Compensation Report

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 2018 Compensation Report. In this report, the Nomination & Compensation Committee outlines the philosophy and principles behind our compensation structure and discloses the compensation paid to the members of the Executive Committee and the Board for the fiscal year 2018.

Grace del Rosario-Castaño member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee

2018 performance

In 2018, we continued to realize potential in private markets and invested over USD 19 billion on behalf of our clients, maintaining our highly disciplined approach and high standards of selectivity across all private markets asset classes. Our successful investment and exit activities and additional client demand resulted in solid financial performance, as explained in detail in the financial section of our 2018 Annual Report.

Review of compensation structure and disclosure in 2018

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

In 2018, we proactively reached out to major shareholders and several proxy advisors to reflect on industry trends and gather outside perspectives. During our meetings, we focused, in particular, on our compensation methodology, cognizant of the fact that our 2017 Compensation Report had gained an approval rate of only 68.6% among our shareholders. Shareholders and proxy advisors alike revealed that they had not fully understood how we had determined and allocated compensation budgets and that they felt the compensation of individual members of the Executive Committee and Board lacked detail.

Based on the feedback gathered throughout the year, in this report we have focused on providing more thorough explanations of our allocation method and more explicitly highlighting our approach to linking pay to company performance and granting long-term incentives to members of the Executive Committee and executive members of the Board.

While our short-term incentives (STIs) are based on function and represent a stable and predictable compensation component, our long-term incentives (LTIs) are closely linked to both quantitative and qualitative achievements. In the absence of non-ordinary circumstances, the year-on-year development of these achievements is the main component that affects the allocation of LTIs.

- We take **quantitative measures** such as (1) the financial performance, and (2) the investment development into consideration when evaluating the performance of the firm, in general, and our most senior executives, in particular.
- We also believe that **qualitative measures** such as (1) the implementation of strategic initiatives and (2) leadership achievements in the year under review are crucial to creating additional potential for future success.

2018 compensation overview

2018 was a solid year for Partners Group in terms of the development of its financial performance and a highly successful year in terms of the firm's ability to invest a significant amount in private markets assets. In 2018, members of the Executive Committee and executive members of the Board also achieved their qualitative goals relating to the implementation of the firm's strategy and leadership objectives. These achievements translated into an increase in the LTI compensation in 2018 compared to that of the previous year. In this report, we will outline how we reached this conclusion.

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2019 compensation outlook

In 2019, we would like to further improve our compensation framework in order to create value for our shareholders in the long term. The Nomination & Compensation Committee's current focus areas for 2019 are mentioned below:

- **Cash compensation for the Executive Committee:** the Nomination & Compensation Committee plans to further amend the cash compensation of the Executive Committee. It does not intend to change the overall amount of compensation but proposes shifts in the cash-like compensation components to give equal weight to base salaries and deferred cash payments. Both components are expected to remain stable (see section 6.1).
- **Compensation of independent Board members:** the Board plans to amend the compensation framework for independent Board members and propose a more detailed module-based approach to compensation. This will largely be determined by the time each member allocates to Board committee responsibilities and their additional contribution to the firm's business beyond their committee responsibilities (see section 6.2).
- **Optimize MPP further to continue to provide superior and sustainable total shareholder return:** the Nomination & Compensation Committee plans to consider smaller amendments to the MPP to further align it with the interests of clients and shareholders (see section 6.3).
- **Preview of compensation budgets/AGM voting procedure:** in 2018, we prospectively asked shareholders for the approval of a single compensation budget for the Executive Committee and the Board. Shareholders voted on a combined budget that encompasses base salaries, deferred cash payments and MPP. In 2019/20, we would like to separate the compensation budgets. We will therefore ask shareholders at the AGM to vote prospectively on the cash compensation (STIs) and vote retrospectively on the MPP allocation proposals (LTIs) (see section 6.4).

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

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

Compensation Report

1. Philosophy & principles

2.1 Philosophy

Our investment approach favors trusted, long-term relationships that extend beyond our EUR 73 billion AuM and our more than 1'200 global professionals who operate a significant number of businesses and/or assets in various industries and sectors across the globe. Our professionals are responsible for over 220'000 employees who work for our largest portfolio companies and are responsible for creating long-term value for the over 200 million beneficiaries who are served by our clients. They focus on business and ownership excellence to realize the full development potential of the companies, real estate and infrastructure assets in which we invest.

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

In order to best combine the interests of clients and shareholders with those of the firm's employees, our compensation framework includes a significant long-term incentive component that allows the firm and its employees to participate in investment success alongside clients.

2.2 Principles

When making compensation decisions, the Nomination & Compensation Committee follows three guiding principles, which apply to all employees:

- **Compensation follows contribution:** we have a unique business model and operate as one global firm, albeit with differentiated business lines and functions. The main drivers for the variable compensation elements in the firm's compensation framework are relative to individual and team objectives, as well as to the firm's overall achievements.
- **Equal opportunity and non-discrimination:** we are an equal opportunity employer and do 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 systematically conducts equal pay analyses across departments and regions.
- **Compensation is no substitute for talent development:** 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.

Our compensation philosophy stems from our firm's values

Our purpose is to deliver our **clients** superior investment performance, realizing the potential of private markets through our integrated platform. We strive for attractive financial returns and a premium valuation to honor the long-term confidence of our **shareholders**. At the same time, our charter defines our overriding compensation philosophy for the most important asset of our firm, our **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. Our 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 are thus 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.

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2. Components

We have further reduced the total number of compensation components available to our Executive Committee and executive members of the Board. Today, we have two short-term incentives and one long-term incentive. While the base salary & pension benefits and the deferred cash payment are based on function and represent a stable and predictable compensation component for the Executive Committee, the long-term share-based compensation plan is linked to quantitative and qualitative achievements.

Exhibit 1: Compensation components for the Executive Committee

Type of compensation		Instrument	Timing
Fix	Base salary & benefits	Cash	STI
	Deferred cash payment[1)]		
Variable	Management Performance Plan (MPP)	Equity (share-based)	LTI

1) Deferred cash compensation is awarded at year end. It is intended to be stable and predictable and only adjusted downwards in the case of significant underperformance of the firm or on individual level.

We believe that with increasing seniority, a larger part of an employee's total compensation consideration should be variable and tied to long vesting periods and even longer payout mechanisms. This is intended to ensure that the interests of employees and senior leaders are strongly aligned with those of clients and shareholders, and involves a focus on both sustainable financial performance and long-term investment success.

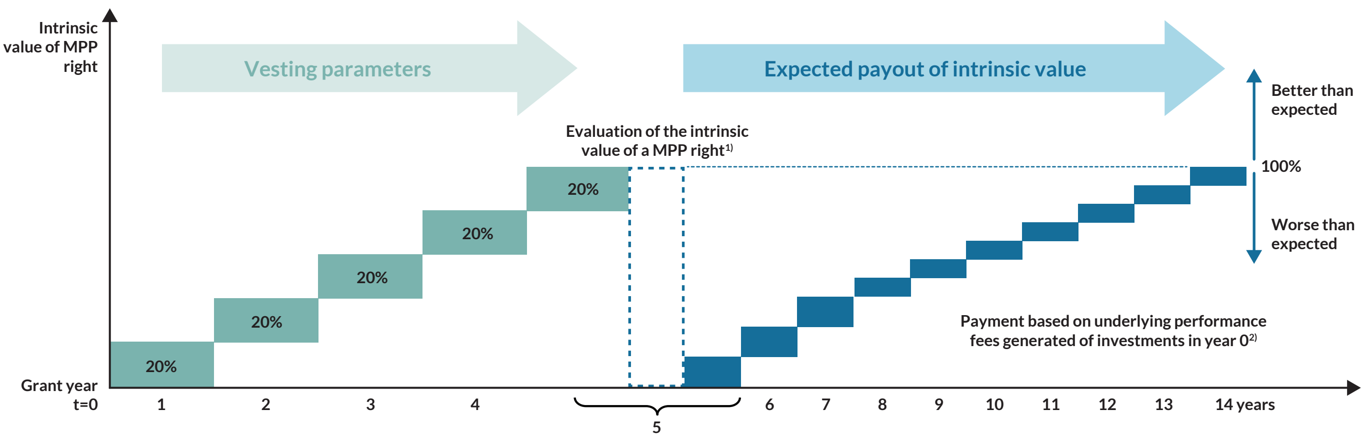
The Management Performance Plan (MPP) reinforces a strong alignment of interests with shareholders as it is dependent on the share price development over a five-year period. At the same time, the MPP ensures a strong alignment of interests with clients as it is dependent on the achievement of a performance fee target, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios.

The MPP requires recipients to have a long-term perspective, as it often takes up to 14 years until the full performance fee payouts from a particular investment year are received. Given the length of this period, we believe the MPP promotes a focus on sustainable value creation and avoids inappropriate risk-taking or short-term profit maximization at the expense of long-term return generation for our clients and ultimately shareholders.

The MPP's long vesting schedules and even longer payout periods are highlighted below.

- **Vesting:** the MPP grants vest linearly over a period of five years. For members of the Executive Committee and executive members of the Board, the linear vesting is subject to a minimum five-year tenure in the respective committee.
- **Payout in restricted shares:** any MPP payout will be in Partners Group shares with a 2-year selling restriction. It starts in year 5 and ends in year 14. The MPP payout can deviate from the intermediate intrinsic value calculated in year 5 as it ultimately depends on the actual investment performance achieved for clients. Superior value creation, above underlying ex ante defined model return targets, can increase the payout, whereas value creation below targets decreases the MPP payout. In the worst-case scenario of insufficient value creation, it can be zero.

Exhibit 2: Vesting and expected payout of the Management Performance Plan (MPP), the firm's LTI for the Executive Committee



1) The intrinsic value of MPP rights after the initial grant after five years relates to absolute shareholder return as well as to a total return outperformance against the benchmark, the S&P Listed Private Equity Index. See detailed description in Appendix A.2.
2) The time period following the determination of the intrinsic value of MPP rights focuses entirely on how the intrinsic value of MPP rights after five years will be paid out in the following years (in the form of restricted Partners Group shares). Both magnitude and timing are dependent on the actual performance fees generated for the firm. See detailed description in Appendix A.2.

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3. Pay for performance

3.1. Top-down LTI allocation

Methodology

The allocation of MPP is linked to both quantitative and qualitative achievements in the year under review. Quantitative achievements are assessed via a top-down performance review based on the firm's financial performance and investment development. The qualitative assessment is equally important and emphasizes strategy implementation and the leadership achievements of the Executive Committee and Board. Based on the assessment of both quantitative and qualitative achievements, the MPP allocation of the previous year typically serves as a basis to calculate the MPP allocation for the year under review.

In order to compensate members of the Executive Committee and executive members of the Board for their long-term perspective and continued value creation, the Nomination & Compensation Committee limits the upside as well as the downside volatility in single years (vis-à-vis their previous year's MPP allocation). We believe that this approach to compensation encourages true entrepreneurialism while ensuring a degree of consistency in our compensation allocations. The Nomination & Compensation Committee caps the upside at a compensation factor of 2.0x the previous year's MPP allocation, on the one hand, and protects Executive Committee members and executive members of the Board by limiting the downside at a compensation factor of 0.5x, on the other hand. In case of an extraordinary event, the Nomination & Compensation Committee can, if necessary, deviate from these limits. For example, if the firm or an individual committee member severely underperforms in a given year and a material adjustment is made to compensation in that year, this would be made transparent to shareholders.

Quantitative measures

1. **Financial performance:** we assess financial performance based on the year-on-year change in management fee EBITDA (defined as EBITDA adjusted for non-management fee-related and non-ordinary items).[1]
2. **Investment development:** we assess investment development based on the year-on-year change in the performance fee-weighted investment volume (based on standardized model return targets defined at the investment date, adjusted for non-ordinary effects).

1 As of the Nomination & Compensation Committee meeting in November of the year under review.

Financial performance

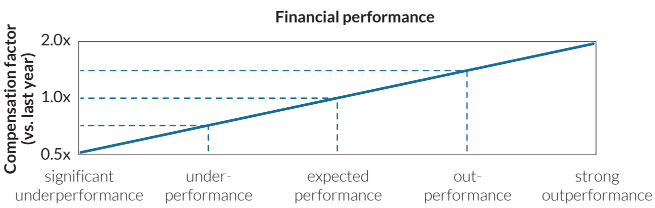
As a measure, financial performance expresses the operational strength of the firm and is a result of the firm's past achievements. Its year-on-year development is an input factor when determining whether MPP allocations should be increased or decreased compared to the previous year's MPP allocations.

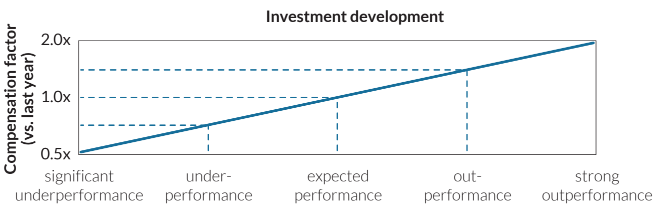
Investment development

Successful investments made in the year under review provide the basis for potential future performance fees. Their year-on-year development also serves as an input factor when determining whether MPP allocations should be increased or decreased compared to the previous year's MPP allocations.

The weighting of, and resulting year-on-year adjustments, to the MPP allocation is illustrated in Exhibit 3.

Exhibit 3: Year-on-year adjustment of MPP





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Qualitative measures

1. **Strategy implementation:** we assess the successful implementation of key strategic initiatives as well as continued business & operational excellence across our platform and businesses.
2. **Leadership achievements:** we assess the progress made on ensuring the organizational effectiveness of the firm, an entrepreneurial leadership culture as well as the development of talented individuals who are committed to our purpose.

Qualitative assessment

While the quantitative compensation framework serves as a basis for the top-down MPP allocation, the Nomination & Compensation Committee also applies a qualitative assessment. This assessment is equally important and considers performance metrics such as strategy implementation and leadership achievements. In its assessment, the Nomination & Compensation Committee can adjust the results of the quantitative approach. These adjustments are limited to a minimum of 0.5x and a maximum of 2.0x the previous year's MPP allocation in the absence of extraordinary circumstances. Any material adjustments of the MPP allocation by the Nomination & Compensation Committee based on its qualitative assessment will be made transparent to shareholders and explained in detail.

3.2. Bottom-up LTI allocation to individuals

Once the top-down allocation for the Executive Committee and the Board has been completed, the individual assessment of each member commences. Individual goals differ depending on a member's function and level of responsibility. At Executive Committee-level, each member has additional objectives with a greater focus on either investment-, client-, operations- and/or service-related activities. At Board committee-level, each executive member has additional responsibilities in the respective sub-committees. The focus areas for individual responsibilities are outlined in Exhibit 4 and serve as the basis for individual performance assessment.

Members of the Executive Committee will be measured against quantitative (productivity/output) and qualitative (strategy and leadership) dimensions. A similar evaluation process also applies to the group of the executive members of the Board who have responsibilities in the three Board sub-committees.

Once the overall MPP allocation for the Executive Committee and the Board has been set, the individual MPP allocation for its members depends on the individual assessment, relative to all other committee members. For the performance assessment of the Co-CEOs as well as the Chief Operating Officer (COO), the firm places a stronger weighting on group-level objectives than on Executive Committee-level objectives.

3.3. Bonus-malus system

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

3.4. Equal pay analysis

Our Human Resource department regularly performs equal pay analyses and shares the results with the Nomination & Compensation Committee. In the course of the audit of the 2018 compensation report, KPMG acknowledged the existence of this analysis and took note of the results and the considerations presented to the Nomination & Compensation Committee.

The latest rank-based (comparison based on rank, tenure in rank, location and team covering all employees) and grade-based (comparison of corporate and services employees with compensation ranges based on grade and location) equal pay analysis was presented to the Nomination & Compensation Committee in November 2018. Based on the above-mentioned criteria, the analysis identified no pay gap between male and female professionals, among others.

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Exhibit 4: Group- and Executive Committee-level objectives & Board committee responsibilities

Group level	Objectives
Investment platform	• Achieve sustainable growth and scalability of investment capacity • Create long-term value in portfolio assets
Financials	• Focus on sustainable growth • Balance cost growth vs. revenue growth
Strategy implementation	• Successfully implement key strategic initiatives • Ensure business & ownership excellence across our platform and businesses
Leadership achievements	• Develop organizational effectiveness and an entrepreneurial leadership culture • Develop talented individuals who are committed to our purpose

ExCo[1]-level	Objectives
Investments	• Achieve asset class-specific investment goals • Meet asset class-specific return targets • Establish entrepreneurial governance among portfolio assets
Clients	• Extend client coverage (region and type of investor) • Best-in-class client coverage (incl. compliance) • Achieve fundraising goals (mandates, flagship programs and strategic partnerships)
Services	• Maintain excellent investment service levels • Provide best-in-class client servicing • Contribute to our PRIMERA[2] platform to the benefit of investments, clients & employees
Corporate	• Provide necessary technology solutions to enable operational excellence • Maintain excellent compliance track record • Ensure hiring, onboarding, developing and retaining of top talents

Board-level	Objectives
Strategy Committee	• Drive the firm via the Board on major business, corporate and organizational initiatives • Guide human capital development, financial planning and use of financial resources
Investment Oversight Committee	• Ensure quality/consistency of decision making processes and investment performance • Implement investment-related quality standards and measurement methods
Client Oversight Committee	• Drive strategic fundraising initiatives and identify new key product & fundraising themes • Direct the coverage of the firm's key client prospects and global consultant network

1) Executive Committee.
2) PRIMERA is our proprietary private markets database.

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4. Executive Committee compensation 2018

4.1. Short-term incentives

The total cash compensation of the Executive Committee remained largely flat and amounted to CHF 8.9 million in 2018 (2017: CHF 8.7 million). It is a combination of base salary, pensions and other benefits and a deferred cash payment. A detailed overview of the compensation of the Executive Committee is shown in Exhibit 8.

After the re-organization of the Executive Committee in 2017, the Nomination & Compensation Committee reviewed the total cash compensation and increased the base compensation of all existing Executive Committee members in 2018. At the same time, it reduced deferred cash payments to a similar degree, which resulted in largely stable year-on-year total cash compensation development.

Exhibit 5: 2018 short-term incentives

Total short-term incentives			
(in CHF million)	**2017**	**2018**	**Deviation**
Base salary	3.6	4.4	+22%
Deferred cash payments	5.1	4.5	-12%
Total	**8.7**	**8.9**	**+2%**

4.2. Long-term incentives

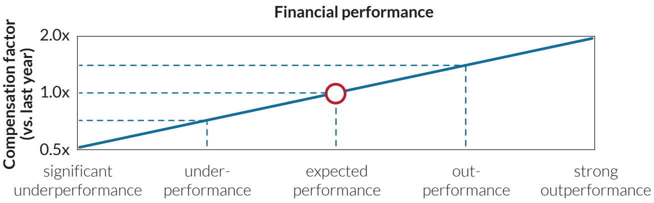
On aggregate, the Executive Committee was granted **MPP rights** valued at CHF 20.0 million (2017: CHF 13.7 million), representing an increase of 46%. The quantitative achievements in 2018 resulted in the following adjustments being made to the MPP allocation compared to the previous year (see Exhibit 6):

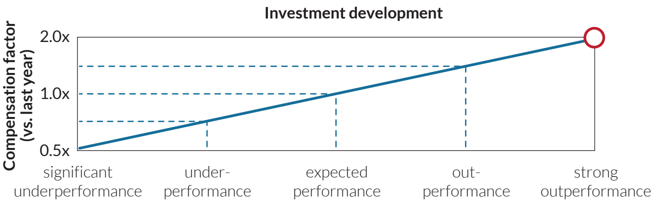
- **Financial performance:** in 2018, the financial performance met expectations and therefore resulted in a compensation factor of **1.0x.** The management fee EBITDA considered at the time by the Nomination & Compensation Committee grew by 9%, which was in line with 2018 expectations of ~10%.

- **Investment development:** in 2018, investment development strongly exceeded expectations and therefore resulted in a compensation factor of **2.0x.** The increase was mainly due to the firm's strong investment activities in the year under review. In fact, the performance-fee weighted investment volume in 2018 increased by over 100%.

For the 2018 MPP allocation, the quantitative assessment resulted in an indicative average allocation of approximately 1.50x previous year's MPP allocation. This means the 2018 MPP allocation should be ~50% higher than the 2017 MPP allocation.

Exhibit 6: 2018 quantitative assessment





In 2018, the Executive Committee also achieved its qualitative goals relating to the implementation of the firm's strategy and leadership goals (see Exhibit 4). In particular, the following sub-goals were assessed by the Nomination & Compensation Committee in detail:

- **Strategy implementation:** (1) building out our longer-term, business-oriented entrepreneurial governance approach, (2) initiating our Long-Term Entrepreneurial Ownership program on assets that represent longer-term investment opportunities and (3) further developing our next generation mandate solutions allowing clients to strategically build up private markets exposure over the long term.

- **Leadership achievements:** (1) further strengthening our approach to ownership excellence in light of our platform growth to over 1'200 employees worldwide and (2) bringing our leadership development program to the next level with a particular focus on people leadership and talent development.

The qualitative assessment performed by the Nomination & Compensation Committee revealed that both factors, strategy implementation and leadership achievements, did not warrant an adjustment to the proposed average of approximately 1.50x the previous year's MPP allocation.

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4.3. Co-CEO compensation

The performance awards for the Co-CEOs are based on similar performance targets at group- and Executive Committee-level as shown in Exhibit 4. In 2018, there was no change to the Co-CEOs' total cash compensation. Both Co-CEOs met group- and Executive Committee-level targets. While the base salary of both Co-CEOs increased by CHF 0.15 million to CHF 0.65 million each, their deferred cash payment was reduced by the same amount. The total cash compensation therefore remained flat and amounted to CHF 1.50 million each in 2018 (2017: CHF 1.50 million).

The 2018 MPP grant for each Co-CEO amounted to CHF 3.50 million (2017: CHF 2.32 million) and increased by 51%. This increase is in line with the overall increase of the MPP allocation of the Executive Committee (+46%) and a reflection that the Nomination & Compensation Committee did not apply any qualitative adjustments for the MPP grants of the Co-CEOs in 2018.

4.4. Highest paid Executive Committee member in 2018

The highest paid Executive Committee member in 2018 was David Layton, who became Co-CEO as of 1 January 2019. For 2018, David Layton was awarded total short-term incentives of CHF 1.28 million (2017: CHF 1.26 million) and total MPP rights in the value of CHF 4.50 million (2017: CHF 3.38 million).

In determining these awards, the Nomination & Compensation Committee took into account the significant contribution of David Layton to the firm in his role as Head Private Equity. His department experienced a record investment year in 2018 and is currently Partners Group's largest asset class by AuM.

4.5. Compensation caps

The 2018 compensation for the Executive Committee did not exceed our defined compensation caps. For consistency reasons, we continue to calculate compensation caps in relation to the base salaries of an individual member of the Executive Committee. The ratio between the Executive Committee members' short-term deferred cash payment compared to their base salary ranged from 1.0x to 1.5x in 2018 (cap = 3x). The ratio between the committee members' MPP compared to their base salary ranged from 2.5x to 9.2x in 2018 (cap = 10x). These ratios exclude any other benefits (social security and pension contributions) and show the varying compensation levels among individuals based on their function, achievements and responsibility. For instance, the Co-CEOs earned 1.3x their base salary as a deferred cash payment (cap = 3x) and 5.4x their base salary in MPP rights (cap = 10x).

4.6. Executive Committee loans (audited)

Executive Committee members may apply for loans and fixed advances, subject to an internal review and approval process. As of 31 December 2018, 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.

4.7. Employee contracts (audited)

Employee contracts have no special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place in case of the departure of an Executive Committee member. Individual settlements will always be subject to the review and approval of the Nomination & Compensation Committee. Partners Group did not make any such payments to current Executive Committee members in 2017 and 2018.

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Exhibit 7: Composition of the Executive Committee 2018 and functions of its members

Name	Joined Partners Group in	Nationality	Age	Position
André Frei	2000	Swiss	43	Co-Chief Executive Officer
David Layton	2005	American	37	Co-Chief Executive Officer and Head Private Equity[2)]
Christoph Rubeli[1)]	1998	Swiss	57	Co-Head Entrepreneurial Governance / Operating Directors[2)]
Juri Jenkner	2004	German	43	Head Private Infrastructure
Andreas Knecht	2009	Swiss	49	Chief Operating Officer and General Counsel
Marlis Morin	2003	Swiss/Italian	48	Head Client Services
Dr. Michael Studer	2001	Swiss	46	Chief Risk Officer and Head Portfolio Solutions

1) Member until 31 December 2018.

2) Effective from 1 January 2019, David Layton, Partner and Head Private Equity, succeeded Christoph Rubeli as Co-Chief Executive Officer.

Exhibit 8: Executive Committee compensation for the full-year 2018 (audited)

In thousands of Swiss francs								2018
	Base salary (cash)	Other[1)]	Deferred cash	Subtotal short term	Options/ shares	MPP[2)]	MCP	Total
André Frei, Co-Chief Executive Officer	650	134	850	1’634	-	3’500	-	5’134
Christoph Rubeli, Co-Chief Executive Officer[3)]	650	61	850	1’561	-	3’500	-	5’061
David Layton, Head Private Equity[4)]	489	55	734	1’278	-	4’500	-	5’778
Total Executive Committee	**3’689**	**647**	**4’534**	**8’870**	**-**	**20’000**	**-**	**28’870**

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) Fair value of Management Performance Plan (MPP) as outlined in Appendix A.2.1

3) Member until 31 December 2018.

4) Effective from 1 January 2019, David Layton, Partner and Head Private Equity, succeeded Christoph Rubeli as Co-Chief Executive Officer.

Exhibit 9: Executive Committee compensation for the full-year 2017 (audited)

In thousands of Swiss francs								2017
	Base compensa-tion (cash)	Other compensa-tion[1)]	Subtotal fixed compensa-tion	Variable compensa-tion (cash bonus)	EPP/ MIP	MPP[2)]	MCP[3)]	Total[4)]
André Frei, Co-Chief Executive Officer	500	133	633	1’000	-	2’323	-	3’956
Christoph Rubeli, Co-Chief Executive Officer	500	132	632	1’000	-	2’323	-	3’955
David Layton, Head Private Equity	394	30	424	837	200	3’380	-	4’840
Total Executive Committee	**2’894**	**712**	**3’606**	**5’137**	**900**	**13’729**	**-**	**23’372**
Former members of the Executive Committee[5)]	**2’956**	**656**	**3’612**	**3’215**	**450**	**-**	**13’782**	**21’059**
Total Executive Committee incl. former members	**5’849**	**1’368**	**7’217**	**8’352**	**1’351**	**13’729**	**13’782**	**44’431**

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) Fair value of Management Performance Plan (MPP) as outlined in section A.2.1.

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 2017. For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from CHF 0 to CHF 6’822 thousand and used CHF 4’548 thousand as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD).

4) Figures above exclude 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 accrued but not yet paid items the total compensation for the entire Executive Committee amounts to CHF 44’445 thousand, including CHF 13 thousand for EIP. There is no change to the total compensation of André Frei, Christoph Rubeli, and David Layton.

5) Members of the Executive Committee until 30 June 2017.

5. Board compensation 2018

The Board consists of ten members, of whom six are classified as independent and four as executive members. Each Board member plays a very important role within the firm. Beyond their statutory duties, and supervisory and risk management tasks, these Board members contribute to Partners Group's growth and development by supporting the analysis of investment opportunities, networking with senior business leaders on behalf of the firm, working alongside client teams on business development and major client relationships, and actively contributing to the firm's corporate and cultural development.

The Board makes every effort to build a sustainable, entrepreneurial business over the long term for the benefit of its clients, employees and shareholders. It applies the same approach to the firm's governance as it does to the management of its portfolio companies, valuing a long-term approach when it comes to individual board- and management-led value creation projects.

5.1. Compensation framework 2018

The Board sets the compensation for its members at a level that reflects individual responsibility and contribution, as well as time allocated to the Board mandate.

Exhibit 10: Board compensation structure

Board membership functions	Cash & options (in CHF thousand)
Executive members of the Board	**300 (excl. LTIs)**
Independent member	**100**
Chairing of the Board	+150
Chairing of a Board committee	+50
Additional contribution to the firm	+>200

5.2. Executive Chairman of the Board

The Chairman's role at Partners Group requires a substantial commitment concerning time and involvement. Under the leadership of the Executive Chairman, **Steffen Meister,** the Board determines, among other things, the strategy of the firm and exercises ultimate supervision over management. The Chairman has a strategic project focus and drives forward business and corporate development (through his engagement as chair of the Strategy Committee) and is actively involved in the development of client-related initiatives (through his seat on the Client Oversight Committee). He is, together with the Executive Committee, responsible for the development of the next generation of leaders and serves as a coach for the Executive Committee. The Chairman also takes an active role in representing the firm vis-à-vis regulators, key shareholders, investors, and other important external stakeholders.

The Chairman is paid an annual base Board fee of CHF 0.30 million (2017: CHF 0.30 million). In line with the group-level performance achievements determining the compensation of the Executive Committee and his contribution on Strategy Committee-level (Board sub-committee), the Chairman was granted MPP rights amounting to CHF 1.50 million (2017: CHF 0.95 million). This increase is in line with the overall increase of the MPP allocation to the Executive Committee and follows the same allocation methodology.

5.3. Executive members of the Board

There are an additional three executive members of the Board, **Dr. Marcel Erni** and Messrs. **Alfred Gantner** and **Urs Wietlisbach,** who are significant shareholders of the firm. Combined, they hold 30% of the firm's share capital. Each is a founding partner of the firm and dedicates a substantial amount of his time to the firm. Each executive member of the Board also plays an instrumental role in determining the firm's business and corporate strategy (through their seat on the Strategy Committee), in building out Partners Group's investment capacity (through their seat on the Investment Oversight Committee) and/or in driving forward major client relationships (through their seat on the Client Oversight Committee).
The Nomination & Compensation Committee assesses their contribution to each committee throughout the year. Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach were each awarded an annual base Board fee of CHF 0.30 million (2017: CHF 0.30 million) and an MPP award of CHF 1.00 million in 2018 (2017: CHF 0.63 million). This increase is in line with the overall increase of the MPP allocation of the Executive Committee and follows the same allocation methodology.

5.4. Independent members of the Board

Independent Board members receive their annual fixed compensation for their regular board work based on the framework outlined above. Select independent Board members may receive higher annual compensation should they take on additional tasks and significant responsibilities or take a more active role in the firm's ongoing business activities beyond the scope of the responsibilities expected from every Board member.

Compensation Report

The independent Board members who focus on their Board- and committee-related mandates at Partners Group are **Grace del Rosario-Castaño, Michelle Felman** and **Dr. Eric Strutz,** They are each paid CHF 0.15 million per annum for their Board contribution (CHF 0.10 million for their committee membership and CHF 0.05 million for chairing a committee), which was paid in cash and options delivered in one installment in the current board period. They did not receive any MPP and pension benefits.

Dr. Peter Wuffli acted as Vice Chairman and Lead Independent Director and was paid an annual base Board fee of CHF 0.10 million. He also received CHF 0.20 million for his additional contribution to the firm in his capacity as Vice Chairman, of which CHF 0.05 million was for his role as Chairman of the Board throughout the first four months of 2018 until the AGM in May. This brings his total compensation to CHF 0.31 million (including other compensation), which was paid in cash and options delivered in one installment in the current board period. Dr. Peter Wuffli did not receive any MPP.

Dr. Charles Dallara devoted a significant amount of his time to Partners Group, providing guidance on global client-related development initiatives through his seat on the Client Oversight Committee and supporting the firm's client relationship teams globally as well as the firm's investment activities in the US in his capacity as Chairman of the Americas. In 2018, Dr. Charles Dallara allocated less time to Partners Group compared to previous years. His compensation amounted to a total cash & option/share compensation of CHF 0.78 million (including other compensation). Dr. Charles Dallara did not receive any MPP.

Patrick Ward continued to dedicate a significant amount of his time to guide the firm on global client-related initiatives through his seat on the Client Oversight Committee. He further supported the firm's corporate development in the UK and the client relationship teams in the UK and Middle East in his capacity as Chairman UK and Middle East. The committee proposed to remunerate Patrick Ward for his efforts with total cash & option/share compensation of CHF 0.58 million (including other compensation). Patrick Ward did not receive any MPP.

Long-term option plans for independent Board members with a 5-year selling restriction

Independent Board members receive a part of their compensation in long-term options (see Exhibit 11). These long-term options feature a strike price set substantially above the share price when granted. They vest at grant date but have a five-year selling restriction.

The Nomination & Compensation Committee favors the asymmetric risk profile of this plan over a traditional (restricted) stock allocation. The committee is convinced that this plan discourages short-term and excessive risk taking and instead incentivizes independent Board members to focus on the long-term financial success of the firm on behalf of all shareholders.

If the company, and ultimately the stock price, underperforms, this will directly affect the Board member's compensation (50% of their compensation could be lost completely). In contrast, a sustainable long-term performance of the company provides stronger upside to the respective Board member.

5.6. 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 2018, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member.

5.7. 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 MPP 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 2017 and 2018.

Compensation Report

Exhibit 11: Board compensation for the full-year 2018 (audited)

In thousands of Swiss francs							2018
	Base salary (cash)	Other[1)]	Deferred cash	Subtotal short term	Options/ shares	MPP[4)]	Total[5)]
Steffen Meister, Executive Chairman	300	56	-	356	-	1’500	1’856
Dr. Peter Wuffli, Vice Chairman	150	10	-	160	150[3)]	-	311
Dr. Charles Dallara	294	36	220	550	225[2)]	-	775
Dr. Marcel Erni	300	57	-	357	-	1’000	1’357
Michelle Felman	75	6	-	81	75[3)]	-	156
Alfred Gantner	300	69	-	369	-	1’000	1’369
Grace del Rosario-Castaño	75	6	-	81	75[3)]	-	156
Dr. Eric Strutz	75	6	-	81	75[3)]	-	156
Patrick Ward	300	23	-	323	250[3)]	-	573
Urs Wietlisbach	300	64	-	364	-	1’000	1’364
Total Board of Directors	**2’169**	**334**	**220**	**2’723**	**850**	**4’500**	**8’073**

1) Other compensation: other compensation includes payments by Partners Group for pension and other benefits. In particular, the following Board members received pension benefits: Dr. Marcel Erni, Alfred Gantner, Steffen Meister und Urs Wietlisbach. Dr. Charles Dallara received US health insurance payments amounting to CHF 29 thousand and Patrick Ward received UK national insurance payments amounting to CHF 7 thousand. The remaining payments to the following members of the Board exclusively represent social security costs in relation to their compensation: Dr. Charles Dallara, Michelle Felman, Grace del Rosario-Castano, Eric Strutz, Patrick Ward and Dr. Peter Wuffli.
2) Shares: Dr. Charles Dallara was allocated 337 PGH shares in the value of CHF 668.50 per share.
3) Options: each option has a strike price of CHF 800 and vests immediately. The selling restricting is 5 years. The number of options allocated to each Board member is as follows: Michelle Felman (2’219 options), Grace del Rosario-Castano (2’219 options), Eric Strutz (2’219 options), Patrick Ward (7’395 options) and Dr. Peter Wuffli (4’437 options). For further information on the fair value of options and shares granted in 2018, please see consolidated financial statement under 4.3.
4) Fair value of Management Performance Plan (MPP) as outlined in section A.2.1.
5) Total compensation of the Board, excluding social security costs represents CHF 7.9 million and lies within the approved compensation budget at the 2018 AGM of shareholders in May.

Exhibit 12: Board compensation for the full-year 2017 (audited)

In thousands of Swiss francs							2017
	Base compensa-tion (cash)	Other compensa-tion[1)]	Subtotal fixed compensa-tion	Variable compensa-tion (cash bonus)	EPP/ MIP	MPP[2)]	Total[3)]
Dr. Peter Wuffli, Chairman	150	10	160	-	350	-	510
Dr. Charles Dallara, Vice Chairman	492	29	521	394	400	-	1'315
Dr. Marcel Erni	300	49	349	-	-	634	982
Michelle Felman	75	6	81	-	75	-	156
Alfred Gantner	300	67	367	-	-	634	1'000
Steffen Meister	300	48	348	-	-	951	1'299
Grace del Rosario-Castaño	75	6	81	-	75	-	156
Dr. Eric Strutz	75	6	81	-	75	-	156
Patrick Ward	300	25	325	-	250	-	575
Urs Wietlisbach	300	54	354	-	-	634	988
Total Board of Directors	**2’367**	**300**	**2’667**	**394**	**1’225**	**2’852**	**7’137**

1) Other compensation includes payments by Partners Group for pension and other benefits.
2) Fair value of Management Performance Plan (MPP) as outlined in section A.2.1.
3) Figures above exclude 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 accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 7’319 thousand , including CHF 181 thousand for EIP. Total compensation of individual Board members: Dr. Marcel Erni, CHF 1’033 thousand (EIP: CHF 51 thousand); Alfred Gantner, CHF 1’009 thousand (EIP: CHF 8 thousand); Steffen Meister, CHF 1’303 thousand (EIP: CHF 4 thousand); Urs Wietlisbach, CHF 1’106 thousand (EIP: CHF 118 thousand).

Compensation Report

6. Considered compensation adjustments 2019

We strive to continuously improve our compensation framework in order to create value for our shareholders in the long run and we will therefore consider further potential amendments to the compensation for the Executive Committee and the Board. Current focus areas of the Nomination & Compensation Committee are outlined below.

6.1. Cash compensation for the Executive Committee

The Nomination & Compensation Committee plans further amendments to the cash compensation of the Executive Committee. It does not intend to change the overall amount of compensation but proposes shifts in the cash compensation, i.e. to give an equal weight to base salaries and deferred cash payments.

The deferred cash compensation is awarded at year-end to individual members of the Executive Committee. The individual deferred cash compensation set by our compensation framework is intended to be stable and predictable and only adjusted downwards in the case of significant underperformance of the firm or on individual level.

In combination with this adjustment, the Nomination & Compensation Committee will amend the caps on STIs (deferred cash compensation) from currently 3.0x to 2.0x the base salary. Caps on LTIs will remain at 10x the base salary.

Exhibit 13: Cash compensation for Executive Committee members in 2019 (in thousand)

Function	Base salary	Targeted deferred cash compensation	Total cash compensation
2018			
Co-CEO	CHF 650	CHF 850	**CHF 1'500**
2019			
Co-CEO$_{CH}$ Co-CEO$_{USA}$	CHF 750 USD 750	CHF 750 USD 750	**CHF 1'500** **USD 1'500**
Executive Committee	CHF 500 USD 500	CHF 500 USD 500	**CHF 1'000** **USD 1'000**

6.2. Compensation of independent Board members

For 2019, the Board plans to amend the compensation framework for independent Board members and propose a more detailed module-based approach to compensation. This approach will transparently outline the compensation considerations for independent Board members concerning their time allocation to their committee work. The new module-based compensation approach will also consider their additional contribution to the firm's business and thereby focus on their respective responsibilities and the time they allocate to these. In general, it is planned that independent Board members will continue to receive a part of their compensation in cash and a part in a long-term option plan.

6.3. Further optimize MPP to continue to provide superior and sustainable total shareholder return

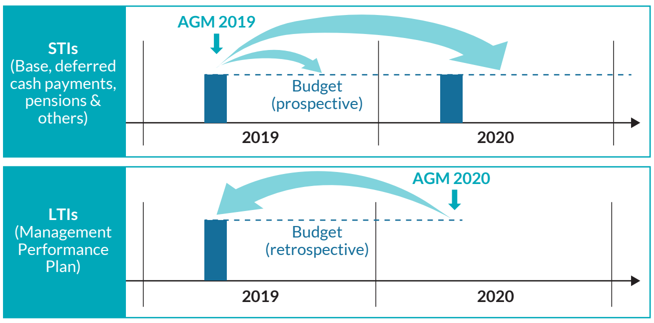
The Nomination & Compensation Committee plans to consider smaller amendments to the MPP to further align it with the interests of clients and shareholders. With this in mind, the committee plans to optimize the parameters of performance rights (see Appendix A.2.), which are required to determine the intrinsic value of MPP rights. Secondly, the committee will review the weighting of these rights.

6.4. Preview of compensation budgets/AGM voting procedure

In 2018, we prospectively asked shareholders for the approval of one single compensation budget for the Executive Committee and the Board. Shareholders voted on a combined budget that encompasses base salaries, deferred cash payments and MPP.

In 2019/2020, we would like to separate the compensation budgets. We will therefore ask shareholders at the 2019 AGM to vote prospectively on the cash compensation (STIs) and from the 2020 AGM onwards to vote retrospectively on the potential MPP allocations (LTIs). We believe this will allow shareholders to better evaluate the link between pay and performance.

Exhibit 14: AGM 2019/2020 budget considerations



Note: budget amounts exclude social security payments.

Compensation Report

7. Appendix

A1 Short-term incentives (STIs)

A.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.

A.1.2. Deferred cash compensation

The deferred cash compensation is awarded at year-end to the Executive Committee. The individual deferred cash compensation set by our compensation framework is intended to be stable and predictable. However, the Nomination & Compensation Committee applies an appropriate degree of discretion and will have the ability to make further adjustments to the overall deferred cash compensation in crisis years and/or during non-ordinary circumstances (e.g. one-timer events may skew financial performance disproportionally in a given year).

Any adjustments to the deferred cash pool made by the Nomination & Compensation Committee will be made transparent to shareholders.

Executive Committee members are typically notified of their deferred cash compensation at year-end and receive their payments the following February.

A.2. Long-term incentives (LTIs)

A.2.1. Management Performance Plan (MPP)

The MPP consists of a performance right (component 1), which focuses on the firm's share performance, and a performance fee component (component 2), which focuses on active value creation in the firm's underlying investment programs. Achieving only one component while not the other results in no payout. Any payout will be in a number of restricted Partners Group shares in the value of the respective payout.

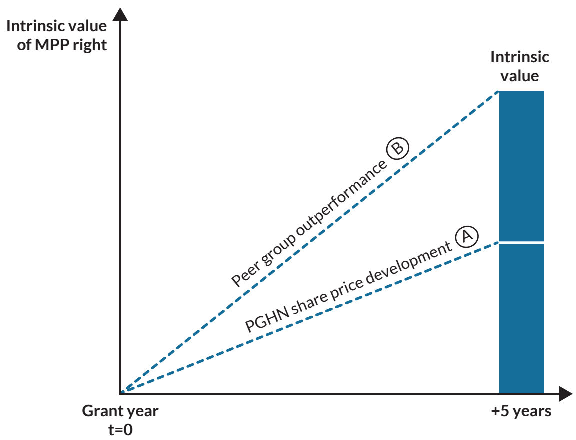
Component 1: share price development (year 1 to 5)

As a public firm, we aim to provide superior and sustainable total shareholder return and ensure that senior executives place an emphasis on positive share price development over the mid- to long-term. We therefore link component 1 of the MPP to the development of the share price of Partners Group Holding AG (ticker: PGHN):

- on an absolute basis (increase of share price over a period of five years); and
- on a relative basis (outperformance over a benchmark index over a period of five years).

The intrinsic value of these MPP rights will be measured five years after the grant date. On this date, we measure the absolute performance of the share price ("A" in Exhibit 15) and its outperformance over the benchmark index ("B" in Exhibit 15). We believe that measuring performance over an extended five-year period is consistent with the long-term orientation of the firm's business.

Exhibit 15: Determining intrinsic value of MPP rights



50% of the grant value of these MPP rights relates to absolute shareholder return, while the remaining 50% relates to a total return outperformance against the benchmark, the S&P Listed Private Equity Index. We believe that the S&P Listed Private Equity Index is the closest industry benchmark and that it therefore represents the best proxy to measure Partners Group's relative performance within the private markets industry.

Compensation Report

(A) Share price performance (50% of grant value)

- Company: Partners Group Holding AG
- Ticker (BB): PGHN Performance: price return
- Valuation date: 5 years after grant
- Intrinsic value: difference between share price in 2023 vs. share price in 2018

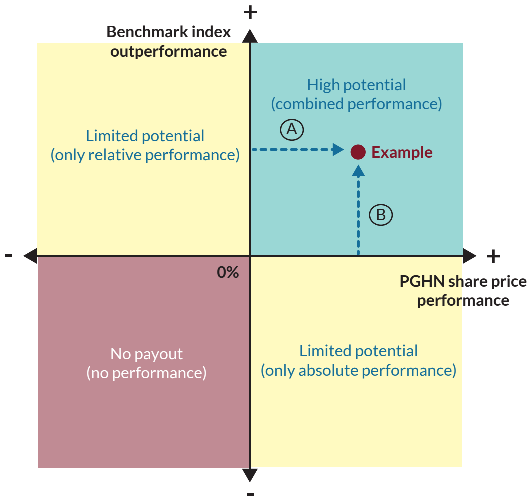
(B) Outperformance against benchmark (50% of grant value)

- Index: S&P Listed Private Equity Index
- Ticker (BB): SPLPEQTY
- Performance: total return outperformance
- Valuation date: 5 years after grant
- Intrinsic value: difference between the total return of PGHN shares between 2018 and 2023 vs. total return of index during the same period multiplied by the share price at grant

Exhibit 16 illustrates how the intrinsic value of the share component of the MPP rights is determined. It depends on both the absolute share price performance and outperformance over a benchmark index. Plan participants will not receive any payout in the event of negative stock price performance combined with underperformance against the benchmark.

In contrast, their MPP rights will increase most in value if both performance criteria are met, i.e. the share price performs in absolute terms ("A" in Exhibit 16) and outperforms against the benchmark index ("B" in Exhibit 16). Should only one of the two performance criteria be met, the intrinsic value of the MPP rights will be lower.

Exhibit 16: Illustration of the different scenarios that determine the intrinsic value of MPP rights



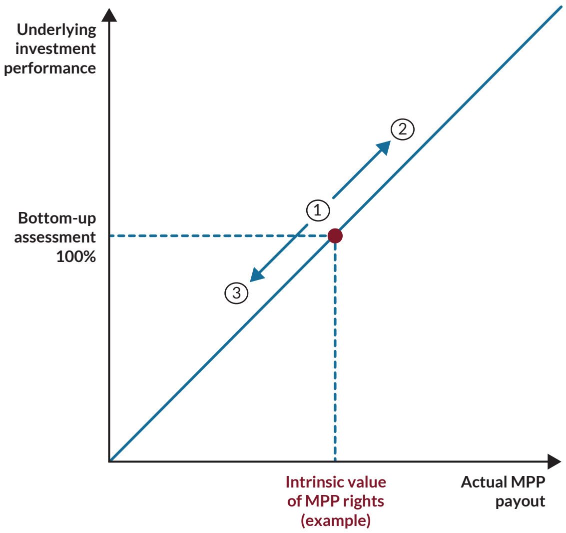
Component 2: performance fee achievement (year 5 to 14)

While component 1 focuses on the absolute and relative share price development in order to determine an intrinsic value, component 2 focuses entirely on how the intrinsic value of MPP rights after five years will be paid out in the following years (in the form of restricted Partners Group shares). In other words, component 2 sets the framework for the magnitude and timing of the payout. Both magnitude and timing are dependent on the actual performance fees that the firm generated from the particular year in which MPP rights were granted.

- **Magnitude:** the magnitude ultimately depends on the actual performance fees that the firm is able to generate from its 2018 investment vintage throughout the next 15 years. For that purpose, the firm defines a target that is based on ex ante model returns. This target is set at 100% and needs to be achieved over a time period of 15 years ("1" in Exhibit 17). For example, if the intrinsic value of MPP rights is 100 and 100% of the expected performance fees are actually paid to the firm, the plan participant receives Partners Group shares in the value of 100. The total payout can be higher than the originally expected nominal amount in the case of consistent investment performance above underlying assumptions ("2" in Exhibit 17), or lower than the originally anticipated nominal amount in the case of lower investment performance ("3" in Exhibit 17). In the worst case scenario, the amount can be zero, irrespective of the intrinsic value determined through component 1.

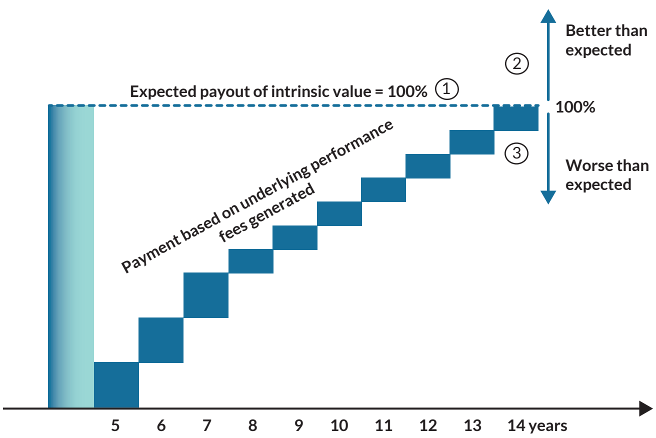
Compensation Report

Exhibit 17: Illustration of actual MPP payout based on underlying investment performance



- **Timing:** the MPP payout occurs as the performance fees of the underlying investment vintage materialize, as illustrated in Exhibit 18. After each year, we compare the actual proportion of performance fees generated against the defined target. We then pay out the same proportion of the intrinsic value of the MPP grant in the form of restricted shares. For example, should the 2018 investment year pay out 15% of its anticipated total payout (100%) in 2023, we would pay out 15% of the intrinsic value of MPP rights determined in component 1 to plan participants in the form of Partners Group shares in 2023.

Exhibit 18: Illustration of actual MPP payout based on underlying investment performance

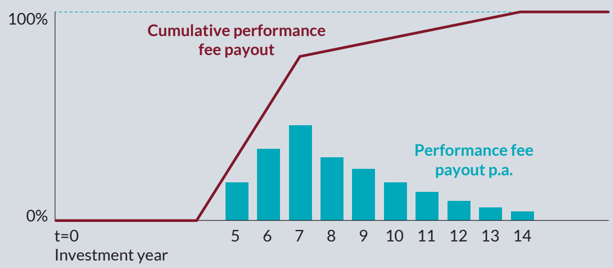


Illustrative example: performance fee payout structure of the 2018 investment year

Future potential performance fees will depend on investments made between Q4 2017 and Q3 2018 ("2018 investment year"). Once profitable investments have been realized, cash is first distributed to the investors in our investment programs.

Only once the hurdle rate that was 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.) will a part of the investment profits be distributed to the firm (in the form of performance fees). Depending on the investment outcomes and timing of the investment realizations, it often takes up to 14 years until the full payout of performance fees is received, as illustrated in Exhibit 19.

Exhibit 19: Possible payout pattern of performance fees under MPP



Vesting parameters

The MPP grants vest linearly over a period of five years. For members of the Executive Committee and executive members of the Board, the linear vesting is subject to a minimum five-year tenure in the respective committee. Before that, it has a five-year cliff vesting attached. Any holder of unvested MPP rights leaving the Group has the obligation to render his or her unvested interest back to the company. The plan thereby encourages employees to remain with the firm in the long term.

In summary, Exhibit 20 illustrates the two components and stringent performance conditions that have to be fulfilled over the medium to long term so that plan participants can receive their MPP payout in the form of shares. Any share settlement is followed by a two-year selling restriction.

Compensation Report

Further information on Partners Group's share-based payment plan can be found in section 4 of the notes to the consolidated financial statements included in the 2018 Annual Report.

Vesting rules in case of retirement

The vesting parameters of the firm's LTIs are rather stringent and long-term focused, even compared to industry peers. While any holder of unvested LTIs who leaves the firm has the obligation to render his or her unvested interests back to the firm, there are special vesting rules in the case an employee is coming up to retirement.

Given that the firm aims to foster a performance-oriented work environment, senior employees of the firm receive the majority of their compensation in LTIs with long vesting periods. This is also the case for employees nearing their retirement. This can result in senior employees entering their retirement with a meaningful portion of unvested LTIs.

In order to ensure that senior employees continue to contribute to the firm's success until their retirement, the Nomination & Compensation Committee has established special vesting rules for senior employees heading towards their retirement.

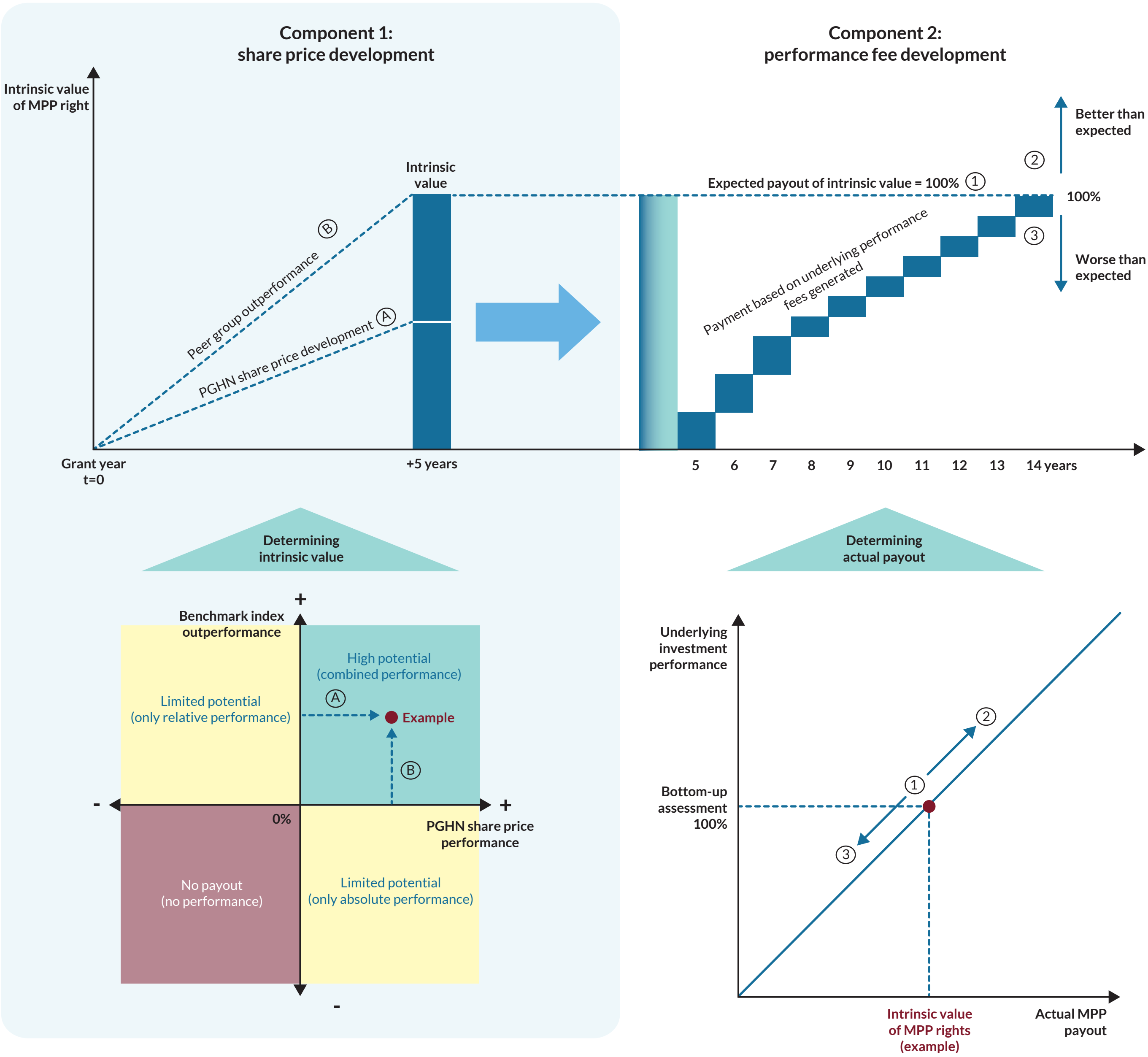
At the time of retirement, all LTIs for Executive Committee members and executive members of the Board shall be deemed to have fully vested and become unrestricted, provided that the employee has reached the age of 55 and has served the firm for ten years or more as a Managing Director/Partner.

The vesting relief is subject to the following conditions: the employee is considered a good leaver, agrees to sign a two-year non-compete agreement and will have no new principal employment in the private markets industry.

The Nomination & Compensation Committee may use its discretion to make further adjustments to the rules outlined above on a case-by-case basis in order to achieve the best result for both the business and the employee coming up to retirement.

Compensation Report

Exhibit 20: Overview of MPP components and different scenarios that determine MPP payout



Compensation Report

A.3. Compensation governance

A.3.1. 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, their equity participation in the firm and 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).

A.3.2. 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 is based on their contribution to the firm's success and on their potential for development, while the compensation process ensures the respective adjustments to compensation based on functions, responsibilities and performance. Giving one committee responsibility for both the nomination and compensation processes 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 to ensure adherence to Partners Group's strategy and 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 the proposals' 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 (see Exhibit 21).

A.3.3. Committee members

As of 31 December 2018, the members of the Nomination & Compensation Committee were Grace del Rosario-Castaño (Chair) and Dr. Peter Wuffli. According to the independence criteria outlined in our Corporate Governance Report (section 3), Grace del Rosario-Castaño and Dr. Peter Wuffli are independent Board members. The members were elected by shareholders for a one-year term with the possibility of re-election.

A.3.4. Committee meetings & decisions taken

Throughout the year, members of the Nomination & Compensation Committee interact with the Chairman, the Co-CEOs and other members of the Executive Committee on a regular basis. Throughout 2018, formal and informal meetings were held with a wide group of the firm's senior leaders to discuss compensation budgets, department bonus allocation plans, promotion criteria and other compensation-related topics.

Typically, the Nomination & Compensation Committee interacts via informal meetings throughout the year and holds two formal decision meetings in the second half of the year:

- In its first formal meeting (Q3), the Nomination & Compensation Committee confirms the budget allocations for STIs (deferred cash payments) and LTIs (MPP). During the meeting, the committee defines guidelines for the allocation of the various compensation pools.
- In its second formal meeting (Q4), the Nomination & Compensation Committee approves the compensation proposal for the Executive Committee and Global Executive Board members and proposes the compensation for the Co-CEOs and Board members. Compensation authorities are outlined in Exhibit 21. Partner- and Managing Director-level promotions and compensation are ratified individually.

A.3.5. Nomination & Compensation Committee composition 2019

In 2019, the Board will propose two additional independent members of the Board to also become members of the Nomination & Compensation Committee. Dr. Peter Wuffli, currently member of the Nomination & Compensation Committee, will retire from the Board as of 15 May 2019.

Compensation Report

Exhibit 21: Approval authorities

Compensation pools	Budget/proposal		Approval	
Board of Directors, Executive Committee	NCC	Q4	Shareholders' AGM	May
Group-level budget	NCC	Q3	Board of Directors ratifies	Q4
Department-level budget	Chairman & Co-CEOs	Q3	NCC approves	Q4

Individual compensation	Budget/proposal		Approval	
Chairman of the Board of Directors	Chair of the NCC	Q4	Board of Directors approve	Q4
Members of the Board of Directors	NCC	Q4	Board of Directors approve	Q4
Co-CEOs	NCC	Q4	Board of Directors approve	Q4
Executive Committee, Global Executive Board	Chairman & Co-CEOs	Q4	NCC approves, Board of Directors ratifies	Q4
Other professionals	Executive Committee	Q4	NCC approves, Board of Directors ratifies	Q4

Note: in the case of approving the Chairman's compensation and the additional fees for the Nomination and Compensation committee members, the Board member concerned does not participate in the recommendation involving his or her own compensation.

A.4 Review: binding budgets 2014-2017 vs. actual payouts

With the introduction of the Ordinance against Excessive Compensation in listed joint stock companies ("OaEC") of the Swiss Federal council, shareholders can express a binding vote on the compensation of the Board of Directors and Executive Committee as of the financial year 2014 onwards.

As of 31 December 2018, the actual payout to current and former executive Committee member or to executive members of the Board has been less than the approved budgets between 2014 and 2017.

Compensation Report

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 2018. 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 4.6 to 4.7 and exhibits 8 to 9 on pages 134 and 135 as well as sections 5.6 to 5.7 and exhibits 11 and 12 on pages 137 to 138 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 2018 of Partners Group Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Dorst Licensed Audit Expert Auditor in Charge	Philipp Rickert Licensed Audit Expert

Zurich, 6 March 2019

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