Dear clients, business partners and fellow shareholders,

As Chairwoman of the Nomination & Compensation Committee of the Board, I am pleased to present you with Partners Group’s Compensation Report, covering the year ended 31 December 2016. In this report, the Nomination & Compensation Committee outlines the philosophy and principles behind Partners Group’s compensation structure and discloses the compensation paid to the members of the Executive Committee and Board for the fiscal year 2016.

2016 performance

In 2016, we continued to realize potential in private markets and expanded our global investment platform to over 900 employees across 19 offices worldwide. This expansion has enabled us to further raise investment capacity and transact on more assets with value creation potential, while also remaining disciplined in a market environment that continues to be characterized by elevated valuations. In 2016, we invested a record amount in attractive corporate, real estate and infrastructure assets on behalf of our clients. These successful investment activities have generated significant performance fee potential for the firm, its shareholders and its employees over the mid to long term.

We also received significant new commitments from our global client base across all private markets asset classes, providing us with the capital needed to transact on the most attractive opportunities in the market.

2016 performance

<table>
<thead>
<tr>
<th>Platform</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment activity</td>
<td>EUR 11.7 billion</td>
</tr>
<tr>
<td>New client commitments</td>
<td>EUR +9.2 billion</td>
</tr>
<tr>
<td>2016 year-end AuM</td>
<td>EUR 54.2 billion</td>
</tr>
<tr>
<td>AuM growth</td>
<td>+18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financials</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>+57%</td>
</tr>
<tr>
<td>Performance fees</td>
<td>~5x</td>
</tr>
<tr>
<td>EBITDA</td>
<td>+63%</td>
</tr>
<tr>
<td>IFRS profit</td>
<td>+41%</td>
</tr>
</tbody>
</table>

The firm’s 2016 financials were equally strong: revenues and EBITDA increased by 57% and 63% compared to the previous period to CHF 973 million and CHF 601 million, respectively. Revenues from performance fees amounted to CHF 294 million in 2016, compared to CHF 64 million in 2015. Clients remain the principal beneficiaries of the returns generated, as this increase in revenues from performance fees was a result of consistently strong performance in a number of mature client portfolios. The EBITDA margin increased modestly and amounted to 62%, in line with our margin target. IFRS profit increased by 41%, standing at CHF 558 million for the period.

Despite the strong financial performance achieved throughout 2016, the cash and equity compensation paid to the Executive Committee (see section 5) and Board (see section 6) increased only moderately and mainly due to a higher variable compensation. The Executive Committee and select members of the Board, though, participated in the significant increase in future performance fee potential as a result of the firm’s investment activities in 2016. The total compensation of the Executive Committee and the Board remained within the total maximum compensation approved by shareholders for the respective periods.

| Year-on-year change of compensation (2015 vs. 2016) |
|---------------------------------------------|----------|
| ExCo                                       | Board    |
| Cash & equity securities                   | +7%      | +5%      |
| Performance fee entitlements (MCP)         | +121%    | +65%     |

Pay for performance

The Nomination & Compensation Committee assesses the performance of executives based on whether group- and department-level objectives were achieved during the
Compensation Report

year. The degree to which the firm, its teams and individual professionals have exceeded or missed these measurable objectives provides an overall rating and serves as an input for the nomination and compensation review at year-end. In this 2016 Compensation Report, the firm has included a more comprehensive breakdown of the group- and department-level objectives (see section 3).

**Compensation framework review: introducing caps on executive compensation**

Though the general philosophy behind our compensation policy has remained unchanged, we undertake periodic reviews of our compensation structure and make adjustments as necessary in order to ensure that the interests of employees, clients, shareholders and other stakeholders remain best aligned.

In 2016, no structural amendments were made to the existing compensation system, which generally places a strong emphasis on longer-term compensation components. However, according to industry best practice, this year the firm introduced a cap on variable compensation for Executive Committee members. This applies to all variable compensation components the firm can determine the value of at grant date. As such, the following compensation components are included in the cap: bonus payments, the share-only Employee Participation Plan (EPP), the option-only Management Incentive Plan (MIP) and other compensation such as pension benefits. The only variable incentive which is not subject to the cap is the performance fee-related Management Carry Plan (MCP), as the latter is linked to investment outcomes which depend on many variables and are impossible to predict over the typical timeframe of 8-12 years between the time MCP is awarded and the time the full payout is received. Nonetheless, the MCP is capped by the maximum compensation budget approved at the shareholder Annual General Meeting.

According to the newly introduced cap, the aggregate amount of the variable compensation components mentioned above cannot be more than 3x an executive's base compensation in a given year.

**Further aligning the interests of shareholders and Board members**

In addition, in 2016, the firm awarded a one-time allocation of Partners Group Holding AG shares to select independent members of the Board of Directors. The shares allocated must be held for the entire duration of a Board mandate and are designed to further align the interests of independent Board members with those of shareholders. The value of this one-off share grant amounted to CHF 50'000 per member.

**2017 compensation outlook unchanged**

The 2017 compensation framework for senior management members will remain the same as the 2016 framework. As a private markets investment manager, we value our long-term approach to investing, since it enables us to optimize value creation for all stakeholders. We value a similar long-term approach when it comes to employee compensation. Based on this commitment, the general philosophy behind Partners Group’s compensation policy remains unchanged.

The Nomination & Compensation Committee is convinced that the firm’s compensation system can attract and retain highly competent and entrepreneurial individuals that share Partners Group’s values. The talents we seek are expected to support the firm’s aspiration to be a respected and admired leader in its field and to shape its industry through thought leadership and innovation.

**2017 Annual General Meeting (AGM)**

The Nomination & Compensation Committee prepared the proposal for the separate binding votes on the Board and Executive Committee compensation that will be held at our AGM in 2017. Shareholders will be asked to approve the total maximum amount of Board compensation for the period between the 2017 AGM and the 2018 AGM, as well as the total maximum amount of Executive Committee compensation for the fiscal year 2018.

On behalf of Partners Group and the Nomination & Compensation Committee, I would like to thank you for your continued trust and support.

Yours sincerely,

Grace del Rosario-Castaño, Chairwoman of the Nomination & Compensation Committee
Compensation Report

1. Compensation philosophy

Aligning compensation with the firm’s strategy
Partners Group's compensation framework supports the firm’s business strategy and promotes a corporate culture that contributes to the company’s sustained success, while adhering to its vision and values. The philosophy behind the compensation framework is based on the firm’s aim of providing clients and their beneficiaries with superior and sustainable investment performance on a mid- to long-term basis.

Our key target is to realize the full development potential of the companies, real estate and infrastructure assets we invest in on behalf of our clients. Active value creation is a core element of meeting the return expectations of our clients. Once our value creation objectives have been achieved during the holding period, we aim to realize returns for our investors by selling our interest in the asset. Simultaneously, we seek new capital to conduct new investments and, in turn, create value in these.

Creating a win-win situation
In order to best combine the interests of clients and shareholders with those of the firm’s employees, Partners Group’s compensation framework includes significant long-term incentive components which allow the firm and its employees to participate in investment success alongside clients.

Exhibit 1: Partners Group’s investment cycle

Exhibit 2: Aligning the interests of clients, shareholders and employees

Clients
We actively listen to our clients to understand their needs and build trusted, long-term relationships. Our aim is to provide tailored private markets portfolio solutions that enable them to achieve superior investment performance and benefit from market-leading client servicing. Clients honor their trust through continued commitments to Partners Group’s investment vehicles.

Shareholders
We strive for attractive financial returns and for a premium valuation to honor our shareholders’ long-term confidence in our firm. Partners and employees hold a significant ownership in Partners Group and thus are aligned with external shareholders’ interests.

Employees
We attract talented individuals who are committed to our purpose and values and help them to develop so that they perform at their best. Together we create a demanding and rewarding environment throughout our firm. Senior professionals are incentivized to participate in delivering superior investment performance to clients through their eligibility for compensation derived from the future performance fees earned by Partners Group’s investments.

The compensation framework provides an attractive long-term wealth creation opportunity for high-performing professionals and reflects Partners Group’s integrated approach, which draws compensation awards from a blend of performance fee pools across different asset classes (equity, real estate, debt and infrastructure) or investment strategies (directs, secondaries and integrated).
2. Compensation components

Partners Group’s compensation framework is structured around short-term and long-term compensation components that are weighted differently in the overall compensation package depending on the function, level of experience and contribution of an individual employee, among other factors. Partners Group uses the long- and short-term compensation components outlined in the table below and explained in more detail in the remainder of this section:

<table>
<thead>
<tr>
<th>Time Components</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term incentives (STI)</td>
<td>Fixed</td>
</tr>
<tr>
<td>Base salary &amp; benefits</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td></td>
</tr>
<tr>
<td>Employee Participation Plan (EPP)</td>
<td>Variable</td>
</tr>
<tr>
<td>Management Incentive Plan (MIP)</td>
<td></td>
</tr>
<tr>
<td>Management Carry Plan (MCP)</td>
<td></td>
</tr>
<tr>
<td>Long-term incentives (LTI)</td>
<td></td>
</tr>
</tbody>
</table>

By overweighting long-term compensation components (EPP, MIP and MCP), Partners Group’s compensation framework should encourage responsible and sustainable decision-making on the part of the Board and Executive Committee and discourage short-term risk-taking. Exhibit 4 shows the tilt towards such components in the total compensation of the Executive Committee and Board.

With an increasing level of seniority, a larger part of the total compensation package is variable and tied to long vesting periods. This is intended to ensure strong alignment of the interests of employees with those of clients and shareholders.

Exhibit 3: Compensation components overview

Exhibit 4: 2016 Executive Committee and Board compensation split

*Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2016.

*While MCP grants vest linearly over a period of five years, the actual MCP payout (i.e. “cash-on-cash”) received by the individual professional depends on the performance of the underlying investments in the given grant year and materializes over the next 8-12 years. The actual payout can be higher than the originally anticipated nominal amount in the case of consistent investment performance above underlying assumptions, or lower than the originally anticipated nominal amount in the case of lower investment performance. In the worst case scenario it can be zero.
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2.1. Short-term incentives (STI)

2.1.1. Base salary & benefits
Base salaries for all employees are based on an individual’s role and level of responsibility for the upcoming year and are typically only adjusted meaningfully with a change of role. They are paid on a monthly basis and reviewed annually.

The primary purpose of benefits such as pension and insurance plans is to establish a level of security for employees and their dependents with regard to the major economic risks of sickness, accident, disability, death and retirement. The level and scope of pension and insurance benefits provided is country-specific and influenced by local market practice and regulations.

2.1.2. Bonus
The bonus payment is a variable short-term cash incentive. It is awarded at year-end based on the financial bonus pool budget set by the Nomination & Compensation Committee. This budget considers the overall success of the firm in the respective year, and specifically the development of the company’s year-end EBITDA relative to its target, as well as the realized performance fees which are not allocated to the Management Carry Program (see section 2.2.3). The bonus budget allocation for departments, teams and individuals depends on their performance and contribution to the overall achievement of the firm’s goals during the period. The criteria for evaluating individual employees are discussed in greater detail in section 3.2. Employees are typically notified of their bonus at year-end and receive bonus payments the following February.

2.2. Long-term incentives (LTI)

2.2.1. Employee Participation Plan (EPP)
Partners Group has a long-term history of granting equity incentives to its professionals. These are awarded at year-end through its Employee Participation Plan (EPP). This plan aims to align employee interests with those of external shareholders. The 2016 EPP was a shares-only plan for the firm’s employees.

Link to strategy
Combined, Partners and employees of Partners Group are significant shareholders of the firm and hold over 40% of the total share capital outstanding. This ensures that the interests of the firm’s employees are strongly aligned with those of external shareholders and means employees are focused on creating long-term sustainable value and profitability. The EPP further strengthens the alignment of these interests and fosters long-term thinking and actions while discouraging short-term risk taking. In turn, this should support the firm’s financial success to the benefit of all stakeholders.

Vesting parameters
The vesting of the 2016 EPP grants for senior professionals follows a linear model, with proportionate annual vesting every year for a five-year period following the award and contingent on their continued employment with Partners Group.

Exhibit 5: 2016 EPP vesting parameters (shares) for senior professionals

The vesting parameters of EPP incentives are stringent. Any holder of unvested equity securities who leaves the firm has the obligation to render his or her unvested interest back to the company. Further information on Partners Group’s equity incentive plan can be found in section 4 of the notes to the consolidated financial statements included in the 2016 Annual Report.

Dilution
There has been no dilution of Partners Group’s share capital since the IPO in March 2006, as the firm holds treasury shares to provide shares for existing equity incentive programs. Also, the treasury shares necessary to cover the granted non-vested shares have already been purchased by the firm.

2.2.2. Management Incentive Plan (MIP)
In 2015, next to the existing share-only Employee Participation Plan (EPP), the Board introduced a long-term option-only plan, the Management Incentive Plan (MIP). The MIP targets select members of the current Executive Committee as well as a few select individuals in the senior management team who have significantly contributed to the firm’s success in the past and who have the potential to do so in the future. The latter are expected to represent the next generation of leaders in the firm. The MIP is by invitation only and intends to reward a small number of senior professionals with smaller shareholdings compared to their more senior colleagues.

Link to strategy
The MIP aims to significantly strengthen the alignment of senior employees’ interests with those of shareholders and promote a culture of entrepreneurship. This, in turn, should foster the firm’s business activities and long-term financial success.
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It should also give participants the opportunity to build a substantial equity ownership in the firm which ultimately should serve as a material commitment and retention tool.

**Vesting parameters**

The vesting of the 2016 MIP option grants for senior management follows a five-year (50% of grant) and six-year (50% of grant) cliff-vesting model and features a strike price set 40% above the share price when granted. In addition, the plan includes a two-year non-compete post-vesting agreement.

**Exhibit 6: General MIP vesting parameters (options) for senior professionals**

Any holder of unvested equity securities leaving the firm has the obligation to render his or her unvested interest back to the company. Further information can be found in section 4 of the notes to the consolidated financial statements included in the 2016 Annual Report.

**2.2.3. Management Carry Plan (MCP)**

In 2010, Partners Group launched a dedicated performance fee-related compensation program, the Management Carry Plan (MCP), whereby a percentage of the potential future performance fees from investments is allocated to senior professionals. The MCP was designed as a long-term incentive plan which aligns the rewards for the firm’s professionals with investment performance and the firm’s overall financial success.

Over 70% of the Executive Committee and Board members’ total compensation is represented by MCP. It can take 8-12 years from the point of MCP allocation until the most significant part of the actual payout from MCP is received.

**Link to strategy**

Partners Group aims to provide clients and their beneficiaries with superior and sustainable investment performance on a mid- to long-term basis. Investment professionals across the firm seek out those investment opportunities which offer the best relative value in the prevailing market conditions in order to generate attractive returns for clients.

The MCP is linked to investment success and is the largest potential contributor to wealth creation for senior professionals. The link between the plan and the firm’s strategy is straightforward: if value creation in clients’ portfolios is strong, investment performance for clients should also be strong, resulting in a higher amount of performance fees, of which senior professionals receive a predefined pro-rata stake. On the other hand, should there be limited value creation in client portfolios during the holding period of an investment, senior professionals receive a significantly lower payment (or nothing at all) from their pro-rata stake in potential performance fees.

The majority of senior executives receive an MCP grant from the general global private markets pool. This performance fee sharing across different business departments promotes Partners Group’s integrated investment approach, according to which every professional is incentivized to contribute to investments in every asset class, and not solely in the asset class or function they primarily focus on.

**How the MCP works**

At the end of every year, MCP participants are granted the right to receive a certain percentage of future performance fees from the investments made during this respective year. Participants in the 2016 MCP were granted the right to receive a pro-rata stake of the future potential performance fees from investments made between Q4 2015 and Q3 2016 (“2016 MCP”). MCP grants represent a percentage of the potential future performance fees from investments allocated to professionals, expressed in US dollars, using expected base case performance assumptions.

Typically, MCP awards are paid out to recipients once investments from the relevant MCP period have been realized (exited) and the hurdle rate agreed with the firm’s clients has been cleared (i.e. the client has already achieved a certain predefined minimum return, typically 8% p.a.). This means it normally takes 8-12 years from the point of MCP grant until the full payout is received.

Investment outcomes depend on many variables and are impossible to precisely predict over such a long timeframe. For this reason, the final cash figures paid to recipients can...
vary substantially between zero in a worst case scenario and an amount higher than anticipated in the case of strong outperformance against the investment case originally underwritten. An illustrative example of how performance fees are shared between clients, the firm and professionals is shown below:

**Exhibit 7: Performance allocation between clients, the firm and staff (illustrative example)**

<table>
<thead>
<tr>
<th>Entry</th>
<th>Exit</th>
<th>8-12 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2x-2.0x Capital gain</td>
<td>20-100</td>
<td></td>
</tr>
<tr>
<td>120-200 Investment amount 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perf fees 40% of staff compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm/ shareholder ~40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client ~60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Debt Real Estate Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value creation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exit 8-12 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCP vesting “the right to receive” (subject to a 5-year tenure)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual MCP payout “cash-on-cash” (if and when made to the firm)</td>
<td></td>
<td></td>
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</tbody>
</table>

**“Worst case”**: should no performance fees be generated from investments made in 2016, due to an investment performance resulting in returns lower than predefined hurdle rates, then there will be no MCP payments to professionals or to the firm.

**“Base case”**: any scenario better than the “worst” case assumes that performance fees will be generated in the future. ~40% of each US dollar in performance fees earned from investments made in 2016 is paid out to 2016 MCP plan participants. The firm and its shareholders receive the remaining ~60%.

It is important to note that Partners Group’s clients will, in any scenario, be the principal beneficiaries of the returns generated in the underlying private markets portfolios.

**Strong correlation between the amount and quality of investments and MCP grants to the team**

There is a strong correlation between the performance fee potential and the total amount invested as well as the quality of investments made in a given year. Both factors influence the generation of future performance fees and therefore the total potential amount of MCP distributable to the team.

With regard to the investment amount, generally, a year with a higher investment amount leads to a higher amount of potential MCP. In contrast, a year with a lower investment amount leads to a lower amount of potential MCP. With regard to the quality of investments, the firm’s investment teams focus on the most attractive opportunities in the prevailing market conditions and on value creation potential within the firm’s investments. Assuring investment quality is of utmost importance as low-quality investments can destroy MCP potential. As a result, the overall MCP is designed to seek the balance between the amount invested and the level of quality. This balance enables the firm and its professionals to realize full return potential for their clients and should generate the optimum level of future performance fees for the firm, its shareholder and its professionals.

**Vesting parameters**

MCP vesting parameters and actual cash payments to employees can deviate in terms of timing and nominal amount. With regard to the timing, while the MCP grants vest linearly over a period of five years, subject to a minimum five-year tenure for employees, the actual MCP amount received by the individual professional depends on the performance of the underlying investments in the given grant year and materializes over the next 8-12 years. With regard to the amount, the actual US dollar payout received by the individual professional after 8-12 years can be higher than the originally anticipated nominal amount in the case of consistent investment performance above underlying assumptions, or lower than the originally anticipated nominal amount in the case of lower investment performance. In the worst case scenario it can be zero.

**Exhibit 8: Vesting of MCP grants vs. actual MCP payments**

If an employee leaves Partners Group, all of his/her unvested MCP grants are returned to the company, thereby encouraging employees to remain with the firm over the long term.

**Example**

An employee with relevant tenure was granted a USD 10'000 performance fee entitlement from the 2016 MCP at year-end and decides to leave the firm two years later (i.e. in 2018). This means that 2 x 20% (40% in total) of his/her right to receive this 2016 MCP grant has vested, although nothing has been paid out yet. As a result, the employee is entitled to receive USD 4'000 of the anticipated value of USD 10’000. However, MCP awards can typically only be paid out to recipients once the investments are realized. It can take approximately 8-12 years from the point
of MCP grant until full payouts are received, depending on the timing of the exit of the underlying investment. Investment outcomes depend on many variables and are impossible to predict over such a long timeframe. For this reason, the actual amount of the 40% vested right to receive MCP can substantially vary between zero in a worst-case scenario and an amount higher than anticipated (USD >4'000) in the case of stronger than expected outperformance. In any case, the employee will only receive 40% of whatever the original 2016 MCP grant pays out.

Payouts received from MCP grants to-date

The underlying portfolios which have determined MCP pools since 2010 are performing at or above plan. These pools are still in their value creation phase and have therefore not yet generated substantial performance fees and payouts.

The actual payout to professionals has been less than the grant value employees received between 2010 and 2016. Between 2010 and 2016, actual payout amounts have gradually increased in line with the maturity of the underlying portfolios. More mature MCP pools (2010-2012) have paid out a higher proportion of their original grants than MCP pools which were set up more recently (2013-2016). Exhibit 9 shows the percentage of actual MCP payout for each MCP grant pool since 2010.

![Exhibit 9: Total MCP payouts since 2010 vs. allocation](image)

Note: payments as of 31 December 2016, including estimated payouts for May 2017.

2.3. Prospective vs. retrospective voting

With the introduction of the Ordinance against Excessive Compensation in listed joint stock companies (“OaEC”) of the Swiss Federal Council, new rules on corporate governance were issued that have a direct impact on executive management, shareholders and independent proxies. One of these rules gave companies the choice of introducing either a retrospective or a prospective voting system, or a combination of the two.

According to Partners Group’s articles of association, each year shareholders must approve the Board’s proposals for the maximum total compensation paid to the Board for the period until the next Annual General Meeting, as well as the maximum total compensation paid to the Executive Committee for the following fiscal year. Our shareholders have therefore agreed to a prospective voting system for short-term and long-term compensation components. The effectiveness of this voting system is reviewed on an annual basis.

We believe a prospective voting system provides the necessary legal security with respect to certain short-term compensation components for the Board and Executive Committee (particularly with regard to base salaries). We also believe that a prospective voting mechanism is favorable for our largest and most long-term variable compensation component, the MCP. Due to the significant payout bandwidth of MCP allocations, we base our future payout assumptions on different scenarios (high-, base- and worst-case). Each scenario is built on certain assumptions and quantifies the expected future payout. Given the fact that budget requests at AGMs require shareholder approval, we request approval of MCP compensation budgets which take all cases into account, including the unlikely event of a high-case scenario. Due to the fact that the anticipated payout is many years ahead, neither a retrospective nor a prospective voting system would provide complete budget accuracy. For the sake of simplicity, consistency and comparability, we therefore decided to vote prospectively on the total compensation budgets at the shareholder AGM.
3. Linking pay to individual performance

3.1. Compensation principles
When making compensation decisions, Partners Group’s Nomination & Compensation Committee follows these guiding principles, which apply to all employees:

- **Compensation follows contribution**: Partners Group has a unique business model and operates as one global firm, albeit with differentiated business lines and functions. Therefore, the main drivers for the variable compensation elements in the firm’s compensation framework are relative to individual and team performance and contributions, as well as to Partners Group’s overall achievements.

- **Equal opportunity and non-discrimination**: Partners Group is an equal opportunity employer and does not discriminate against employees on the basis of age, gender, nationality, or any other basis that is inconsistent with our guiding values. The firm is committed to a “pay for performance” and “fair pay” policy and also systematically conducts equal pay analyses across departments and regions.

- **Compensation is no substitute for talent development**: as in any investment firm, compensation is an important pillar of governance and leadership. It is, however, no substitute for a caring culture, for non-material ways of recognizing individual achievements and for helping the development of the firm’s human capital.

3.2. Individual performance measurement
Partners Group’s compensation system is designed to honor individual performance. Once group-level objectives have been set, they are cascaded down to departments, teams and individuals. Individual goals differ depending on an employee’s level of responsibility and may incorporate additional targets with a greater focus on investment-, client-, operations- and service-related activities or on introducing new business initiatives. The degree to which an individual has achieved these goals provides an overall rating and serves as an input for the nomination and compensation review at year-end.

3.2.1. PDP, PPP and Performance Summary
Partners Group cascades group- and department level targets down to individuals through its Personal Planning Process (PPP). Individual development is evaluated qualitatively meanwhile through the firm’s Personal Development Process (PDP), a 360° feedback program. The Performance Summary evaluates individual performance based on quantitative and qualitative output, quality of work, team contribution, integrated business-building and corporate matters.

**PPP**
The PPP is a goal-setting and measurement system used to better plan an individual’s work priorities throughout the year and to evaluate individual performance. Group-level goals are set in January and broken down into departmental goals, team goals and individual goals. An interim assessment of progress is conducted mid-year, while full-year achievements are measured in a year-end review.

**PDP**
The PDP is a 360° feedback process that focuses on the personal development of employees over time and feeds into the Performance Summary assessment. The dimensions measured are qualitative and place particular emphasis on leadership capabilities within the firm’s senior management team, in line with the firm’s Charter.

**Performance Summary**
The Performance Summary measures the overall performance of an individual according to the dimensions listed in Exhibit 10. Each individual is rated from (4) to (1) according to his/her performance in each field, with each rating representing the following: (4) overachieved goals, (3) achieved goals, (2) achieved part of the goals and (1) underperformed.

<table>
<thead>
<tr>
<th>What we value</th>
<th>Observed behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity/output</td>
<td>Fulfillment of quantitative and qualitative goals</td>
</tr>
<tr>
<td>Quality of work</td>
<td>Accuracy: best practice work quality</td>
</tr>
<tr>
<td>Team contribution</td>
<td>Measurements of special efforts and accomplishments in the team</td>
</tr>
<tr>
<td>Integrated business building</td>
<td>Contribution to support other businesses</td>
</tr>
<tr>
<td>Corporate matters</td>
<td>Compliance &amp; other corporate matters</td>
</tr>
</tbody>
</table>

Depending on the function, level and responsibility of a professional, and on the average Performance Summary weighting they receive, their variable compensation can either be adjusted to the positive, to the negative or remain neutral relative to their peers.
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The PPP, PDP and Performance Summary serve as inputs for the Executive Committee and Board in their nomination and compensation review at year-end and set the framework for compensation discussions. However, overall compensation bandwidths set by this framework are not intended to be applied in a purely systematic manner. Senior management applies an appropriate degree of discretion according to a “judgment supersedes” formula where warranted. This discretion considers factors which may not have been sufficiently reflected by the Performance Summary (e.g., operational or business impact through special assignments or cross-departmental efforts).

3.2.2. Bonus-malus system

Compensation for senior professionals is also subject to “malus” and “clawback” rules. This means that the Nomination & Compensation Committee and the Board, respectively, may decide not to pay any unpaid or unvested incentive compensation (malus) or seek to recover incentive compensation that has been paid in the past where the pay-out has been proven to conflict with applicable laws and regulations.

3.3. Measuring company and executive performance

Each professional at Partners Group will be measured against his or her Performance Summary sheet (Exhibit 10). This is also the case when evaluating Co-CEOs in order to ensure they are paid for performance.

A comprehensive breakdown of the measures assessed by the Nomination & Compensation Committee for each of the group- and department-level objectives is shown in Exhibit 11. For the performance assessment of Co-CEOs, group-level objectives have a stronger weight than department-level objectives as clear responsibilities are delegated to respective department heads.

The rating obtained is not intended to be fully applied in a fully systematic manner. The Nomination & Compensation Committee can exercise its judgment and apply an appropriate degree of discretion, considering factors and achievements which may not be reflected in the overarching Group performance assessment measures. A detailed description of Executive Committee compensation in 2016 is provided in section 5.

Exhibit 11: Group- and department-level performance measures

<table>
<thead>
<tr>
<th>Group-level</th>
<th>Focus</th>
<th>Objectives</th>
</tr>
</thead>
</table>
| Investment platform | (Raise; invest; create value; realize) |  • Achieve sustainable growth of investment capacity  
  • Create long-term value in portfolio assets  
  • Generate attractive returns for clients  
  • Ensure sufficient commitment capacity from clients |
| Financials | (EBITDA development; EBITDA margin; recurring revenue margin; return on equity) |  • Maintain EBITDA margin target  
  • Maintain recurring revenue margin  
  • Achieve return on equity target |
| Partners Group Charter | |  • Foster an entrepreneurial partnership culture as described in the Charter  
  • Develop talented individuals who are committed to our purpose |

<table>
<thead>
<tr>
<th>Department-level</th>
<th>Focus</th>
<th>Objectives</th>
</tr>
</thead>
</table>
| Investments | |  • Achieve asset class-specific investment goals  
  • Meet asset class-specific return targets |
| Clients | Business Department Heads |  • Extend client coverage (regional and type of investors)  
  • Achieve fundraising goals (mandates, flagship programs and strategic partnerships) |
| Services | |  • Provide best-in-class client servicing  
  • Contribute to our PRIMERA* platform to the benefit of investments, clients & employees |

*PRIMERA is our proprietary private markets database.
4. Compensation governance

4.1. Legal framework
The Swiss Code of Obligations as well as the Corporate Governance Guidelines of the SIX Swiss Exchange require listed companies to disclose information about the compensation of members of the Board and Executive Committee, about their equity participation in the firm and about any loans made to them. This Annual Report fulfills that requirement. In addition, this Annual Report is in line with the principles of the Swiss Code of Best Practice for Corporate Governance of the Swiss Business Federation (economiesuisse).

4.2. Compensation decision-making authorities
Compensation allocation is an important and challenging governance and leadership task. As such, Partners Group’s Board assigns the Nomination & Compensation Committee with the task of carrying out a systematic process on an annual basis. The Committee has combined responsibilities for “nomination” and “compensation” proposals, as both are an integral and closely linked part of a typical compensation consideration. The nomination process ensures the assessment and nomination of individuals based on their contribution to the firm’s success as well as on their potential for development, while the compensation process ensures the respective adjustments to compensation based on functions, responsibilities and performance. The combination of the nomination and compensation processes into one committee should ensure a seamless transition between a professional’s development and compensation.

The Nomination & Compensation Committee fulfills the duties set out for it in the firm’s articles of association. In particular, the Committee oversees the firm’s compensation structure in order to ensure adherence to Partners Group’s strategy, culture and to recognized best practices. It reviews compensation proposals by the Executive Committee to ensure they comply with determined principles and performance criteria and evaluates their consistency with the firm’s values, such as “fair pay” and “pay for performance”. It advises and supports the Board and the Executive Committee with regard to firm-wide promotions, leadership development measures and succession planning. It submits nomination and compensation motions and recommendations to the Board and is also responsible for the preparation of this Compensation Report.

4.3. Committee members
As of 31 December 2016, the members of the Nomination & Compensation Committee were Grace del Rosario-Castaño (Chair), Steffen Meister and Dr. Peter Wuffli. According to the independency criteria outlined in our Corporate Governance Report (section 3), Grace del Rosario-Castaño and Dr. Peter Wuffli are independent members and Steffen Meister is an executive member. While the constitution of the Nomination & Compensation Committee, together with its independent Chair, make it an independent Committee overall, it also receives a more comprehensive insight into the firm through the membership of an executive Board member. All members were elected by shareholders for a one-year tenure with the possibility of re-election.

4.4. Committee meetings held in 2016
In the first quarter of a fiscal year, the Nomination & Compensation Committee agrees on and proposes the Compensation Report to the Board. Overall, the Committee held three formal meetings in 2016.

The Committee typically meets in the first half of every year to set the framework and provide guidelines for the overall compensation strategy and promotions for that year. Specifically, it confirms the overall financial budget for the base and variable compensation components for the current year, as well as the salary increases for the subsequent year based on overall financial budgets approved by the Board. It also confirms overall budgets for variable compensation components (EPP, MIP and MCP), and defines guidelines for the allocation of these plans. In doing so, it takes the overall budget and forecast for the current and following year into consideration, along with the progress of Partners Group’s investment activities.

The proposal for Executive Committee and Board member compensation is made within the bounds of the compensation budget proposed at the relevant shareholder AGM. Once these overarching parameters have been defined, the Executive Committee and business department heads prepare suggestions for individual allocations from the overall budget and define the candidates for promotion. These proposals are then presented to the Nomination & Compensation Committee for further discussion in the second meeting in the fourth quarter of every year. In this meeting, the Nomination & Compensation Committee reviews the overall compensation and promotion schedule and makes a final proposal to the full Board for final ratification. Partner- and Managing Director-level promotions and compensation are ratified individually. Budget and compensation authorities are summarized below.
**Exhibit 12: Budget and compensation authorities**

<table>
<thead>
<tr>
<th>Budget</th>
<th>Proposal</th>
<th>Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors, Executive Committee (cash, EPP, MIP, MCP)</td>
<td>NCC</td>
<td>Board of Directors*</td>
</tr>
<tr>
<td>Group-level budget (cash, EPP, MIP, MCP)</td>
<td>Delegate and Co-CEOs</td>
<td>NCC ratifies</td>
</tr>
<tr>
<td>Department-level allocation (cash, EPP, MIP, MCP)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Proposal</th>
<th>Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Board of Directors</td>
<td>Chair of the NCC</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>Members of the Board of Directors</td>
<td>NCC</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>Co-CEOs</td>
<td>Delegate and Co-CEOs</td>
<td>NCC reviews, Board of Directors ratifies</td>
</tr>
<tr>
<td>Executive Committee, Global Executive Board</td>
<td>Department Heads, Line Managers</td>
<td>Executive Committee</td>
</tr>
<tr>
<td>Other professionals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Subject to shareholder AGM approval.
5. 2016 Executive Committee compensation

The Executive Committee’s performance is assessed by the Board. The annual compensation of the members of the Executive Committee, except for the Co-CEOs, is proposed by the Delegate of the Board together with the Co-CEOs and reviewed by the Nomination & Compensation Committee and ratified by the Board, respectively. The Co-CEOs’ compensation is proposed by the Nomination & Compensation Committee and approved by the Board. All proposals relating to the compensation of the Executive Committee are subject to the approval of shareholders at the AGM.

5.1. 2016 performance assessment

The Nomination & Compensation Committee reviewed the 2016 performance target of the Co-CEOs and other Executive Committee members against their individual 2016 group- and department-level objectives.

The weighting attributed to the performance of the firm, business division achievements and functional performance indicators varies depending on an Executive Committee member’s role within the firm. The degree to which an individual has achieved his or her group-level objectives, coupled with an assessment of performance against department-level objectives, provides an overall performance rating (a detailed description of the individual performance assessment is given in section 3). This sets the framework within which the Nomination & Compensation Committee can exercise its judgment for Executive Committee members’ annual remuneration and ensures the latter are paid for performance. Exhibit 13 provides an overview of the group- and department-level performance indicators and assessment against 2016 results and achievements for the Co-CEOs.

Exhibit 13: Performance assessment of the Co-CEOs

<table>
<thead>
<tr>
<th>Group-level</th>
<th>Focus</th>
<th>Results</th>
<th>Assessment against targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raise</td>
<td></td>
<td>• EUR 9.2 billion (target: EUR 8-9 billion)</td>
<td>On plan</td>
</tr>
<tr>
<td>Invest</td>
<td></td>
<td>• USD 11.7 billion (2015: USD 9.7 billion); more invested and target investment returns maintained</td>
<td>On plan</td>
</tr>
<tr>
<td>Create value</td>
<td></td>
<td>• Value creation in private equity: +14% revenue and +15% EBITDA growth*</td>
<td>On plan</td>
</tr>
<tr>
<td>Realize</td>
<td></td>
<td>• CHF 294 million in performance fees; an increase compared to 2015 (CHF 64 million)</td>
<td>On plan</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA development</td>
<td></td>
<td>• +63%; ahead of revenue development</td>
<td>On plan</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td></td>
<td>• 62%; in line with ~60% target EBITDA margin</td>
<td>On plan</td>
</tr>
<tr>
<td>Recurring revenue margin</td>
<td></td>
<td>• 111%, in line with our long-term average</td>
<td>On plan</td>
</tr>
<tr>
<td>Return on equity</td>
<td></td>
<td>• 40%; goal of ~35% return on equity</td>
<td>On plan</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partners Group Charter</td>
<td></td>
<td>• Fostered a culture of entrepreneurship and compliance</td>
<td>On plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department-level</th>
<th>Focus</th>
<th>Main achievements</th>
<th>Assessment against targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td></td>
<td>• Invested more capital than originally planned; all asset classes contributed to this target</td>
<td>On plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Underwrote transactions at pre-defined return targets</td>
<td>On plan</td>
</tr>
<tr>
<td>Clients</td>
<td></td>
<td>• Continued to extend client coverage regionally and drive innovation in the industry</td>
<td>On plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Advanced the firm’s global offering through the creation of new programs that cater to specific client investment needs</td>
<td>On plan</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td>• Delivered state-of-the-art service catalogue</td>
<td>On plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased scale of our PRIMERA** platform</td>
<td>On plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ensured solid operations and enabled cross-departmental collaboration</td>
<td>On plan</td>
</tr>
</tbody>
</table>

* Value creation in 2016 across all active non-listed private equity direct investments acquired before 31 December 2015.
** PRIMERA is our proprietary private market database.
5.2. Compensation in 2016

2016 was another successful year for Partners Group. Despite the strong financial performance of the firm, the cash and equity compensation paid to the Executive Committee increased only moderately, in line with the firm’s compensation principles, which reward the firm’s professionals via long-term incentives. Long-term compensation components, such as the MCP, increased broadly in line with the substantial performance fee potential created during the year.

Introducing caps on variable compensation

In line with industry best practice, this year the firm introduced caps on the variable compensation for the Co-CEOs and Executive Committee members. This applies to all variable compensation components the firm can determine the value of at grant date. As such, the cap includes the following components: bonus payments, the share-only Employee Participation Plan (EPP), the option-only Management Incentive Plan (MIP) and other compensation. The only variable incentive which is not subject to the cap is the performance-fee related Management Carry Plan (MCP), as the latter is linked to investment outcomes which depend on many variables and are impossible to predict over the typical timeframe of 8-12 years between the time MCP is awarded and the time the full payout is received.

According to the newly introduced compensation cap, the aggregate amount of the variable compensation components mentioned above cannot be more than 3x an executive’s base compensation in a given year. Exhibit 14 shows how the cap affects the total compensation of the firm’s Co-CEOs.

Exhibit 14: Introduction of a cap on 2016 variable compensation for André Frei, Co-CEO

Compensation in cash and equities

The cash and equity compensation paid to the entire Executive Committee remained within the approved 2016 compensation budget. Their cash and equity compensation remained largely stable and increased by 7%, amounting to CHF 11.7 million (2015: CHF 10.9 million), and was below the maximum budgeted threshold of CHF 17.2 million as approved at the 2015 AGM.

Exhibit 15: Approved cash & equity securities compensation budget of the Executive Committee

Base salary and benefits: base salaries and benefits remained largely flat and amounted to CHF 6.0 million (2015: CHF 5.6 million).

Bonus: bonus payments increased by 45%, amounting to CHF 5.3 million (2015: CHF 3.7 million) mainly due to a significant ramp-up in realized performance fees in 2016 which were not allocated under the MCP.

Equity compensation: the overall equity grant to the Executive Committee decreased significantly and amounted to CHF 0.4 million (2015: CHF 1.7 million). In 2016, there were no MIP grants to members of the Executive Committee, reducing the overall compensation stemming from equity securities. Information on Partners Group’s equity incentive plans can be found in section 4 of the notes to the consolidated financial statements included in the 2016 Annual Report.

*While MCP grants vest linearly over a period of five years, the actual MCP payout (i.e. “cash-on-cash”) received by the individual professional depends on the performance of the underlying investments in the given grant year and materializes over the next 8-12 years. The actual payout can be higher than the originally anticipated nominal amount in the case of consistent investment performance above underlying assumptions, or lower than the originally anticipated nominal amount in the case of lower investment performance. In the worst-case scenario it can be zero.
Compensation Report

2016 MCP grants
A separate budget was approved for Executive Committee members with regard to MCP grants, relating to future performance fees from investments attributable to the relevant 2016 period. The 2016 MCP grant remained within the approved 2016 compensation budget and represents a percentage of the 2016 total performance fee pool. This proportion is fixed and will limit executives’ pay stemming from 2016 MCP grants to 6.4% of the total performance fee pool for 2016 (2015: 5.5%). In other words, 6.4% of every future US dollar in performance fees stemming from 2016 investments will be granted to the Executive Committee and its individuals.

Typically, it can take 8-12 years from the point of MCP grant allocation until the full payout is received, depending on the duration of the underlying investment. Cumulated payments to recipients over time can substantially vary between zero in a worst-case scenario and an amount higher than anticipated in the case of strong outperformance. For illustrative purposes only and to increase transparency, the 2016 MCP program is expected to remain within the following bandwidths: for each 1% of the performance fee pool allocation, Partners Group expected a payout range of CHF 0 to CHF 10.2 million and used CHF 6.8 million as a base-case scenario. In the anticipated base case, this translates into a combined payout assumption of CHF 43.8 million (2015: CHF 19.8 million) to the Executive Committee, i.e. 6.4% of the 2016 MCP grant.

The maximum budgeted threshold of CHF 64 million as approved at the 2015 AGM for the 2016 MCP grants to the Executive Committee provides the necessary flexibility to cover 2016 MCP payouts even in a scenario in which payouts exceed the base-case payout assumption. This will only be the case if the value creation in clients’ portfolios is stronger than expected (i.e. if the investment performance for clients is higher than originally underwritten). In any case, the payouts are limited to the maximum budgeted threshold of CHF 64 million.

Cumulated MCP payouts since 2010
The underlying portfolios which have determined MCP pools since 2010 are performing at or above plan. These pools are still in the value creation phase and have therefore not yet generated substantial performance fees and payouts. The actual payout to professionals has been less than the grant value employees received between 2010 and 2016. Between 2010 and 2016, actual payout amounts have gradually increased in line with the maturity of the underlying portfolios. More mature MCP pools (2010-2012) have paid out a higher proportion of their grants than MCP pools which were set-up more recently (2013-2016) as shown in Exhibit 9 in section 2.2.3.

Compensation ratios (variable to base, excluding MCP)
The ratio of the Executive Committee members’ variable compensation components (bonus and EPP/MIP, excl. MCP) compared to its base compensation ranged from 86% to 150% in 2016 (2015: 47% to 238%), illustrating varying compensation levels among individual Executive Committee members in line with Partners Group’s performance evaluation outlined in section 3.

5.3 Executive Committee members
In 2016, Partners Group’s Executive Committee consisted of twelve members as outlined in Exhibit 17. Further details on Executive Committee members’ professional history and education, including other activities and functions, can be found in the Corporate Governance Report under section 4.

The Executive Committee’s share ownership
With a 6% combined ownership of Partners Group’s total share capital, Executive Committee members are the largest internal shareholders next to Board members. They are thus highly aligned with external shareholder interests. A detailed overview of the share and option ownership held by individual members of the Executive Committee as of 31 December 2016 can be found in note 13 to the financial statement of Partners Group Holding AG in the 2016 Annual Report.
### 5.4. Loans to the Executive Committee (audited)

Executive Committee members may apply for loans and fixed advances, subject to an internal review and approval process. As of 31 December 2016, no loans were outstanding to either current or former Executive Committee members or to a related party of a current or former Executive Committee member.

### 5.5. Employee contracts (audited)

Employee contracts have no special provisions such as severance payments, “golden parachutes”, reduced stock and/or options and MCP vesting periods etc. in place in case of the departure of an Executive Committee member. Individual settlements will always be subject to the review of the Co-CEOs and the Nomination & Compensation Committee. Partners Group did not make any such payments to current Executive Committee members in 2015 and 2016.

### 5.6. Bonus-malus system

Long-term compensation awarded to members of the Executive Committee is also subject to “malus” and “clawback” rules. This means that the Nomination & Compensation Committee and the Board, respectively, may decide not to pay any unpaid or unvested incentive compensation (malus) or may seek to recover incentive compensation that has been paid in the past where the pay-out has been proven to conflict with applicable laws and regulations.

### Exhibit 17: Composition of the Executive Committee and functions of its members

<table>
<thead>
<tr>
<th>Name</th>
<th>Joined Partners Group in</th>
<th>Nationality</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>André Frei</td>
<td>2000</td>
<td>Swiss</td>
<td>41</td>
<td>Co-Chief Executive Officer and Head Clients</td>
</tr>
<tr>
<td>Christoph Rubeli</td>
<td>1998</td>
<td>Swiss</td>
<td>55</td>
<td>Co-Chief Executive Officer and Co-Head Investments</td>
</tr>
<tr>
<td>Claude Angéloz</td>
<td>2000</td>
<td>Swiss</td>
<td>49</td>
<td>Head Private Real Estate ¹</td>
</tr>
<tr>
<td>Andreas Baumann</td>
<td>2003</td>
<td>Swiss</td>
<td>44</td>
<td>Head Integrated Investments</td>
</tr>
<tr>
<td>René Biner</td>
<td>1999</td>
<td>Swiss</td>
<td>46</td>
<td>Co-Head Investments ²</td>
</tr>
<tr>
<td>Felix Haldner</td>
<td>2001</td>
<td>Swiss</td>
<td>53</td>
<td>Head Investment Structures</td>
</tr>
<tr>
<td>Andreas Knecht</td>
<td>2009</td>
<td>Swiss</td>
<td>47</td>
<td>Chief Operating Officer and General Counsel</td>
</tr>
<tr>
<td>Marlis Morin</td>
<td>2003 Swiss/Italian</td>
<td>46</td>
<td>Head Client Services</td>
<td></td>
</tr>
<tr>
<td>Stefan Näf</td>
<td>2000</td>
<td>Swiss</td>
<td>43</td>
<td>Head Investment Solutions</td>
</tr>
<tr>
<td>Dr. Stephan Schäli</td>
<td>1999</td>
<td>Swiss</td>
<td>48</td>
<td>Co-Head Private Equity</td>
</tr>
<tr>
<td>Dr. Michael Studer</td>
<td>2001</td>
<td>Swiss</td>
<td>44</td>
<td>Chief Risk Officer and Head Investment Services</td>
</tr>
<tr>
<td>Dr. Cyrill Wipfli</td>
<td>2002</td>
<td>Swiss</td>
<td>43</td>
<td>Chief Financial Officer</td>
</tr>
</tbody>
</table>

¹ Co-Head Private Real Estate & Head Private Real Estate Europe until 31 December 2016.
² Co-Head Private Debt until 31 December 2016.
## Compensation Report

### Exhibit 18: Executive Committee compensation 2016 (audited)

<table>
<thead>
<tr>
<th>In thousands of Swiss francs</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base compensation (cash)</td>
</tr>
<tr>
<td>Executive Committee</td>
<td></td>
</tr>
<tr>
<td>André Frei, Co-Chief Executive Officer</td>
<td>500</td>
</tr>
<tr>
<td>Christoph Rubeli, Co-Chief Executive Officer</td>
<td>500</td>
</tr>
<tr>
<td>Total Executive Committee</td>
<td>4’994</td>
</tr>
</tbody>
</table>

1) Amounts include payments by Partners Group for pension and other benefits.
2) Amounts include payments of all Group entities.
3) Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2015. For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from TCHF 0 to TCHF 10’215 and used TCHF 6’810 as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD).

### Exhibit 19: Executive Committee compensation 2015 (audited)

<table>
<thead>
<tr>
<th>In thousands of Swiss francs</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base compensation (cash)</td>
</tr>
<tr>
<td>Executive Committee</td>
<td></td>
</tr>
<tr>
<td>André Frei, Co-Chief Executive Officer</td>
<td>500</td>
</tr>
<tr>
<td>Total Executive Committee</td>
<td>4’745</td>
</tr>
</tbody>
</table>

1) Amounts include payments by Partners Group for pension and other benefits.
2) Amounts include payments of all Group entities.
3) Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2015. For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from TCHF 0 to TCHF 5’444 and used TCHF 3’629 as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD).

4) Figures above exclude other items pursuant to Art. 14 of the OaEC relating to discounted fees for investments made alongside investors in Partners Group’s open-ended investment programs under the firm’s Employee Investment Program (EIP). Including these items the total compensation for the entire Executive Committee amounts to TCHF 11’707, including TCHF 49 for EIP. Total compensation of individual Executive Committee members: André Frei, TCHF 1’204 (EIP: TCHF 0); Christoph Rubeli, TCHF 1’157 (EIP: TCHF 0). There were no such payments in 2015.
6. 2016 Board compensation

The Board sets compensation for its members at a level that reflects individual responsibility and contribution as well as time allocated to the Board mandate. In principle, the Board can access the same compensation elements as the Executive Committee to support the alignment of interests with clients and shareholders.

The cash and equity compensation of individual members of the Board has been set at the full discretion of the Board and is proposed by the Nomination & Compensation Committee based on each member’s role, responsibilities and assigned additional tasks. Partners Group outlines the Board compensation structure in Exhibit 20.

Members of the Board may receive higher annual compensation should they be assigned additional tasks and responsibilities, such as chairing a Board committee, or taking a more active role in the firm’s ongoing business activities. Compensation for additional tasks may be paid either in cash or equity or through MCP grants further emphasizing the focus on the firm’s long-term investment success. Partners Group does not believe that this compromises independent Board members’ independence, as the MCP program aims to achieve long-term sustainable investment success and prevent short-term risk taking.

Exhibit 20: Board compensation structure

<table>
<thead>
<tr>
<th>Function</th>
<th>Cash &amp; equity securities (in CHF)</th>
<th>Eligible for MCP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board membership</td>
<td>100’000</td>
<td></td>
</tr>
<tr>
<td>Chairing of the Board</td>
<td>+150’000</td>
<td>Yes</td>
</tr>
<tr>
<td>Chairing of a Board committee</td>
<td>+50’000</td>
<td>No</td>
</tr>
<tr>
<td>Additional contribution to the firm</td>
<td>+200’000</td>
<td>Yes</td>
</tr>
</tbody>
</table>

In addition, in 2016, the firm awarded a one-time allocation of Partners Group Holding AG shares to select independent members of the Board of Directors. The shares allocated must be held for the entire duration of a Board mandate and are designed to further align the interests of independent Board members with those of shareholders. This one-off grant was awarded to Grace del Rosario-Castaño, Michelle Felman and Dr. Eric Strutz and amounted to CHF 50’000 per member at grant date and is not included in the Board compensation structure shown below.

The Board reviews the compensation of its members, including the Chairman, each year based on a proposal by the Nomination & Compensation Committee. A detailed overview of the individual compensation components of all members of the Board in 2016 is outlined in Exhibits 25 and 26.

Compensation in cash and equities
For the calendar year 2016, the actual cash and equity compensation of the Board increased by 5%, amounting to CHF 4.0 million (2015: CHF 3.9 million) and was below the maximum budgeted threshold of CHF 4.7 million as approved at the 2016 AGM. The increase in cash and equity compensation is mostly attributable to the additional one-off share allocation to select independent members of the Board of Directors.

Exhibit 21: Approved cash & equity securities compensation budget of the Board

2016 MCP grants
A separate budget was approved for Board members with regard to MCP grants. The 2016 MCP grant to those Board members with significant involvement in the firm beyond regular Board work represents 1.5% of the 2016 total performance fee pool (2015: 1.7%). This proportion is fixed and will limit respective Board members’ pay stemming from 2016 MCP grants. In other words, 1.5% of every future US dollar in performance fees stemming from 2016 investments will be granted to those select Board members who receive MCP grants.

Exhibit 22: 2016 MCP grants (actual vs. budget) of the Board of Directors

Typically, it can take 8-12 years from the point of MCP grant allocation until the full payout is received, depending on the duration of the underlying investment. Cumulated payments to recipients over time can vary substantially between zero in
a worst-case scenario and an amount higher than anticipated in the case of strong outperformance. For illustrative purposes only and to increase transparency, the 2016 MCP program is expected to remain in the following bandwidths: for each 1% of the performance fee pool allocation, Partners Group expected a payout range of CHF 0 to CHF 10.2 million and used CHF 6.8 million as a base-case scenario. This translates into a combined payout assumption in the anticipated base case of CHF 10.3 million (2015: CHF 6.3 million) to the Board, i.e. 1.5% of the 2016 MCP grant.

The maximum budgeted threshold of CHF 11.3 million as approved at the 2015 AGM for the 2016 MCP grants to respective Board members provides the necessary flexibility to cover 2016 MCP payouts even in a scenario where payouts exceed the base-case payout assumption. This will only be the case if the value creation in clients’ portfolios is stronger than expected (i.e. if the investment performance for clients is higher than originally underwritten). In any case, the payouts are limited to the maximum budgeted threshold of CHF 11.3 million.

**Cumulated MCP payouts since 2010**

The underlying portfolios which have determined MCP pools since 2010 are performing at or above plan. These pools are still in the value creation phase and have therefore not yet generated substantial performance fees and payouts. The actual payout to professionals has been less than the grant value employees received between 2010 and 2016. Between 2010 and 2016, actual payout amounts have gradually increased in line with the maturity of the underlying portfolios. More mature MCP pools (2010-2012) have paid out a higher proportion of their grants than MCP pools which were set-up more recently (2013-2016) as shown in Exhibit 9 in section 2.2.3.

**6.2. Board members**

The Board is entrusted with deciding the ultimate strategy and direction of the company and with the supervision of the executive management. As of 31 December 2016, the Board consisted of ten members, six of whom are considered independent. All members were elected by shareholders for a one-year tenure with the possibility of re-election.

**Independency criteria**

Further information on the criteria for Board member independence as well as the professional history and education of each Board member, including other activities and functions, such as mandates on the Boards of important corporations, organizations and foundations, or permanent functions for important interest groups, can be found in section 3 in the Corporate Governance Report 2016. Based on the firm’s annual evaluation process, Partners Group considers Charles Dallara, Michelle Felman, Grace del Rosario-Castaño, Eric Strutz, Patrick Ward and Peter Wuffli as independent members.

**Board members’ share ownership**

With a 31% combined ownership of total Partners Group share capital, the Board is the largest shareholder and therefore highly aligned with shareholder interests. A detailed overview of the share and option ownership held by individual members of the Board as of 31 December 2016 can be found in note 13 to the financial statement of Partners Group Holding AG in the 2016 Annual Report. Further information on duration, exercise price etc. of Partners Group’s equity incentive plan can be found in section 4 of the notes to the consolidated financial statements included in the 2016 Annual Report.

**6.3. Loans to the Board (audited)**

Members of the Board may apply for loans and fixed advances, subject to an internal review and approval process. Loans are made on substantially the same terms as those granted to other employees. As of 31 December 2016, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member.

**6.4. Board contracts (audited)**

Contracts with members of the Board have no special provisions such as severance payments, “golden parachutes”, reduced stock and/or options and MCP vesting periods etc. in place in case of the departure of a Board member. Partners Group did not make any such payments to current members of the Board in 2015 and 2016.
## Compensation Report

### Exhibit 23: Outstanding loans in 2016 and 2015 to members of the Board (audited)

<table>
<thead>
<tr>
<th>Name and function</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Charles Dallara, Vice Chairman</td>
<td>0</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total loans outstanding</strong></td>
<td>0</td>
<td>59</td>
</tr>
</tbody>
</table>

### Exhibit 24: Composition of the Board and functions of its members

<table>
<thead>
<tr>
<th>Name</th>
<th>Director since</th>
<th>Nationality</th>
<th>Age</th>
<th>Committee membership</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Peter Wuffli</td>
<td>2009</td>
<td>Swiss</td>
<td>59</td>
<td>SC, NCC, RAC, IOC</td>
<td>Chairman, Chair of the Strategy Committee</td>
</tr>
<tr>
<td>Dr. Charles Dallara</td>
<td>2013</td>
<td>American</td>
<td>68</td>
<td>MC</td>
<td>Vice Chairman, Chairman of the Americas</td>
</tr>
<tr>
<td>Dr. Marcel Erni</td>
<td>1997</td>
<td>Swiss</td>
<td>51</td>
<td>SC, IOC</td>
<td>Chief Investment Officer</td>
</tr>
<tr>
<td>Michelle Felman</td>
<td>2016</td>
<td>American</td>
<td>54</td>
<td>IOC</td>
<td>Chair of the Investment Oversight Committee</td>
</tr>
<tr>
<td>Alfred Gantner</td>
<td>1997</td>
<td>Swiss</td>
<td>48</td>
<td>SC, RAC, IOC</td>
<td>Chair of the Global Investment Committee</td>
</tr>
<tr>
<td>Steffen Meister</td>
<td>2013</td>
<td>Swiss</td>
<td>46</td>
<td>SC, NCC, MC</td>
<td>Delegate of the Board/President</td>
</tr>
<tr>
<td>Grace del Rosario-Castaño</td>
<td>2015</td>
<td>Filipino</td>
<td>53</td>
<td>NCC, IOC</td>
<td>Chair of the Nomination &amp; Compensation Committee</td>
</tr>
<tr>
<td>Dr. Eric Strutz</td>
<td>2011</td>
<td>German</td>
<td>52</td>
<td>RAC</td>
<td>Chair of the Risk &amp; Audit Committee</td>
</tr>
<tr>
<td>Patrick Ward</td>
<td>2013</td>
<td>British</td>
<td>63</td>
<td>MC</td>
<td>Chairman UK &amp; Middle East</td>
</tr>
<tr>
<td>Urs Wietlisbach</td>
<td>1997</td>
<td>Swiss</td>
<td>55</td>
<td>MC, SC</td>
<td>Chair of the Markets Committee</td>
</tr>
</tbody>
</table>

1) Independent Partners Group Board member in line with the independency criteria outlined in section 3.1 in the Corporate Governance Report.
2) SC: Strategy Committee, MC: Markets Committee, NCC: Nomination & Compensation Committee, RAC: Risk & Audit Committee, IOC: Investment Oversight Committee

Detailed information on committees is provided in section 3.5 in the Corporate Governance Report.
### Exhibit 25: Board compensation 2016 (audited)

<table>
<thead>
<tr>
<th>In thousands of Swiss francs</th>
<th>Base compensation (cash)</th>
<th>Variable compensation (cash bonus)</th>
<th>Other compensation*</th>
<th>Options/shares</th>
<th>Subtotal cash and equity**</th>
<th>MCP in %</th>
<th>MCP**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Peter Wuffli, Chairman</td>
<td>150</td>
<td>0</td>
<td>11</td>
<td>100</td>
<td>261</td>
<td>0.1%</td>
<td>985</td>
</tr>
<tr>
<td>Dr. Charles Dallara, Vice Chairman</td>
<td>493</td>
<td>394</td>
<td>37</td>
<td>400</td>
<td>1'324</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dr. Marcel Erni</td>
<td>300</td>
<td>0</td>
<td>52</td>
<td>0</td>
<td>352</td>
<td>0.3%</td>
<td>2'217</td>
</tr>
<tr>
<td>Michelle Felman</td>
<td>100</td>
<td>12</td>
<td>100</td>
<td>212</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alfred Gantner</td>
<td>300</td>
<td>0</td>
<td>67</td>
<td>0</td>
<td>367</td>
<td>0.3%</td>
<td>2'217</td>
</tr>
<tr>
<td>Steffen Meister</td>
<td>300</td>
<td>0</td>
<td>48</td>
<td>0</td>
<td>348</td>
<td>0.3%</td>
<td>2'217</td>
</tr>
<tr>
<td>Grace del Rosario-Castaño</td>
<td>100</td>
<td>12</td>
<td>100</td>
<td>212</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dr. Eric Strutz</td>
<td>100</td>
<td>12</td>
<td>100</td>
<td>212</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Patrick Ward</td>
<td>300</td>
<td>0</td>
<td>27</td>
<td>0</td>
<td>327</td>
<td>0.1%</td>
<td>493</td>
</tr>
<tr>
<td>Urs Wietlisbach</td>
<td>300</td>
<td>0</td>
<td>61</td>
<td>0</td>
<td>361</td>
<td>0.3%</td>
<td>2'217</td>
</tr>
<tr>
<td><strong>Total Board of Directors</strong></td>
<td><strong>2'443</strong></td>
<td><strong>394</strong></td>
<td><strong>339</strong></td>
<td><strong>800</strong></td>
<td><strong>3'976</strong></td>
<td><strong>1.5%</strong></td>
<td><strong>10'346</strong></td>
</tr>
</tbody>
</table>

* Amounts include payments by Partners Group for pension and other benefits.

** Amounts include payments of all Group entities.

* Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2015. For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from CHF 0 to CHF 10'215 and used CHF 6'810 as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD).

** Figures above exclude other items pursuant to Art. 14 of the OaEC relating to discounted fees for investments made alongside investors in Partners Group’s open-ended investment programs under the firm’s Employee Investment Program (EIP). Including these items the total compensation for the entire Board of Directors amounts to CHF 4'256. Total compensation of the individual Board members: Dr. Marcel Erni, CHF 399 (EIP: CHF 47); Alfred Gantner, CHF 490 (EIP: CHF 123); Steffen Meister, CHF 352 (EIP: CHF 3); Urs Wietlisbach, CHF 465 (EIP: CHF 104). There were no such payments in 2015.
**Exhibit 26: Board compensation 2015 (audited)**

<table>
<thead>
<tr>
<th>In thousands of Swiss francs</th>
<th>Base compensation (cash)</th>
<th>Variable compensation (cash bonus)</th>
<th>Other compensation(^1)</th>
<th>Options/ shares</th>
<th>Subtotal cash and equity(^2)</th>
<th>MCP in %</th>
<th>MCP(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Peter Wuffli, Chairman</td>
<td>150</td>
<td>0</td>
<td>13</td>
<td>100</td>
<td>263</td>
<td>0.1%</td>
<td>481</td>
</tr>
<tr>
<td>Dr. Charles Dallara, Vice Chairman</td>
<td>481</td>
<td>626</td>
<td>29</td>
<td>400</td>
<td>1’536</td>
<td>0.3%</td>
<td>962</td>
</tr>
<tr>
<td>Dr. Marcel Erni</td>
<td>300</td>
<td>0</td>
<td>61</td>
<td>0</td>
<td>361</td>
<td>0.3%</td>
<td>962</td>
</tr>
<tr>
<td>Alfred Gantner</td>
<td>300</td>
<td>0</td>
<td>72</td>
<td>0</td>
<td>372</td>
<td>0.3%</td>
<td>962</td>
</tr>
<tr>
<td>Steffen Meister</td>
<td>300</td>
<td>0</td>
<td>60</td>
<td>0</td>
<td>360</td>
<td>0.4%</td>
<td>1’444</td>
</tr>
<tr>
<td>Grace del Rosario-Castaño</td>
<td>100</td>
<td>0</td>
<td>9</td>
<td>50</td>
<td>159</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dr. Eric Strutz</td>
<td>100</td>
<td>0</td>
<td>9</td>
<td>50</td>
<td>159</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Patrick Ward</td>
<td>300</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>325</td>
<td>0.1%</td>
<td>481</td>
</tr>
<tr>
<td>Urs Wietlisbach</td>
<td>300</td>
<td>0</td>
<td>64</td>
<td>0</td>
<td>364</td>
<td>0.3%</td>
<td>962</td>
</tr>
<tr>
<td>Dr. Wolfgang Zürcher</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>34</td>
<td>37</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Board of Directors</strong></td>
<td>2’331</td>
<td>626</td>
<td>345</td>
<td>634</td>
<td>3’936</td>
<td>1.7%</td>
<td>6’254</td>
</tr>
</tbody>
</table>

\(^1\) Amounts include payments by Partners Group for pension and other benefits.

\(^2\) Amounts include payments of all Group entities.

\(^3\) Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2015. For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from TCHF 0 to TCHF 5’444 and used TCHF 3’629 as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD).

\(^4\) Board member from 1 January 2015 until 13 May 2015.
Statutory Auditor’s Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Compensation Report

We have audited the accompanying compensation report of Partners Group Holding AG for the year ended 31 December 2016. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in sections 5.4 to 5.5 and exhibits 18 to 19 on pages 156-157 as well as sections 6.3 to 6.4 and exhibits 23, 25 and 26 on pages 159-162 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor’s Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report for the year ended 31 December 2016 of Partners Group Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

[Signatures]

Christoph Gröbli
Licensed Audit Expert
Auditor in Charge

Thomas Dorst
Licensed Audit Expert

Zurich, 8 March 2017