:			
Share of results of associates	5.	0.0	0.0
Net finance (income) and expense	4.1.	(17.0)	(30.1)
Income tax expense		51.5	38.0
Depreciation and amortization		8.2	6.2
Share-based payment expenses		23.8	13.7
Change in provisions [1)]		0.1	(1.2)
Change in employee benefit assets/liabilities [1)]		(37.2)	(31.9)
Non-cash change in other financial assets		17.8	-
Other non-cash items [1)]		2.2	-
Operating cash flow before changes in working capital		**443.7**	**354.1**
(Increase)/decrease in trade and other receivables and short-term loans		(312.2)	149.8
Increase/(decrease) in trade and other payables [1)]		(112.8)	(9.5)
Financial expenses (other than interest) paid		(1.3)	(0.7)
Cash generated from/(used in) operating activities		**17.4**	**493.7**
Income tax paid		(70.1)	(35.6)
Net cash from/(used in) operating activities		**(52.7)**	**458.1**

1) Comparative amounts have been re-presented. For further information, see note 3.2.

Condensed interim consolidated statement of cash flows – unaudited

In millions of Swiss francs	Note	First six months period	
		2018	2017
Investing activities			
Proceeds on disposal of fixed deposits and marketable securities		-	32.5
Purchase of property and equipment		(14.5)	(2.3)
Purchase of intangible assets		(4.9)	(10.4)
Purchase of financial investments [1) 2)]		(40.9)	(99.9)
Proceeds on disposal of financial investments [3)]		49.8	79.9
Proceeds on disposal of investments in associates	5.	10.4	15.4
Purchase of other financial assets		(16.8)	(7.4)
Proceeds on disposal of other financial assets		4.7	-
Interest received	4.1.	0.5	0.2
Net cash from/(used in) investing activities		**(11.7)**	**8.0**
Financing activities			
Repayments of borrowings		-	(160.0)
Proceeds from borrowings		-	160.0
Issuance of long-term debts	6.	-	299.2
Interest paid		(2.4)	(0.4)
Dividends paid to shareholders of the Company	7.	(506.3)	(397.4)
Purchase of treasury shares		(209.1)	(101.0)
Disposal of treasury shares		208.5	63.3
Option premium received		1.1	-
Net cash from/(used in) financing activities		**(508.2)**	**(136.3)**
Net increase/(decrease) in cash and cash equivalents		**(572.6)**	**329.8**
Cash and cash equivalents as of 1 January		852.3	186.0
Exchange differences on cash and cash equivalents		0.4	(1.5)
Cash and cash equivalents as of 30 June		**280.1**	**514.3**

1) Comparative amounts have been re-presented. For further information, see note 9.1.
2) Purchases of assets and liabilities held for sale are included in this line item.
3) Proceeds on disposal of assets and liabilities held for sale are included in this line item.

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 2018 and 2017 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 29 August 2018.

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	First six months period 2018					
	Operating segments					
	Private equity	Private debt	Private real estate	Private infra-structure	Unallocated	Total
Management fees and other revenues	319.1	61.9	84.7	60.5	0.5	526.7
Performance fees	175.2	1.5	1.5	6.2	-	184.4
Revenue deductions	(42.5)	(7.5)	(15.0)	(6.4)	-	(71.4)
Revenues from management services, net	**451.8**	**55.9**	**71.2**	**60.3**	**0.5**	**639.7**
Other operating income	5.4	1.8	8.0	3.3	0.4	18.9
Share of results of associates	0.0	-	-	-	-	0.0
Total	**457.2**	**57.7**	**79.2**	**63.6**	**0.9**	**658.6**
Personnel expenses	(40.8)	(11.5)	(12.5)	(13.0)	(110.9)	(188.7)
Other operating expenses	(2.1)	(0.9)	(0.8)	(0.6)	(28.5)	(32.9)
Gross segment result before depreciation and amortization	**414.3**	**45.3**	**65.9**	**50.0**	**(138.5)**	**437.0**
Depreciation and amortization	-	-	-	-	(8.2)	(8.2)
Gross segment result	**414.3**	**45.3**	**65.9**	**50.0**	**(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**

Notes to the condensed interim consolidated financial statements – unaudited

In millions of Swiss francs						First six months period 2017
	Operating segments					
	Private equity	Private debt	Private real estate	Private infra-structure	Unallocated	Total
Management fees and other revenues	293.5	48.5	52.3	63.0	0.6	457.9
Performance fees	138.8	3.8	1.8	7.3	-	151.7
Revenue deductions	(37.1)	(5.0)	(6.8)	(10.2)	-	(59.1)
Revenues from management services, net	**395.2**	**47.3**	**47.3**	**60.1**	**0.6**	**550.5**
Other operating income	4.5	5.2	1.6	2.9	0.2	14.4
Share of results of associates	0.0	-	-	-	-	0.0
Total	**399.7**	**52.5**	**48.9**	**63.0**	**0.8**	**564.9**
Personnel expenses	(34.7)	(9.6)	(11.4)	(10.2)	(96.8)	(162.7)
Other operating expenses	(1.2)	(0.4)	(0.8)	(0.4)	(25.9)	(28.7)
Gross segment result before depreciation and amortization	**363.8**	**42.5**	**36.7**	**52.4**	**(121.9)**	**373.5**
Depreciation and amortization	-	-	-	-	(6.2)	(6.2)
Gross segment result	**363.8**	**42.5**	**36.7**	**52.4**	**(128.1)**	**367.3**
Reconciliation to profit for the period:						
Net finance income and expense						30.1
Income tax expense						(38.0)
Profit for the period						**359.4**

Management fees and other revenues

The Group earns investment management fees for discretionary mandates, 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 the 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. Occasionally, the Group also receives transaction fee income relating to private market transactions. These transaction fees are typically one-time occurring. 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 from realized investments and so that there is a sufficiently large cushion for any potential negative development on the remaining portfolio, therefore resulting in a very low probability that these fees are subject to a reversal in a potential claw-back situation.

Accordingly, the recognition of performance fees of investment programs with a claw-back is assessed based on a 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 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 extent that 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 third 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 2018, the applied discounts ranged between 50% and 65% (30 June 2017: between 50% and 80%).

3. Remuneration

3.1. Personnel expenses

In millions of Swiss francs	First six months period	
	2018	2017
Wages and salaries	(101.1)	(104.6)
Share-based payment expenses	(23.8)	(13.7)
Other long-term benefits (management carry program)	(43.2)	(26.7)
Retirement schemes - defined contribution plans	(7.4)	(6.9)
Retirement schemes - defined benefit plans	(1.5)	(1.5)
Other social security expenses	(4.8)	(4.3)
Sundry personnel expenses	(6.9)	(5.0)
Total personnel expenses	**(188.7)**	**(162.7)**

The average number of employees during the reporting period was 1'065 (first six months period of 2017: 946), which is equivalent to 1'047 full-time employees (first six months period of 2017: 921).

Notes to the condensed interim consolidated financial statements – unaudited

3.2. Employee benefit liabilities

In millions of Swiss francs	30 June 2018	31 December 2017
Accrued remuneration costs	(50.1)	(72.0)
MCP	(79.4)	(88.8)
Performance-related compensation	(73.9)	(79.0)
Other employee benefit liabilities	(4.8)	(4.8)
Total employee benefit liabilities	**(208.2)**	**(244.6)**
Current	(71.2)	(127.9)
Non-current	(137.0)	(116.7)
Balance as of 30 June 2018	**(208.2)**	**(244.6)**

The Group reviewed the presentation of its employee benefit liabilities. To improve the disclosures of the financial statements, accrued remuneration costs (previously presented as trade and other payables) as well as management carry plan liabilities ("MCP") and other employee benefit liabilities (both previously presented as provisions) are now presented as employee benefit liabilities in the condensed interim consolidated balance sheet. Prior year numbers in the condensed interim consolidated balance sheet and in the condensed interim consolidated statement of cash flows are re-presented accordingly.

Notes to the condensed interim consolidated financial statements – unaudited

4. Investments held by the Group, finance income and expense and fair value measurement

4.1. Finance income and expense

In millions of Swiss francs	Note	First six months period	
		2018	2017
Interest income		0.5	0.2
Net gains on fair value through profit or loss instruments		26.8	19.3
Share of results of associates (Pearl)	5.	1.7	5.3
Net exchange differences		-	6.8
Total finance income		**29.0**	**31.6**
Interest expense		(2.5)	(0.3)
Net losses on marketable securities		-	(0.1)
Other finance expense		(1.4)	(1.1)
Net exchange differences		(8.1)	-
Total finance expense		**(12.0)**	**(1.5)**
Total net finance income and (expense)		**17.0**	**30.1**

Notes to the condensed interim consolidated financial statements – unaudited

4.2. Financial investments

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

In millions of Swiss francs	30 June 2018	31 December 2017
Balance as of 1 January	451.8	359.2
Additions	40.9	125.1
Distributions/disposals	(41.1)	(93.4)
Transfers from assets and liabilities held for sale	37.4	6.9
Change in fair value of investments held at period end	24.5	37.6
Exchange differences	(0.8)	16.4
Balance as of end of period	**512.7**	**451.8**

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

In millions of Swiss francs	30 June 2018	31 December 2017
Private equity	257.2	214.1
Private debt	165.1	146.5
Private real estate	52.8	51.2
Private infrastructure	37.6	40.0
Total financial investments	**512.7**	**451.8**

4.3. Capital commitments

As of 30 June 2018, the Group had capital commitment contracts of CHF 621.0 million (31 December 2017: CHF 595.2 million), whereof CHF 224.0 million (31 December 2017: CHF 215.0 million) have not yet been called by the relevant investment manager. The capital commitments are called over time, typically between one to five years following the subscription of the commitment. In addition, the Group may selectively enter into capital commitment contracts to bridge investments for investment programs managed by the Group and enter into capital commitments for seed capital investments into investment programs managed by the Group.

Notes to the condensed interim consolidated financial statements – unaudited

4.4. Trade and other receivables

In millions of Swiss francs	30 June 2018	31 December 2017
Trade receivables	167.6	216.4
Other receivables	12.5	10.1
Cash collateral	4.1	79.8
Prepayments/accrued revenues	196.0	75.3
Derivative assets held for risk management	2.5	3.3
Total trade and other receivables	**382.7**	**384.9**

4.5. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access to at that date. The fair value of a liability reflects its non-performance risk.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

In millions of Swiss francs				30 June 2018
	Level 1	Level 2	Level 3	Total
Marketable securities	0.0			0.0
Derivative assets held for risk management [1]		2.5		2.5
Assets held for sale			194.8	194.8
Financial investments			512.7	512.7
Financial assets	**0.0**	**2.5**	**707.5**	**710.0**
Derivative liabilities held for risk management [2]		5.4		5.4
Liabilities held for sale			133.6	133.6
Other long-term liabilities			0.8	0.8
Financial liabilities	**0.0**	**5.4**	**134.4**	**139.8**

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 2017
	Level 1	Level 2	Level 3	Total
Marketable securities	0.0			0.0
Derivative assets held for risk management [1]		3.3		3.3
Assets held for sale			260.8	260.8
Financial investments			451.8	451.8
Financial assets	**0.0**	**3.3**	**712.6**	**715.9**
Derivative liabilities held for risk management [2]		5.9		5.9
Liabilities held for sale			155.1	155.1
Other long-term liabilities			1.0	1.0
Financial liabilities	**0.0**	**5.9**	**156.1**	**162.0**

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, short-term loans as well as trade and other payables 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 2018
	Financial assets	Financial liabilities
Balance as of 1 January 2018	712.6	156.1
Additions	129.2	88.3
Disposals	(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**

In millions of Swiss francs		30 June 2017
	Financial assets	Financial liabilities
Balance as of 1 January 2017	546.8	87.1
Additions [2]	123.5	23.6
Disposals	(155.8)	(75.9)
Change in fair value [1]	19.3	-
Exchange differences	(5.8)	(0.1)
Balance as of 30 June 2017	**528.0**	**34.7**

1) Presented in the line item finance income and expense in the condensed interim consolidated income statement.
2) Comparative amounts have been re-presented. For further information, see note 9.1.

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

In millions of Swiss francs	30 June 2018	31 December 2017
Adjusted net asset value (1% increase)	5.7	5.6

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

5. Investments in associates

The Group accounted for investments in associates as of 30 June 2018 as summarized below:

In millions of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	80.0	80.0	28%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	0.5	0.5	40%
Total investments in associates			**80.5**	

In millions of Swiss francs	30 June 2018	31 December 2017
Balance as of 1 January	90.1	116.0
Redemption of shares (Pearl)	(10.4)	(42.9)
Share of results (Pearl)	1.7	7.3
Share of results (LGT)	0.0	0.0
Exchange differences	(0.9)	9.7
Balance as of end of period	**80.5**	**90.1**

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 2018**	**31 December 2017**	**30 June 2018**	**31 December 2017**
Total assets	286.1	319.4	2.0	7.1
Total liabilities	2.0	1.2	0.8	5.9
Equity	284.1	318.2	1.2	1.2

	Pearl		LGT	
In millions of Swiss francs	**30 June 2018**	**30 June 2017**	**30 June 2018**	**30 June 2017**
Revenues	9.6	29.4	1.6	2.5
Profit/(loss) for the period	6.0	18.7	0.0	0.0

The table above 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 2018**	**31 December 2017**
Balance as of 1 January	299.2	-
Issuance of long-term debts	-	299.2
Accreted interest	0.1	0.0
Balance as of end of period	**299.3**	**299.2**

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

Date of issue	**Face value in millions of CHF**	**Coupon in %**	**Year of maturity**	**Issue price in %**	**Redemption price in %**
7 June 2017	300.0	0.150%	2024	100.052%	100.000%

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

The fair value of the corporate bonds as of 30 June 2018 was CHF 298.2 million (31 December 2017: CHF 298.9 million) and was determined by the quoted market price.

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7. Share capital and reserves

In effective number of shares	30 June 2018	30 June 2017
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 2017: 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.

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 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

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

As of 30 June 2018, the Group had 1'289'659 options and non-vested shares outstanding (30 June 2017: 1'079'037). The treasury shares necessary to cover the non-vested shares have already been transferred into separate escrow accounts. Thus, the number of treasury shares is already net of non-vested shares outstanding, but not net of shares needed to cover the outstanding options.

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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 is directly recognized in equity (30 June 2017: nil).

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 19 per share on 16 May 2018 (17 May 2017: CHF 15). As the Company's treasury shares are not eligible for a dividend payment, the dividend distribution of CHF 507.3 million approved in May 2018 (May 2017: CHF 400.5 million) was not fully distributed, i.e. a total of CHF 506.3 million was paid out (May 2017: 397.4 million).

8. Subsequent events

No events took place between 30 June 2018 and 29 August 2018 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 2017.

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 make the information and disclosures more understandable. Comparative amounts have been re-presented accordingly.

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

The accounting policies adopted for the first six months period of 2018 are consistent with those of the previous financial year, except where new or revised standards and interpretations were adopted.

The following standards have been applied for the first time:

IFRS 9, "Financial Instruments"

IFRS 9 replaced IAS 39 and has the objective to establish general principles for the financial reporting of financial assets and financial liabilities. The standard rules the requirements for recognition, classification, measurement, derecognition and hedge accounting, and introduces a new impairment model for financial assets.

Classification and measurement

From 1 January 2018, the Group has classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss ("FVTPL")), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities.

Notes to the condensed interim consolidated financial statements – unaudited

The Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at 1 January 2018:

In millions of Swiss francs	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	852.3	852.3
Marketable securities	Held-for-trading	FVTPL	0.0	0.0
Trade receivables [1]	Loans and receivables	Amortized cost	216.4	216.4
Other receivables [1]	Loans and receivables	Amortized cost	10.1	10.1
Cash collateral [1]	Loans and receivables	Amortized cost	79.8	79.8
Derivative assets held for risk management [1]	Held-for-trading	FVTPL	3.3	3.3
Short-term loans	Loans and receivables	Amortized cost	713.4	713.4
Financial investments	Designated FVTPL	FVTPL	451.8	451.8
Other financial assets	Loans and receivables	Amortized cost	64.0	64.0
Total financial assets			**2'391.1**	**2'391.1**
Financial liabilities				
Trade payables [2]	Amortized cost	Amortized cost	108.2	108.2
Cash collateral [2]	Amortized cost	Amortized cost	66.5	66.5
Derivative liabilities held for risk management [2]	FVTPL	FVTPL	5.9	5.9
Long-term debt	Amortized cost	Amortized cost	299.2	299.2
Other long-term liabilities	Amortized cost	Amortized cost	1.0	1.0
Other long-term liabilities	FVTPL	FVTPL	1.0	1.0
Total financial liabilities			**481.8**	**481.8**

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.

Impairment of financial assets

The new standard replaces the 'incurred loss' with an 'expected loss' impairment approach for relevant financial instruments. The Group has identified the following financial assets as subject to the expected credit loss model. These are held within a business model that has the objective to hold and collect the contractual cash flows and where the contractual cash flows only include principal payments and interest:

• Cash and cash equivalents where the Group applies the 'general impairment approach'.

• Trade and other receivables as well as other financial assets where the Group applies the 'simplified impairment approach' using the lifetime expected loss provision.

• Short-term loans where the Group applies the 'general impairment approach'.

Notes to the condensed interim consolidated financial statements – unaudited

Cash and cash equivalents

The Group is exposed to credit risk in terms of cash and cash equivalents. The Group's relationship with its numerous banks is closely monitored by the Group's treasury department. The Group only accepts independently rated counterparties that are reputable banks, typically with a minimum rating of 'A-3'. The Group has never suffered any impairment loss on cash and cash equivalents. Based on historical data and the Group's assessment of the potential exposure of cash and cash equivalents to credit risk in the near future, the Group does not consider any material 'expected credit loss' on cash and cash equivalents in line with IFRS 9 as per the effective date of the new standard. The Group will reassess the credit risk for cash and cash equivalents on a regular basis.

Trade and other receivables as well as other financial assets

The Group's credit risk is considered to be very remote due to the contractual nature of management and performance fees. The majority of the Group's customers are investment programs that are managed by the Group. The Group has never incurred any material loss from its trade and other receivables. The Group does also not expect any material default risk for trade and other receivables based on the current structure of the relevant counterparties and based on the Group's current assessment of the economic environment in the near future. The Group considers the probability of default (PD) to be very remote. Therefore, neither a material allowance for individual exposures nor a material collective loss allowance has been established as per the effective date of IFRS 9. The Group will reassess the credit risk for trade and other receivables as well as other financial assets on a regular basis.

Short-term loans

The Group's short-term loans are granted to various investment programs managed by the Group on behalf of its clients. These loans typically have a short-term nature with an expected repayment date within twelve months. The credit risk related to such short-term loans can be considered minimal given these are collateralized against unfunded client commitments (or the clear visibility thereof), which can be drawn upon to repay related loans and which are backed by high-quality clients (e.g. pension funds). In addition, underlying assets in the investment programs serve as an additional security. Loans granted are also subject to loan-to-value ratios. Nevertheless, and in order to control the credit risk resulting from short-term loans to investment programs, the Group has established a system-based loan approval process. This process is supported by a risk policy framework and pre-defined approval authorities. During the loan approval process, rigorous qualitative and quantitative checks are applied to ensure the high quality of the Group's loan portfolio. The Group does also not expect any significant default risk in this regard. Finally, the Group has individually assessed the PD per loan class, the loss given default and the exposure at default. Following the assessment, the Group has come to the conclusion that the PD can be considered very remote. Therefore, neither a material allowance for individual exposures nor a material collective loss allowance has been established as per the effective date of IFRS 9. The Group will reassess the credit risk for short-term loans on a regular basis.

Transition

There was no material impact on the Group’s retained earnings due to classification and measurement of financial instruments as at 1 January 2018 and therefore, no impact was recognized in retained earnings as of 1 January 2018.

Notes to the condensed interim consolidated financial statements – unaudited

IFRS 15, "Revenue from Contracts with Customers"

The International Accounting Standards Board has issued a new standard, IFRS 15, for the recognition of revenues that replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes." IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized when it satisfies its performance obligations in a contract at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 as issued in May 2014, which resulted in changes in accounting policies, but did not result in any adjustments to the amounts recognized in the financial statements.

Management has assessed the impact of IFRS 15 on the various revenue streams and contractual agreements of the Group, analyzing the five-step approach as set out in the standard. Management has concluded that there is no change to the method of revenue recognition or financial statement presentation applied in previous financial years as a result of the adoption of IFRS 15.

Management fees and other revenues as well as performance fees

The accounting policies relating to management fees and other revenues as well as performance fees are outlined in note 2.

Based on the Group's assessment, the application of IFRS 15 did not result in differences in the timing of revenue recognition for these services.

Revenue deductions

Revenue deductions include the Group's payments to third parties, such as rebates. Third party payments may be one-off or also recurring, depending on individual agreements. Rebates to clients are typically for fees charged which were earned when investing through a pooling vehicle, in order to avoid the double charging of fees.

Based on the Group's assessment, the application of IFRS 15 did not result in differences in the timing of revenue recognition for these services.

Placing expenses

The Group selectively uses third party placing agents for the distribution of the investment programs that the Group manages. It is common to compensate such services with a one-off payment, depending on the amount of assets placed by such third party placing agents. The amount paid is recognized as incremental cost incurred in connection with the securing of investment management revenue contracts. Placing expenses are considered a cost to obtain a contract, and are amortized, using the straight-line method, over the duration of the investment period of the relevant investment program the cost was incurred for, typically between three to five years.

Based on the Group's assessment, the application of IFRS 15 did not result in differences in accounting of placing expenses compared to IAS 18.

Transition

The adoption of the new standard had no material impact on the Group's retained earnings and therefore no impact was recognized in retained earnings as of 1 January 2018.

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:

- Annual Improvements to IFRSs 2014-2016 Cycle various standards (Amendments to IFRS 1 and IAS 28)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

Notes to the condensed interim consolidated financial statements – unaudited

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

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 exceptions are short-term and low-value leases. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense of lease liabilities.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognize additional assets and liabilities for the use of its office facilities, which are currently classified as operating leases. The Group has not yet decided whether it will use the optional exemptions. The Group has not yet quantified the impact of the adoption of IFRS 16 on its reported consolidated financial statements. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into.

9.4. Incorporation of new Group entities

Name	Incorporation date	Principal activity
Partners Group Private Markets (Australia) Pty. Ltd., Australia	14 March 2018	Support the Group's investment activities in the region
Partners Group Cayman Management IV Limited, Cayman Islands	29 March 2018	Serve as an investment manager

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 2018	Average rate First six months period of 2018
2018	EUR	1.1591	1.1697
	USD	0.9929	0.9670
	GBP	1.3108	1.3300
	SGD	0.7281	0.7287

Year	Currency	Balance sheet rate 31 December 2017	Average rate First six months period of 2017
2017	EUR	1.1704	1.0764
	USD	0.9748	0.9942
	GBP	1.3190	1.2515
	SGD	0.7294	0.7080