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Report of the auditors on the consolidated financial statements

Statutory Auditor's Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Partners Group Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 40 to 112) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Recognition of revenues from management services (net)

Valuation of financial investments

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the consolidated financial statements

Recognition of revenues from management services (net)

Key Audit Matter

Revenues from management services, which comprise management fees, organizational fees and performance fees, are the result of investment management services within the Group's operating segments. Payments to third parties for the introduction of clients as well as rebates to clients are recognized as revenue deductions.

Revenues from management services (net) is an area of focus due to the size and importance to the Group's results.

The calculations of revenues and revenue deductions are largely automated. There are a number of inherent risks in calculating certain types of revenue and revenue deductions including the interpretation and manual input of key contractual terms, which could lead to errors. The bespoke and complex nature of underlying investment management agreements and other contractual terms involving multiple Group entities requires effective monitoring to ensure all financial terms and conditions are captured completely and accurately and are applied appropriately.

Performance fees are inherently more complex in nature. The assessment of the likelihood of a future clawback on such fees and the determination whether criteria set in the carried interest arrangements are met require management's judgement. The determination of performance fees is based on the underlying valuation of the investment portfolio and requires manual interventions.

Our response

Amongst other procedures, we obtained an understanding of management's processes and controls around the calculation of revenues and revenue deductions by performing walkthrough procedures, testing relevant key controls and evaluating the governance structure. We analyzed independent third party controls reports on fee and valuation related processes and controls to determine whether they were appropriate for our purposes.

On a sample basis, we obtained confirmations from the external auditor of the underlying investment programs on the revenues from management services covered in their audit and reconciled these revenues to the Group's general ledger. We also performed inquiries with the external auditor of the underlying investment programs to confirm that the audits on the sampled investment programs were completed.

On a sample basis, we agreed revenues from management services and revenue deductions to underlying contracts and performed manual recalculations.

We obtained an understanding of the Group's processes and controls around the calculation of performance fees by evaluating the terms and conditions set out in the underlying partnership agreements and performing walkthrough procedures. On a sample basis, we tested performance fees by:

– Performing analytical procedures based on our understanding of investment realizations and the performance of the investment fund;
– Discussing and evaluating management's assessment of the likelihood of a future clawback of performance fees by challenging and back-testing the key assumptions. We further corroborated whether such fees had been recognized in the appropriate period;
– Reconciling potential performance fee values used in the assessment of a future clawback to the accruals in the financial statement of the underlying investment programs; and
– Evaluating completeness by assessing whether a sample of eligible but unearned performance fees should have been recognized during the 2022 financial year.

For further information on the recognition of revenues from management services (net) refer to notes 2, 3 and 19.7 to the consolidated financial statements on pages 48 to 53 and 105 to 106.

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Report of the auditors on the consolidated financial statements

KPMG

Valuation of financial investments

Key Audit Matter	Our response
As at 31 December 2022, financial investments on the Group's balance sheet amounted to CHF 766.5 million (2021: CHF 715.2 million). In addition, financial investments presented as assets held for sale amounted to CHF 104.5 million (2021: 79.5 million). The financial investment and assets held for sale portfolio comprises a large number of unquoted securities for which no prices are available and which have little or no observable inputs. The Group applies valuation techniques such as the market approach, the income approach or the adjusted net asset value method that are based on international standards. The fair value assessment requires significant judgement by management, in particular with regard to key input factors such as earnings multiples, liquidity discounts, discount rates or the selection of valuation multiples.	Our procedures included obtaining an understanding of the Group's processes and key controls around the valuation of and accounting for unquoted investments by performing walkthrough procedures, testing relevant key controls and evaluating the valuation governance structure. We analyzed independent third party controls reports on valuation related processes and controls to determine whether they were appropriate for our purposes. On a sample basis, we obtained confirmations from the external auditor of the underlying investment programs on their net asset values or the valuation of their investments. We also performed inquiries with the external auditor of the underlying investment programs to confirm that the audits on the sampled investment programs were completed. The proportionate holdings of the Group in such financial investments were reconciled to the Group's transaction records that are kept for each investor. We further assessed if adjustments to the fair values in the financial statements of the underlying investment programs are required.

For further information on the valuation of financial investments refer to notes 2, 5.3.2 and 5.3.3 to the consolidated financial statements on pages 48, 49, 65 and 66.

Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

EXPERTsuisse Certified Company

Report of the auditors on the consolidated financial statements

KPMG

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the consolidated financial statements

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Thomas Dorst Licensed Audit Expert Auditor in Charge	Malea Bourquin Licensed Audit Expert

Zurich, 17 March 2023

Consolidated income statement for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Management fees and other revenues, net		1'545.0	1'393.3
Performance fees, net		268.9	1'196.6
Revenues from management services, net	3.	**1'813.9**	**2'589.9**
Other operating income	5.2.	58.0	38.8
Personnel expenses	4.1.	(595.8)	(860.6)
Other operating expenses	10.	(103.9)	(78.0)
EBITDA[1]		**1'172.2**	**1'690.1**
Depreciation and amortization	11.&12.	(40.5)	(39.7)
EBIT[1]		**1'131.7**	**1'650.4**
Finance income	5.1.	17.9	122.5
Finance expense	5.1.	(20.2)	(46.7)
Profit before tax		**1'129.4**	**1'726.2**
Income tax expense	9.1.	(124.5)	(262.6)
Profit for the period		**1'004.9**	**1'463.6**
Profit for the period attributable to owners of the Company		1'004.9	1'463.6
Basic earnings per share (in Swiss francs)	15.	39.34	56.19
Diluted earnings per share (in Swiss francs)	15.	39.09	55.12

[1] For definitions please refer to p. 32

Consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Profit for the period		**1'004.9**	**1'463.6**
Other comprehensive income:			
Exchange differences on translating foreign operations		(48.7)	(2.4)
Total other comprehensive income that may be reclassified to the income statement in subsequent periods		**(48.7)**	**(2.4)**
Net actuarial gains/(losses) from defined benefit plans	4.5.2.	(10.0)	14.5
Tax impact on net actuarial gains/losses from defined benefit plans	9.2.	1.2	(1.7)
Actuarial gains/(losses) from defined benefit plans, net of tax		**(8.8)**	**12.8**
Total other comprehensive income not being reclassified to the income statement in subsequent periods, net of tax		**(8.8)**	**12.8**
Total other comprehensive income for the period, net of tax		**(57.5)**	**10.4**
Total comprehensive income for the period, net of tax		**947.4**	**1'474.0**
Total comprehensive income attributable to owners of the Company		947.4	1'474.0

Consolidated balance sheet as of 31 December 2022 and 2021

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents	5.4.1.	779.5	910.7
Derivative assets held for risk management	5.3.1.	5.1	7.7
Trade and other receivables	5.4.1.	641.3	642.8
Short-term loans	5.4.1.	1'324.8	1'489.2
Assets held for sale	5.3.3.	104.5	79.5
Total current assets		**2'855.2**	**3'129.9**
Property, equipment and right-of-use assets	11.	323.6	256.4
Intangible assets	12.	74.6	65.9
Investments in associates	6.	13.4	18.3
Financial investments	5.3.2.	766.5	715.2
Other financial assets	5.3.4.	432.8	532.2
Employee benefit assets	4.5.		10.5
Deferred tax assets	9.2.	110.1	104.4
Total non-current assets		**1'721.0**	**1'702.9**
Total assets		**4'576.2**	**4'832.8**

Consolidated balance sheet as of 31 December 2022 and 2021

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Liabilities and equity			
Liabilities			
Trade and other payables	7.	225.6	306.6
Income tax liabilities		114.9	90.9
Provisions		2.5	0.1
Credit facilities drawn	5.4.3.	270.0	
Employee benefit liabilities	4.5.	200.1	288.1
Liabilities held for sale	5.3.3.	73.0	42.6
Total current liabilities		**886.1**	**728.3**
Employee benefit liabilities	4.5.	334.7	296.0
Provisions		7.3	6.5
Deferred tax liabilities	9.2.	6.7	3.4
Long-term debt	13.	799.4	799.1
Lease liabilities	8.	62.6	49.9
Other long-term liabilities	5.4.3.	63.1	51.1
Total non-current liabilities		**1'273.8**	**1'206.0**
Total liabilities		**2'159.9**	**1'934.3**
Equity			
Share capital	14.	0.3	0.3
Treasury shares		(847.8)	(378.2)
Legal reserves		0.2	0.2
Other components of equity		3'263.6	3'276.2
Equity attributable to owners of the Company		**2'416.3**	**2'898.5**
Total liabilities and equity		**4'576.2**	**4'832.8**

Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Equity attributable to owners of the Company						2022
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Cumulative translation adjustments	Retained earnings	Total other components of equity	Total
Balance as of 1 January	**0.3**	**(378.2)**	**0.2**	**(226.0)**	**3'502.2**	**3'276.2**	**2'898.5**
Transactions with owners of the Company, recorded directly in equity							
Contributions by and (distributions to) owners of the Company:							
Purchase of treasury shares		(569.4)					(569.4)
Disposal of treasury shares		99.8			(74.6)	(74.6)	25.2
Share-based payment expenses					57.9	57.9	57.9
Tax effect on share-based payment transactions					(82.3)	(82.3)	(82.3)
Dividends paid to owners of the Company					(861.0)	(861.0)	(861.0)
Total contributions by and (distributions to) owners of the Company	**–**	**(469.6)**	**–**	**–**	**(960.0)**	**(960.0)**	**(1'429.6)**
Profit for the period					1'004.9	1'004.9	1'004.9
Total other comprehensive income for the period, net of tax				(48.7)	(8.8)	(57.5)	(57.5)
Total comprehensive income for the period, net of tax	**–**	**–**	**–**	**(48.7)**	**996.1**	**947.4**	**947.4**
Balance as of 31 December	**0.3**	**(847.8)**	**0.2**	**(274.7)**	**3'538.3**	**3'263.6**	**2'416.3**

Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Equity attributable to owners of the Company						2021
				Other components of equity			
	Share capital	Treasury shares	Legal reserves	Cumulative translation adjustments	Retained earnings	Total other components of equity	Total
Balance as of 1 January	**0.3**	**(266.2)**	**0.2**	**(223.6)**	**2'763.9**	**2'540.3**	**2'274.6**
Transactions with owners of the Company, recorded directly in equity							
Contributions by and (distributions to) owners of the Company:							
Purchase of treasury shares		(386.0)					(386.0)
Disposal of treasury shares		274.0			(121.0)	(121.0)	153.0
Share-based payment expenses					55.5	55.5	55.5
Tax effect on share-based payment transactions					52.0	52.0	52.0
Dividends paid to owners of the Company					(724.6)	(724.6)	(724.6)
Total contributions by and (distributions to) owners of the Company	**–**	**(112.0)**	**–**	**–**	**(738.1)**	**(738.1)**	**(850.1)**
Profit for the period					1'463.6	1'463.6	1'463.6
Total other comprehensive income for the period, net of tax				(2.4)	12.8	10.4	10.4
Total comprehensive income for the period, net of tax	**–**	**–**	**–**	**(2.4)**	**1'476.4**	**1'474.0**	**1'474.0**
Balance as of 31 December	**0.3**	**(378.2)**	**0.2**	**(226.0)**	**3'502.2**	**3'276.2**	**2'898.5**

Consolidated statement of cash flows for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Operating activities			
Profit for the period		1'004.9	1'463.6
Adjustments:			
Net finance (income) and expense	5.1.	2.3	(75.8)
Income tax expense	9.1.	124.5	262.6
Depreciation and amortization	11.&12.	40.5	39.7
Share-based payment expenses	4.2.	57.9	55.5
Change in provisions		1.5	(2.5)
Change in employee benefit assets/liabilities		(53.9)	262.9
Non-cash change in other financial assets		18.9	(185.5)
Non-cash change in other long-term liabilities		14.3	12.9
Operating cash flow before changes in working capital		**1'210.9**	**1'833.4**
(Increase)/decrease in trade and other receivables and short-term loans		119.5	(1'003.0)
Increase/(decrease) in trade and other payables		(83.2)	81.3
Finance expenses (other than interest) paid		(4.4)	(4.4)
Cash generated from/(used in) operating activities		**1'242.8**	**907.3**
Income tax paid		(183.7)	(205.5)
Net cash from/(used in) operating activities		**1'059.1**	**701.8**
Investing activities			
Proceeds on disposal of property and equipment			0.2
Purchase of property and equipment	11.	(60.5)	(34.3)
Purchase of intangible assets	12.	(28.2)	(21.9)
Purchase of financial investments & assets and liabilities held for sale		(138.3)	(136.2)
Proceeds on disposal of financial investments & assets and liabilities held for sale		81.7	160.6
Proceeds on disposal of investments in associates	6.	4.4	8.5
Purchase of other financial assets		(1.6)	(3.5)
Proceeds on disposal of other financial assets		68.4	2.0
Interest received[2]	5.1.	4.0	2.8
Net cash from/(used in) investing activities		**(70.1)**	**(21.8)**

[2] Excludes CHF 51.3 million (2021: CHF 27.5 million) compensation from short-term loans (included in other operating income) that forms part of net cash flow from operating activities.

Consolidated statement of cash flows for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Financing activities			
Repayments of credit facilities		(950.0)	
Drawdowns from credit facilities		1'220.0	
Payment of principal portion of lease liabilities	8.	(12.9)	(11.7)
Interest paid		(5.6)	(8.7)
Dividends paid to shareholders of the Company	14.	(861.0)	(724.6)
Purchase of treasury shares		(569.4)	(386.0)
Disposal of treasury shares		25.2	153.0
Net cash from/(used in) financing activities		**(1'153.7)**	**(978.0)**
Net increase/(decrease) in cash and cash equivalents		**(164.7)**	**(298.0)**
Cash and cash equivalents as of 1 January		910.7	1'227.6
Exchange differences on cash and cash equivalents		33.5	(18.9)
Cash and cash equivalents as of 31 December		**779.5**	**910.7**

In millions of Swiss francs	31 December 2022	31 December 2021
Bank balances	779.5	910.7
Petty cash	0.0	0.0
Total cash and cash equivalents	**779.5**	**910.7**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

1. Reporting entity

Partners Group Holding AG ("the Company") is a company domiciled in Switzerland whose shares are publicly traded on the SIX Swiss Exchange. The address of the Company's registered office is Zugerstrasse 57, 6341 Baar-Zug, Switzerland. The consolidated financial statements for the years ended 31 December 2022 and 2021 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates. The consolidated financial statements were authorized for issue by the Board of Directors ("BoD") on 17 March 2023 and are subject to approval at the Annual General Meeting of shareholders on 24 May 2023.

The principal activities of the Group are described in note 3.

The 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 comply with Swiss law.

2. Critical accounting estimates and judgment

Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future and exercises judgment in applying its accounting policies. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as well as significant judgments in applying accounting policies, are discussed below.

(a) Accounting for investment programs

The Group assesses its involvement with the investment programs that it manages to determine whether it has control over them (see note 19.3.). In accordance with IFRS 10, the Group assesses its power over the investment programs, its exposure or rights to variable returns and its ability to use its power to affect its returns. The assessment determines whether the Group acts as an agent on behalf of the investors in the investment programs and within delegated decision-making rights or as a principal.

In its assessment, the Group focuses on its exposure to the total economic interest in the investment programs. This exposure consists of a combination of the stake the Group holds in an investment program and the Group's remuneration for the services it provides to the investment program. IFRS 10 does not provide clear-cut thresholds for determining whether or not an investment program is controlled. The Group took all available facts and circumstances into consideration and concluded for this year (same as last year) that it acts as an agent for all investment programs that it manages, except for investment programs financed with seed capital (see note 19.15.). For further details on the investment programs and their carrying amounts please refer to notes 5.3.2. and 5.3.3.

(b) Fair value

A significant portion of the Group's assets and, to a lesser extent, liabilities are carried at fair value. The fair value of some of these assets is based on quoted prices in active markets or observable market inputs.

In addition, the Group holds financial instruments for which no quoted prices are available, and which have little or no observable market inputs. For these financial instruments, the determination of fair value requires a subjective assessment with varying degrees of judgment which takes into consideration the liquidity, concentration, pricing assumptions, current economic and competitive environment and the risks affecting the specific financial instrument. In such circumstances, valuation is determined based on management's judgment related to the assumptions that market participants would use in pricing assets or liabilities (including assumptions about risk). These financial instruments mainly include financial investments in the areas of private equity, private debt, private real estate and private infrastructure, and derivatives.

For more information regarding fair value measurement, refer to note 5.5.

(c) Revenue recognition

Instances may arise where the Group must decide whether revenues should be recognized or not. These situations mainly relate to performance fees, which are foreseeable, but have not yet been collected by the Group or are subject to claw-back risk. A "claw-back" ensures that investors in an investment program are returned any performance fees paid in excess of the originally agreed upon

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

percentage during the life of the investment program. It protects investors from paying performance fees on one investment and then having a subsequent investment incur losses resulting in overall performance fees paid in excess of the originally agreed upon terms. Performance fees are only recognized once the likelihood of a potential future claw-back is no longer considered meaningful in the assessment of the Group (see note 19.7.).

(d) Others
Other relevant areas with critical accounting estimates and judgements include goodwill impairment, loss allowances on financial assets, actuarial assumptions regarding defined benefit plans (IAS 19) and uncertain tax positions in respect of the business model. These are, however, considered to be of less significance to the Group.

3. 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 following operating segments based on these reports:

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

In these operating segments, the Group provides its clients with investment services in the private markets spectrum. These services comprise both structuring and investment advisory in relation to direct investments in operating companies or assets and investments in third party managed investment programs. As part of its management services, the Group offers diversified as well as more focused investment programs in relation to investment styles, industry and geography of the investments in private markets.

Private equity
Private equity refers to investments made in private – i.e. non-publicly traded – companies. On behalf of its clients, the Group focuses on investing directly into companies that have been identified via its thematic sourcing approach with the objective of transforming them through driving strategic initiatives and operational improvements. In addition, the Group invests in the private equity secondary market by acquiring portfolios of privately held companies and in the primary market through its comprehensive set of investment relationships.

Private debt
Private debt refers to debt financing for private companies. On behalf of its clients, the Group focuses on investment opportunities within sectors and industries that are undergoing transformational change, as identified by its thematic sourcing approach. The Group provides tailored financing solutions to companies that are looking for non-bank financing across the entire debt structure. These investments range from predominantly senior loans to subordinated financing solutions and also span across different regions.

Private real estate
Private real estate refers to investments made in private real estate assets. On behalf of its clients, the Group focuses on investing in real estate assets benefiting from transformative trends where it can deploy a value creation plan. The Group invests in either equity or debt instruments, across several sectors and regions. In addition, the Group invests in the private real estate secondary market by acquiring portfolios of privately held assets and in the primary market through its comprehensive set of investment relationships.

Private infrastructure
Private infrastructure refers to investments made in private infrastructure assets. On behalf of its clients, the Group focuses on investing in essential infrastructure assets that have clear stakeholder impact which could be transformed through its entrepreneurial governance. The Group invests across the capital structure in either equity or debt instruments, as well as across sectors and regions based on its thematic sourcing approach.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

The activities in all operating segments consist of:

- Strategic asset allocation and portfolio management
- Investment management, value creation and monitoring
- Risk management
- Reporting and portfolio administration
- Relationship management

The BoD assesses the performance of the operating segments based on gross segment results which are determined by the allocation of directly attributable revenues and expenses for the respective operating segment. Therefore, the gross results per operating segment do not include the allocation of expenses that are not directly attributable to the operating segment. As the Group pursues a fully integrated investment approach, many professionals are engaged in assignments across several operating segments within the private markets asset classes. Thus, only the personnel expenses of professionals entirely dedicated to a single operating segment have been allocated to the respective operating segments. This has led to the majority of personnel expenses being unallocated to any of the operating segments. The same applies to other operating expenses. Depreciation and amortization have also not been allocated to the operating segments. All non-directly attributable elements of profit or loss are summarized in the column labelled 'Unallocated'.

Management believes that this is the most relevant way to report the results of its operating segments.

There were no intersegment transactions and, as such, no eliminations are necessary.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs							2022
	Operating segments						
	Private equity	Private debt	Private real estate	Private infra-structure	Total reportable segments	Unallocated	Total
Management fees and other revenues	979.3	237.2	219.6	322.5	1'758.6		1'758.6
Revenue deductions related to management fees and other revenues	(120.4)	(22.2)	(34.0)	(37.0)	(213.6)		(213.6)
Performance fees	228.6	18.8	10.2	22.8	280.4		280.4
Revenue deductions related to performance fees	(10.4)	(0.1)	(0.4)	(0.6)	(11.5)		(11.5)
Revenues from management services, net	**1'077.1**	**233.7**	**195.4**	**307.7**	**1'813.9**	**–**	**1'813.9**
Other operating income	19.5	3.6	16.2	16.0	55.3	2.7	58.0
Revenues and other operating income	**1'096.6**	**237.3**	**211.6**	**323.7**	**1'869.2**	**2.7**	**1'871.9**
Personnel expenses	(148.8)	(46.4)	(39.8)	(46.7)	(281.7)	(314.1)	(595.8)
Other operating expenses	(5.1)	(1.3)	(4.4)	(1.3)	(12.1)	(91.8)	(103.9)
Gross segment result before depreciation and amortization	**942.7**	**189.6**	**167.4**	**275.7**	**1'575.4**	**(403.2)**	**1'172.2**
Depreciation and amortization						(40.5)	(40.5)
Gross segment result	**942.7**	**189.6**	**167.4**	**275.7**	**1'575.4**	**(443.7)**	**1'131.7**
Reconciliation to profit for the period:							
Net finance income							(2.3)
Income tax expense							(124.5)
Profit for the period							**1'004.9**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs							2021
	Operating segments						
	Private equity	Private debt	Private real estate	Private infra-structure	Total reportable segments	Unallocated	Total
Management fees and other revenues	900.0	239.1	210.6	259.6	1'609.3		1'609.3
Revenue deductions related to management fees and other revenues	(125.2)	(23.8)	(36.3)	(30.7)	(216.0)		(216.0)
Performance fees	1'065.4	133.9	32.2	47.3	1'278.8		1'278.8
Revenue deductions related to performance fees	(79.5)	(1.7)	(0.4)	(0.6)	(82.2)		(82.2)
Revenues from management services, net	**1'760.7**	**347.5**	**206.1**	**275.6**	**2'589.9**	**–**	**2'589.9**
Other operating income	14.3	1.8	8.2	10.7	35.0	3.8	38.8
Revenues and other operating income	**1'775.0**	**349.3**	**214.3**	**286.3**	**2'624.9**	**3.8**	**2'628.7**
Personnel expenses	(251.0)	(75.7)	(46.3)	(57.1)	(430.1)	(430.5)	(860.6)
Other operating expenses	(3.8)	(0.7)	(2.8)	(0.9)	(8.2)	(69.8)	(78.0)
Gross segment result before depreciation and amortization	**1'520.2**	**272.9**	**165.2**	**228.3**	**2'186.6**	**(496.5)**	**1'690.1**
Depreciation and amortization						(39.7)	(39.7)
Gross segment result	**1'520.2**	**272.9**	**165.2**	**228.3**	**2'186.6**	**(536.2)**	**1'650.4**
Reconciliation to profit for the period:							
Net finance income							75.8
Income tax expense							(262.6)
Profit for the period							**1'463.6**

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

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Geographical information

The operating segments are managed globally with Switzerland as the headquarters. Local offices ensure access to clients and investment opportunities within their geographies. Investment management services are primarily provided out of Switzerland, while local offices such as Guernsey and Luxembourg serve as the Group's main fund hubs. In presenting information on the basis of geographical operating segments, respective revenue is based on the geographical location where the revenues are invoiced and collected.

	Revenues from management services, net	
In millions of Swiss francs	**2022**	**2021**
Switzerland[3]	41.9	143.7
Guernsey	607.4	1'047.4
Luxembourg	669.4	769.2
US	285.1	396.4
Others	210.1	233.2
Total revenues from management services, net	**1'813.9**	**2'589.9**

The respective revenues do not correspond with the profits in these countries as they are subsequently allocated to the Group's operating entities based on the Group's transfer pricing policy which complies with the OECD Transfer Pricing Guidelines.
In 2022 there was one direct counterparty (2021: one) exceeding 10% of revenues from management services, net, totaling to CHF 199.9 million (2021 CHF 321.1 million) with an exposure across the segments of Private equity, Private debt and Private infrastructure (2021: Private equity, Private debt and Private infrastructure).

4. Remuneration

4.1. Personnel expenses

In millions of Swiss francs		**2022**	**2021**
Salaries and cash bonus		(428.0)	(406.3)
Share-based payment expenses	4.2.	(57.1)	(54.7)
Other long-term benefits (Management Carry Plan)		(50.2)	(268.5)
Retirement schemes - defined contribution plans		(9.4)	(23.3)
Retirement schemes - defined benefit plans	4.5.2.	(5.5)	(4.8)
Other social security expenses		(6.0)	(80.6)
Other personnel expenses		(39.6)	(22.4)
Total personnel expenses		**(595.8)**	**(860.6)**

The average number of employees in 2022 was 1'724 (2021: 1'533), which is equivalent to 1'705 full-time employees (2021: 1'516).

[3] Revenue deductions related to management fees, performance fees and other revenues are largely reimbursed by Swiss entities (2022: CHF 128.6 million; 2021: CHF 131.2 million).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

4.2. Share-based payment expenses

The Group recognized the following expenses for grants in 2022, as well as in previous periods:

In millions of Swiss francs	Note	2022	2021
Grants 2015 (options and non-vested shares)			(0.1)
Grants 2016 (options and non-vested shares)		(0.3)	(0.7)
Grants 2017 (options and non-vested shares)		(0.6)	(1.5)
Grants 2018 (options and non-vested shares)		(0.9)	(2.3)
Grants 2019 (options and non-vested shares)		(3.7)	(7.8)
Grants 2020 (options and non-vested shares)		(7.1)	(14.3)
Grants 2021 (non-vested shares)		(9.0)	(10.9)
Grants 2022 (non-vested shares)	4.3.1.	(12.3)	
Share grants at start of employment	4.4.	(5.1)	(2.6)
Total options and non-vested shares		**(39.0)**	**(40.2)**
Grants 2017 (MPP)		(0.5)	(1.2)
Grants 2018 (MPP)		(1.8)	(3.0)
Grants 2019 (MPP)		(1.2)	(1.9)
Grants 2020 (MPP)		(1.7)	(2.6)
Grants 2020 (MIP)		(0.4)	(0.4)
Grants 2021 (MPP)		(4.3)	(4.3)
Grants 2021 (MIP)		(1.0)	(1.1)
Grants 2022 (MPP)	4.3.2.	(5.2)	
Grants 2022 (MIP)		(2.0)	
Total rights		**(18.1)**	**(14.5)**
Total share-based payment expenses[4]		**(57.1)**	**(54.7)**

4.3. Options, non-vested shares, Management Performance Plan and Management Incentive Plan

The Group has a long history of granting equity incentives to its employees. These are awarded at year-end through options, shares, the Management Performance Plan ("MPP"), and the Management Incentive Plan ("MIP").

4.3.1. Non-vested shares and options

The Employee Participation Plan ("EPP") aims to align employee interests with those of external shareholders. As in previous years, the 2022 plan was a shares-only plan for the Group's employees and its allocation to departments, teams and individuals was dependent on their performance and contribution to the overall achievement of the firm's goals during the period.

EPPs follow a linear vesting model, with proportionate annual vesting over a three- or five-year period following the awards, depending on the rank of the employee and contingent upon the employee remaining with the Group during the respective service period.

Since 2015, the Group awards an MIP to select senior members of management and members of management who have significantly contributed to the firm's success in the past and who have the potential to do so in the future. Until 2020, the MIP was a long-term option-only plan that was allocated in two tranches that followed a five-year and six-year cliff-vesting model, respectively. In 2021, the Group replaced the call option that focused entirely on the Partners Group Holding AG share price performance with participation rights on the development of the Management Fee EBIT (see note 4.3.2.).

[4] Share-based payment expenses for non-executive members of the BoD of CHF 0.8 million (2021: 0.8 million) are disclosed as a part of third party services (see note 10.).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Number and weighted average exercise price

The number and weighted average exercise price of options and non-vested shares developed as follows:

	Weighted average exercise price (in CHF)	Number of instruments	Weighted average exercise price (in CHF)	Number of instruments
	2022	2022	2021	2021
Outstanding as of 1 January	772.91	1'167'386	716.38	1'484'115
Forfeited during the period	659.19	(34'680)	362.32	(25'457)
Exercised during the period	312.65	(80'767)	480.95	(315'377)
Granted during the period - shares		49'931		24'105
Outstanding as of 31 December	**775.20**	**1'101'870**	**772.91**	**1'167'386**
Exercisable as of 31 December		**470'225**		**198'251**

Of the outstanding 1'101'870 options and non-vested shares (31 December 2021: 1'167'386), 470'225 options are exercisable immediately (31 December 2021: 198'251). All other options and non-vested shares are restricted until at least 26 September 2023.

The outstanding instruments are split by strike price and grant year as follows:

Numbers of instruments outstanding			
Grant year	**Strike price in CHF**	**31 December 2022**	**31 December 2021**
Options granted in 2012	236.00		11'879
Options granted in 2013 and 8.1.2014	270.00	16'516	20'576
Options granted in 2014	324.00	2'086	2'086
Options granted in 2015	340.00	1'418	1'418
Options granted in 2015	450.00	4'000	4'000
Options granted in 2015	446.00	1'032	1'032
Options granted in 2016	682.00	133'350	147'150
Options granted in 2016	593.00	8'088	10'110
Options granted in 2017	805.00	268'657	291'000
Options granted in 2017	810.00	35'078	35'078
Options granted in 2018	975.00	184'000	191'500
Options granted in 2018	800.00	18'489	18'489
Options granted in 2019	965.00	191'650	196'150
Options granted in 2019	807.60	20'890	20'890
Options granted in 2020	1'045.00	105'135	108'925
Non-vested shares granted from 2018 to 2022	n/a	111'481	107'103
Total instruments outstanding		**1'101'870**	**1'167'386**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

The fair value of the non-vested shares granted is based on the share price at the date of grant.

Fair value of shares granted in 2022 and related assumptions:

	Vested shares	Non-vested shares	Non-vested shares	Non-vested shares
Date of grant	**30.11.2022**	**30.11.2022**	**14.02.2022**	**30.11.2022**
Fair value per share at measurement date (share price in CHF)	925.00	925.00	1'244.00	925.00
Vesting conditions	at grant	3 years	5 years	5 years
Total shares granted	841	2'005	63	47'022
Total value granted in 2022 (in millions of CHF)	0.8	1.9	0.1	43.5
Gross amount recognized in profit or loss (in millions of CHF)	**0.8**	**0.7**	**0.0**	**11.6**
Net amount recognized in profit or loss (in millions of CHF)	**0.8**	**0.7**	**0.0**	**11.6**

Total amount recognized in profit or loss (in millions of CHF)	**13.1**
- recognized in personnel expenses related to the grant 2022 (in millions of CHF)	12.3
- recognized in third party services related to the grant 2022 (in millions of CHF)	0.8

4.3.2. Management Performance Plan & Management Incentive Plan

(a) Management Performance Plan ("MPP")

Characteristics

In 2017, the Group introduced the MPP for members of the Executive Team and executive members of the Board of Directors. In 2021, the Group further amended the MPP by replacing the option-like component that focused entirely on the Partners Group Holding AG share price performance with participation rights on the development of the Management Fee EBIT as defined in the Alternative Performance Metrics on page 32. Information on MPP grants from prior years is presented in the annual report for the respective year.

In the first five years following the grant (years 1 to 5), the intrinsic value of the MPP is determined by assessing the growth of the Management Fee EBIT. The 2022 MPP restricts payouts to a Management Fee EBIT development above a target growth rate relative to the Management Fee EBIT of the financial year at grant. The payout restriction will be assessed on the basis of the Management Fee EBIT for the fifth financial year after the grant as an intermediate step. For example, for the MPP allocated in 2022, the Management Fee EBIT payout restriction is assessed based on the Management Fee EBIT for 2027. When the Management Fee EBIT for 2027 is below CHF 1'063.2 million, equal to a 2% annual Management Fee EBIT growth rate (the floor-strike Management Fee EBIT), the intrinsic value will by default be fixed to zero and there will be no future payout of the plan; when the Management Fee EBIT for 2027 is above CHF 1'936.9 million, equal to a 15% annual Management Fee EBIT growth rate (the cap-strike Management Fee EBIT), the intrinsic value by default cannot exceed 10.6 times the initial grant value.

Over the period following the fifth financial year after the grant (years 6 to 14), the MPP payout commences if the intrinsic value on the basis of the Management Fee EBIT for the fifth financial year after the grant is positive. The total payout can deviate from the intermediate intrinsic value calculated based on the fifth financial year after the grant. The total payout is dependent on the achievement of a performance fee target, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios. Any payout will be in the form of shares equal to the value of the respective payout. The volume-weighted average share price of a defined period before the payout is used as reference price. For further details regarding the MPP, please refer to the Compensation Report.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Vesting parameters

MPP grants vest linearly over a period of five years. The linear vesting is subject to a minimum five-year tenure in the respective committee. Before that, the MPP has a five-year cliff vesting attached. Any holder of unvested MPP participation rights leaving the Group has the obligation to forfeit his or her unvested interest back to the Company.

(b) Management Incentive Plan ("MIP")

Characteristics

In 2015, the Group introduced the MIP for senior members of management and members of management who have significantly contributed to the Group's success in the past and who have the potential to do so in the future. In line with the changes to MPP in 2021, the Group replaced the call option that focused on the Partners Group Holding AG share price performance with participation rights on the development of the Management Fee EBIT. Information on MIP grants from prior years is presented in the annual report for the respective year.

Participation rights to the 2022 MIP were granted on 1 July 2022 as well as 30 November 2022 and are typically allocated in two tranches in March 2023 and March 2024. These participation rights are based on the Management Fee EBIT for 2022 and 2023, respectively.

The determination of the intrinsic value of the MIP follows the same principles as the MPP (see (a) above for details on the MPP and (c) below for the valuation) with the same floor-strike and cap-strike Management Fee EBIT. The MIP payout is based on the intrinsic value at the end of the fifth financial year (tranche 1) and sixth financial year (tranche 2) after the grant, i.e. the Management Fee EBITs for 2027 and 2028 form the basis of the intrinsic value of the 2022 MIP. Any payout will be in the form of shares equal to the value of the respective payout. The volume-weighted average share price of a defined period before the payout is used as the reference price.

Vesting parameters

MIP participation rights are subject to a five-year (tranche 1) and six-year (tranche 2) cliff-vesting restriction (starting at the date of grant) and a two-year non-compete post-vesting agreement. Any holder of unvested MIP participation rights leaving the Group has the obligation to forfeit his or her unvested interest back to the Company.

(c) Valuation of MPP and MIP

In accordance with the option-like characteristics of the MPP and MIP, the allocation date fair value is calculated similarly to the valuation of a call spread (a set of two calls: buying a call right and selling a call right at the same time) on Management Fee EBIT. The Black Scholes model is used to value the option-like element of the contract. MPP and MIP participation rights are priced in consideration of both the floor-strike Management Fee EBIT (floor/short call), which determines the price at which the Group sells the right to an MPP and MIP recipient, and the cap-strike Management Fee EBIT (cap/long call), which determines the price at which the Group would buy the right from an MPP or MIP recipient, respectively. The difference between the calculated prices of these two participation rights is considered the net price of the instrument which in turn is used to calculate the allocation date fair value.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Fair value of MPP and MIP granted in 2022 and related assumptions:

	Short-Call	Long-Call
Date of allocation	**March 2023**	**March 2023**
Management Fee EBIT (in millions of CHF)	963.0	963.0
Strike (in millions of CHF)	1'063.2	1'936.9
Vesting conditions	5 years	5 years
Expected volatility[5]	14.3%	14.3%
Expected term of execution	5 years	5 years
Expected dividend ratio	0.0%	0.0%
Risk-free interest rate (based on swap rates)	0.0%	0.0%
Total fair value of the 2022 participation right (in millions of CHF)	82.6	

Grants in 2022 to	% of 2022 participation right	Vesting conditions	In millions of CHF
2022 MPP recipients	24.2%	5 years	20.0
2021 MIP recipients (tranche 2)[6]	3.4%	5 years	2.8
2022 MIP recipients (tranche 1)	8.6%	5 years	7.1
2022 MIP recipients (tranche 2)[7]	n/a	6 years	5.6

Amount recognized in profit or loss (in millions of CHF)	
MPP	5.2
MIP	2.4
Gross amount recognized in profit or loss (in millions of CHF)	**7.6**
Forfeitures	(0.0)
Net amounts recognized in profit or loss (in millions of CHF)	**7.6**
- recognized in personnel expenses related to grant 2022 (in millions of CHF)	7.2
- recognized in personnel expenses related to grant 2021 (in millions of CHF)	0.4

[5] The applied expected volatility is based on the volatility of the Management Fee EBIT of the last 20 quarters.

[6] Under the 18 November 2021 MIP, the Group granted participation rights equaling the initial fair value of CHF 7.3 million. The amount was allocated to the participants in two tranches, CHF 4.1 million in March 2022 and CHF 3.3 million in spring 2023, whereas the latter was reduced to CHF 2.8 million at the time of the effective allocation due to forfeitures. As both parties have a common understanding of the terms and conditions and participants have begun rendering services in respect of both tranches, the Group recognizes expenses for both tranches beginning in 2021.

[7] Under the 1 July 2022 and 30 November 2022 MIP, the Group granted participation rights equaling the fair value of CHF 12.7 million. The amount is allocated to the participants in two tranches, CHF 7.1 million in March 2023 and CHF 5.6 million in spring 2024. As both parties have a common understanding of the terms and conditions and participants have begun rendering services in respect of both tranches, the Group recognizes expenses for both tranches beginning in 2022.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

4.4. Entry shares

In 2022, the Group further granted 4'995 (2021: 1’993) shares, net of forfeitures, totaling CHF 5.1 million (2021: CHF 2.6 million) to employees of the Group that commenced employment with the Group during the year. These shares are subject to a vesting period of one year. In addition, the shares are subject to a maximum five-year selling restriction, which is waived if the employee resigns from the Group before the end of the restriction period.

4.5. Employee benefits

In millions of Swiss francs	31 December 2022	31 December 2021
Net defined benefit asset		10.5
Total employee benefit assets	**–**	**10.5**
Net defined benefit liability	(1.2)	
Accrued variable compensation (cash bonus)	(329.9)	(292.0)
Management Carry Plan	(184.5)	(276.2)
Other employee benefit liabilities	(19.2)	(15.9)
Total employee benefit liabilities	**(534.8)**	**(584.1)**
Current liabilities	(200.1)	(288.1)
Non-current liabilities	(334.7)	(296.0)
Balance as of 31 December	**(534.8)**	**(584.1)**

4.5.1. 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 Management Carry Plan ("MCP") (see (a) below) and the Management Performance Plan ("MPP") (see note 4.3.2.) with the remainder, i.e. the difference between the Performance Fee Compensation Pool and the MCP/MPP allocations, being allocated via the Performance Fee Bonus Pool (see (b) below).

In 2022, performance fees recognized in the consolidated income statement amounted to CHF 268.9 million (2021: CHF 1'196.6 million), of which CHF 53.0 million (2021: CHF 285.3 million) had been pre-allocated via the MCP (including social security expenses) and CHF 7.4 million (2021: CHF 35.9 million) via the MPP. In addition, CHF 4.3 million were released (2021: CHF 9.8 million were accrued) for social security costs in relation to the MPP and CHF 51.5 million (2021: CHF 147.6 million) were allocated via the Performance Fee Bonus Pool. In 2022, the payout amounted to CHF 238.5 million for these schemes (2021: CHF 212.3 million). Based on performance fees invoiced as of 31 December 2022, the Group expects a cash payout of CHF 73.9 million (2021: CHF 196.1 million) for these schemes in the first half of 2023.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(a) Management Carry Plan allocation

A portion of the performance fees recognized from investments made during a relevant investment period is allocated to the broader management teams. The allocation is based on the MCP that was introduced in 2012 and is discretionally granted to employees on an annual basis. The grants are only paid out to the eligible employees once the performance fees are collected by the Group.

Performance fees depend on the performance attributable to investments made. The Group recognizes expenses related to the MCP in personnel expenses when the payment of the related performance fees becomes sufficiently visible. This is in the period in which performance fees are recognized in the consolidated income statement, which is generally before the effective collection of such performance fees. Until the cash amount is paid to eligible employees, the corresponding liabilities are recognized as employee benefit liabilities. The part of the liabilities that is not expected to be settled before twelve months after the end of the reporting period is presented as non-current liabilities.

(b) Performance Fee Bonus Pool allocation

The Performance Fee Bonus Pool, i.e. the difference between the Performance Fee Compensation Pool and the MCP/MPP allocation, is to be distributed among the employees. The part of the Performance Fee Bonus Pool that is not expected to be settled before twelve months after the end of the annual reporting period in which the employees render the related services is presented as non-current liabilities.

4.5.2. Defined benefit plan

The pension plan for Swiss employees ("the Pension Fund") is a defined benefit plan. The Pension Fund provides benefits for retirement, disability and surviving dependents that meet or exceed the minimum benefits required under the Federal Law on Occupational Retirement, Survivors' and Disability Insurance ("LOB" also referred to as "BVG"), including the legal coordination charge, which is also insured. The monthly premium to fund the Pension Fund's benefits is split equally between the employer and the employees. Contributions, which vary by the age of the employees, range from 6-13% of the covered salary and are credited to the employees' individual retirement savings accounts. The Pension Fund is responsible for capital investments and pursues an investment strategy with a prescribed investment policy. The Group assumes an average retirement age of 62 (female) and 63 (male), respectively. Upon retiring (including early and partial retirement), insured persons are entitled to a lifelong retirement pension if employees do not choose to withdraw the entire balance, or a portion thereof, of their individual retirement savings accounts in the form of a capital payment.

The Pension Fund is administered by Gemini Sammelstiftung, Zurich/Switzerland, which is legally separate from the Group and is governed by a foundation board. In addition, there is a pension fund commission comprised of two employee and two employer representatives. The duties of the foundation board, as well as the pension fund commission, are laid out in the LOB and the specific pension fund rules. They are required by law to act in the best interest of the participants and are responsible for setting certain policies (e.g. investment, contribution and indexation policies) for the Pension Fund. At least four times a year, the foundation board, as well as the pension fund commission, meet to analyze consequences and decide on adjustments in the investment strategy.

Pursuant to the LOB, additional employer and employee contributions may be imposed whenever a significant funding deficit arises in accordance with the LOB. The Pension Fund is exposed to actuarial risks, such as investment risk, longevity risk, disability risk, foreign currency risk and interest rate risk.

In addition to the pension plan for Swiss employees, a defined benefit plan for Swiss management also provides retirement benefits and risk insurance for death and disability for components of remuneration in excess of the maximum insurable amount of salary under the plan described above.

Furthermore, the Group has a post employment benefit obligation in a jurisdiction other than Switzerland that qualifies as a defined benefit obligation. As of 31 December 2022, this obligation amounts to CHF 1.2 million.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Development of defined benefit asset/(obligation)

In millions of Swiss francs	2022	2021
Present value of benefit obligation as of 1 January	(97.9)	(88.1)
Included in profit or loss:		
Current service cost (employer)	(5.5)	(4.8)
Interest expense on benefit obligation	(0.3)	(0.1)
Included in other comprehensive income:		
Actuarial gains/(losses) on benefit obligation arising from:		
- change in demographic assumptions		6.6
- change in financial assumptions	19.3	3.2
- experience gains/(losses)	(1.7)	(12.5)
Other:		
Employee contributions	(4.0)	(3.3)
Benefit payments	(2.7)	1.1
Present value of benefit obligation as of 31 December	**(92.8)**	**(97.9)**
Fair value of plan assets as of 1 January	108.4	85.7
Included in profit or loss:		
Interest income on plan assets	0.3	0.1
Administration cost	(0.1)	(0.1)
Included in other comprehensive income:		
Actuarial gain/(loss) on plan assets	(10.3)	17.2
Other:		
Employer contributions	3.9	3.3
Employee contributions	4.0	3.3
Benefit payments	2.7	(1.1)
Fair value of plan assets as of 31 December	**108.9**	**108.4**
Total as of 31 December	**16.1**	**10.5**
Impact of asset ceiling as of 1 January		
Included in other comprehensive income:		
Change in asset ceiling excluding amounts included in interest income/(expense)	(17.3)	
Impact of asset ceiling as of 31 December	**(17.3)**	
Net defined benefit asset/(obligation) as of 31 December	**(1.2)**	**10.5**

The weighted average duration of the net defined benefit obligation is 12.7 years as of 31 December 2022 (2021: 15.5 years).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Asset allocation as of 31 December

	Switzerland	
	2022	**2021**
Cash	7.1%	5.0%
Public debt	4.1%	5.2%
Public equity	28.0%	32.5%
Private markets	56.3%	52.5%
Semi-liquid	3.4%	3.4%
Alternatives/other	1.1%	1.4%
Total	**100.0%**	**100.0%**

Principal actuarial assumptions

The calculation of the net defined benefit asset/(obligation) included the following principal actuarial assumptions:

	Switzerland	
Principal actuarial assumptions as of 31 December	**2022**	**2021**
Discount rate	2.30%	0.30%
Interest rate on retirement credits	2.30%	1.00%
Average future salary increases	2.00%	1.50%
Future pension increases	0.00%	0.00%
Mortality tables used	BVG 2020 (GT)	BVG 2020 (GT)
Mortality model used	BFS	BFS

Sensitivity analysis

Reasonably possible changes as of the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts presented below:

	Switzerland	
In millions of Swiss francs	**Impact on defined benefit obligation**	**Impact on current service cost (employer)**
Decrease of discount rate (-0.5%)	(6.3)	(0.5)
Increase of discount rate (+0.5%)	5.5	0.5
Decrease of salary increase (-0.5%)	0.8	0.1
Increase of salary increase (+0.5%)	(0.8)	(0.1)
Shorter life expectancy (-1 year)	0.1	0.0
Longer life expectancy (+1 year)	(0.1)	(0.0)

Although the analysis above does not take into account the full distribution of expected cash flows under the defined benefit plan, it does provide an approximation of the sensitivity of the assumptions presented.

The expected employer contributions in 2023 are estimated to be CHF 4.0 million.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

5. Financial instruments including related income and expense, risks and measurement

5.1. Finance income and expense

In millions of Swiss francs	Note	2022	2021
Interest income calculated using the effective interest rate method		4.0	2.8
Net gains on fair value through profit or loss instruments	5.5.	13.6	117.0
Share of results of associates (Pearl)	6.	0.3	2.7
Total finance income		**17.9**	**122.5**
Interest expense calculated using the effective interest rate method		(7.1)	(8.9)
Other finance expense		(4.4)	(4.4)
Net foreign exchange losses		(8.7)	(33.4)
Total finance expense		**(20.2)**	**(46.7)**
Total net finance income and (expense)		**(2.3)**	**75.8**

5.2. Other operating income

In millions of Swiss francs	Note	2022	2021
Compensation from short-term loans	5.4.1.	51.3	27.5
Share of results of associates (LGT)	6.	0.0	0.0
Other income		6.7	11.3
Total other operating income		**58.0**	**38.8**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

5.3. Financial instruments

5.3.1. Financial instruments by category

The Group's financial assets can be classified into the respective categories as follows:

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Financial assets			
Financial assets at amortized cost			
Cash and cash equivalents	5.4.1.	779.5	910.7
Fee receivables	5.4.1.	283.6	353.2
Short-term loans	5.4.1.	1'324.8	1'489.2
Other receivables	5.4.1.	39.1	24.9
Accrued revenue	5.4.1.	318.6	264.7
Other financial assets	5.3.4.	432.8	532.2
		3'178.4	**3'574.9**
Financial assets at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss:			
Derivative assets held for risk management		5.1	7.7
Financial investments	5.3.2.	766.5	715.2
Assets held for sale	5.3.3.	104.5	79.5
		876.1	**802.4**
Total financial assets		**4'054.5**	**4'377.3**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

The Group's financial liabilities can be classified into the respective categories as follows:

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Financial liabilities			
Financial liabilities at amortized cost			
Trade payables	7.	59.7	99.2
Cash collateral for forward contracts	7.	1.1	7.7
Accrued revenue deductions	7.	87.1	98.6
Other payables	7.	22.1	49.8
Goods and services received not yet invoiced	7.	37.8	39.4
Lease liabilities	8.	77.5	60.8
Long-term debt	13.	799.4	799.1
Other long-term liabilities	5.4.3.	62.8	50.8
		1'147.5	**1'205.4**
Financial liabilities at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss:			
Liabilities held for sale	5.3.3.	73.0	42.6
Derivative liabilities held for risk management	7.	2.9	1.0
Other long-term liabilities	5.4.3.	0.3	0.3
		76.2	**43.9**
Total financial liabilities		**1'223.7**	**1'249.3**

5.3.2. Financial investments

The Group holds financial investments in various investment programs that it manages. These financial 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. In return the Group receives a predetermined management fee and, where applicable, a performance fee for its services which are presented as revenues from management services in the consolidated income statement.

In millions of Swiss francs	2022	2021
Balance as of 1 January	715.2	615.6
Additions	138.3	113.4
Distributions/disposals	(81.3)	(153.5)
Transfers from assets and liabilities held for sale		38.4
Change in fair value	19.4	110.1
Exchange differences	(25.1)	(8.8)
Balance as of 31 December	**766.5**	**715.2**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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

In millions of Swiss francs	31 December 2022	31 December 2021
Private equity	362.0	335.7
Private debt	214.5	218.4
Private real estate	86.1	76.4
Private infrastructure	103.9	84.7
Total financial investments	**766.5**	**715.2**

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

5.3.3. Assets and liabilities held for sale

The Group provides seed financing to certain early stage investment programs managed by the Group. The decision to provide seed financing to an investment program is made by the responsible bodies defined in the Group's Rules of the Organization and of Operations ("ROO"). These investment programs typically call the seed financing to invest in assets that are comparable to the Group's investments in investment programs that it manages (see note 5.3.2.). Therefore, the underlying assets of these investment programs are typically financial assets valued at their adjusted net asset values.

Assets and liabilities of two (2021: two) such investment programs are classified and presented as assets and liabilities held for sale. The assets and liabilities held for sale as of 31 December 2022 are comprised of private debt-related assets and liabilities:

In millions of Swiss francs	31 December 2022	31 December 2021
Assets held for sale	104.5	79.5
Liabilities held for sale	(73.0)	(42.6)
Assets and liabilities held for sale, net	**31.5**	**36.9**

5.3.4. Other financial assets

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Long-term accrued revenue	5.4.1.	420.2	450.5
Long-term loans	5.4.1.	4.4	75.2
Other		8.2	6.5
Total other financial assets		**432.8**	**532.2**

5.3.5. Capital commitments

As of 31 December 2022, the Group had capital commitment contracts of CHF 1'053.6 million (2021: CHF 1'036.6 million), of which CHF 323.2 million (2021: CHF 455.1 million) were not yet called by the relevant investment managers. 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 an obligation to pay cash until the capital is called.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

5.4. Financial risk management

Risk exposure

The Group has exposure to the following financial risks arising from its holding of financial instruments:

- credit risk (related to receivables, cash and cash equivalents and loans);
- market risk (consisting of foreign currency risk, interest rate risk and price risk); and
- liquidity risk.

This note presents both qualitative and quantitative information about the Group's exposure to each of the above listed risks and the Group's objectives, policies and processes for measuring and managing these risks.

Risk management

The Board of Directors ("BoD") has the overall responsibility for the establishment and oversight of the Group's risk management framework. The BoD has formed the Risk & Audit Committee ("RAC"), which is responsible for developing and monitoring the Group's risk management policies. The RAC reports regularly to the BoD on its activities.

The Group's risk management policies have been established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to those limits. Management is required to adhere to detailed approval processes as defined by the Rules of the Organization and of Operations. Risk management policies and systems are reviewed regularly to reflect changes in market conditions as well as in the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The RAC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The RAC is assisted in its oversight role by the Chief Risk Officer, the Chief Financial Officer as well as Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures and reports their findings to the RAC.

The RAC reviews and monitors the assessment of the risks to which the Group is exposed. In particular, the risk assessment covers financial, operational, regulatory, legal, and conduct risk. As a part of its assessment, the RAC takes into consideration the internal control system designed to monitor and reduce the risks of the Group.

5.4.1. Credit risk

The following sections present the Group's exposure to credit risk and how it is managed by the Group. Credit risk arises from the possibility that counterparties to transactions may fail to meet their obligations, causing financial losses to the Group. These counterparties are mainly comprised of banks, investment programs managed by the Group on behalf of its clients, and their underlying investments. In assessing the risks related to its counterparties, the Group considers both qualitative and quantitative indicators such as overdue status, historical default rates, proprietary internal risk rating and financial information of the investment programs managed by the Group. These indicators are typically based on data developed internally by the Group. Additionally, the Group considers data obtained from external sources (e.g. default probabilities and financial information on underlying investments). The Group has direct insights into the financial situation of most of its counterparties, since the majority of the Group's customers are investment programs that are managed by the Group on behalf of its clients and, to a lesser extent, the investments of such investment programs for which the Group receives detailed financial information.

The assessment of loss allowances for financial assets is based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The Group regularly monitors significant changes in credit risk against defined risk limits and budgets in line with the Group's risk management policies. When there is no reasonable expectation of full recovery, financial assets are written off.

The Group's credit risk exposure arises from trade and other receivables, cash and cash equivalents, and loans. To manage credit risk, the Group periodically assesses counterparty credit risk, assigns credit limits on banks, monitors adherence to the risk-weighted maximum exposure on loans, and takes actions to mitigate credit risks where appropriate.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(a) Trade and other receivables

Trade and other receivables are recognized initially at their transaction price and are subsequently measured at amortized cost less loss allowances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for fee receivables. Under this approach, the lifetime expected credit loss is calculated based on historical default rates over the expected life of the receivables, current conditions and adjustments for forward-looking estimates.

The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking into account any collateral held or other credit enhancements, is equal to the carrying amount.

In millions of Swiss francs	31 December 2022	31 December 2021
Fee receivables	283.6	353.2
Other receivables	39.1	24.9
Accrued revenue	318.6	264.7
Total trade and other receivables - short term	**641.3**	**642.8**
Long-term accrued revenue[8]	420.2	450.5
Total trade and other receivables	**1'061.5**	**1'093.3**

The majority of the Group's customers are investment programs that are managed by the Group on behalf of its clients. This gives the Group insights into the financial situations of such customers. Typically, receivables with such customers are backed by unfunded client commitments. These commitments can be drawn upon to settle outstanding receivables and are jointly backed by the respective clients of the investment program. The underlying assets in the investment programs serve as an additional layer of security.

Measurement

To measure the expected credit losses, fee receivables are grouped based upon the number of days past due. Accrued revenue is a financial instrument which typically relates to not yet invoiced fees and has a similar risk characteristic as fee receivables. Due to its nature, accrued revenue is considered not yet due.

The Group's trade and other receivables balance as of 31 December 2022 is composed of more than 350 customers (31 December 2021: more than 350) of which the largest represents less than 10% (31 December 2021: less than 10%). The historic default rate over the past 5 years has been consistently at 0.0% (2021: 0.0%) on the annual revenues and, as of the reporting date, no material receivables were overdue (31 December 2021: no material ones). Additionally, the Group is in direct discussion with the customers that have overdue outstanding amounts. Receivables are written off when there is no reasonable expectation of recovery. For the year ended 31 December 2022, CHF 0.0 million of write offs were reported (2021: CHF 0.0 million). Based on its assessment as of 31 December 2022, the Group's expected credit losses amount to CHF 0.0 million (31 December 2021: CHF 0.0 million). Therefore, the Group has not recognized an allowance as of 31 December 2022 (31 December 2021: none recognized).

(b) Cash and cash equivalents

Cash and cash equivalents typically include balances with banks and financial institutions that feature a strong credit rating and are cancellable on sight. The Group calculates a 12-month expected credit loss as a simplification for all cash and cash equivalents. Cash and cash equivalents are typically accessible within a day and at the latest within 35 days. The Group evaluates each counterparty using an internal proprietary risk rating that includes several observable parameters such as credit risk ratings, credit default swap levels, stock price, capital ratio and return on assets. The internal proprietary risk rating determines the expected credit loss of its bank balances. For bank balances, typically, only independently rated parties with a minimum internal proprietary risk rating of '6' ('low risk') are accepted. This is typically a proxy of "A-3" or equivalent as per internationally recognized credit scale short-term issue credit ratings definitions (such as Standard & Poor's). In addition, the Group assigns a rating-based maximum exposure limit per counterparty which acts as a further layer of protection. Exposure to these risks is closely monitored by the Group and kept within predetermined parameters.

[8] Presented in the line item other financial assets in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Measurement

The Group diversifies its cash and cash equivalents across various financial institutions to limit concentration of exposure with any one financial institution but is exposed to credit risk in the event of default of such financial institutions. The Group's internal proprietary risk scoring is scaled from 0-10, with 10 being the highest quality / lowest risk. No significant changes to estimation techniques or assumptions were made during the reporting period, and therefore the internal proprietary risk rating is consistent over the reporting period. On that basis, the expected credit loss on cash and cash equivalents as at 31 December 2022 was determined as follows:

In millions of Swiss francs					31 December 2022
Company internal proprietary risk scoring[9]	**Link to international credit ratings[10]**	**Gross carrying amount**	**% Gross carrying amount**	**Weighted average expected credit loss rate**	**Expected credit loss**
Scale 10-6: Low risk	A	756.6	97.0%	0.1%	0.5
Scale 5-3: Fair risk	B	22.9	3.0%	0.4%	0.1
Scale 2-1: Doubtful	C				
Scale 0: Loss	D				
Total		**779.5**	**100.0%**		**0.6**

In millions of Swiss francs					31 December 2021
Company internal proprietary risk scoring[9]	**Link to international credit ratings[10]**	**Gross carrying amount**	**% Gross carrying amount**	**Weighted average expected credit loss rate**	**Expected credit loss**
Scale 10-6: Low risk	A	910.6	100.0%	0.1%	0.5
Scale 5-3: Fair risk	B	0.1	0.0%	0.4%	0.0
Scale 2-1: Doubtful	C				
Scale 0: Loss	D				
Total		**910.7**	**100.0%**		**0.5**

Cash and cash equivalents amounted to CHF 779.5 million as of 31 December 2022 (31 December 2021: CHF 910.7 million). The risk-weighted average rating of the overall cash portfolio was 'low risk' as of 31 December 2022 (31 December 2021: 'low risk'). The largest bank exposure represents 38% percent of cash and cash equivalents, with a rating of 10 (equivalent to A-1+ as per Standard & Poors) as of 31 December 2022 (31 December 2021: 19% with a rating of 10, equivalent to A-1+). The Group sets clear risk limits to minimize the negative impact that may arise from counterparty risk concentrations and possible counterparty defaults. These risk limits are regularly monitored and adherence to this risk framework is regularly reported to the RAC.

The Group considers that its cash and cash equivalents have a low credit risk based on its internal proprietary risk scoring. Based on its assessment as of 31 December 2022, the Group has not identified any material expected credit losses (31 December 2021: not material) and has not booked an allowance (31 December 2021: none).

[9] Internal proprietary risk scoring based on several observable parameters such as credit risk ratings, credit default swap levels, stock price, capital ratio, and return on assets.
[10] For illustrative purposes, this column links the Company's internal proprietary risk scoring to internationally recognized credit scale short-term issue credit ratings (such as Standard & Poor's).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(c) Loans

The Group's loans are composed of short-term and, to a lesser extent, long-term loans. The Group's loans are typically granted to various investment programs (including investment vehicles) managed by the Group on behalf of its clients. Typically, the loans to investment programs are granted in the form of bridge loans, credit facility loans, or pre-financing loans.

The fact that short-term loans are typically granted to investment programs that are managed by the Group on behalf of its clients gives the Group insights into the financial situation of such borrowers. In addition, most of the loans are backed by the unfunded commitments of the investment programs' clients, which can be drawn upon to repay related loans and which are jointly backed by such clients. The underlying assets in the investment programs serve as an additional layer of security. To manage default risks, the Group ensures that loans to investment programs are classified according to their characteristics and corresponding risk weights and measured against a risk budget. The monitoring of the risk budget forms part of the management reporting. The loan approval 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 a high quality of the Group's loan portfolio.

Measurement

The Group reassesses the credit risks of its loans on a regular basis by calculating expected credit losses. The Group hereby applies the general approach as required by IFRS 9. Under this approach, the 12-month expected credit loss is calculated based on historical default rates, current conditions and adjustments for forward-looking estimates so long as the credit risk has not increased significantly relative to the credit risk at the date of initial recognition (stage 1, 'credit risk in line with original expectations'). Otherwise, the Group switches to lifetime expected credit losses (stage 2, 'lifetime ECL not credit impaired', or stage 3 'lifetime ECL credit impaired'). Stage 2 consists of loans for which a significant increase in credit risk has occurred compared to original expectations. A significant increase in credit risk is typically presumed if compensation on short-term loans and/or principal repayments are past due for more than 30 days. Stage 3 is typically characterized by compensation on short-term loans and/or principal repayments being past due and for which no reasonable expectation for full recovery exists.

Short-term loans

The Group classifies its short-term loans into three categories (bridge loans, credit facility loans, pre-financing loans) based on the underlying characteristics of the loans that are described in the table below. These characteristics, including the available information about the borrower, determine the credit risk weights that in turn form the basis for the loan exposures and the calculation of the expected credit loss, if any.

Risk weight per loan		
Loan type	**Risk weight**	**Characteristics**
Bridge loans	Low	Loans to investment programs that are typically backed by unfunded client commitments. Investment programs have a low risk of default and a strong capacity to meet contractual cash flows.
Credit facility loans	Low	Loans to investment programs that are backed by the underlying investment portfolio, and hence are of limited size compared to the overall investment portfolio and therefore typically have a low loan-to-value ratio.
Pre-financing loans	Fair	Loans to investment vehicles in an early stage with typically limited or no client commitments to pre-finance upcoming investments. As there are typically limited or no client commitments, these loans could be exposed to the value development of the acquired investments in an adverse scenario. Therefore, these loans are typically subject to higher risk weights and higher loan-to-value ratios than bridge loans and credit facility loans.

Loan exposures are subject to ongoing monitoring. Over the term of the loans, the Group accounts for significant credit risks by providing for expected credit losses on a timely basis. Over the past years, the Group has not experienced any material credit losses.

The Group calculates a 12-month expected credit loss as a simplification for all short-term loans for both stages 1 and 2. However, the majority of the Group's short-term loans typically mature within 1 and 3 months.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

The following tables provide information about the exposure to credit risks and expected credit loss related to loans at 31 December 2022 and 2021:

In millions of Swiss francs					31 December 2022
Loan types	Internal risk weight	Nominal carrying amounts Stage 1	Nominal carrying amounts Stage 2	Nominal carrying amounts Stage 3	Expected credit loss[11]
Bridging loans	Low	1'289.3			0.8
Credit facility loans	Low	7.0			0.0
Pre-financing loans	Fair	28.5			0.2
Total		**1'324.8**	**–**	**–**	**1.0**

In millions of Swiss francs					31 December 2021
Loan types	Internal risk weight	Nominal carrying amounts Stage 1	Nominal carrying amounts Stage 2	Nominal carrying amounts Stage 3	Expected credit loss[11]
Bridging loans	Low	1'400.2			0.6
Credit facility loans	Low	29.9			0.0
Pre-financing loans	Fair	59.1			0.7
Total		**1'489.2**	**–**	**–**	**1.3**

As of 31 December 2022, all short-term loans were in stage 1 and no transfers between the different stages were identified. There was no indication of significant credit risk increases relative to the credit risks at the date of initial recognition. As of 31 December 2022, the number of outstanding short-term loans was 477 (31 December 2021: 441) and the average amount per outstanding loan was CHF 2.8 million (2021: CHF 3.4 million). No counterparty represented more than 20% (31 December 2021: not more than 15%) of the overall loan portfolio. In 2022, the Group received arm's length compensation on short-term loans of CHF 51.3 million (2021: CHF 27.5 million) for the granting of short-term loans as part of its maintenance of investment programs, and hence as part of its operating activities.

Based on its assessment as of 31 December 2022, the Group has not identified any material expected credit losses in relation to its short-term loans and has not recognized any allowance for credit losses (31 December 2021: none).

Long-term loans

Long-term loans amounting to CHF 4.4 million (31 December 2021: CHF 75.2 million) are typically composed of employee loans. The decrease compared to 31 December 2021 is mainly driven by the repayment of a syndicated loan granted to an investment project. The employee loans are typically secured by shares of the Company, which are blocked for sale for the tenure of the loan. The Group considers the borrowers to have a strong capacity to meet their contractual obligations. As of 31 December 2022, all long-term loans were in stage 1 and no transfers between the different stages were identified. Based on its assessment of applying a fair risk weight on the long-term loans as of 31 December 2022, the Group has identified expected credit losses of CHF 0.0 million in relation to its long-term loans (31 December 2021: CHF 2.1 million) and has not recognized any allowance for credit losses (31 December 2021: none).

5.4.2. Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. The Group may buy and sell derivatives in order to manage certain market risks.

[11] The expected credit loss at stage 1 is the product of the loss expected in a stress scenario times the likelihood of such stress scenario to materialize with 12 months after the period-end date.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(a) Foreign currency risk

Foreign currency risk arises because the amounts of local currencies paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates (transaction exposures) and because the foreign currency denominated financial statements of the Group's foreign subsidiaries may vary upon consolidation into the Swiss franc denominated Group financial statements (translation exposures).

The Group is exposed to transactional foreign currency risk mainly on receivables, payables, cash and cash equivalents, employee benefit liabilities as well as loans that are denominated in currencies other than the functional currency of the respective legal entity of the Group. Foreign currency risk mainly results from exposures in Euros (EUR), US dollars (USD), British pounds (GBP) and Singapore dollars (SGD). The Group's hedging policy related to foreign currency risk is to economically hedge the risk with the objective of limiting the volatility of Swiss francs against other denominated transactional currencies. Typically, the Group hedges foreign currency exposures related to loans to its products. Consequently, the Group's net balance sheet currency risk after hedging is limited mainly to intercompany receivables and payables, cash and cash equivalents, trade and other receivables and payables, and employee benefit liabilities.

Sensitivity

The Group's transactional foreign currency exposure at the end of the reporting period on the unhedged positions, expressed in CHF, was as follows:

In millions of Swiss francs	31 December 2022					31 December 2021				
Foreign currency exposure	**EUR CHF**	**USD CHF**	**GBP CHF**	**SGD CHF**	**Others CHF**	**EUR CHF**	**USD CHF**	**GBP CHF**	**SGD CHF**	**Others CHF**
Cash and cash equivalent	12.3	181.7	5.9	2.0	10.1	58.7	84.0	5.9	1.4	11.2
Trade and other receivables	106.1	143.7	21.1	1.9	22.5	82.1	102.8	20.8	0.0	22.7
Trade and other payables	(39.9)	(31.2)	(5.7)	(0.5)	(20.7)	(53.6)	(32.5)	(12.2)	(0.0)	(20.0)
Employee benefit liabilities[12]		(131.9)					(204.0)			
Short-term loans							86.6			
Net intercompany positions	118.7	51.2	(39.5)	(63.5)	(22.1)	151.5	(5.5)	(77.4)	(89.7)	(34.1)
Net exposure	**197.2**	**213.5**	**(18.2)**	**(60.1)**	**(10.2)**	**238.7**	**31.4**	**(62.9)**	**(88.3)**	**(20.2)**
Sensitivity on net exposure										
5% appreciation to CHF[13]	9.9	10.7	(0.9)	(3.0)	(0.5)	11.9	1.6	(3.1)	(4.4)	(1.0)
Impact on the profit and loss	**9.9**	**10.7**	**(0.9)**	**(3.0)**	**(0.5)**	**11.9**	**1.6**	**(3.1)**	**(4.4)**	**(1.0)**

For the foreign currency exchange rates applied against the Swiss franc refer to note 19.5.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent from changes in market interest rates. The Group is mainly exposed to interest rate risk with respect to its cash and cash equivalents held at banks and its short-term borrowings under its syndicated credit facilities. Due to the short-term nature of these balance sheet items and the relatively low sensitivity to interest rates, the Group currently does not actively manage its interest rate risk. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

[12] Employee benefit liabilities do not form part of financial instruments but are a significant source of foreign currency exposure, and therefore included in this table.
[13] Other assumptions remain unchanged and a depreciation to CHF of 5% would have the converse effect.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Variable rate instruments			
Financial assets			
Cash and cash equivalents	5.4.1.	779.5	910.7
		779.5	**910.7**
Financial liabilities			
Cash collateral for forward contracts	7.	(1.1)	(7.7)
Credit facilities drawn	5.4.3.	(270.0)	
		(271.1)	**(7.7)**
Total variable rate instruments		**508.4**	**903.0**
Fixed rate instruments			
Financial assets			
Short-term loans	5.4.1.	1'324.8	1'489.2
Long-term loans	5.4.1.	4.4	75.2
Other		8.2	6.5
		1'337.4	**1'570.9**
Financial liabilities			
Lease liabilities	8.	(77.5)	(60.8)
Long-term debt	13.	(799.4)	(799.1)
		(876.9)	**(859.9)**
Total fixed rate instruments		**460.5**	**711.0**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates on the balances at the reporting date would have increased/(decreased) annual profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, particularly foreign currency exchange rates, remain constant.

In millions of Swiss francs	Profit or loss			
	2022		2021	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	5.1	(5.1)	9.0	(9.0)

Fair value sensitivity analysis for fixed rate instruments

The Group does not designate any fixed rate financial assets or liabilities as at fair value through profit or loss. Therefore, changes in market interest rates do not affect profit or loss.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(c) Price risk

The Group is exposed to market price risk (other than interest rate and foreign currency risk) because of its own investments in investment programs which are classified at fair value through profit or loss.

Most of the Group's investments are entered into under investment management contracts whereby the Group invests alongside third-party investors in the Group's investment programs invested in underlying private equity, private debt, private real estate, or private infrastructure investments. These investments qualify, in accordance with IAS 32, as either equity instruments or debt instruments. Typically, instruments qualifying as debt instruments contain embedded derivatives for which fair value is derived from the adjusted net asset value of the underlying investment programs which in turn is based upon the value of the underlying assets held within each of the investment programs.

In assessing the market risk associated with the Group's investments, a volatility ratio was applied to each of its investments classified as financial investments or assets and liabilities held for sale. The Group used long-term data to determine the volatility for each asset class.

	Carrying amount/volatility			
In millions of Swiss francs	**2022**	**Volatility**	**2021**	**Volatility**
Financial investments				
Private equity	362.0	18.0%	335.7	18.0%
Private debt	214.5	8.0%	218.4	8.0%
Private real estate	86.1	15.0%	76.4	15.0%
Private infrastructure	103.9	12.0%	84.7	12.0%
Assets and liabilities held for sale	31.5	8.0%	36.9	8.0%
Total	**798.0**		**752.1**	

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

Based upon the applied long-term volatility for the individual asset classes, the Group is exposed to the following price risk on profit or loss:

	Profit or loss	
In millions of Swiss francs	**2022**	**2021**
Financial investments		
Private equity	65.2	60.4
Private debt	17.2	17.5
Private real estate	12.9	11.5
Private infrastructure	12.5	10.2
Assets and liabilities held for sale	2.5	3.0
Total	**110.3**	**102.6**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

5.4.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's long-term contracts with clients mitigate its exposure to liquidity risk.

In order to assess the development of its liquidity, the Group performs a cash flow forecasting which is integrated into the budgeting and reporting process and assists in monitoring cash flow requirements.

Cash flow forecasting is performed at group level. Typically, the Group ensures that it has sufficient cash on hand to meet expected operational expenses as well as the servicing of financial obligations, excluding the potential impact of extreme circumstances that cannot reasonably be predicted. Surplus cash held by the Group's subsidiaries, over and above the balance required for working capital management, is transferred to the Company to the extent permitted by regulatory and legal provisions. In addition, the BoD and the Executive Team formally monitor the liquidity available on a quarterly basis. The available liquidity targeted should allow the Group to sustain its operations with minimal disruptions in a financial crisis scenario and/or a depressed economic environment. The Group typically holds its cash in current accounts or invests it in time deposits and money market deposits deemed to have appropriate maturities or sufficient liquidity to provide headroom as determined by the aforementioned cash flow forecasts. Cash and cash equivalents are typically accessible within a day.

Financing arrangements

The Group maintains the following lines of credit:

The Group has two unsecured credit facilities of CHF 622 million (31 December 2021: CHF 460 million) and CHF 585 million (31 December 2021: CHF 375 million) with a syndicate of Swiss banks and a syndicate of Swiss and international banks, respectively. These credit facilities can be used for general corporate purposes with a primary focus on working capital financing. Interest rates are variable and determined by the relevant short-term interest rate plus a margin. The facilities are subject to maximum debt covenants which have been met throughout the current and prior year.

An additional unsecured credit facility of CHF 30 million can be used for current account overdrafts or for fixed advances with a maturity of up to six months (31 December 2021: CHF 30 million). Interest is set at a fixed interest rate. The facility is subject to a maximum debt covenant which was met throughout the current and prior year.

As of 31 December 2022, CHF 270 million of these facilities were drawn (31 December 2021: nil), leaving an undrawn amount of CHF 967 million (31 December 2021: CHF 865 million).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Maturity of financial liability

The following table discloses the financial liabilities with their contractual maturities:

In millions of Swiss francs								31 December 2022
	Note	Carrying amount	Total (undiscounted)	6 months or less	6 - 12 months	13 - 24 months	25 - 60 months	More than 60 months
Trade payables[14]	7.	59.7	59.7	59.7				
Goods and services received not yet invoiced[14]	7.	37.8	37.8	35.5	2.3			
Derivative liabilities held for risk management[14]	7.	2.9	2.9	2.9				
Accrued revenue deductions[14]	7.	87.1	87.1	71.9	15.2			
Cash collateral for forward contracts[14]	7.	1.1	1.1	1.1				
Lease liabilities	8.	77.5	77.7	6.6	6.6	11.9	19.6	33.0
Other payables[14]	7.	22.1	22.1	22.0	0.1			
Credit facilities drawn		270.0	270.0	270.0				
Long-term debt	13.	799.4	811.3	2.5		302.6	506.2	
Other long-term liabilities[15]		63.1	63.1			43.9	18.9	0.3
Unfunded commitments	5.3.5.	323.2	323.2	323.2				
		1'743.9	**1'756.0**	**795.4**	**24.2**	**358.4**	**544.7**	**33.3**

In millions of Swiss francs								31 December 2021
	Note	Carrying amount	Total (undiscounted)	6 months or less	6 - 12 months	13 - 24 months	25 - 60 months	More than 60 months
Trade payables[14]	7.	99.2	99.2	99.2				
Goods and services received not yet invoiced[14]	7.	39.4	39.4	37.1	2.3			
Derivative liabilities held for risk management[14]	7.	1.0	1.0	1.0				
Accrued revenue deductions[14]	7.	98.6	98.6	67.6	31.0			
Cash collateral for forward contracts[14]	7.	7.7	7.7	7.7				
Lease liabilities	8.	60.8	66.6	5.2	6.7	12.8	18.9	23.0
Other payables[14]	7.	49.8	49.8	49.6	0.2			
Long-term debt	13.	799.1	813.8	2.5		2.5	306.7	502.1
Other long-term liabilities[15]		51.1	51.1			39.4	11.7	
Unfunded commitments	5.3.5.	455.1	455.1	455.1				
		1'661.8	**1'682.3**	**725.0**	**40.2**	**54.7**	**337.3**	**525.1**

[14] Presented in the line item trade and other payables in the consolidated balance sheet.
[15] This line item includes long-term accrued liabilities related to the investment programs and other third parties.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

5.5. Fair value measurement

Overview

Fair value is the price that would be received for selling 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, which is classified by the observability of 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 (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for assets or liabilities that are not based on observable market data (i.e. 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				31 December 2022
	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management		5.1		5.1
Assets held for sale			104.5	104.5
Financial investments	0.0		766.5	766.5
Financial assets	**0.0**	**5.1**	**871.0**	**876.1**
Derivative liabilities held for risk management[16]		2.9		2.9
Liabilities held for sale			73.0	73.0
Other long-term liabilities			0.3	0.3
Financial liabilities	**–**	**2.9**	**73.3**	**76.2**

In millions of Swiss francs				31 December 2021
	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management		7.7		7.7
Assets held for sale			79.5	79.5
Financial investments	0.0		715.2	715.2
Financial assets	**0.0**	**7.7**	**794.7**	**802.4**
Derivative liabilities held for risk management[16]		1.0		1.0
Liabilities held for sale			42.6	42.6
Other long-term liabilities			0.3	0.3
Financial liabilities	**–**	**1.0**	**42.9**	**43.9**

The carrying amounts for cash and cash equivalents, trade and other receivables, short-term loans, and trade and other payables, and credit facilities drawn are expected to approximately equal the fair values given the short-term nature of these financial instruments. The carrying amounts for other financial assets and the remaining other long-term liabilities are expected to not materially differ from

[16] Presented in the line item trade and other payables in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

fair values given the outstanding balances and expected settlement dates, except for the corporate bonds whose fair values are disclosed in note 13.

The following tables show the reconciliation of all level 3 financial instruments in 2022 and 2021:

In millions of Swiss francs		2022
	Financial assets	Financial liabilities
Balance as of 1 January	794.7	42.9
Additions	169.0	30.7
Distributions/disposals	(81.7)	
Change in fair value[17]	13.6	0.0
Exchange differences	(24.6)	(0.3)
Balance as of 31 December	**871.0**	**73.3**

In millions of Swiss francs		2021
	Financial assets	Financial liabilities
Balance as of 1 January	921.3	254.9
Additions	178.9	42.7
Distributions/disposals	(423.9)	(263.3)
Change in fair value[17]	117.0	(0.0)
Exchange differences	1.4	8.6
Balance as of 31 December	**794.7**	**42.9**

Change in fair value includes unrealized losses of CHF 43.1 million (31 December 2021: unrealized gains of CHF 43.5 million) for recurring fair value measurements categorized within level 3 of the fair value hierarchy recognized in profit or loss attributable to balances held at the end of the reporting period.

There were no transfers between levels.

[17] Presented in the line items finance income and finance expense in the consolidated income statement.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Financial investments and assets and liabilities held for sale

Financial investments (see note 5.3.2.) and assets and liabilities held for sale (see note 5.3.3.), disclosed as level 3 financial instruments, reflect the Group's own investments in investment programs that the Group manages. For these investments, the determination of fair value requires a subjective assessment with varying degrees of judgment depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific investments. In such circumstances, valuation is determined based on management's judgment on the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Group applies control processes to ensure that the fair value of its own investments reported in the consolidated financial statements, including those derived from pricing models, are in accordance with IFRS 13 and determined on a reasonable basis. Such controls include reviews of profit or loss statements of underlying investments at regular intervals, risk monitoring and reviews of price verification procedures and models, which are used to estimate the fair value of these investments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

Control processes also include the review and approval of new underlying investments made on behalf of investors. The Group has several investment committees. The investment selections and recommendations follow a standardized process which includes several iterations in the Specialist Investment Committee as well as Global Investment Committee. Depending on the investment threshold, the Specialist Investment Committee or the Global Investment Committee signs the Investment Advice. The Global Portfolio Committee supports both committees with regards to the portfolio allocation into Partners Group's programs and mandates. These committees decide whether or not new investments will be advised to the manager of the investment program.

Valuation techniques used to determine fair values of underlying investments

Financial investments held by the Group consist of underlying assets and liabilities within investment programs. In turn, these investment programs are invested in direct and indirect equity and debt instruments. The following valuation techniques are applied by the Group to determine the fair values of underlying equity and debt instruments in line with IFRS 13:

- market approach;
- income approach; and
- adjusted net asset value method.

Securities traded on one or more securities exchanges are typically valued based on their respective market prices as of measurement date adjusted for potential restrictions on the transfer or sale of such investment.

Underlying investments are valued using either of the described valuation techniques below.

Market approach

The market approach comprises valuation techniques such as market comparable companies and multiple techniques. A market comparable approach uses quoted market prices or dealer quotes for similar instruments to determine the fair value of a financial asset. A multiple approach can be used in the valuation of less liquid securities. Comparable companies and multiple techniques assume that the valuation of unquoted direct investments can be assessed by comparing performance measure multiples of similar quoted assets for which observable market prices are readily available. Comparable public companies based on industry, size, development stage, strategy, etc. have to be determined. Subsequently, the most appropriate performance measure for determining the valuation of the relevant direct investment is selected (these include but are not limited to enterprise value ("EV")/EBITDA ratios, price/ earnings ratios for earnings or price/book ratios for book values). Trading multiples for each comparable company identified are calculated by dividing the value of the comparable company by the defined performance measure. The relevant trading multiples might be subject to adjustment for general qualitative differences such as liquidity, growth rate or quality of customer base between the valued direct investment and the comparable company set. The indicated fair value of the direct investment is determined by applying the relevant adjusted trading multiple to the identified performance measure of the valued company.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Income approach

Within the income approach, the Group primarily uses the discounted cash flow method and the capitalization model. Expected cash flow amounts are discounted to a present value at a rate of expected return that represents the time value of money and reflects the relative risks of the direct investment. Direct investments into debt instruments can be valued by using the instrument's expected cash flows while direct investments into equity instruments can be valued by using the "cash flow to equity" method, or indirectly, by deriving the EV using the "cash flow to entity" method and subsequently subtracting the direct investment's net debt in order to determine the equity value of the relevant direct investment. Expected future cash flows based upon agreed investment terms or expected growth rates have to be determined. In addition, and based on the current market environment, an expected return of the respective direct investment is projected. The future cash flows are discounted to the present date in order to determine the current fair value.

Adjusted net asset value method

Indirect investments of investment programs managed by the Group are typically valued at the indirect investments' net asset values last reported by the indirect investments' general partners. When the reporting date of such net asset values does not coincide with the investment programs' reporting date, the net asset values are adjusted as a result of cash flows to/from an indirect investment between the date of the most recently available net asset valuation and the end of the reporting period of the investment program, and further information gathered by the Group during its on-going investment monitoring process. This monitoring process includes, but is not limited to, binding bid offers, other market participant information on developments of portfolio companies held by indirect investments or syndicated transactions, which involve such companies.

Unobservable input factors

Where available, valuation techniques use market-observable assumptions and inputs. If such information is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Group selects the unobservable inputs to be used in its valuation techniques based on a combination of historical experience, derivation of input levels based upon similar investment programs with observable price levels and knowledge of current market conditions and valuation approaches.

Within its valuation techniques the Group typically uses different unobservable input factors. Significant unobservable inputs include: EV/EBITDA multiples, discount rates, capitalization rates, price/book as well as price/earnings ratios and EV/sales multiples. The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments and adjusts the model as deemed necessary. Further inputs consist of external valuation appraisals and broker quotes. A significant portion of the investment programs' direct equity investments are measured using EV/EBITDA multiples. EV/EBITDA multiples used show wide ranges.

The value of level 3 direct investments valued by using unobservable input factors are directly affected by a change in that factor. The change in valuation of level 3 direct investments may vary between different direct investments of the same category as a result of individual levels of debt financing within such an investment.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Sensitivity of fair values

From a Group perspective, the fair value of financial investments and assets and liabilities held for sale is typically dependent on the adjusted net asset value 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	31 December 2022	31 December 2021
Adjusted net asset value (1% increase)	8.0	7.5

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 for its financial investments, and assets and liabilities held for sale. Due to the broad range of unobservable input factors used in the valuation of the investment programs' direct investments, a sensitivity analysis on these underlying unobservable input factors does not result in meaningful outcomes.

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6. Investments in associates

The Group accounted for investments in associates as of 31 December 2022 as summarized below:

In millions of Swiss francs	Principal activity	Fair value	Carrying value	Ownership
Pearl Holding Limited, Guernsey ("Pearl")	Private equity investments	12.9	12.9	28.0%
LGT Private Equity Advisers, Liechtenstein ("LGT")	Asset management	0.5	0.5	40.0%
Total investments in associates			**13.4**	

In millions of Swiss francs	Note	2022	2021
Balance as of 1 January		18.3	25.0
Redemption of shares (Pearl)		(4.4)	(8.5)
Share of results (Pearl)	5.1.	0.3	2.7
Share of results (LGT)	5.2.	0.0	0.0
Exchange differences		(0.8)	(0.9)
Balance as of 31 December		**13.4**	**18.3**

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

	Pearl		LGT	
In millions of Swiss francs	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Total assets	46.9	63.4	1.3	1.4
Total liabilities	1.0	0.1	0.1	0.2
Equity	45.9	63.3	1.2	1.2
Revenues and other operating income	2.7	11.2	1.1	1.4
Profit/(loss) for the period	0.9	9.4	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.

Pearl Holding Limited

Pearl's investments are managed on a discretionary basis by Pearl Management Limited, Guernsey, which is advised by Partners Group AG, Switzerland ("PGAG"), in accordance with an investment advisory agreement. PGAG's duties are to provide asset allocation advice, commercial due diligence reviews, investment and disinvestment proposals and performance monitoring. For the described services, the Group is entitled to receive administration, management and performance fees.

Share of results of associates

The share of results of associates resulting from Pearl is disclosed in profit or loss as net finance income and expense (see note 5.1.), while the share of results of associates resulting from LGT is disclosed as other operating income (see note 5.2.). The Group assesses LGT's results as comparable to management services and therefore discloses the results as operating income. Pearl's results are mainly driven by distributions and changes in fair value of the underlying investments, comparable to changes in fair value of financial investments (see note 5.3.2.), which are presented as net finance income and expense in the consolidated income statement (see note 5.1.).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

7. Trade and other payables

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Trade payables		59.7	99.2
Goods and services received not yet invoiced		37.8	39.4
Derivative liabilities held for risk management		2.9	1.0
Accrued revenue deductions		87.1	98.6
Cash collateral for forward contracts		1.1	7.7
Lease liabilities	8.	14.9	10.9
Other payables		22.1	49.8
Total trade and other payables		**225.6**	**306.6**

8. Lease liabilities

In millions of Swiss francs	2022	2021
Lease liabilities as of 1 January	60.8	66.9
Additions	32.9	4.2
Removals	(4.1)	(0.4)
Accreted interest	1.3	1.0
Lease payments	(12.9)	(11.7)
Exchange differences	(0.5)	0.8
Lease liabilities as of 31 December	**77.5**	**60.8**
Current liabilities	14.9	10.9
Non-current liabilities	62.6	49.9
Lease liabilities as of 31 December	**77.5**	**60.8**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

9. Income tax

9.1. Income tax expense

9.1.1. Recognized in profit or loss

In millions of Swiss francs	Note	2022	2021
Current tax expense:			
Current year		170.1	285.1
Adjustments for current tax of prior periods		4.5	0.0
Total current tax expense		**174.6**	**285.1**
Deferred tax expense/(income):			
Deferred tax expense/(income), net relating to the origination and reversal of temporary differences	9.2.	(50.1)	(22.5)
Total deferred tax expense/(income)		**(50.1)**	**(22.5)**
Total income tax expense		**124.5**	**262.6**

The Group is in scope of the OECD base erosion and profit shifting ("BEPS") Pillar II and will be impacted by new local tax legislation in countries where the Group has a taxable presence. The rules are not yet enacted in any jurisdiction that is material to the Group and the OECD has not yet published all guidelines.

9.1.2. Weighted average expected tax rate reconciliation

In millions of Swiss francs	2022	2021
Profit before tax	**1'129.4**	**1'726.2**
Weighted average expected Group tax rate[18]	15.38%	14.53%
Expected tax expense	173.7	250.8
Non-tax-deductible expense and non-taxable income	(5.8)	(11.4)
Applicable tax rates differing from expected rate	(7.7)	(5.0)
Non-refundable withholding taxes	11.9	27.8
Adjustments for current tax of prior periods	4.5	0.0
Other impacts[19]	(52.1)	0.4
Total income tax expense	**124.5**	**262.6**

[18] The Group calculated a weighted average tax rate, taking into account statutory tax rates of the Company and its subsidiaries in their specific jurisdictions, and their contribution to total profit before tax
[19] Includes a one-time deferred tax impact resulting from the recognition of goodwill in the tax books of one of the Group's entities

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

9.2. Deferred tax assets and liabilities

Development of deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following table shows the development of deferred tax assets and deferred tax liabilities.

In millions of Swiss francs	31 December 2022	31 December 2021
Deferred tax assets	110.1	104.4
Deferred tax liabilities	(6.7)	(3.4)
Deferred tax assets/(liabilities), net	**103.4**	**101.0**

In millions of Swiss francs	2022	2021
Balance as of 1 January, net	**101.0**	**60.6**
Changes recognized in profit or loss	50.1	22.5
Changes recognized in equity	(48.3)	18.3
Changes recognized in other comprehensive income	1.2	(1.7)
Exchange differences	(0.6)	1.3
Balance of deferred tax assets/(liabilities) as of 31 December, net	**103.4**	**101.0**

Analysis of deferred tax assets and liabilities

The following table shows the development of deferred tax assets and liabilities by category:

In millions of Swiss francs							2022
	Financial investments	Other non-current assets	Defined benefit plans	Share-based payment transactions	Accrued variable compensation & MCP	Others	Total
Balance as of 1 January, net	**0.7**	**(4.9)**	**(1.2)**	**61.1**	**43.8**	**1.5**	**101.0**
Changes recognized in profit or loss	1.5	(0.3)	0.4	(2.9)	3.0	48.4	50.1
Changes recognized in equity				(48.3)			(48.3)
Changes recognized in other comprehensive income			1.2				1.2
Exchange differences	(0.0)	(0.1)	(0.0)	0.5	(0.8)	(0.2)	(0.6)
Balance as of 31 December, net	**2.2**	**(5.3)**	**0.4**	**10.4**	**46.0**	**49.7**	**103.4**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Financial investments	Other non-current assets	Defined benefit plans	Share-based payment transactions	Accrued variable compensation & MCP	Others	Total 2021
Balance as of 1 January, net	**1.6**	**(4.5)**	**0.4**	**37.6**	**24.0**	**1.5**	**60.6**
Changes recognized in profit or loss	(1.0)	(0.3)	0.1	4.3	19.4	(0.0)	22.5
Changes recognized in equity				18.3			18.3
Changes recognized in other comprehensive income			(1.7)				(1.7)
Exchange differences	0.1	(0.1)		0.9	0.4	(0.0)	1.3
Balance as of 31 December, net	**0.7**	**(4.9)**	**(1.2)**	**61.1**	**43.8**	**1.5**	**101.0**

Financial investments

Taxable temporary differences arise between the tax bases of financial investments and their carrying amounts in the consolidated financial statements (fair values with regard to the application of IFRS 9).

Other non-current assets

Taxable temporary differences arise between the tax bases of property and equipment as well as intangible assets and their carrying amounts in the consolidated financial statements.

Defined benefit plans

The Group recognizes deferred tax assets or liabilities as result of applying IAS 19 (for further information see note 4.5.2.).

Share-based payment transactions

Taxable temporary differences arise (in accordance with IAS 12.68A) from the recognition of share-based payment expenses (see notes 4.2. and 4.3.) in the applicable accounting period in accordance with IFRS 2, while the tax deductions in relation to these expenses materialize in a different period; e.g. only when the options and shares are exercised or vested. Typically, the measurement of the tax deduction is based on the share price at the date of exercise or vesting, or on the Management Fee EBIT for the financial year of vesting.

Accrued variable compensation & MCP

Taxable temporary differences arise between the tax bases of remuneration-related accruals and provisions and their carrying amounts in the consolidated financial statements.

Others

Others mainly include a one-time deferred tax impact resulting from the recognition of goodwill in the tax books of one of the Group's entities. In addition, as of 31 December 2022, the Group has temporary differences in relation to its investments in subsidiaries of CHF 66.7 million (31 December 2021: CHF 71.4 million) for which CHF 2.5 million of deferred tax liabilities have been recognized (31 December 2021: none). This includes temporary differences of CHF 16.5 million (31 December 2021: CHF 71.4 million) for which no deferred tax liabilities were recognized, as the Group controls the dividend policy of the subsidiary, i.e. the Group controls the timing of reversal of the related taxable temporary differences and considers it probable that the temporary difference will not reverse in the foreseeable future. A reversal of such temporary differences would result in estimated income tax expenses of CHF 1.1 million (31 December 2021: CHF 3.8 million)

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

10. Other operating expenses

In millions of Swiss francs	2022	2021
Third party services	(26.8)	(23.3)
Property-related costs	(5.8)	(4.9)
Administrative expenses	(47.1)	(41.3)
Travel and representation expenses	(24.2)	(8.5)
Total other operating expenses	**(103.9)**	**(78.0)**

11. Property, equipment and right-of-use assets

In millions of Swiss francs								2022
	Land	Buildings	Right-of-use assets	Construction in progress	Office furniture	Interior fittings	Equipment and IT fittings	Total
Cost								
Balance as of 1 January	63.1	92.4	91.6	34.3	11.8	29.2	13.5	335.9
Additions			27.2	53.2	0.8	4.2	2.3	87.7
Disposals					(0.0)	(0.0)	(0.9)	(0.9)
Exchange differences	0.1	1.5	(1.3)	(0.0)	(0.1)	(0.3)	(0.1)	(0.2)
Balance as of 31 December	**63.2**	**93.9**	**117.5**	**87.5**	**12.5**	**33.1**	**14.8**	**422.5**
Accumulated depreciation								
Balance as of 1 January		6.0	35.5		6.8	19.9	11.3	79.5
Depreciation		2.0	13.3		2.0	2.2	2.0	21.5
Accumulated depreciation on disposals					(0.0)	(0.0)	(0.9)	(0.9)
Exchange differences		0.0	(0.8)		(0.1)	(0.2)	(0.1)	(1.2)
Balance as of 31 December	**–**	**8.0**	**48.0**	**–**	**8.7**	**21.9**	**12.3**	**98.9**
Carrying amount								
As of 1 January	63.1	86.4	56.1	34.3	5.0	9.3	2.2	256.4
As of 31 December	**63.2**	**85.9**	**69.5**	**87.5**	**3.8**	**11.2**	**2.5**	**323.6**
Impairment losses incurred in 2022								nil

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs								2021
	Land	Buildings	Right-of-use assets	Construction in progress	Office furniture	Interior fittings	Equipment and IT fittings	Total
Cost								
Balance as of 1 January	63.1	87.3	89.0	5.5	11.5	28.7	12.8	297.9
Additions	0.4	2.6	4.4	28.8	0.7	1.2	1.0	39.1
Disposals	(0.6)		(2.5)		(0.5)	(0.8)	(0.4)	(4.8)
Exchange differences	0.2	2.5	0.7	0.0	0.1	0.1	0.1	3.7
Balance as of 31 December	**63.1**	**92.4**	**91.6**	**34.3**	**11.8**	**29.2**	**13.5**	**335.9**
Accumulated depreciation								
Balance as of 1 January		4.0	25.4		5.4	18.2	8.7	61.7
Depreciation		1.9	12.4		1.9	2.5	2.9	21.6
Accumulated depreciation on disposals			(2.3)		(0.5)	(0.8)	(0.4)	(4.0)
Exchange differences		0.1	0.0		0.0	(0.0)	0.1	0.2
Balance as of 31 December	**—**	**6.0**	**35.5**	**—**	**6.8**	**19.9**	**11.3**	**79.5**
Carrying amount								
As of 1 January	63.1	83.3	63.6	5.5	6.1	10.5	4.1	236.2
As of 31 December	**63.1**	**86.4**	**56.1**	**34.3**	**5.0**	**9.3**	**2.2**	**256.4**
Impairment losses incurred in 2021								nil

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

12. Intangible assets

In millions of Swiss francs						2022
	Goodwill	Acquired client contracts	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	30.7	4.6	22.1	74.8	9.1	141.3
Additions			2.3	23.2	2.7	28.2
Disposals			(0.1)			(0.1)
Exchange differences	(0.4)	(0.4)	0.0	(0.8)		(1.6)
Balance as of 31 December	**30.3**	**4.2**	**24.3**	**97.2**	**11.8**	**167.8**
Accumulated amortization and impairment losses						
Balance as of 1 January		4.6	17.0	45.2	8.6	75.4
Amortization			3.6	14.8	0.6	19.0
Accumulated amortization on disposals			(0.1)			(0.1)
Exchange differences		(0.4)	0.0	(0.7)		(1.1)
Balance as of 31 December	**–**	**4.2**	**20.5**	**59.3**	**9.2**	**93.2**
Carrying amount						
As of 1 January	30.7	–	5.1	29.6	0.5	65.9
As of 31 December	**30.3**	**–**	**3.8**	**37.9**	**2.6**	**74.6**
Impairment losses incurred in 2022						nil

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

In millions of Swiss francs						2021
	Goodwill	Acquired client contracts	Software	Contract costs	Other intangible assets	Total
Cost						
Balance as of 1 January	30.8	4.5	21.7	55.5	9.1	121.6
Additions			2.4	19.5		21.9
Disposals			(2.0)			(2.0)
Exchange differences	(0.1)	0.1	0.0	(0.2)		(0.2)
Balance as of 31 December	**30.7**	**4.6**	**22.1**	**74.8**	**9.1**	**141.3**
Accumulated amortization and impairment losses						
Balance as of 1 January		4.5	13.5	33.5	7.8	59.3
Amortization			5.5	11.8	0.8	18.1
Accumulated amortization on disposals			(2.0)			(2.0)
Exchange differences		0.1	0.0	(0.1)		–
Balance as of 31 December	**–**	**4.6**	**17.0**	**45.2**	**8.6**	**75.4**
Carrying amount						
As of 1 January	30.8	–	8.2	22.0	1.3	62.3
As of 31 December	**30.7**	**–**	**5.1**	**29.6**	**0.5**	**65.9**
Impairment losses incurred in 2021						nil

Impairment testing for CGU's containing goodwill

The carrying amount of goodwill as of 31 December 2022 of CHF 30.3 million (2021: CHF 30.7 million) has been allocated to the following cash generating units ("CGU"), which represent the lowest level within the Group at which goodwill is monitored for internal management purposes:

- Goodwill of CHF 16.5 million (2021: CHF 16.2 million) relating to the acquisition of Partners Group Real Estate LLC ("PG RE") in 2007, which was merged into Partners Group (USA) Inc. as of 1 January 2012, has been allocated to the private real estate segment.
- Goodwill of CHF 13.8 million (2021: CHF 14.5 million) relating to the acquisition of Partners Group (Italy) SGR S.p.A. in 2013 ("PG Italy"), which was merged into Partners Group (UK) Limited in 2016 and into Partners Group (Luxembourg) S.A. in 2019, has been allocated to the private equity segment.

For both CGUs, the free cash flow of the year 2022 exceeds its total identifiable net assets including goodwill. The Group does not expect this to change in the foreseeable future. No further indicators were identified, which could lead to an impairment. No impairment was recognized in 2022 (2021: none).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

13. Long-term debt

In millions of Swiss francs	2022	2021
Balance as of 1 January	799.1	798.9
Accreted interest	0.3	0.2
Balance as of 31 December	799.4	799.1

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 31 December 2022 were CHF 292.7 million and CHF 459.5 million, respectively (2021: CHF 302.3 million and CHF 508.3 million, respectively), and were determined by the quoted market price (level 1 input).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

14. Share capital, capital management and reserves

In effective number of shares	2022	2021
Issued as of 1 January	26'700'000	26'700'000
Issued during the period		
Issued as of 31 December - fully paid in	26'700'000	26'700'000

The issued share capital of the Company comprises 26’700’000 registered shares (2021: 26’700’000) at a nominal value of CHF 0.01 per share. The shareholders are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at the Company's shareholder meetings.

Legal reserves

Legal reserves comprise of the reserves which are to be maintained due to the legal requirements as indicated in the Swiss Code of Obligations. The Group’s legal reserves amount to CHF 218’100 as of 31 December 2022 (31 December 2021: CHF 218’100), consisting of CHF 217’100 (31 December 2021: CHF 217’100) for legal reserves from capital contributions and of CHF 1’000 (31 December 2021: CHF 1’000) for other legal reserves.

Treasury shares

Treasury shares are recognized at cost and presented separately within equity. At the balance sheet date, the Group held 790'189 (2021: 330'966) of the Company’s issued shares. The Group holds treasury shares to provide for existing share and option programs.

Cumulative Translation Adjustments

Cumulative Translation Adjustments comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations included in the consolidated financial statements.

Dividends

The Company pays an annual dividend 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 33.00 per share on 1 June 2022 (19 May 2021: CHF 27.50). As the Company’s treasury shares are not eligible for a dividend payment, the dividend distribution of CHF 881.1 million approved in May 2022 (May 2021: CHF 734.3 million) was not fully distributed, i.e. a total of CHF 861.0 million was paid out (May 2021: CHF 724.6 million). After the balance sheet date, the BoD proposes a dividend distribution of CHF 987.9 million (CHF 37.00 per share) for 2022.

Capital management

The BoD’s objective is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. The BoD also monitors the level of dividend distributions to shareholders.

The Group may purchase its own shares on the market within the limits defined by the BoD. The timing of these purchases depends on the market price and restrictions imposed by applicable laws. Primarily, these purchases are used in conjunction with the Group’s share and option programs. Furthermore, the Company has authorized conditional capital of CHF 40’050. The BoD is authorized to increase the share capital by up to 15% at its discretion as a result of exercised options and granting of shares.

There were no changes to the Group’s approach to capital management during the year. The Company and some of its subsidiaries are subject to minimum capital requirements prescribed by external parties (e.g. banks or regulators) and are regulated by relevant authorities in the corresponding countries. The capital requirements may depend on fixed costs, expenditures, key financial ratios, net assets and assets under management. All these capital requirements have been met during 2022 and 2021.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

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			2022
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January	26'700'000	330'966	26'369'034
Purchase of treasury shares		549'118	(549'118)
Disposal of treasury shares		(89'895)	89'895
Balance as of 31 December	**26'700'000**	**790'189**	**25'909'811**
Weighted average number of shares outstanding during the period (360 days)			25'544'839
Shareholders above 5% (in % of shares issued)		**Shares held**	**in %**
Dr. Marcel Erni		1'338'959	5.01%
Alfred Gantner		1'338'959	5.01%
Urs Wietlisbach		1'342'699	5.03%
BlackRock Inc.		1'339'857	5.02%

In effective number of shares			2021
	Shares issued	Treasury shares	Shares outstanding
Balance as of 1 January	26'700'000	347'655	26'352'345
Purchase of treasury shares		265'847	(265'847)
Disposal of treasury shares		(282'536)	282'536
Balance as of 31 December	**26'700'000**	**330'966**	**26'369'034**
Weighted average number of shares outstanding during the period (360 days)			26'048'756
Shareholders above 5% (in % of shares issued)		**Shares held**	**in %**
Dr. Marcel Erni		1'338'959	5.01%
Alfred Gantner		1'338'959	5.01%
Urs Wietlisbach		1'338'959	5.01%
BlackRock Inc.		1'339'857	5.02%

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

15. Earnings per share

In Swiss francs	2022	2021
Average fair value of one ordinary share during the period	1'016.16	1'369.19
Weighted average exercise price for shares under option during the period	859.51	818.99

	Note	Earnings per share	Profit for the period	Number of shares
				2022
Profit for the period (in millions of Swiss francs)			1'004.9	
Weighted average number of ordinary shares outstanding	14.			25'544'839
Basic earnings per share (in Swiss francs)		**39.34**		
Effect of options on issue[20]				164'431
Diluted earnings per share (in Swiss francs)		**39.09**		**25'709'270**

	Note	Earnings per share	Profit for the period	Number of shares
				2021
Profit for the period (in millions of Swiss francs)			1'463.6	
Weighted average number of ordinary shares outstanding	14.			26'048'756
Basic earnings per share (in Swiss francs)		**56.19**		
Effect of options on issue[20]				503'767
Diluted earnings per share (in Swiss francs)		**55.12**		**26'552'523**

As of 31 December 2022, the Group had 1'101'870 options and non-vested shares outstanding (2021: 1'167'386) (see note 4.3.). The treasury shares necessary to cover the obligation for non-vested shares have already been placed in separate escrow accounts in the name of the employees. Thus, the number of treasury shares (see note 14.) is already net of non-vested shares outstanding.

[20] Calculated on the basis of each individual share option grant.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

16. Related party transactions

The Group has related party relationships with its investments in associates (see note 6.), pension funds (see note 4.5.2.) as well as with its key management personnel and their related parties.

In 2022, associates purchased services from the Group in the amount of CHF 1.2 million (2021: CHF 1.1 million).

As of 31 December 2022, loans to employees of the Group amounted to CHF 5.5 million (2021: CHF 11.1 million) and were included in other financial assets. The loans to related parties of the Group bear interest at market-related interest rates.

The Group purchased treasury shares at arm's length from its shareholders employed by the Group as follows:

In effective number of shares	2022	2021
Purchase of treasury shares from shareholders employed by the Group	11'767	35'075
Average purchase price per share (in Swiss francs)	1'033.83	1'528.32

The Group is managed by the Board of Directors ("BoD") and the Executive Team of the Company. The total personnel expenses for the BoD as well as the Executive Team of the Company are included in personnel expenses (see note 4.1.) and for non-executive board members in third-party services (see note 10.) and amount to:

In million of Swiss francs	2022	2021
Board of Directors		
Short-term employment benefits	2.0	2.0
Other compensation	0.1	0.1
Share-based payment expenses	6.1	5.1
Other long-term benefits (MCP)	0.6	6.2
Post-employment benefits	0.2	0.2
Total Board of Directors	**9.0**	**13.6**
Executive Team		
Short-term employment benefits	8.3	7.9
Other compensation	0.4	0.2
Share-based payment expenses	14.7	13.1
Other long-term benefits (MCP)	1.3	14.5
Post-employment benefits	1.0	1.1
Total Executive Team	**25.7**	**36.8**
Total Board of Directors and Executive Team	**34.7**	**50.4**

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

At the relevant balance sheet date, the BoD and the Executive Team were holding the following number of options, non-vested shares and shares:

Options and non-vested shares

In effective number of options and non-vested shares	31 December 2022	31 December 2021
Board members (vested options)	4'570	16'296
Members of the Executive Team (options and non-vested shares)	101'090	92'697
Total	**105'660**	**108'993**

Share ownership (unrestricted)

In effective number of shares	31 December 2022	31 December 2021
Board members	4'372'547	4'368'366
Members of the Executive Team	48'836	44'248
Total	**4'421'383**	**4'412'614**

For further information in accordance with Art. 663c of the Swiss Code of Obligations, refer to note 16. of the entity accounts of Partners Group Holding AG.

The Group aligns the interests of clients with those of the Group's employees by offering all employees preferential terms to invest alongside the Group's investment programs via a global employee commitment plan. In line with standard industry practice, investments in closed-ended programs charge no management fees and no performance fees and investments in evergreen programs come at a reduced management fee and performance fee. In total, commitments by the Group's BoD and employees amounted to approximately CHF 2.2 billion as of 31 December 2022 (31 December 2021: CHF 2.1 billion), of which CHF 1.7 billion (2021: CHF 1.6 billion) is committed to closed-ended programs and CHF 0.5 billion (2021: CHF 0.5 billion) to evergreen programs.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

17. Subsidiaries

17.1. Changes in scope of consolidation

Incorporation of new Group entities

Name	Incorporation date	Principal activity
Partners Group Management Direct Infra IV S.à r.l.	19 December 2022	Serve as investment manager
Partners Group Cayman Management Direct Infra IV Limited	4 November 2022	Serve as investment manager
Partners Group Management REO II S.à r.l.	5 July 2022	Serve as investment manager
Partners Group Cayman Management REO II Limited	27 May 2022	Serve as investment manager
Partners Group Management Direct Equity V S.à r.l.	16 May 2022	Serve as investment manager
Partners Group Cayman Management Direct Equity V Limited	11 April 2022	Serve as investment manager
Partners Group Investment Services AG	27 July 2021	Provide administrative services for group entities
Partners Group Investment Management S.à.r.l.	12 May 2021	Serve as manager to investment programs

Liquidation of Group entities

Name	Liquidation date	Principal activity
Partners Group Corporate Finance AG in Liquidation	28 January 2022	Financing/treasury

17.2. Involvement with structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Such entities often have restricted activities and narrow and well-defined objectives.

Consolidated structured entities

The Group provides seed financing to certain early stage investment programs that the Group manages. The decision to provide seed financing to an investment program is made by responsible bodies as defined in the Group's Rules of the Organization and of Operations. For further details see note 5.3.3.

Unconsolidated structured entities

The fair value of financial investments, as presented in note 5.3.2., represents the Group's participation in unconsolidated investment programs.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

17.3. Subsidiaries

Details of the Group's operating subsidiaries as of the reporting date are set out below:

	Place of incorporation and operation				
	Registered office	Country of incorporation	Share Capital in thousands	Interest %	Interest %
Name of the subsidiary			**31 December 2022**	**31 December 2022**	**31 December 2021**
Partners Group AG	Baar-Zug	Switzerland	CHF 200	100%	100%
Partners Group Advisors (DIFC) Limited	Dubai	UAE	USD 300	100%	100%
Partners Group Japan Kabushiki Kaisha	Tokyo	Japan	JPY 10'000	100%	100%
Partners Group Private Markets (Australia) Pty Ltd	Sydney	Australia	AUD 200	100%	100%
Partners Group Prime Services Solutions (Philippines), Inc.	Taguig City, Metro Manila	Philippines	PHP 13'734	100%	100%
Partners Group (Brazil) Investimentos Ltda.	São Paulo	Brazil	BRL 795	100%	100%
Partners Group (Canada) Inc.	Halifax	Canada	CAD 0	100%	100%
Partners Group (EU) GmbH	Munich	Germany	EUR 32	100%	100%
Partners Group (Guernsey) Limited	St Peter Port	Guernsey	GBP 31'500	100%	100%
Partners Group (India) Private Limited	Mumbai	India	INR 29'615	100%	100%
Partners Group (Luxembourg) S.A.	Luxembourg	Luxembourg	EUR 1'350	100%	100%
Partners Group (Shanghai) Co., Ltd.	Shanghai	China	CNY 12'363	100%	100%
Partners Group (Singapore) Pte. Limited	Singapore	Singapore	SGD 1'250	100%	100%
Partners Group (UK) Limited	London	UK	GBP 569	100%	100%
Partners Group (USA) Inc.	Delaware	USA	USD 75	100%	100%

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

At the end of the reporting period, the Group had other subsidiaries that typically perform management services and/or typically hold financial investments (see note 5.3.2.). The principal activities and their place of operation are summarized as follows:

	Place of incorporation and operation	Number of subsidiaries	
Principal activity		31 December 2022	31 December 2021
Financing/treasury	Switzerland	1	2
Holding of land and property	Switzerland	1	1
General partner to investment programs	Guernsey	18	18
General partner to investment programs	Scotland	3	3
General partner to investment programs	Germany	1	1
General partner to investment programs	Cayman Islands	7	4
Manager to investment vehicles	USA	4	4
Holding of land and property	USA	1	1
Investment services	USA	1	1
Manager to investment vehicles	UK	1	1
Manager to investment programs	Luxembourg	11	8
Financing/treasury	Luxembourg	1	1
Client access management	Guernsey	1	1
Financing/treasury	Guernsey	6	6
Management services to investment programs	Guernsey	2	2

18. Subsequent events

No events took place between 31 December 2022 and 17 March 2023 that would require material adjustments to the amounts recognized in these consolidated financial statements.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

19. Summary of significant accounting policies

19.1. Basis of preparation

The consolidated financial statements are presented in Swiss francs, rounded to the nearest one hundred thousand. The figures referred to in text passages are actual figures either rounded to the nearest Swiss franc or presented in millions of Swiss francs unless otherwise stated. The statements are prepared on a historical cost basis, except for certain assets and liabilities which are stated at fair value, such as derivative financial instruments, assets and liabilities held for sale and financial instruments at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, as well as income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments concerning carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or, in the period of the revisions and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are described in note 2.

Some note disclosures have been improved. Comparative amounts have been re-presented accordingly.

19.2. Changes in accounting policies

The accounting policies adopted for the year ended 31 December 2022 are consistent with those of the previous financial year, except where new or revised standards were adopted, as indicated below.

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

The accounting policies applied for the period ending 31 December 2022 are consistent with those of the previous financial year. A number of new standards, amendments and interpretations became effective for the Group for the first time for the financial year starting on 1 January 2022, but they do not have a significant effect on the Group's consolidated financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

19.2.2. 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 consolidated financial statements were authorized for issue but are not yet effective and are not adopted early in these consolidated financial statements. Their impacts on the 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 / Interpretation		Effective date	Planned adoption by the Group
New standards or interpretations			
IFRS 17 Insurance Contracts	*	1 January 2023	Reporting year 2023
Revisions and amendments of standards and interpretations			
Amendments to IFRS 17	*	1 January 2023	Reporting year 2023
Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)	*	1 January 2023	Reporting year 2023
Definition of Accounting Estimate (Amendments to IAS 8)	*	1 January 2023	Reporting year 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes	*	1 January 2023	Reporting year 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)	*	1 January 2023	Reporting year 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	*	1 January 2024	Reporting year 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	*	1 January 2024	Reporting year 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	*	1 January 2024	Reporting year 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	*	Available for optional adoption / effective date deferred indefinitely	

* Standards and interpretation in the above table have no or an insignificant impact on the Group's financial position or performance.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

19.3. Basis of consolidation

(a) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (its "subsidiaries"). The Company controls an investee (entity) if and only if the Company has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company holds less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

When the Group loses control over a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gains or losses have been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting as financial investment under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group accounts for its interest in associates using the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Based on the Group's assessment of each individual associate, the share of results of associates is disclosed as operating income if comparable to revenues from management services. If the share of results is mainly driven by distributions and changes in fair value of the underlying investments, comparable to changes in fair value of financial investments, the share of results is presented as finance income and expense in the consolidated income statement.

19.4. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' gross segment results are reviewed regularly by the Group's BoD to assess their performance and to make decisions about resources to be allocated to the segments for which discrete financial information is available.

19.5. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swiss francs.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign currency exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at each balance sheet date to the functional currency at the foreign currency exchange rate of that date. Foreign exchange differences arising on translation of such foreign denominated monetary asset and liabilities are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the applicable foreign currency exchange rate of the date the fair value is determined.

(c) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from consolidation, are translated to Swiss francs at foreign currency exchange rates applicable at the balance sheet date. The revenues and expenses as well as cash flows of foreign operations are translated to Swiss francs at the average rate of the period.

Resulting foreign currency translation differences are recognized in other comprehensive income and presented in cumulative translation adjustments in equity. When the disposal or partial disposal of a foreign operation results in losing control or significant influence over an entity (i.e. the foreign operation) the cumulative amount in cumulative translation adjustments (related to the specific foreign operation) is reclassified to profit or loss as part of the gain or loss on disposal.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(d) Applied foreign currency exchange rates

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

Year	Currency	Balance sheet rate	Average rate
2022	EUR	0.9872	1.0049
	USD	0.9254	0.9547
	GBP	1.1130	1.1792
	SGD	0.6898	0.6924

Year	Currency	Balance sheet rate	Average rate
2021	EUR	1.0362	1.0812
	USD	0.9111	0.9142
	GBP	1.2342	1.2574
	SGD	0.6758	0.6803

19.6. Financial instruments

(a) Recognition

Trade receivables are initially recognized when they are originated and debt securities when they are purchased. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

(b) Financial assets

Classification

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets or the status of its solely payments of principal and interest on the principal amount outstanding which is based on the contractual cash flow characteristics of the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortized cost.

For assets measured at fair value, gains and losses will be recorded in profit or loss. None of the Group's financial assets are classified as financial asset at fair value through other comprehensive income. Debt instruments will be measured at amortized cost if the objective of the business model is to hold and to collect contractual cash flows and contractual cash flows represent solely payments of principal and interest.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as incurred.

Subsequent measurements of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. Changes in fair value are recognized in finance income and expense as net gains on fair value through profit or loss instruments. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized on a net basis in profit or loss in the period in which it arises.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss.

- A financial liability is classified as at fair value through profit or loss if it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.
- Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

19.7. Revenue recognition

Revenue comprises the fair value for the rendering of services, net of value-added tax and rebates and after eliminating sales within the Group. No revenue is recognized if there are significant uncertainties regarding the recovery of the consideration due.

The Group is active in different businesses (see note 3.). Within the different businesses, the Group earns income for its various activities, which are further explained and outlined below:

(a) 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 an initial 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 for the Group, and therefore revenue is recognized at the point in time when the investor commits. In relation to certain private market transactions, the Group receives transaction fee income. These transaction fees are typically non recurring. 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. The Group also charges fees to select underlying lead and joint lead investments for value-added services provided to them during the holding period of the relevant investment. These fees are charged on an ongoing basis.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(b) Performance fees

Typically, performance fees are recognized so that they do not exceed the portion of performance fees from realized underlying investments and so that there is a sufficiently large cushion for any potential negative development on the remaining portfolio. As a result, there is a very low probability that these fees are subject to a reversal in a potential claw-back situation.

Accordingly, the recognition of performance fees from investment programs with a claw-back is typically assessed based on a three-step approach once a pre-defined return hurdle has been exceeded: (1) the total proceeds from realized underlying 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 underlying investments and, where applicable, other net assets (such as cash or receivables) held by the investment programs is determined. The respective NAV of unrealized investments 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 and, where applicable, other investment program level costs (such as operating expenses) 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 are calculated for (1) and (2) by multiplying (1) and (2) by the applicable performance fee rate subject to exceedance of the hurdle rate. Where the hurdle rate is not exceeded, there are no performance fees. The lower of such calculated performance fees is recognized.

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 31 December 2022, the applied discount was 50% (31 December 2021: 50%), except for selected programs where the discount is determined on the basis of a systematic approach and may be up to 100%.

The Group updates its performance fee recognition on a quarterly basis to faithfully represent the circumstances present at that point in time. When the probability of no reversal of previously recognized performance fees is no longer considered highly probable, the Group recognizes the necessary reversals.

(c) Revenue deductions

Revenue deductions mainly include fee rebates to third parties. Such rebates may be one-off or recurring, depending on individual agreements. Fees charged multiple times in multi-layer structures (e.g. through pooling vehicles) are typically waived and rebated.

19.8. Other operating income

Other operating income comprises income resulting from the ordinary course of business but that is not revenue from management services, net. Other operating income includes operating income on short-term loans, true-up compensation on management and organizational fees.

19.9. Leases

(a) Definition of a lease

The Group assesses whether a contract is either a lease or contains a lease based on the IFRS lease definition. 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.

(b) As a lessee

The Group recognizes a right-of-use asset and its corresponding lease liability at the lease commencement date. The right-of-use asset is measured at cost and depreciated over its useful life which typically is the lease period defined within the lease contract. Subsequently, the right-of-use asset is measured 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 an 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.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

Any remeasurement is generally adjusted against the right-of-use asset.

The Group, as a lessee, identified leases mainly relating to rental contracts for its offices (including parking).

(c) As a lessor

Sub-lease contracts are classified as operating leases under IFRS 16.

19.10. Third-party services

Third-party services comprise BoD compensation (non-executive) as well as legal, consulting and other fee expenses to third parties.

19.11. Finance income and expense

Net finance income and expense is mainly comprised of bank interest income and expense, gains and losses on revaluations of financial instruments, foreign exchange gains and losses, and bank charges.

19.12. Income tax expense

Income tax expense for the period is comprised of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current income tax relates to the expected taxes payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to taxes payable in respect of previous periods.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences between the tax basis of assets and liabilities and their carrying amounts included in the consolidated financial statements. The following temporary differences are not considered in accounting for deferred taxes: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that their reversal is not probable in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

19.13. Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits held with banks and are measured at amortized cost. Bank overdrafts are shown in current liabilities in the consolidated balance sheet.

19.14. Trade and other receivables

Trade and other receivables are measured at amortized cost, less impairment losses.

19.15. Assets and liabilities held for sale

The Group may invest seed capital into investment programs that the Group typically manages with the objective of providing initial scale and facilitating marketing of the investment programs to third-party investors. For these assets and liabilities held for sale, the Group is actively seeking to reduce its share in seed financed investment programs by recycling capital back into cash or by dilution.

Those investment programs deemed to be controlled under IFRS 10 are classified as held for sale and are presented in the separate balance sheet line items 'assets held for sale' and 'liabilities held for sale'. Such assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Investments that are subsequently disposed of or diluted, such that the Group is no longer deemed to have control under IFRS 10, will subsequently be re-classified as investments at fair value through profit or loss and presented as financial investments in the consolidated balance sheet.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

19.16. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Costs include expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss in the financial period in which they are incurred.

Depreciation of property and equipment is calculated using the straight-line method to allocate the cost of each asset, minus its residual value, over its estimated useful life, as follows:

- Buildings 30–50 years
- Interior fittings 5–10 years
- Office furniture 5 years
- Equipment and IT fittings 3–5 years

Major renovations are depreciated over the remaining estimated useful life of the related asset or to the date of the next major renovation, whichever is sooner. Land is not depreciated.

The carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 19.19.).

Gains and losses on the disposal of property and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

19.17. Intangible assets

(a) Goodwill

Goodwill arises upon the acquisition of subsidiaries and is included in intangible assets.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the total consideration transferred; plus
- the recognized amount of any non-controlling interest in the acquiree; plus - if the business combination is achieved in stages - the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (typically fair value) of the identifiable assets acquired and liabilities (including contingent liabilities) assumed.

When the excess is negative, a gain on a bargain purchase is recognized immediately in net finance income and expense in the consolidated income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortized but tested at least annually for impairment.

(b) Acquired client contracts

Client contracts, which the Group acquired and which are recognized as intangible assets, have definite useful lives. Such intangible assets are carried at cost less accumulated amortization and impairment losses.

(c) Software

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Software recognized as an asset is carried at cost less accumulated amortization and impairment losses. Software-as-a-Service ("SaaS") contracts are only classified as intangible assets when the recognition criteria are fulfilled; otherwise, a SaaS is classified as service contract, for which costs are expensed as incurred.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

(d) Contract costs

The Group may make payments in order to secure investment management revenue contracts. These amounts paid are considered a cost to obtain a contract and are amortized using the straight-line method which is consistent with the transfer to the customer of the services to which the asset relates. This is typically between four to five years.

(e) Other intangible assets

Other intangible assets, which the Group acquires and recognizes as assets, usually have a definite useful life. Such intangible assets are carried at cost less accumulated amortization and impairment losses.

(f) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases future economic benefits embodied in the intangible asset to which it relates. All other subsequent expenditure is expensed in profit or loss as incurred.

(g) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of intangible assets unless such life is indefinite. Goodwill with indefinite useful life is tested at least annually for impairment as of the balance sheet date. Intangible assets with a determinable useful life are amortized from the date that they are available for use and are tested for impairment if indicated. The estimated useful life of intangible assets is as follows:

- Goodwill — indefinite
- Acquired client contracts — 3–5 years
- Software — 3–5 years
- Contract costs — 4–5 years
- Other intangible assets — 3–10 years

The carrying amount of these intangible assets is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 19.19.).

19.18. Investments

(a) Financial investments

Financial investments (see note 5.3.2.) are measured at fair value through profit or loss. The fair values of quoted financial investments are based on current bid prices. If the market for a financial asset (including unlisted securities) is not active, the Group establishes fair values by using various valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances. For further explanations in connection with the determination of fair value please refer to note 5.5.

(b) Loans

Loans are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market and in respect of which there is no intention of trading. They are classified as "held to collect" and their contractual payments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The Group measures such loans at amortized cost. They are included in current assets (short-term loans, see note 5.4.1.), except for amounts with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets (other financial assets, see note 5.3.4.).

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

19.19. Impairment of assets

(a) Financial assets

The Group assesses the recoverability of its financial assets that are measured at amortized cost on a regular basis. It calculates, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. For trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. For loans, the Group applies the general approach and uses the 12-month credit loss as a basis for its calculations of the expected credit loss. Note 5.4.1. details the Group's credit risk assessment of the financial assets.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has an indefinite useful life or other intangible assets that are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU). For the purpose of goodwill impairment testing, CGUs, to which goodwill has been allocated, are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

19.20. Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been rendered in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

19.21. Provisions

Provisions are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. If the effect is significant, provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

19.22. Employee benefits

(a) Defined benefit plan

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all benefits to employees relating to employee services in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses in the consolidated income statement when due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans specify an amount of pension benefit that an employee will receive upon retirement, typically dependent on one or more factors such as age, years of service and compensation. Particularly the benefits paid to employees in Switzerland qualify as a defined benefit plan.

The Group's net obligation/asset in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. When the actuarial calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit obligation/asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect on the asset ceiling (if any excluding interest) are recognized immediately in the consolidated statement of comprehensive income.

The Group determines the net interest expense/income on the net defined benefit obligation/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit obligation/asset, taking into account any changes in the net defined benefit obligation/asset during the period as a result of contributions and benefit payments. Net interest expense/income and other expenses related to defined benefit plans are recognized in profit or loss.

The Group opted for the risk-sharing approach.

(b) Share-based payment transactions

The fair value at grant date of share-based payment awards granted to employees is recognized as personnel expense in the consolidated income statement with a corresponding increase in equity, over the period until the employees unconditionally become entitled to the awards. The amount recognized as personnel expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as personnel expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards without vesting conditions, the fair value at grant date of the share-based payment is measured and immediately expensed in profit or loss to reflect such conditions and there are no true-ups for differences between expected and actual outcomes.

(c) Performance fee-related compensation

Each year, the NCC and the BoD allocate up to 40% of recognized performance fees via the Performance Fee Compensation Pool to a group of eligible employees.

A portion of the Performance Fee Compensation Pool is allocated via the MCP Allocation to the broader management team on the basis of discretionary awarded grants and via the MPP Allocation to members of the Executive Team and executive members of the Board of Directors. The recognition of the performance fee-related compensation expenses usually occurs when the performance fees are sufficiently visible and recognized. The corresponding liability is recognized as employee benefit liabilities in the consolidated

Notes to the consolidated financial statements for the years ended 31 December 2022 and 2021

balance sheet (see note 4.5.). The part of the liability that is not expected to be settled wholly before twelve months after the end of the annual reporting period is considered in non-current liabilities.

The difference between the Performance Fee Compensation Pool and the MCP Allocation and MPP Allocation is allocated to a "Performance Fee Bonus Pool" which is distributed among the broader management teams based on their contribution to performance. The part of the Performance Fee Bonus Pool that is not expected to be settled wholly before twelve months after the end of the annual reporting period is recorded in non-current liabilities.

19.23. Long-term debt

Long-term debt is initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortized cost using the effective interest method, with interest expense recognized in the consolidated income statement on the effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

19.24. Share capital

(a) Ordinary shares

Ordinary shares are classified as equity since the shares are non-redeemable and any dividends are discretionary.

(b) Issuance of new shares

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(c) Repurchase of share capital and options

Where any Group company purchases the Company's issued shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

(d) Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated financial statements when the dividends are approved by the Company's shareholders.

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Report of the auditors on the financial statements of Partners Group Holding AG

KPMG

Statutory Auditor's Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Partners Group Holding AG, which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 117 to 129) for the year ended 31 December 2022 comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the financial statements of Partners Group Holding AG

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Report of the auditors on the financial statements of Partners Group Holding AG

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Thomas Dorst Licensed Audit Expert Auditor in Charge	Malea Bourquin Licensed Audit Expert

Zurich, 17 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

EXPERTsuisse Certified Company

Income statement of Partners Group Holding AG for the years ended 31 December 2022 and 2021

In millions of Swiss francs	Note	2022	2021
Dividend income	2.	998.6	1'769.9
Other finance income	3.	76.2	39.4
Other service income		0.2	0.4
Other income		2.5	
Total income		**1'077.5**	**1'809.7**
Third party services		(1.9)	(5.8)
General and administrative expenses		(11.5)	(29.6)
Travel and representation expenses		(0.2)	(0.1)
Finance expense	4.	(99.1)	(157.2)
Profit before tax		**964.8**	**1'617.0**
Direct taxes			
Profit for the period		**964.8**	**1'617.0**

Balance sheet of Partners Group Holding AG as of 31 December 2022 and 2021

In millions of Swiss francs	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents		386.2	494.4
Other current receivables	5.	677.5	1'378.9
Accrued income	2.	690.0	1'120.0
Total current assets		**1'753.7**	**2'993.3**
Financial assets	6.	0.0	61.1
Participations	7.	2'781.0	2'325.6
Total non-current assets		**2'781.0**	**2'386.7**
Total assets		**4'534.7**	**5'380.0**
Liabilities and equity			
Liabilities			
Current interest-bearing liabilities	8.	1'667.6	2'143.3
Other current liabilities	9.	4.8	8.3
Total current liabilities		**1'672.4**	**2'151.6**
Non-current interest-bearing liabilities	10.	800.0	800.0
Other non-current liabilities		0.3	0.4
Provisions	11.	3.5	3.8
Total non-current liabilities		**803.8**	**804.2**
Total liabilities		**2'476.2**	**2'955.8**
Equity			
Share capital		0.3	0.3
Legal capital reserves			
Legal reserves from capital contributions		0.2	0.2
Legal retained earnings			
Legal reserves		0.0	0.0
Voluntary retained earnings			
Results carried forward		1'941.0	1'184.9
Profit for the period		964.8	1'617.0
Treasury shares	12.	(847.8)	(378.2)
Total equity		**2'058.5**	**2'424.2**
Total liabilities and equity		**4'534.7**	**5'380.0**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

1. Accounting principles

The financial statements have been established in accordance with the accounting, presentation and valuation principles of the Swiss Code of Obligations.

Partners Group Holding AG ("the Company") is domiciled in Switzerland. The address of the Company's registered office is Zugerstrasse 57, 6341 Baar-Zug, Switzerland.

Receivables and liabilities

Receivables from and liabilities to subsidiaries are denominated in the local currency of the respective subsidiary and are recognized on a net basis for each counterparty.

Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated to Swiss francs at foreign currency exchange rates applicable at the balance sheet date.

Participations

The Company applies the group valuation principle for the valuation of all its participations (see note 7.).

Treasury shares

Treasury shares are recognized at acquisition cost, deducted from equity at the time of acquisition and presented separately within equity. In case of a disposal of treasury shares, the gain or loss is recognized in the income statement as other finance income or finance expense. The treasury shares are valued at historic price.

2. Dividend income

The Company has elected to recognize CHF 690 million (2021: CHF 1'120 million) of dividend income related to the 2022 available earnings of its subsidiary Partners Group AG in 2022. As this dividend will not be paid until 2023, this amount has been recorded as accrued income.

3. Other finance income

In millions of Swiss francs	2022	2021
Interest income	14.7	6.6
Foreign exchange gains	60.8	17.6
Gain on treasury shares transactions	0.7	15.2
Total other finance income	**76.2**	**39.4**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

4. Finance expense

In millions of Swiss francs	2022	2021
Interest expense	(22.6)	(17.9)
Foreign exchange losses	(41.9)	(35.1)
Loss on treasury shares transactions	(33.2)	(103.3)
Other finance expense	(1.4)	(0.9)
Total finance expense	**(99.1)**	**(157.2)**

5. Other current receivables

In millions of Swiss francs	31 December 2022	31 December 2021
Third parties	0.2	0.2
Subsidiaries	677.3	1'378.7
Total other current receivables	**677.5**	**1'378.9**

6. Financial assets

In millions of Swiss francs	31 December 2022	31 December 2021
Loans to subsidiaries		61.1
Other financial assets	0.0	0.0
Total financial assets	**0.0**	**61.1**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

7. Participations

	Place of incorporation and operation			Ownership and voting interest	
	Registered office	Country of incorporation	Share Capital in thousands	31 December 2022	31 December 2021
			31 December 2022		
Partners Group AG	Baar-Zug	Switzerland	CHF 200	100%	100%
Partners Group Property AG	Baar-Zug	Switzerland	CHF 100	100%	100%
Partners Group Investment Services AG	Baar-Zug	Switzerland	CHF 100	100%	100%
Partners Group Corporate Finance AG in Liquidation[1]	Baar-Zug	Switzerland			100%
Partners Group Management (Deutschland) GmbH	Munich	Germany	EUR 25	100%	100%
Partners Group (EU) GmbH	Munich	Germany	EUR 32	100%	100%
Partners Group (EU) GmbH, Paris Branch[2]	Paris	France			
Partners Group Management I S.à r.l.	Luxembourg	Luxembourg	EUR 4'531	100%	100%
Partners Group Management II S.à r.l.	Luxembourg	Luxembourg	EUR 5'231	100%	100%
Partners Group Management III S.à r.l.	Luxembourg	Luxembourg	EUR 31	100%	100%
Partners Group Management IV S.à r.l.	Luxembourg	Luxembourg	EUR 12	100%	100%
Partners Group Management V S.à r.l.	Luxembourg	Luxembourg	EUR 15	100%	100%
Partners Group Management VI S.à r.l.	Luxembourg	Luxembourg	EUR 20	100%	100%
Partners Group Investment Management S.à r.l.	Luxembourg	Luxembourg	EUR 12	100%	100%
Partners Group Orbit S.à r.l.	Luxembourg	Luxembourg	EUR 12	100%	100%
Partners Group Management Direct Equity V S.à r.l.[3]	Luxembourg	Luxembourg	EUR 12	100%	
Partners Group Management REO II S.à r.l.[4]	Luxembourg	Luxembourg	EUR 12	100%	
Partners Group Management Direct Infra IV S.à r.l.[5]	Luxembourg	Luxembourg	EUR 12	100%	
Partners Group (Luxembourg) S.A.	Luxembourg	Luxembourg	EUR 1'350	100%	100%
Partners Group (Luxembourg) S.A., Milan Branch[2]	Milan	Italy			
LGT Private Equity Advisers AG[6]	Vaduz	Liechtenstein		40%	40%
Partners Group Management (Scotland) Limited[7]	Edinburgh	Scotland	GBP 0	100%	100%
Partners Group Management (Scots) LLP[7]	Edinburgh	Scotland	GBP 0	100%	100%
Partners Group Management (Scots) II LLP[7]	Edinburgh	Scotland	GBP 0	100%	100%
Partners Group (UK) Limited	London	UK	GBP 569	100%	100%
Partners Group (UK) Management Limited	London	UK	GBP 20'527	100%	100%
Partners Group Management Limited	St Peter Port	Guernsey	EUR 3'640	100%	100%
Partners Group Management II Limited	St Peter Port	Guernsey	EUR 7'270	100%	100%
Partners Group Management III Limited	St Peter Port	Guernsey	EUR 8'520	100%	100%

[1] The company was voluntarily liquidated and deleted from the commercial register as of 28 January 2022
[2] Branch office
[3] The company was incorporated on 16 May 2022
[4] The company was incorporated on 5 July 2022
[5] The company was incorporated on 19 December 2022
[6] For associated companies please refer to note 6. of the consolidated financial statements
[7] The company is indirectly held by Partners Group Holding AG

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

	Place of incorporation and operation			Ownership and voting interest	
	Registered office	Country of incorporation	Share Capital in thousands	31 December 2022	31 December 2021
			31 December 2022		
Partners Group Management IV Limited	St Peter Port	Guernsey	GBP 20	100%	100%
Partners Group Management V Limited	St Peter Port	Guernsey	USD 13'820	100%	100%
Partners Group Management VI Limited	St Peter Port	Guernsey	EUR 4'820	100%	100%
Partners Group Management VII Limited	St Peter Port	Guernsey	USD 32'620	100%	100%
Partners Group Management VIII Limited	St Peter Port	Guernsey	EUR 94'500	100%	100%
Partners Group Management IX Limited	St Peter Port	Guernsey	EUR 42'020	100%	100%
Partners Group Management X Limited	St Peter Port	Guernsey	USD 92'420	100%	100%
Partners Group Management XI Limited	St Peter Port	Guernsey	USD 13'000	100%	100%
Partners Group Management XII Limited	St Peter Port	Guernsey	EUR 54'020	100%	100%
Partners Group Management XIII Limited	St Peter Port	Guernsey	AUD 78'020	100%	100%
Partners Group Management XIV Limited	St Peter Port	Guernsey	USD 16'020	100%	100%
Partners Group Management XV Limited	St Peter Port	Guernsey	EUR 20	100%	100%
Partners Group Finance ICC Limited	St Peter Port	Guernsey	CHF 0	100%	100%
Partners Group Finance CHF IC Limited	St Peter Port	Guernsey	CHF 0	100%	100%
Partners Group Finance USD IC Limited	St Peter Port	Guernsey	USD 0	100%	100%
Partners Group Finance EUR IC Limited	St Peter Port	Guernsey	EUR 0	100%	100%
Partners Group Finance GBP IC Limited	St Peter Port	Guernsey	GBP 0	100%	100%
Partners Group Finance SGD IC Limited	St Peter Port	Guernsey	SGD 0	100%	100%
Partners Group Access Finance Limited	St Peter Port	Guernsey	USD 20	100%	100%
Partners Group Client Access Management I Limited	St Peter Port	Guernsey	EUR 20	100%	100%
Partners Group Client Access 10 MP Management Limited	St Peter Port	Guernsey	USD 0	100%	100%
Partners Group Management (Guernsey) LLP[8]	St Peter Port	Guernsey	GBP 0	100%	100%
Partners Group Private Equity Performance Holding Limited	St Peter Port	Guernsey	EUR 10	100%	100%
Partners Group (Guernsey) Limited[8]	St Peter Port	Guernsey	GBP 31'500	100%	100%
Princess Management Limited	St Peter Port	Guernsey	EUR 3'000	100%	100%
Pearl Management Limited	St Peter Port	Guernsey	EUR 12'020	100%	100%
Pearl Holding Limited[9]	St Peter Port	Guernsey		28%	28%
Partners Group (USA) Inc.	Delaware	USA	USD 75	100%	100%
Partners Group US Management LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Management II LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Management III LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Management CLO LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group US Investment Services LLC[8]	Delaware	USA	USD 0	100%	100%
Partners Group Colorado Propco, LLC	Delaware	USA	USD 101'140	100%	100%

[8] The company is indirectly held by Partners Group Holding AG
[9] For associated companies please refer to note 6. of the consolidated financial statements

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

	Place of incorporation and operation			Ownership and voting interest	
	Registered office	Country of incorporation	Share Capital in thousands	31 December 2022	31 December 2021
			31 December 2022		
Partners Group Cayman Management I Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management II Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management III Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management IV Limited	George Town	Cayman Islands	USD 0	100%	100%
Partners Group Cayman Management Direct Equity V Limited[10]	George Town	Cayman Islands	USD 0	100%	
Partners Group Cayman Management REO II Limited[11]	George Town	Cayman Islands	USD 0	100%	
Partners Group Cayman Management Direct Infra IV Limited[12]	George Town	Cayman Islands	USD 0	100%	
Partners Group (Brazil) Investimentos Ltda.	São Paulo	Brazil	BRL 795	100%	100%
Partners Group (Canada) Inc.	Halifax	Canada	CAD 0	100%	100%
Partners Group (Singapore) Pte. Limited	Singapore	Singapore	SGD 1'250	100%	100%
Partners Group (Singapore) Pte. Ltd. Korea Branch[13]	Seoul	South Korea			
Partners Group (Shanghai) Co., Limited	Shanghai	China	CNY 12'363	100%	100%
Partners Group (India) Private Limited	Mumbai	India	INR 29'615	100%	100%
Partners Group Prime Services Solutions (Philippines), Inc.	Taguig City, Metro Manila	Philippines	PHP 13'734	100%	100%
Partners Group Japan Kabushiki Kaisha	Tokyo	Japan	JPY 10'000	100%	100%
Partners Group Advisors (DIFC) Limited	Dubai	UAE	USD 300	100%	100%
Partners Group Private Markets (Australia) Pty. Ltd.	Sydney	Australia	AUD 200	100%	100%

[10] The company was incorporated on 11 April 2022
[11] The company was incorporated on 27 May 2022
[12] The company was incorporated on 4 November 2022
[13] Branch office

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

8. Current interest-bearing liabilities

In millions of Swiss francs	31 December 2022	31 December 2021
Third parties	270.0	
Group companies	1'397.6	2'143.3
Total Current interest-bearing liabilities	**1'667.6**	**2'143.3**

9. Other current liabilities

In millions of Swiss francs	31 December 2022	31 December 2021
Accrued audit expenses	0.4	0.2
Other accrued expenses	3.4	7.1
Tax liabilities	0.1	0.2
Other liabilities	0.9	0.8
Total other current liabilities	**4.8**	**8.3**

10. Non-current interest-bearing liabilities

The Company 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%

11. Provisions

In millions of Swiss francs	31 December 2022	31 December 2021
Provisions for compensation to board members		
Option grants	2.6	2.7
Management carry program	0.8	1.0
Social security expenses on management carry program	0.1	0.1
Total provisions	**3.5**	**3.8**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

12. Treasury shares

	Number of shares	Weighted average price	Total value
		In Swiss francs	In millions of Swiss francs
Balance as of 1 January 2021	347'655	765.62	266.2
Purchase of treasury shares	265'847	1'451.77	386.0
Disposal of treasury shares	(282'536)	969.57	(274.0)
Balance as of 31 December 2021	**330'966**	**1'142.67**	**378.2**
Purchase of treasury shares	549'118	1'036.98	569.4
Disposal of treasury shares	(89'895)	1'110.48	(99.8)
Balance as of 31 December 2022	**790'189**	**1'072.88**	**847.8**

The Company has 1'101'870 (31 December 2021: 1'167'386) outstanding employee options and non-vested shares (see also note 4.3. of the consolidated financial statements). The treasury shares necessary to cover the granted non-vested shares have already been put aside in separate escrow accounts in the name of the employees. Thus, the number of treasury shares is already net of non-vested shares outstanding.

13. Share and option grants to members of the Board of Directors and the Executive Team

In Swiss francs	2022			2021		
	Number of instruments	Weighted average price	Total value	Number of instruments	Weighted average price	Total value
		In Swiss francs	In millions of Swiss francs		In Swiss francs	In millions of Swiss francs
Board of Directors						
Shares	841	925.00	0.8	488	1'627.00	0.8
Executive Team						
Shares	15'085	925.00	14.0	6'256	1'627.00	10.2

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

14. Commitments and contingent liabilities

In millions of Swiss francs	31 December 2022	31 December 2021
Guarantees for third parties		55.5
Guarantees for subsidiaries	1'237.0	865.0

The Company and certain subsidiaries maintain the following lines of credit as of 31 December 2022 (see note 5.4.3. of the consolidated financial statements):

- CHF 622 million (31 December 2021: CHF 460 million)
- CHF 585 million (31 December 2021: CHF 375 million)
- CHF 30 million (31 December 2021: CHF 30 million)

The amounts drawn by subsidiaries are guaranteed by the Company.

As of 31 December 2022 there are CHF 270 million drawn (31 December 2021: nil).

15. Shareholders above 5%

As of 31 December 2022, the Company had received notification of four significant shareholders whose voting rights exceed 5%

	31 December 2022	31 December 2021
Dr. Marcel Erni	5.01%	5.01%
Alfred Gantner	5.01%	5.01%
Urs Wietlisbach	5.03%	5.01%
BlackRock, Inc.	5.02%	5.02%

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

16. Share and option holdings by members of the Board of Directors and the Executive Team

Number of shares and options			31 December 2022
	Share ownership	Non-vested shares	Options
Board of Directors			
Steffen Meister, Executive Chairman	350'675		
Dr. Martin Strobel, Vice Chairman	631		4'570
Dr. Marcel Erni	1'338'959		
Alfred Gantner	1'338'959		
Joseph P. Landy	271		
Anne Lester	190		
Urs Wietlisbach	1'342'699		
Flora Zhao	163		
Total Board of Directors	**4'372'547**	**–**	**4'570**
Executive Team			
David Layton, Chief Executive Officer	7'309	8'786	7'500
Kirsta Anderson, Chief People Officer	38	383	
Sarah Brewer, Co-Head Client Solutions	1'791	2'761	30'180
Roberto Cagnati, Chief Risk Officer and Head Portfolio Solutions	1'586	2'306	18'850
Juri Jenkner, Head Private Infrastructure	8'808	5'523	
Andreas Knecht, Chief Operating Officer, General Counsel and Head Corporate Operations	9'806	4'256	17'000
Marlis Morin, Head Client Services	18'161	1'838	
Hans Ploos, Chief Financial Officer, Head Group Finance and Corporate Development	1'337	1'707	
Total Executive Team	**48'836**	**27'560**	**73'530**
Total	**4'421'383**	**27'560**	**78'100**

Notes to the financial statements of Partners Group Holding AG for the years ended 31 December 2022 and 2021

Number of shares and options			31 December 2021
	Share ownership	Non-vested shares	Options
Board of Directors			
Steffen Meister, Executive Chairman	350'675		
Dr. Martin Strobel, Vice Chairman	360		4'570
Dr. Marcel Erni	1'338'959		
Alfred Gantner	1'338'959		
Joseph P. Landy	108		
Grace del Rosario-Castaño	346		11'726
Urs Wietlisbach	1'338'959		
Total Board of Directors	**4'368'366**	**–**	**16'296**
Executive Team			
David Layton, Chief Executive Officer and Head Private Equity	6'015	6'161	7'500
Kirsta Anderson, Chief People Officer	33	144	
Sarah Brewer, Co-Head Client Solutions	637	1'155	31'530
Roberto Cagnati, Chief Risk Officer and Head Portfolio Solutions	1'477	793	18'850
Juri Jenkner, Head Private Infrastructure	7'950	3'948	
Andreas Knecht, Chief Operating Officer and General Counsel	9'099	3'152	17'000
Marlis Morin, Head Client Services	17'845	1'423	
Hans Ploos, Chief Financial Officer	1'192	1'041	
Total Executive Team	**44'248**	**17'817**	**74'880**
Total	**4'412'614**	**17'817**	**91'176**

17. Full-time employees

The Company did not have any employees in the reporting year or in the previous year.

18. Subsequent events

No events took place between 31 December 2022 and 17 March 2023 that would require material adjustments to the amounts recognized in these statutory financial statements.

Proposal by the Board of Directors of Partners Group Holding AG for the appropriation of available earnings as of 31 December 2022

In millions of Swiss francs	31 December 2022
Profit for the period	964.8
Results carried forward	1'941.0
Total voluntary retained earnings available for appropriation	**2'905.8**
Proposal by the Board of Directors to the Annual General Meeting of shareholders:	
To be distributed to shareholders	(987.9)
To be carried forward	**1'917.9**