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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-38075

ANTERO MIDSTREAM GP LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**61-1748605** (IRS Employer Identification No.)
1615 Wynkoop Street **Denver, Colorado** (Address of principal executive offices)	**80202** (Zip Code)

(303) 357-7310
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
☒ Yes ☐ No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

As of October 26, 2017, there were 186,181,975 common shares representing limited partner interests outstanding.

EXPLANATORY NOTE

Antero Midstream GP LP ("AMGP") was originally formed as Antero Resources Midstream Management LLC ("ARMM") in 2013, to become the general partner of Antero Midstream Partners LP ("Antero Midstream"), a master limited partnership that is publicly traded on the New York Stock Exchange (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with our initial public offering ("IPO"). Unless the context otherwise requires, references to "we" and "our" refer to: (i) for the period prior to May 4, 2017, ARMM, and (ii) beginning on May 4, 2017, AMGP. We are traded on the New York Stock Exchange (NYSE: AMGP). We own 100% of the membership interests of Antero Midstream Partners GP LLC ("AMP GP"), which owns the non-economic general partner interest in Antero Midstream, and we own all of the Series A capital interests in Antero IDR Holdings LLC ("IDR LLC"), which entity owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR distributions earned by us through May 9, 2017 were distributed to Antero Resources Investment LLC ("Antero Investment"), the sole member of ARMM for all periods prior to the IPO which was liquidated on October 31, 2017, net of any related liabilities including income taxes through that date and expenses of the IPO.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. We own the general partner of Antero Midstream Partners LP (NYSE: AM) (“Antero Midstream”) and all of the capital interests in the owner of the incentive distribution rights (“IDRs”) in Antero Midstream. Antero Midstream is a master limited partnership 53.0% owned by Antero Resources Corporation (NYSE: AR) (“Antero Resources”) that was formed to primarily service Antero Resources’ production and completion activity in the Appalachian Basin’s Marcellus Shale and Utica Shale located in West Virginia and Ohio. Because the IDRs are our sole source of revenues, all potential risks and uncertainties that affect the results of operations, financial condition, or forecasts of future events of either Antero Resources or Antero Midstream will also affect us. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- our ability to pay distributions to our common shareholders;
- our expected receipt of, and the amounts of, distributions from Antero Midstream and IDR LLC in respect of the IDRs;
- Antero Resources’ expected production and ability to execute its drilling and development plan;
- our and Antero Midstream’s business strategies;
- Antero Midstream’s ability to realize the anticipated benefits of investing in unconsolidated affiliates;
- natural gas, natural gas liquids (“NGLs”), and oil prices;
- competition and government regulations;
- actions taken by third party producers, operators, processors and transporters;
- legal or environmental matters;
- costs of conducting gathering and compression operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather related delays, casualty losses and other matters beyond our control;
- uncertainty regarding Antero Midstream’s future operating results; and
- plans, objectives, expectations and intentions contained in this report that are not historical.

We caution you that these forward looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our and Antero Midstream's control, incident to Antero Midstream's business. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under "Risk Factors" in this Quarterly Report on Form 10-Q, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and in Antero Midstream's Quarterly Reports on Form 10-Q for the quarters March 3, 2017 and June 30, 2017.

Should one or more of the risks or uncertainties described in this report occur, or should underlying assumptions prove incorrect, our and Antero Midstream's actual results and plans could differ materially from those expressed in any forward looking statements.

All forward looking statements, expressed or implied, included in this report are qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION

Antero Midstream GP LP
Condensed Consolidated Balance Sheets
December 31, 2016 and September 30, 2017
(Unaudited)
(In thousands)

	December 31, 2016	September 30, 2017
Assets		
Current assets:		
Cash	$ 9,609	2,419
Accounts receivable - related party	217	—
Prepaid expenses	—	49
Total current assets	9,826	2,468
Investment in Antero Midstream Partners LP	7,543	19,067
Total assets	$ 17,369	21,535
Liabilities and Partners' Capital		
Current liabilities:		
Accrued liabilities	426	611
Income taxes payable	6,674	8,900
Total current liabilities	7,100	9,511
Liability for equity-based compensation	—	3,344
Total liabilities	7,100	12,855
Partners' capital (186,174 shares issued and outstanding at September 30, 2017)	10,269	8,680
Total liabilities and partners' capital	$ 17,369	21,535

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP
Condensed Consolidated Statements of Operations and Comprehensive Income
Three Months Ended September 30, 2016 and 2017
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2016	**2017**
Equity in earnings of Antero Midstream Partners LP	$ 4,807	19,067
Total income	4,807	19,067
General and administrative expense	205	615
Equity-based compensation	—	8,317
Total expenses	205	8,932
Income before income taxes	4,602	10,135
Provision for income taxes	(1,825)	(7,157)
Net income and comprehensive income	$ 2,777	2,978
Net income per common share - basic and diluted		$ 0.02
Weighted average number of common shares outstanding - basic		186,173
Weighted average number of common shares outstanding - diluted		191,175

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
Nine Months Ended September 30, 2016 and 2017
(Unaudited)
(In thousands, except per share amounts)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017
Equity in earnings of Antero Midstream Partners LP	$ 9,388	45,948
Total income	9,388	45,948
General and administrative expense	390	5,922
Equity-based compensation	—	26,271
Total expenses	390	32,193
Income before income taxes	8,998	13,755
Provision for income taxes	(3,563)	(17,337)
Net income (loss) and comprehensive income (loss)	$ 5,435	(3,582)
Net income attributable to Antero Midstream GP LP subsequent to IPO		$ 1,357
Net income per common share - basic and diluted		$ 0.01
Weighted average number of common shares outstanding - basic		186,172
Weighted average number of common shares outstanding - diluted		191,191

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP
Condensed Consolidated Statement of Partners' Capital
Nine Months Ended September 30, 2017
(Unaudited)
(In thousands)

	Common Shares Representing Limited Partner Interests	Antero Resources Midstream Management LLC Members' Equity	Partners' Capital
Balance at December 31, 2016	$ —	10,269	10,269
Pre-IPO net loss and comprehensive loss	—	(4,939)	(4,939)
Pre-IPO equity-based compensation	—	10,237	10,237
Conversion of Antero Resources Midstream Management LLC to a limited partnership	15,567	(15,567)	—
Post-IPO net income and comprehensive income	1,357	—	1,357
Post-IPO equity-based compensation	12,690	—	12,690
Distributions to Antero Resources Investment LLC	(15,908)	—	(15,908)
Distributions to shareholders	(5,026)	—	(5,026)
Balance at September 30, 2017	$ 8,680	—	8,680

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2016 and 2017
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2016	2017
Cash flows provided by operating activities:		
Net income (loss)	$ 5,435	(3,582)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Equity in earnings of Antero Midstream Partners LP	(9,388)	(45,948)
Distributions received from Antero Midstream Partners LP	5,550	34,424
Equity-based compensation	—	26,271
Deferred income taxes	(368)	—
Changes in current assets and liabilities:		
Accounts receivable - related party	(202)	—
Prepaid expenses	—	(49)
Accounts payable	—	—
Accrued liabilities	350	185
Income taxes payable	3,741	2,226
Net cash provided by operating activities	5,118	13,527
Cash flows used in investing activities	—	—
Cash flows used in financing activities		
Distributions to Antero Resources Investment LLC	—	(15,691)
Distributions to shareholders	—	(5,026)
Net cash used in financing activities	—	(20,717)
Net increase (decrease) in cash	5,118	(7,190)
Cash, beginning of period	72	9,609
Cash, end of period	$ 5,190	2,419

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM GP LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

(1) Business and Organization

Antero Midstream GP LP ("AMGP") was originally formed as Antero Resources Midstream Management LLC ("ARMM") in 2013, to become the general partner of Antero Midstream Partners LP ("Antero Midstream"), a master limited partnership that is publicly traded on the New York Stock Exchange (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with our initial public offering ("IPO"). Unless the context otherwise requires, references to "we" and "our" refer to: (i) for the period prior to May 4, 2017, ARMM, and (ii) beginning on May 4, 2017, AMGP. We own 100% of the membership interests of Antero Midstream Partners GP LLC ("AMP GP"), which owns the non-economic general partner interest in Antero Midstream, and we own all of the Series A capital interests ("Series A Units") in Antero IDR Holdings LLC ("IDR LLC"), which entity owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR LLC also has Series B profits interests ("Series B Units") outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions (see Note 3—Long-Term Incentive Plans).

Our only income results from distributions made on the IDRs of Antero Midstream. IDRs entitle holders to receive cash distributions from Antero Midstream when distributions exceed certain target amounts (see Note 4 – Distributions from Antero Midstream). We are taxed as a corporation for U.S. federal income tax purposes and we refer to our outstanding limited partner interests as common shares.

We are managed by our general partner, AMGP GP LLC ("AMGP GP"), who establishes the quarterly cash distribution for our common shares payable to shareholders. AMGP GP has a board of directors appointed by certain former members of Antero Resources Investment LLC ("Antero Investment"), the former sole member of ARMM which was liquidated on October 31, 2017. Following the completion of our IPO, certain of our directors and executive officers own AMGP common shares as well as Series B Units in IDR LLC. In addition, certain of our directors and executive officers own a portion of Antero Resources Corporation's ("Antero Resources") (NYSE: AR) common stock and Antero Midstream's common units. We have an agreement with Antero Resources, under which Antero Resources provides general and administrative services to us for a fee of $0.5 million per year, subject to annual inflation adjustments. We also incur recurring direct expenses for the costs associated with being a publicly traded entity.

IDR distributions earned by us through May 9, 2017 were distributed to Antero Investment prior to its liquidation for all periods prior to the IPO, net of any related liabilities including income taxes through that date and expenses of the IPO.

Antero Midstream was formed by Antero Resources to own, operate and develop midstream energy assets to service Antero Resources' oil and gas producing assets. Both Antero Midstream and Antero Resources' assets are located in the Marcellus Shale and Utica Shale located in West Virginia and Ohio. Antero Midstream's assets consist of gathering pipelines, compressor stations, and water handling and treatment systems, which provide midstream services to Antero Resources under long term, fixed fee contracts. Antero Midstream also has a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC ("Stonewall") and a 50% equity interest in a joint venture to develop processing and fractionation assets with MarkWest Energy Partners, L.P. ("MarkWest"). Our results of operations, financial position and cash flows are dependent on the results of operations, financial position and cash flows of Antero Midstream. As a result, these unaudited condensed consolidated financial statements should be read in conjunction with Antero Midstream's audited combined consolidated financial statements and notes thereto presented in its Annual Report on Form 10-K for the year ended December 31, 2016, as well as Antero Midstream's unaudited condensed consolidated financial statements presented in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.

ANTERO MIDSTREAM GP LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial information. The accompanying unaudited condensed financial statements of AMGP have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and, accordingly, do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these statements include all adjustments (consisting of normal and recurring accruals) considered necessary for a fair presentation of our financial position as of December 31, 2016 and September 30, 2017, and our results of operations and cash flows for the three and nine months ended September 30, 2016 and 2017. We have no items of other comprehensive income (loss); therefore, our net income (loss) is identical to our comprehensive income (loss). Operating results for the period ended September 30, 2017 are not necessarily indicative of the results that may be expected for the full year.

As of the date these condensed consolidated financial statements were filed with the SEC, AMGP completed its evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified other than as disclosed in Note 5 – Cash Distributions.

(b) Principles of Consolidation

The condensed consolidated financial statements include the accounts of AMGP, AMP GP (its wholly-owned subsidiary), and IDR LLC.

(c) Investment in Antero Midstream

We have determined that Antero Midstream is a variable interest entity ("VIE") for which we are not the primary beneficiary and therefore do not consolidate. We have concluded that Antero Resources is the primary beneficiary of Antero Midstream and should consolidate its financial statements. Antero Resources is the primary beneficiary based on its power to direct the activities that most significantly impact Antero Midstream's economic performance and its obligations to absorb losses or receive benefits of Antero Midstream that could be significant to it. Antero Resources owns approximately 53.0% of the outstanding limited partner interests in Antero Midstream and its officers and management group also act as management of Antero Midstream. Antero Midstream was formed to own, operate and develop midstream energy assets to service Antero Resources' production under long term contracts as described herein. We do not own any limited partnership interests in Antero Midstream and have no capital interests in Antero Midstream. We have not provided and do not anticipate providing financial support to Antero Midstream.

Antero Resources and Antero Midstream have contracts with 20-year initial terms and automatic renewal provisions, whereby Antero Resources has dedicated the rights for gathering and compression, and water delivery and handling, services to Antero Midstream on a fixed-fee basis. Such dedications cover a substantial portion of Antero's current acreage and future acquired acreage, in each case, except for acreage that was already dedicated to other parties prior to entering into the service contracts or that was acquired subject to a pre-existing dedication. The contracts call for Antero Resources to present, in advance, drilling and completion plans in order for Antero Midstream to put in place gathering and compression, water handling, and gas processing assets to service Antero Resources' assets. The drilling and completion capital investment decisions made by Antero Resources control the development and operation of all of Antero Midstream's assets. Antero Resources therefore controls the activities that most significantly impact Antero Midstream's economic performance. Because of these contractual obligations and the capital requirements related to these obligations, Antero Midstream has devoted and, for the foreseeable future, will devote substantially all of its resources to servicing Antero Resources' operations and revenues from Antero Resources will provide substantially all of Antero Midstream's financial support and therefore its ability to finance its operations. Because of the long term contractual commitment to support Antero Resources' substantial growth plans, Antero Midstream will be practically and physically constrained from providing any significant amount of services to third parties.

Our ownership of the non-economic general partner interest in Antero Midstream provides us with significant influence over Antero Midstream, but not control over the decisions that most significantly impact the economic performance of Antero Midstream. Our ownership of IDRs of Antero Midstream entitles us to receive cash distributions from Antero Midstream when distributions exceed certain target amounts. The ownership of these interests and IDRs do not require us to provide financial support to Antero Midstream. We obtained these interests upon our formation for no consideration. Therefore, they have no cost basis and are classified as long term investments. Our share of Antero Midstream's earnings as a result of our ownership of IDRs is accounted for using the equity method of accounting. We recognize distributions earned from Antero Midstream as "Equity in earnings of Antero Midstream Partners LP" on our statement of operations in the period in which they are earned and are allocated to our capital account. Our long term interest in IDRs on the balance sheet is recorded in "Investment in Antero Midstream Partners LP." The ownership of the general partner interests and IDRs do not provide us with any claim to the assets of Antero Midstream other than the balance in our Antero Midstream capital account. IDRs are recognized as earned and increase our capital account and equity investment. When these distributions are paid to us they reduce our capital accounts and our equity investment in Antero Midstream. See Note 4—Distributions from Antero Midstream.

(d) Use of Estimates

The preparation of the condensed consolidated financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

(e) Income Taxes

We regularly review our tax positions in each significant taxing jurisdiction during the process of evaluating our tax provision. We make adjustments to our tax provision when: (i) facts and circumstances regarding a tax position change, causing a change in management's judgment regarding that tax position; and/or (ii) a tax position is effectively settled with a tax authority at a differing amount.

Equity-based compensation expense of $26.3 million and IPO costs of $5.1 million are not and will not be deductible for federal income tax purposes. Our inability to deduct those expenses and costs, along with the effect of state taxes, account for the difference between the federal tax rate of 35% and effective rate of income tax expense for financial reporting purposes for the nine months ended September 30, 2017.

(f) General and Administrative Expenses

General and administrative costs incurred during 2016 and pre-IPO in 2017 primarily relate to legal and other costs incurred in connection with our IPO. Post-IPO general and administrative expense consists primarily of management fees paid to Antero Resources, and other legal and administrative expenses.

(g) Fair Value Measures

The Financial Accounting Standards Board (the "FASB") Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* , clarifies the definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance also relates to all nonfinancial assets and liabilities that are not recognized or disclosed on a recurring basis (e.g., the initial recognition of asset retirement obligations and impairments of long -lived assets). The fair value is the price that we estimate would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

(h) Net Income (Loss) per Common Share

Net income (loss) per common share – basic for each period is computed by dividing net income attributable to AMGP subsequent to IPO by the basic weighted average number of common shares outstanding during the period. Net income (loss) per common share – diluted for each period is computed after giving consideration to the potential dilution from outstanding equity awards, calculated using the treasury stock method. During the periods in which AMGP incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average common shares outstanding because the effect of all equity awards is anti-dilutive. The following is a reconciliation of AMGP's basic weighted average common shares outstanding to diluted weighted average common shares outstanding during the periods presented (in thousands):

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Basic weighted average number of common shares outstanding	186,173	186,172
Add: Dilutive effect of Series B units	5,002	5,019
Diluted weighted average number of common shares outstanding	191,175	191,191

(3) Long-Term Incentive Plans

As of September 30, 2017, IDR LLC had 98,600 Series B Units authorized and outstanding that entitle the holders to receive up to 6% of the amount of the distributions that Antero Midstream makes on its IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions. Series B Units issued to common law employees of AMGP, including officers of AMGP and Antero Resources employees who provide services directly to AMGP, are classified as equity awards. Series B Units issued to Antero Resources employees who are not common law employees of AMGP are classified as liability awards. IDR LLC granted 92,000 Series B Units that are equity classified awards and 8,000 Series B Units that are liability classified awards. During the nine months ending September 30, 2017, 500 Series B Units that were equity classified awards were forfeited, and 900 Series B units that were liability classified awards were forfeited. The Series B Units vest ratably over a three year period. The holders of vested Series B Units have the right to convert the units to common shares with a value equal to their pro rata share of up to 6% of any increase in our equity value in excess of $2.0 billion. In no event will the aggregate number of newly issued common shares exceed 6% of the total number of our issued and outstanding common shares.

For equity classified awards, we recognize expense for the grant date fair value of the awards over the vesting period of the awards. Forfeitures are accounted for as they occur by reversing expense previously recognized for awards that were forfeited during the period. The grant date fair value of the Series B Unit awards was estimated using a Monte Carlo simulation using various assumptions including a floor equity value of $2.0 billion, expected volatility of 43% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 2.45%, and expected IDR distributions based on internal estimates discounted based on a weighted average cost of capital assumption of 7.25%. Based on these assumptions, the estimated value of each Series B Unit was $999 when they were issued.

For liability classified awards, we recognize expense for the fair value of the awards over the vesting period of the awards. Forfeitures are accounted for as they occur by reversing expense previously recognized for awards that were forfeited during the period. We update our assumptions each reporting period based on new developments and adjust such amounts to fair value based on revised assumptions, if applicable, over the vesting period. At September 30, 2017, the fair value of the Series B Unit awards was estimated using a Monte Carlo simulation using various assumptions including an equity value of $4.0 billion, expected volatility of 41% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 2.28%, and expected IDR distributions based on internal estimates discounted based on a weighted average cost of capital assumption of 7.25%. Based on these assumptions, the estimated value of each Series B Unit at September 30, 2017 was $1,884. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy.

We recognized expense of $8.2 million, of which $7.6 million was for equity classified awards and $0.6 million was for liability classified awards, during the three months ended September 30, 2017. We recognized expense of $26.2 million, of which $22.9 million was for equity classified awards and $3.3 million was for liability classified awards, during the nine months ended September 30, 2017. As of September 30, 2017, there was $78.6 million of unamortized compensation expense related to nonvested Series B Units that is expected to be recognized over the next 2.25 years.

On April 17, 2017, we also adopted the Antero Midstream GP LP Long-Term Incentive Plan ("2017 LTIP"), pursuant to which certain non-employee directors of our general partner and certain officers, employees and consultants of Antero Resources are eligible to receive awards representing equity interests in AMGP. An aggregate of 930,851 common shares may be delivered pursuant to awards under the 2017 LTIP, subject to customary adjustments. As of September 30, 2017, 3,850 common shares have been granted and we have recognized related expense of $0.1 million. As of September 30, 2017, 927,001 common shares remain available for grant under the 2017 LTIP.

(4) Distributions from Antero Midstream

Antero Midstream's partnership agreement provides for a target minimum quarterly distribution of $0.17 per unit for each quarter, or $0.68 per unit on an annualized basis. The partnership agreement generally provides that Antero Midstream distribute cash each quarter to the holders of the common units pro rata until each unit has received a distribution of $0.1955.

If cash distributions to Antero Midstream's unitholders exceed $0.1955 per common unit in any quarter, IDR LLC, as the holder of Antero Midstream's IDRs, will receive distributions according to the following percentage allocations:

	Marginal Percentage Interest in Distributions	
Total Quarterly Distribution Target Amount	**Antero Midstream Common Unitholders**	**Holder of IDRs**
above $0.1955 up to $0.2125	85 %	15 %
above $0.2125 up to $0.2550	75 %	25 %
above $0.2550	50 %	50 %

ANTERO MIDSTREAM GP LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

From the initial public offering of Antero Midstream in the fourth quarter of 2014 through September 30, 2017, distributions per common unit and distributions related to the IDRs were as follows:

Quarter and Year	Distribution Date	Antero Midstream Distribution Amount per Common Unit	Income Attributable to IDRs ($ thousands)
Q4 2014	February 27, 2015	$ 0.0943	$ —
Q1 2015	May 27, 2015	$ 0.1800	$ —
Q2 2015	August 27, 2015	$ 0.1900	$ —
Q3 2015	November 30, 2015	$ 0.2050	$ 295
Q4 2015	February 29, 2016	$ 0.2200	$ 969
Q1 2016	May 25, 2016	$ 0.2350	$ 1,850
Q2 2016	August 24, 2016	$ 0.2500	$ 2,731
Q3 2016	November 24, 2016	$ 0.2650	$ 4,820
Q4 2016	February 8, 2017	$ 0.2800	$ 7,543
Q1 2017	May 10, 2017	$ 0.3000	$ 11,553
Q2 2017	August 16, 2017	$ 0.3200	$ 15,328

The board of directors of Antero Midstream's general partner has declared a cash distribution of $0.34 per unit for the quarter ended September 30, 2017. The distribution will be payable on November 16, 2017 to shareholders of record as of November 1, 2017.

IDR distributions paid by Antero Midstream relating to periods prior to May 9, 2017, the closing of our IPO, were distributed to Antero Investment prior to its liquidation.

(5) Cash Distributions

The following table details the amount of quarterly distributions AMGP paid with respect to the quarter indicated (in thousands, except per unit data):

			Distributions			
Quarter and Year	Record Date	Distribution Date	Common shareholders	Antero Resources Investment	Total	Distributions per common share
*	May 9, 2017	September 13, 2017	$ —	15,907	$ 15,907	*
Q2 2017	August 3, 2017	August 23, 2017	5,027	—	$ 5,027	$ 0.0270
Total 2017			$ 5,027	15,907	$ 20,934	

* Income relating to periods prior to May 9, 2017, the closing of our IPO, was distributed to Antero Investment prior to its liquidation.

The board of directors of our general partner has declared a cash distribution of $0.059 per share for the quarter ended September 30, 2017. The distribution will be payable on November 23, 2017 to shareholders of record as of November 1, 2017.

ANTERO MIDSTREAM GP LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

(6) Related Party Transactions

Certain of AMGP's shareholders, including members of its executive management group, own a significant interest in AMGP and, either through their representatives or directly, serve as members of the Board of Directors of Antero Resources and the Boards of Directors of the general partners of Antero Midstream and AMGP. These same groups or individuals own common stock in Antero Resources and limited partner interests in Antero Midstream. AMGP's executive management group also manages the operations and business affairs of Antero Resources and Antero Midstream.

(a) Accounts receivable – related party

Accounts receivable at December 31, 2016 and September 30, 2017 includes general and administrative expenses of $0.2 million and $0, respectively, paid by AMGP on behalf of Antero Investment prior to its liquidation. In the nine months ended September 30, 2017, a $0.4 million receivable was settled as part of the Antero Investment liquidation distribution.

(b) Accounts payable

Accounts payable at December 31, 2016 and September 30, 2017 includes $0.3 million and $0, respectively, payable to Antero Resources for general and administrative expenses.

(7) Summarized Financial Information for Antero Midstream

Summarized financial information for Antero Midstream, our investee accounted for using the equity method of accounting, is included in this note. The following tables present summarized income statement and balance sheet information for Antero Midstream (in thousands).

Summarized Antero Midstream Income Statement Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2017**	**2016**	**2017**
	(in thousands)			
Revenues	$ 150,475	193,629	423,357	562,165
Operating expenses	76,192	110,458	249,147	304,730
Operating income	$ 74,283	83,171	174,210	257,435
Net income	70,524	80,893	163,352	243,160
Net income attributable to incentive distribution rights	(4,807)	(19,067)	(9,387)	(45,948)
Limited partners' interest in net income	$ 65,717	61,826	153,965	197,212

ANTERO MIDSTREAM GP LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

Summarized Antero Midstream Balance Sheet Information

	December 31, 2016	September 30, 2017
	(in thousands)	
Current assets	$ 79,950	88,797
Non-current assets	$ 2,269,945	2,806,594
Current liabilities	$ 82,013	88,608
Non-current liabilities	$ 1,045,072	1,272,397
Partners' capital	$ 1,222,810	1,534,386

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of financial condition and results of operations in conjunction with the condensed consolidated financial statements, and notes thereto, included elsewhere in this report. The information provided below supplements, but does not form part of, our condensed consolidated financial statements. This discussion contains forward looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on these items that could impact our future operating performance or financial condition, please see "Item 1A. Risk Factors" and the section entitled "Cautionary Statement Regarding Forward Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. For more information please refer to the final prospectus dated May 3, 2017, filed with the SEC on May 5, 2017, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and Antero Midstream's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017.

Overview

We are a Delaware limited partnership that is taxed as a corporation for U.S. federal income tax purposes. We own 100% of the membership interests in Antero Midstream Partners GP LLC, which owns the non-economic general partner interest in Antero Midstream Partners LP (NYSE: AM) ("Antero Midstream") and we own all of the Series A capital interests ("Series A Units") in Antero IDR Holdings LLC ("IDR LLC"), which owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR LLC also has Series B profits interests ("Series B Units") outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions. Antero Midstream is a growth-oriented master limited partnership 53.0% owned by Antero Resources Corporation (NYSE: AR) ("Antero Resources") and formed to own, operate and develop midstream energy infrastructure primarily to service Antero Resources' rapidly increasing production and completion activity in the Appalachian Basin's Marcellus Shale and Utica Shale located in West Virginia and Ohio. We believe that Antero Midstream's strategically located assets and integrated relationship with Antero Resources position it to be a leading Appalachian midstream provider across the full midstream value chain.

Our revenues are generated solely from the cash distributions we receive from Antero Midstream through our interests in IDR LLC. Because our success is dependent upon the operations and management of Antero Midstream and its resulting performance, Antero Midstream's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, has been included in this filing as Exhibit 99.1 and incorporated herein by reference.

Address, Internet Website and Availability of Public Filings

Our principal executive offices are at 1615 Wynkoop Street, Denver, Colorado 80202. Our telephone number is (303) 357-7310. Our website is located at *www.anteromidstreamgp.com*.

We make available free of charge our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. These documents are located on our website under the "Investors Relations" link.

Information on our website is not incorporated into this Quarterly Report on Form 10-Q or our other filings with the SEC and is not a part of them.

Third Quarter 2017 Developments and Highlights

Cash Distributions

We distribute cash available for distribution to our shareholders. Cash available for distribution is the cash distribution received from Antero Midstream reduced by reserves for estimated federal and state income taxes, general and administrative expenses, and reserves for other purposes deemed necessary by the board of directors of our general partner. Distributable cash for the three months ended September 30, 2017 was as follows (in thousands):

	Three Months Ended September 30, 2017
Cash distributions from Antero Midstream Partners LP	$ 19,067
Cash reserved for distributions to Series B units of IDR LLC	(684)
Cash distributions to Antero Midstream GP LP	18,383
General and administrative expenses	(615)
Provision for income taxes	(7,157)
Reserve for tax benefit on Series B Unit distributions	272
Distributable cash	$ 10,883

The board of directors of our general partner has declared a cash distribution of $0.059 per share for the quarter ended September 30, 2017. The distribution will be payable on November 23, 2017 to shareholders of record as of November 1, 2017.

Items Affecting Comparability of Our Financial Results

Certain of the historical financial results discussed below may not be comparable to future financial results primarily as a result of the significant increase in the scope of Antero Midstream's operations over the last several years. Antero Midstream's gathering and compression and water handling and treatment systems are relatively new, as a substantial portion of these assets have built within the last four years. Accordingly, Antero Midstream's revenues and expenses over that time reflect the significant increase in operations. Similarly, Antero Resources has experienced significant changes in its production and drilling and completion schedule over that same period. As our revenue is predicated on Antero Midstream's cash available for distribution, any change in Antero Midstream's revenue and expenses could have a direct impact on us. Accordingly, it may be difficult to project trends from our historical financial data going forward. In addition, our historical results of operations do not reflect the incremental expenses we expect to incur as a result of being a publicly traded company.

Results of Operations

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2017 (in thousands):

	Three Months Ended September 30,		Amount of Increase (Decrease)
	2016	2017	
Equity in earnings of Antero Midstream Partners LP	$ 4,807	19,067	14,260
Total income	4,807	19,067	14,260
General and administrative expense	205	615	410
Equity-based compensation	—	8,317	8,317
Total expenses	205	8,932	8,727
Income before income taxes	4,602	10,135	5,533
Provision for income taxes	(1,825)	(7,157)	(5,332)
Net income and comprehensive income	$ 2,777	2,978	201

Equity in earnings of Antero Midstream Partners LP. Equity in earnings of Antero Midstream increased from $4.8 million for the three months ended September 30, 2016 to $19.1 million for the three months ended September 30, 2017. Antero Midstream's per-unit distribution increased from $0.265 per unit in the third quarter of 2016 to $0.34 in the third quarter of 2017, resulting in the increase in distributions on the IDRs and resulting increase in our equity in earnings of Antero Midstream.

General and administrative expenses. General and administrative expenses increased from $0.2 million for the three months ended September 30, 2016 to $0.6 million for the three months ended September 30, 2017. In the third quarter of 2016, we did not incur any significant general and administrative costs; however, in the third quarter of 2017, we incurred general and administrative costs related to being a publicly-traded entity.

Equity-based compensation expenses. Equity-based compensation expenses increased from zero for the three months ended September 30, 2016 to $8.3 million for the three months ended September 30, 2017. The increase was due to the issuance of equity-based compensation in the form of Series B Units. See Note 3 to the condensed consolidated financial statements.

Income tax expense. Income tax expense increased from $1.8 million for the three months ended September 30, 2016 to $7.2 million for the three months ended September 30, 2017. The increase is primarily due to higher taxable income as a result of the increase in equity in earnings of Antero Midstream related to the IDRs.

The difference between income tax expense and expected income tax expense for financial statement purposes computed by applying the federal statutory rate of 35% to pre-tax income is caused by nondeductible equity-based compensation and IPO expenses, and the effect of state income taxes.

Net income and comprehensive income. Net income and comprehensive income increased from net income of $2.8 million for the three months ended September 30, 2016 to net income of $3.0 million for the three months ended September 30, 2017. The increase was primarily due to an increase in equity in earnings of Antero in the third quarter of 2017, offset by the increase in equity-based compensation and income tax expense.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2017 (in thousands):

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Amount of Increase (Decrease)
Equity in earnings of Antero Midstream Partners LP	$ 9,388	45,948	36,560
Total income	9,388	45,948	36,560
General and administrative expense	390	5,922	5,532
Equity-based compensation	—	26,271	26,271
Total expenses	390	32,193	31,803
Income before income taxes	8,998	13,755	4,757
Provision for income taxes	(3,563)	(17,337)	(13,774)
Net income (loss) and comprehensive income (loss)	$ 5,435	(3,582)	(9,017)

Equity in earnings of Antero Midstream Partners LP. Equity in earnings of Antero Midstream increased from $9.4 million for the nine months ended September 30, 2016 to $46.0 million for the nine months ended September 30, 2017. Antero Midstream's per-unit distribution increased in the nine months ended September 30, 2017 from the nine months ended September 30, 2016, resulting in the increase in distributions on the IDRs and resulting increase in our equity in earnings of Antero Midstream.

General and administrative expenses. General and administrative expenses increased from $0.4 million for the nine months ended September 30, 2016 to $5.9 million for the nine months ended September 30, 2017. In the first nine months of 2016 we did not incur any significant general and administrative costs; however, in the first nine months of 2017, we incurred approximately $5.1 million of general and administrative costs in connection with our IPO and $0.8 million of expenses related to being a public company.

Equity-based compensation expenses. Equity-based compensation expenses increased from zero for the nine months ended September 30, 2016 to $26.3 million for the nine months ended September 30, 2017. The increase was due to the issuance of equity-based compensation in the form of Series B Units. See Note 3 to the condensed consolidated financial statements.

Income tax expense. Income tax expense increased from $3.6 million for the nine months ended September 30, 2016 to $17.3 million for the nine months ended September 30, 2017. The increase is primarily due to higher taxable income as a result of the increase in equity in earnings of Antero Midstream related to the IDRs.

The difference between income tax expense and expected income tax expense for financial statement purposes computed by applying the federal statutory rate of 35% to pre-tax income is caused by nondeductible equity-based compensation and IPO expenses, and the effect of state income taxes.

Net income (loss) and comprehensive income (loss). Net income (loss) and comprehensive income (loss) decreased from net income of $5.4 million for the nine months ended September 30, 2016 to a net loss of $3.6 million for the nine months ended September 30, 2017. The decrease was primarily due to an increase in equity-based compensation, general and administrative expenses, and income tax expense, partially offset by the increase in equity in earnings of Antero Midstream in 2017.

Capital Resources and Liquidity

Sources and Uses of Cash

As a result of our interest in IDR LLC, we will receive at least 94% of the cash distributions paid by Antero Midstream on the IDRs. Our interest in the IDR distributions is our only cash-generating asset. We expect that the cash distributions on the IDRs will be adequate to meet our working capital requirements and expected quarterly cash distributions for at least the next twelve months. At September 30, 2017, we had a working capital deficit due to our income tax payable, which is based on equity in earnings from unconsolidated affiliates for the three months ended September 30, 2017. The cash distribution attributable to our equity in earnings for the three months ended September 30, 2017 will be received in the fourth quarter of 2017 when Antero Midstream declares and pays the cash distribution for the third quarter. On October 11, 2017, Antero Midstream declared a cash distribution that included an IDR distribution of $19.1 million payable to IDR LLC on November 16, 2017.

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was $5.1 million and $13.5 million for the nine months ended September 30, 2016 and 2017, respectively. The increase in cash flow from operations for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 was primarily due to increased distributions from Antero Midstream of $28.9 million, offset by an increase in general and administrative expenses (primarily attributable to the IPO) of $5.5 million, $15.1 million of cash paid in 2017 for 2016 and 2017 income taxes, and other working capital items.

Cash Flows Used in Investing Activities

We did not have any investing cash flow activities during the nine months ended September 30, 2016 or 2017.

Cash Flows Used in Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2017 consisted of $15.7 million in pre-IPO income distributed to Antero Investment prior to its liquidation and $5.0 million in quarterly cash distributions to our shareholders. We did not have any financing cash flow activities during the nine months ended September 30, 2016.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements.

Equity-Based Compensation

Equity-based compensation awards are measured at their grant date fair value and related compensation cost is recognized over the vesting period of the grant. Compensation cost for awards with only service conditions is recognized on a straight-line basis over the requisite service period of the entire award. Estimating the fair value of each award involves a number of significant estimates including interest rates, expected volatility of our equity value, and expected distributions on the Series B Units.

Off-Balance Sheet Arrangements

As of September 30, 2017, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The nature of our business and operations is such that no activities or transactions are conducted or entered into by us that would require us to have a discussion under this item.

For a discussion of these matters as they pertain to Antero Midstream, please read Item 3. "Quantitative and Qualitative Disclosures About Market Risk" of Antero Midstream's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, which has been included in this filing as Exhibit 99.1 and incorporated herein by reference, as the activities of Antero Midstream have a significant impact on our results of operations and financial position.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2017 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the third quarter of 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 5. Other Information.

Amended and Restated Antero Midstream Credit Facility

On October 26, 2017, Antero Midstream entered into an amendment and restatement of its revolving credit facility (as amended, the "Credit Facility"). For a description of the Credit Facility, see "—Debt Agreements—Revolving Credit Facility" in Antero Midstream's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, which has been included in this filing as Exhibit 99.1 and incorporated herein by reference.. The description of the Credit Facility is a summary and is qualified in its entirety by the terms of the Credit Facility. A copy of the Credit Facility is filed as Exhibit 10.1 hereto, and is incorporated herein by reference.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. However, we are not currently subject to any material litigation.

Item 1A. Risk Factors.

We are subject to the risks set forth in our prospectus dated May 3, 2017 and filed with the SEC on May 5, 2017 that were set forth under the caption “Risk Factors.” The risks described in our prospectus could materially and adversely affect our business, financial condition, cash flows, and results of operations. There have been no material changes to the risks described in our prospectus and under the heading “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and in Antero Midstream’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017. We may experience additional risks and uncertainties not currently known to us, or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Item 5. Other Information.

Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, we may be required to disclose in our annual and quarterly reports to the SEC, whether we or any of our “affiliates” knowingly engaged in certain activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by U.S. economic sanctions. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Because the SEC defines the term “affiliate” broadly, it includes any entity under common “control” with us (and the term “control” is also construed broadly by the SEC).

The description of the activities below has been provided to us by Warburg Pincus LLC (“Warburg”), affiliates of which: (i) beneficially own more than 10% of our outstanding common shares and/or are members of our general partner’s board of directors, (ii) beneficially own more than 10% of the equity interests of, and have the right to designate members of the board of directors of Santander Asset Management Investment Holdings Limited (“SAMIH”). SAMIH may therefore be deemed to be under common “control” with us; however, this statement is not meant to be an admission that common control exists.

The disclosure below relates solely to activities conducted by SAMIH and its affiliates. The disclosure does not relate to any activities conducted by us or by Warburg and does not involve our or Warburg’s management. Neither we nor Warburg has had any involvement in or control over the disclosed activities, and neither we nor Warburg has independently verified or participated in the preparation of the disclosure. Neither we nor Warburg is representing as to the accuracy or completeness of the disclosure nor do we or Warburg undertake any obligation to correct or update it.

We understand that one or more SEC-reporting affiliates of SAMIH intend to disclose in their next annual or quarterly SEC report that:

> a) Santander UK plc (“Santander UK”) holds two savings accounts and one current account for two customers resident in the United Kingdom (“UK”) who are currently designated by the United States (“US”) under the Specially Designated Global Terrorist (“SDGT”) sanctions program. Revenues and profits generated by Santander UK on these accounts in the nine month period ended September 30, 2017 were negligible relative to the overall revenues and profits of Banco Santander SA.
>
> (b) Santander UK holds two frozen current accounts for two UK nationals who are designated by the US under the SDGT sanctions program. The accounts held by each customer have been frozen since their designation and have remained frozen through the nine month period ended September 30, 2017. The accounts are in arrears

(£1,844.73 in debit combined) and are currently being managed by Santander UK Collections & Recoveries department. No revenues or profits were generated by Santander UK on this account in the nine month period ended September 30, 2017.

Item 6. Exhibits.

3.1	Certificate of Conversion of Antero Resources Midstream Management LLC from a Delaware limited liability company to a Delaware limited partnership, dated as of May 4, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017).
3.2	Certificate of Limited Partnership of Antero Midstream GP LP, dated as of May 4, 2017 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017).
3.3	Agreement of Limited Partnership of Antero Midstream GP LP, dated as of May 9, 2017, by and between AMGP GP LLC, as the General Partner, and Antero Resources Investment LLC, as the Organizational Limited Partner (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017).
3.4	Certificate of Formation of AMGP GP LLC, dated as of April 18, 2017 (incorporated by reference to Exhibit 3.5 to Antero Resources Midstream Management LLC's Registration Statement on Form S-1 (Commission File No. 333- 216975) filed on April 24, 2017).
3.5	Limited Liability Company Agreement of AMGP GP LLC, dated as of May 9, 2017, by and among Warburg Pincus Private Equity X O&G, L.P., Warburg Pincus X Partners, L.P., Warburg Pincus Private Equity VIII, LP, Warburg Pincus Netherlands Private Equity VIII C.V.I, WP-WPVIII Investors, L.P., Yorktown Energy Partners V, L.P., Yorktown Energy Partners VI, L.P., Yorktown Energy Partners VII, L.P., Yorktown Energy Partners VIII, L.P., Paul M. Rady and Glen C. Warren, Jr. (incorporated by reference to Exhibit 3.4 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017).
3.6	Agreement of Limited Partnership of Antero Midstream Partners LP dated as of November 10, 2014 (incorporated by reference to Exhibit 3.1 to Antero Midstream Partners LP's Current Report on Form 8-K filed November 17, 2014).
3.7	Amendment No. 1 dated February 23, 2016 to the Agreement of Limited Partnership of Antero Midstream Partners LP (incorporated by reference to Exhibit 3.4 to Antero Midstream Partners LP's Annual Report on Form 10-K filed February 24, 2016).
3.8	Limited Liability Company Agreement of Antero IDR Holdings LLC dated December 31, 2016 (incorporated by reference to Exhibit 3.9 to Antero Resources Midstream Management LLC's Registration Statement on Form S-1 (Commission File No. 333- 216975) filed on April 7, 2017).
10.1	Amended and Restated Credit Agreement, by and among Antero Midstream Partners LP, the lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP's Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on November 1, 2017).
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
32.1*	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2*	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
99.1*	Antero Midstream Partners LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.
101*	The following financial information from this Form 10-Q of ANTERO MIDSTREAM GP LP for the quarter ended September 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Partners' Capital, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.

The exhibits marked with the asterisk symbol (*) are filed or furnished with this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANTERO MIDSTREAM GP LP

By: **AMGP GP LLC, its general partner**

By: /s/ Michael Kennedy
Michael Kennedy
Chief Financial Officer

Date: November 1, 2017

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Paul M. Rady, Chief Executive Officer of Antero Midstream GP LP, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 of Antero Midstream GP LP (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

    b. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 1, 2017

/s/ Paul M. Rady
Paul M. Rady
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream GP LP, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 of Antero Midstream GP LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2017

/s/ Michael N. Kennedy
Michael N. Kennedy
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF ANTERO MIDSTREAM GP LP
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Quarterly Report on Form 10-Q of Antero Midstream GP LP for the quarter ended September 30, 2017, I, Paul M. Rady, Chief Executive Officer of Antero Midstream GP LP, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream GP LP for the periods presented therein.

Date: November 1, 2017

/s/ Paul M. Rady
Paul M. Rady
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF ANTERO MIDSTREAM GP LP
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Quarterly Report on Form 10-Q of Antero Midstream GP LP for the quarter ended September 30, 2017, I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream GP LP, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream GP LP for the periods presented therein.

Date: November 1, 2017

/s/ Michael N. Kennedy
Michael N. Kennedy
Chief Financial Officer

Exhibit 99.1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-36719

ANTERO MIDSTREAM PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**46-4109058** (IRS Employer Identification No.)
1615 Wynkoop Street **Denver, Colorado** (Address of principal executive offices)	**80202** (Zip Code)

(303) 357-7310
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

As of October 26, 2017, there were 186,628,240 common units outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation’s expected production and ability to meet its drilling and development plan;
- our ability to execute our business strategy;
- our ability to realize the anticipated benefits of investing in unconsolidated affiliates;
- natural gas, natural gas liquids (“NGLs”) and oil prices;
- competition and government regulations;
- actions taken by third-party producers, operators, processors and transporters;
- legal or environmental matters;
- costs of conducting our gathering and compression operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions in this Form 10-Q that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incidental to our business. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016 (the “2016 Form 10-K”) on file with the Securities and Exchange Commission (“SEC”) and in “Item 1A. Risk Factors” of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017.

Should one or more of the risks or uncertainties described in this report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION
ANTERO MIDSTREAM PARTNERS LP
Condensed Consolidated Balance Sheets
December 31, 2016 and September 30, 2017
(Unaudited)
(In thousands)

		December 31, 2016	September 30, 2017
Assets			
Current assets:			
Cash and cash equivalents	$	14,042	2,495
Accounts receivable–Antero Resources		64,139	84,124
Accounts receivable–third party		1,240	1,165
Prepaid expenses		529	1,013
Total current assets		79,950	88,797
Property and equipment, net		2,195,879	2,508,204
Investment in unconsolidated affiliates		68,299	287,842
Other assets, net		5,767	10,548
Total assets	$	2,349,895	2,895,391
Liabilities and Partners' Capital			
Current liabilities:			
Accounts payable	$	16,979	13,820
Accounts payable–Antero Resources		3,193	4,050
Accrued liabilities		61,641	70,532
Other current liabilities		200	206
Total current liabilities		82,013	88,608
Long-term liabilities:			
Long-term debt		849,914	1,067,722
Contingent acquisition consideration		194,538	204,210
Other		620	465
Total liabilities		1,127,085	1,361,005
Partners' capital:			
Common unitholders - public (70,020 units and 87,753 units issued and outstanding at December 31, 2016 and September 30, 2017, respectively)		1,458,410	1,708,930
Common unitholder - Antero Resources (32,929 units and 98,870 units issued and outstanding at December 31, 2016 and September 30, 2017, respectively)		26,820	(193,611)
Subordinated unitholder - Antero Resources (75,941 issued and outstanding at December 31, 2016)		(269,963)	—
General partner		7,543	19,067
Total partners' capital		1,222,810	1,534,386
Total liabilities and partners' capital	$	2,349,895	2,895,391

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Operations and Comprehensive Income

Three Months Ended September 30, 2016 and 2017

(Unaudited)

(In thousands, except per unit amounts)

	Three Months Ended September 30,		
		2016	2017
Revenue:			
Gathering and compression–Antero Resources	$	77,871	100,518
Water handling and treatment–Antero Resources		72,411	93,111
Gathering and compression–third party		193	—
Total revenue		150,475	193,629
Operating expenses:			
Direct operating		33,213	63,030
General and administrative (including $6,599 and $7,199 of equity-based compensation in 2016 and 2017, respectively)		13,316	14,316
Depreciation		26,136	30,556
Accretion of contingent acquisition consideration		3,527	2,556
Total operating expenses		76,192	110,458
Operating income		74,283	83,171
Interest expense, net		(5,303)	(9,311)
Equity in earnings of unconsolidated affiliates		1,544	7,033
Net income and comprehensive income		70,524	80,893
Net income attributable to incentive distribution rights		(4,807)	(19,067)
Limited partners' interest in net income	$	65,717	61,826
Net income per limited partner unit - basic and diluted	$	0.37	0.33
Weighted average limited partner units outstanding - basic		176,395	186,581
Weighted average limited partner units outstanding - diluted		176,766	187,145

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Operations and Comprehensive Income

Nine Months Ended September 30, 2016 and 2017

(Unaudited)

(In thousands, except per unit amounts)

	Nine Months Ended September 30,	
	2016	**2017**
Revenue:		
Gathering and compression–Antero Resources	$ 218,938	290,675
Water handling and treatment–Antero Resources	203,750	271,226
Gathering and compression–third party	669	264
Total revenue	423,357	562,165
Operating expenses:		
Direct operating	124,951	162,892
General and administrative (including $19,366 and $20,436 of equity-based compensation in 2016 and 2017, respectively)	39,712	43,562
Depreciation	74,100	88,604
Accretion of contingent acquisition consideration	10,384	9,672
Total operating expenses	249,147	304,730
Operating income	174,210	257,435
Interest expense, net	(12,885)	(27,162)
Equity in earnings of unconsolidated affiliates	2,027	12,887
Net income and comprehensive income	163,352	243,160
Net income attributable to incentive distribution rights	(9,387)	(45,948)
Limited partners' interest in net income	$ 153,965	197,212
Net income per limited partner unit - basic and diluted	$ 0.87	1.06
Weighted average limited partner units outstanding - basic	176,243	185,240
Weighted average limited partner units outstanding - diluted	176,306	185,728

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Partners' Capital

Nine Months Ended September 30, 2017 (Unaudited)

(In thousands)

	Limited Partners				
	Common Unitholders Public	Common Unitholder Antero Resources	Subordinated Unitholder Antero Resources	General Partner	Total Partners' Capital
Balance at December 31, 2016	$1,458,410	26,820	(269,963)	7,543	1,222,810
Net income and comprehensive income	81,374	115,838	—	45,948	243,160
Distributions to unitholders	(67,629)	(97,984)	—	(34,424)	(200,037)
Conversion of subordinated units to common units	—	(269,963)	269,963	—	—
Equity-based compensation	7,139	13,297	—	—	20,436
Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes	627	(1,559)	—	—	(932)
Sale of units held by Antero Resources to public	(19,940)	19,940	—	—	—
Issuance of common units, net of offering costs	248,949	—	—	—	248,949
Balance at September 30, 2017	$1,708,930	(193,611)	—	19,067	1,534,386

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2016 and 2017

(Unaudited)

(In thousands)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017
Cash flows from operating activities:		
Net income	$ 163,352	243,160
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	74,100	88,604
Accretion of contingent acquisition consideration	10,384	9,672
Equity-based compensation	19,366	20,436
Equity in earnings of unconsolidated affiliates	(2,027)	(12,887)
Distributions from unconsolidated affiliates	—	10,120
Amortization of deferred financing costs	1,185	1,906
Changes in assets and liabilities:		
Accounts receivable–Antero Resources	7,314	(19,985)
Accounts receivable–third party	1,464	75
Prepaid expenses	(53)	(484)
Accounts payable	1,467	1,181
Accounts payable–Antero Resources	99	857
Accrued liabilities	(17,516)	1,612
Net cash provided by operating activities	259,135	344,267
Cash flows used in investing activities:		
Additions to gathering systems and facilities	(152,769)	(254,619)
Additions to water handling and treatment systems	(137,355)	(143,470)
Investment in unconsolidated affiliates	(45,044)	(216,776)
Change in other assets	(2,409)	(5,877)
Net cash used in investing activities	(337,577)	(620,742)
Cash flows provided by financing activities:		
Distributions to unitholders	(129,752)	(200,037)
Issuance of senior notes	650,000	—
Borrowings (repayments) on bank credit facilities, net	(450,000)	217,000
Issuance of common units, net of offering costs	19,605	248,949
Payments of deferred financing costs	(8,940)	—
Employee tax withholding for settlement of equity compensation awards	—	(932)
Other	(133)	(52)
Net cash provided by financing activities	80,780	264,928
Net increase (decrease) in cash and cash equivalents	2,338	(11,547)
Cash and cash equivalents, beginning of period	6,883	14,042
Cash and cash equivalents, end of period	$ 9,221	2,495
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 11,751	42,530
Supplemental disclosure of noncash investing activities:		
Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment	$ (21,971)	2,936

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

(1) Business and Organization

Antero Midstream Partners LP (the "Partnership") is a growth-oriented master limited partnership formed by Antero Resources Corporation ("Antero Resources") to own, operate and develop midstream energy infrastructure primarily to service Antero Resources' rapidly increasing production and completion activity in the Appalachian Basin's Marcellus Shale and Utica Shale located in West Virginia and Ohio. The Partnership's assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants, and water handling and treatment assets, through which the Partnership provides midstream services to Antero Resources under long-term, fixed-fee contracts. The Partnership's condensed consolidated financial statements as of September 30, 2017, include the accounts of the Partnership and its 100% owned operating subsidiaries: Antero Midstream LLC, Antero Water LLC ("Antero Water"), and Antero Treatment LLC. The condensed consolidated financial statements also include the accounts of Antero Midstream Finance Corporation ("Finance Corp"), a wholly owned subsidiary and the co-issuer of the Partnership's senior notes. The Partnership's 100% owned operating subsidiaries fully and unconditionally guarantee the Partnership's outstanding debt securities on a joint and several basis. The Partnership has no independent assets or operations and there are no restrictions on the ability of the Partnership to obtain funds from its 100% owned subsidiaries by dividend or loan.

The Partnership also has a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC ("Stonewall") and a 50% equity interest in a joint venture to develop processing and fractionation assets with MarkWest Energy Partners, L.P. ("MarkWest"). See Note 11 – Equity Method Investments.

The Partnership's financial statements are consolidated with the financial statements of Antero Resources (NYSE: AR), our primary beneficiary, for financial reporting purposes.

On April 6, 2017, in connection with its initial public offering, Antero Resources Midstream Management LLC ("ARMM") formed Antero Midstream Partners GP LLC ("AMP GP" or our "general partner"), a Delaware limited liability company, as a wholly owned subsidiary, and, on April 11, 2017, assigned to AMP GP the general partner interest in us. Concurrent with the assignment, AMP GP was admitted as the Partnership's sole general partner and ARMM ceased to be our general partner.

On May 9, 2017, ARMM closed its initial public offering. In connection with the offering, ARMM was converted into a Delaware limited partnership, and changed its name to Antero Midstream GP LP ("AMGP").

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") applicable to interim financial information and should be read in the context of the December 31, 2016 combined consolidated financial statements and notes thereto for a more complete understanding of the Partnership's operations, financial position, and accounting policies. The December 31, 2016 combined consolidated financial statements have been filed with the SEC in the Partnership's 2016 Form 10-K.

These unaudited condensed consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information, and, accordingly, do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these unaudited condensed consolidated financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary to present fairly the Partnership's financial position as of December 31, 2016 and September 30, 2017, the results of its operations for the three and nine months ended September 30, 2016 and 2017, and its cash flows for the nine months ended September 30, 2016 and 2017. The Partnership has no items of other comprehensive income or loss; therefore, its net income or loss is identical to its comprehensive income or loss.

Certain costs of doing business that are incurred by Antero Resources on our behalf have been reflected in the condensed consolidated financial statements. These costs include general and administrative expenses attributed to us by Antero Resources in exchange for:

- business services, such as payroll, accounts payable and facilities management;

- corporate services, such as finance and accounting, legal, human resources, investor relations and public and regulatory policy; and
- employee compensation, including equity-based compensation.

Transactions between us and Antero Resources have been identified in the condensed consolidated financial statements (see Note 3—Related Party Transactions).

As of the date these condensed consolidated financial statements were filed with the SEC, the Partnership completed its evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified, except the declaration of a cash distribution to unitholders, as described in Note 7—Partnership Equity and Distributions, and the amended and restated credit facility entered into in October 2017, as described in Note 4—Long-Term Debt.

(b) Revenue Recognition

We provide gathering and compression and water handling and treatment services under fee-based contracts based on throughput or cost plus a margin. Under these arrangements, we receive fees for gathering oil and gas products, compression services, and water handling and treatment services. We recognize revenue when all of the following criteria are met: (1) persuasive evidence of an agreement exists, (2) services have been rendered, (3) prices are fixed or determinable and (4) collectability is reasonably assured.

(c) Use of Estimates

The preparation of the condensed consolidated financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities. Items subject to estimates and assumptions include the useful lives of property and equipment and valuation of accrued liabilities, among others. Although management believes these estimates are reasonable, actual results could differ from these estimates.

(d) Cash and Cash Equivalents

We consider all liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value due to the short-term nature of these instruments.

(e) Property and Equipment

Property and equipment primarily consists of gathering pipelines, compressor stations and fresh water delivery pipelines and facilities stated at historical cost less accumulated depreciation. We capitalize construction-related direct labor and material costs. We also capitalize interest on capital costs related to the water treatment facility currently under construction. Maintenance and repair costs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives and salvage values of assets. The depreciation of fixed assets recorded under capital lease agreements is included in depreciation expense. Uncertainties that may impact these estimates of useful lives include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions, and supply and demand for our services in the areas in which we operate. When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable. However, subsequent events could cause a change in estimates, thereby impacting future depreciation amounts.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

Our investment in property and equipment was as follows as of December 31, 2016 and September 30, 2017 (in thousands):

	Estimated useful lives	December 31, 2016	September 30, 2017
Land	n/a	$ 11,338	14,850
Fresh water surface pipelines and equipment	5 years	39,562	46,183
Above ground storage tanks	10 years	4,301	4,301
Fresh water permanent buried pipelines and equipment	20 years	443,453	472,012
Gathering systems and facilities	20 years	1,551,771	1,774,221
Construction-in-progress	n/a	400,096	539,883
Total property and equipment		2,450,521	2,851,450
Less accumulated depreciation		(254,642)	(343,246)
Property and equipment, net		$ 2,195,879	2,508,204

(f) Equity-Based Compensation

Our condensed consolidated financial statements reflect various equity-based compensation awards granted by Antero Resources, as well as equity-based compensation awards associated with our own plan. These awards include restricted stock, stock options, and phantom units. For purposes of these condensed consolidated financial statements, we recognized as expense in each period an amount allocated from Antero Resources, with the offset included in partners' capital. See Note 3—Related Party Transactions for additional information regarding Antero Resources' allocation of expenses to us.

Our predecessor general partner adopted the Antero Midstream Partners LP Long-Term Incentive Plan ("Midstream LTIP"), pursuant to which certain non-employee directors of our general partner and certain officers, employees and consultants of our general partner and its affiliates are eligible to receive awards representing equity interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. For accounting purposes, these units are treated as if they are distributed from us to Antero Resources. Antero Resources recognizes compensation expense for the units awarded to its employees and a portion of that expense is allocated to us. See Note 6—Equity-Based Compensation.

(g) Income Taxes

Our condensed consolidated financial statements do not include a provision for income taxes as we are treated as a partnership for federal and state income tax purposes, with each partner being separately taxed on its share of taxable income.

(h) Fair Value Measures

The Financial Accounting Standards Board (the "FASB") Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance also relates to all nonfinancial assets and liabilities that are not recognized or disclosed on a recurring basis (e.g., the initial recognition of asset retirement obligations and impairments of long-lived assets). The fair value is the price that we estimate would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

(i) Investment in Unconsolidated Affiliates

The Partnership uses the equity method to account for its investments in companies if the investment provides the Partnership with the ability to exercise significant influence over, but not control, the operating and financial policies of the investee. The Partnership's consolidated net income includes the Partnership's proportionate share of the net income or loss of such companies. The Partnership's judgment regarding the level of influence over each equity method investee includes considering key factors such as the Partnership's ownership interest, representation on the board of directors and participation in policy-making decisions of the investee and material intercompany transactions. See Note 11–Equity Method Investments.

(3) Related Party Transactions

Certain of the Partnership's unitholders, including members of its executive management group, own a significant interest in the Partnership and, either through their representatives or directly, serve as members of the Board of Directors of Antero Resources and the Boards of Directors of the general partners of the Partnership and AMGP. These same groups or individuals own common stock in Antero Resources and common shares and other interests in AMGP, which indirectly owns the incentive distribution rights in the Partnership. The Partnership's executive management group also manages the operations and business affairs of Antero Resources and AMGP.

(a) Revenues

Substantially all revenues earned in the nine months ended September 30, 2016 and 2017 were earned from Antero Resources under various agreements for gathering and compression and water handling and treatment.

(b) Accounts receivable—Antero Resources and Accounts payable—Antero Resources

Accounts receivable—Antero Resources represents amounts due from Antero Resources, primarily related to gathering and compression services and water handling and treatment services. Accounts payable—Antero Resources represents amounts due to Antero Resources for general and administrative expenses, seconded employees, and other costs.

(c) Allocation of Costs

The employees supporting our operations are employees of Antero Resources. Direct operating expense includes allocated costs of $1.0 million and $2.6 million during the three months ended September 30, 2016 and 2017, respectively, and $2.8 million and $5.0 million during the nine months ended September 30, 2016 and 2017, respectively, related to labor charges for Antero Resources employees associated with the operation of our gathering lines, compressor stations, and water handling and treatment assets. General and administrative expense includes allocated costs of $12.2 million and $13.0 million during the three months ended September 30, 2016 and 2017, respectively, and $36.1 million and $39.8 million during the nine months ended September 30, 2016 and 2017, respectively. These costs relate to: (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including equity-based compensation (see Note 6—Equity-Based Compensation for more information). These expenses are charged or allocated to us based on the nature of the expenses and are allocated based on a combination of our proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable. We reimburse Antero Resources directly for all general and administrative costs allocated to us, with the exception of noncash equity compensation allocated to the Partnership for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

(4) Long-Term Debt

Long-term debt was as follows at December 31, 2016 and September 30, 2017 (in thousands):

	December 31, 2016	September 30, 2017
Prior Credit Facility (a)	$ 210,000	427,000
5.375% senior notes due 2024 (b)	650,000	650,000
Net unamortized debt issuance costs	(10,086)	(9,278)
	$ 849,914	1,067,722

(a) Revolving Credit Facility

On November 10, 2014 the Partnership entered into a revolving credit facility with a syndicate of bank lenders (the "Prior Credit Facility"). On October 26, 2017 we executed an amendment and restatement of the Prior Credit Facility with a syndicate of bank lenders (our "Credit Facility" or our "revolving credit facility"). The Credit Facility provides for lender commitments of $1.5 billion and a letter of credit sublimit of $150 million. The Credit Facility matures on October 26, 2022.

Under the Credit Facility, "Investment Grade Period" is a period that, as long as no event of default has occurred and the Partnership is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Partnership elects to give notice to the Administrative Agent that the Partnership has received at least one of (i) a BBB- or better rating from Standard and Poor's and (ii) a Baa3 or better from Moody's (provided that the non-investment grade rating from the other rating agency is at least either Bai if Moody's or BB+ if Standard and Poor's (an "Investment Grade Rating")). An Investment Grade Period can end at the Partnership's election.

During a period that is not an Investment Grade Period, the Credit Facility is ratably secured by mortgages on substantially all of our properties, including the properties of our subsidiaries, and guarantees from our subsidiaries. During an Investment Grade Period, the liens securing the obligations thereunder shall be automatically released (subject to the provisions of the Credit Facility).

The revolving credit facility contains certain covenants including restrictions on indebtedness, and requirements with respect to leverage and interest coverage ratios; provided, however, that during an Investment Grade Period, such covenants become less restrictive on the Partnership. The revolving credit facility permits distributions to the holders of our equity interests in accordance with the cash distribution policy adopted by the board of directors of our general partner in connection with the Partnership's initial public offering, provided that no event of default exists or would be caused thereby, and only to the extent permitted by our organizational documents. The Partnership was in compliance with all of the financial covenants under the Prior Credit Facility as of December 31, 2016 and September 30, 2017.

Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable quarterly or, in the case of Eurodollar Rate Loans, at the end of the applicable interest period if shorter than six months. Interest is payable at a variable rate based on LIBOR or the base rate, determined by election at the time of borrowing. Interest at the time of borrowing is determined with reference to (i) during any period that is not an Investment Grade Period, the Partnership's then-current leverage ratio and (ii) during an Investment Grade Period, with reference to the rating given to the Partnership by Moody's or Standard and Poor's. During an Investment Grade Period, the applicable margin rates are reduced by 25 basis points. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% based on the leverage ratio, during a period that is not an Investment Grade Period, and 0.175% to 0.375% based on the Partnership's rating during an Investment Grade Period.

At December 31, 2016 and September 30, 2017, we had borrowings under the Prior Credit Facility of $210 million and $427 million, respectively, with a weighted average interest rate of 2.23% and 2.82%, respectively. No letters of credit were outstanding at December 31, 2016 or September 30, 2017 under the Prior Credit Facility.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

(b) 5.375% Senior Notes Due 2024

On September 13, 2016, the Partnership and Finance Corp, as co-issuers, issued $650 million in aggregate principal amount of 5.375% senior notes due September 15, 2024 (the “2024 Notes”) at par. The 2024 Notes are unsecured and effectively subordinated to the revolving credit facility to the extent of the value of the collateral securing the revolving credit facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Partnership’s wholly-owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. The Partnership may redeem all or part of the 2024 Notes at any time on or after September 15, 2019 at redemption prices ranging from 104.031% on or after September 15, 2019 to 100.00% on or after September 15, 2022. In addition, prior to September 15, 2019, the Partnership may redeem up to 35% of the aggregate principal amount of the 2024 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2024 Notes, plus accrued and unpaid interest. At any time prior to September 15, 2019, the Partnership may also redeem the 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2024 Notes plus a “make-whole” premium and accrued and unpaid interest. If the Partnership undergoes a change of control, the holders of the 2024 Notes will have the right to require the Partnership to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

(5) Accrued Liabilities

Accrued liabilities as of December 31, 2016 and September 30, 2017 consisted of the following items (in thousands):

	December 31, 2016	September 30, 2017
Capital expenditures	$ 35,608	42,883
Operating expenses	14,582	24,707
Interest	10,613	1,950
Other	838	992
	$ 61,641	70,532

(6) Equity-Based Compensation

Our general and administrative expenses include equity-based compensation costs allocated to us by Antero Resources for grants made pursuant to Antero Resources’ long-term incentive plan and the Midstream LTIP. Equity-based compensation expense allocated to us was $6.6 million and $7.2 million for the three months ended September 30, 2016 and 2017, respectively, and $19.4 million and $20.4 million for the nine months ended September 30, 2016 and 2017, respectively. These expenses were allocated to us based on our proportionate share of Antero Resources’ labor costs. Antero Resources has unamortized expenses totaling approximately $140.1 million as of September 30, 2017 related to its various equity-based compensation plans, which includes the Midstream LTIP. A portion of this will be allocated to us as it is amortized over the remaining service period of the related awards. The Partnership does not reimburse Antero Resources for noncash equity compensation allocated to it for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

Midstream LTIP

Our general partner manages our operations and activities, and Antero Resources employs the personnel who provide support to our operations pursuant to a secondment agreement between us and Antero Resources. Our predecessor general partner adopted the Midstream LTIP, pursuant to which non-employee directors of our general partner and certain officers, employees and consultants of our general partner and its affiliates are eligible to receive awards representing equity interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. A total of 7,656,134 common units are available for future grant under the Midstream LTIP as of September 30, 2017. Phantom units granted under the Midstream LTIP vest subject to the satisfaction of service requirements, upon the completion of which common units in the Partnership and distribution equivalent rights are delivered to the holder of the phantom units. Compensation related to each phantom unit award is recognized on a straight-line basis over the requisite service period of the entire award. The grant date fair values of these awards are determined based on the closing price of the Partnership's common units on the date of grant. These units are accounted for as if they are distributed by the Partnership to Antero Resources. Antero Resources recognizes compensation expense for the units awarded and a portion of that expense is allocated to the Partnership. Antero Resources allocates equity-based compensation expense to the Partnership based on our proportionate share of Antero Resources' labor costs. The Partnership's portion of the equity-based compensation expense is included in general and administrative expenses, and recorded as a credit to the applicable classes of partners' capital.

A summary of phantom unit awards activity during the nine months ended September 30, 2017 is as follows:

	Number of units	Weighted average grant date fair value	Aggregate intrinsic value (in thousands)
Total awarded and unvested—December 31, 2016	1,331,961	$ 27.31	$ 41,131
Granted	377,660	$ 32.52	
Vested	(73,080)	$ 21.34	
Forfeited	(78,584)	$ 28.75	
Total awarded and unvested—September 30, 2017	1,557,957	$ 28.78	$ 49,122

Intrinsic values are based on the closing price of the Partnership's common units on the referenced dates. Midstream LTIP unamortized expense of $30.4 million at September 30, 2017, is expected to be recognized over a weighted average period of approximately 2.2 years and our proportionate share will be allocated to us as it is recognized.

(7) Partnership Equity and Distributions

Our Minimum Quarterly Distribution

Our partnership agreement provides for a minimum quarterly distribution of $0.17 per unit for each quarter, or $0.68 per unit on an annualized basis.

If cash distributions to our unitholders exceed $0.1955 per common unit in any quarter, our unitholders and the holder of our incentive distribution rights ("IDRs"), will receive distributions according to the following percentage allocations:

	Marginal Percentage Interest in Distributions	
Total Quarterly Distribution Target Amount	Unitholders	Holder of IDRs
above $0.1955 up to $0.2125	85 %	15 %
above $0.2125 up to $0.2550	75 %	25 %
above $0.2550	50 %	50 %

General Partner Interest

Our general partner, AMP GP, owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, AMGP controls the holder of the IDRs and may in the future own common units or other equity interests in us and would be entitled to receive distributions on any such interests.

Upon payment of the February 8, 2017 distribution to unitholders, the requirements for the conversion of all subordinated units were satisfied under our partnership agreement. As a result, effective February 9, 2017, the 75,940,957 subordinated units owned by Antero Resources were converted into common units on a one-for-one basis and now participate on terms equal with all other common units in distributions of available cash. The conversion did not impact the amount of the cash distributions paid by the Partnership or the total units outstanding, as shown on the "Conversion of subordinated units to common units" line item on our condensed consolidated Statement of Partners' Capital.

Cash Distributions

The board of directors of our general partner has declared a cash distribution of $0.34 per unit for the quarter ended September 30, 2017. The distribution will be payable on November 16, 2017 to unitholders of record as of November 1, 2017.

The following table details the amount of quarterly distributions the Partnership paid for each of its partnership interests, with respect to the quarter indicated (in thousands, except per unit data):

			Distributions				
			Limited Partners				
Quarter and Year	Record Date	Distribution Date	Common unitholders	Subordinated unitholders	Holder of IDRs	Total	Distributions per limited partner unit
Q4 2015	February 15, 2016	February 29, 2016	$ 22,048	16,708	969	39,725	$ 0.2200
Q1 2016	May 11, 2016	May 25, 2016	23,556	17,846	1,850	43,252	$ 0.2350
Q2 2016	August 10, 2016	August 24, 2016	25,059	18,985	2,731	46,775	$ 0.2500
Q3 2016	November 10, 2016	November 24, 2016	26,901	20,124	4,820	51,845	$ 0.2650
*	November 12, 2016	November 18, 2016	849	—	—	849	$ *
Total 2016			$ 98,413	73,663	10,370	182,446	
Q4 2016	February 1, 2017	February 8, 2017	$ 50,090	—	7,543	57,633	$ 0.2800
*	April 21, 2017	April 30, 2017	75	—	—	75	$ *
Q1 2017	May 3, 2017	May 10, 2017	55,753	—	11,553	67,306	$ 0.3000
Q2 2017	August 3, 2017	August 16, 2017	59,695	—	15,328	75,023	$ 0.3200
Total 2017			$ 165,613	—	34,424	200,037	

* Distribution equivalent rights on units that vested under the Midstream LTIP

(8) Net Income Per Limited Partner Unit

The Partnership's net income is attributed to the limited partners, in accordance with their respective ownership percentages, and when applicable, giving effect to incentive distributions paid to the holders of the incentive distribution rights. Basic and diluted net income per limited partner unit is calculated by dividing limited partners' interest in net income, less incentive distributions, by the weighted average number of outstanding limited partner units during the period.

We compute earnings per unit using the two-class method for master limited partnerships. Under the two-class method, earnings per unit is calculated as if all of the earnings for the period were distributed under the terms of the partnership agreement, regardless of whether the general partner has discretion over the amount of distributions to be made in any particular period, whether those earnings would actually be distributed during a particular period from an economic or practical perspective, or whether the general partner has other legal or contractual limitations on its ability to pay distributions that would prevent it from distributing all of the earnings for a particular period.

We calculate net income available to limited partners based on the distributions pertaining to the current period's net income. After adjusting for the appropriate period's distributions, the remaining undistributed earnings or excess distributions over earnings, if any, are attributed in accordance with the contractual terms of the partnership agreement under the two-class method.

Basic earnings per unit is computed by dividing net earnings attributable to unitholders by the weighted average number of units outstanding during each period. Diluted net income per limited partner unit reflects the potential dilution that could occur if agreements to issue common units, such as awards under long-term incentive plans, were exercised, settled or converted into common units. When it is determined that potential common units resulting from an award should be included in the diluted net

income per limited partner unit calculation, the impact is reflected by applying the treasury stock method. Earnings per common unit assuming dilution for the three months ended September 30, 2017 was calculated based on the diluted weighted average number of units outstanding of 187,144,983, including 563,817 dilutive units attributable to non-vested phantom unit awards. Earnings per common unit assuming dilution for the nine months ended September 30, 2017 was calculated based on the diluted weighted average number of units outstanding of 185,728,119, including 488,515 dilutive units attributable to non-vested phantom unit awards.

The Partnership's calculation of net income per limited partner unit for the periods indicated is as follows (in thousands, except per unit data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2017	2016	2017
Net income	$ 70,524	80,893	163,352	243,160
Less:				
Net income attributable to incentive distribution rights	(4,807)	(19,067)	(9,387)	(45,948)
Limited partner interest in net income	$ 65,717	61,826	153,965	197,212
Net income per limited partner unit - basic and diluted	$ 0.37	0.33	0.87	1.06
Weighted average limited partner units outstanding - basic	176,395	186,581	176,243	185,240
Weighted average limited partner units outstanding - diluted	176,766	187,145	176,306	185,728

(9) Sale of Common Units Under Equity Distribution Agreement

During the third quarter of 2016, the Partnership entered into an Equity Distribution Agreement and in the first quarter of 2017 amended and restated the Equity Distribution Agreement to reflect AMP GP's succession as our general partner (as amended and restated, the "Distribution Agreement"), pursuant to which the Partnership may sell, from time to time through brokers acting as its sales agents, common units representing limited partner interests having an aggregate offering price of up to $250 million. The offer and sale of common units under the program has been registered with the SEC on an effective registration statement on Form S-3. Sales of the common units may be made by means of ordinary brokers' transactions on the New York Stock Exchange, at market prices, in block transactions, or as otherwise agreed to between the Partnership and the sales agents. Proceeds are expected to be used for general partnership purposes, which may include repayment of indebtedness and funding working capital or capital expenditures. The Partnership is under no obligation to offer and sell common units under the Distribution Agreement.

During the nine months ended September 30, 2017, the Partnership issued and sold 777,262 common units under the Distribution Agreement, resulting in net proceeds of $25.5 million, net of $0.6 million of compensation payable to the sales agents for sales made during the period, and $0.4 million of other offering costs. As of September 30, 2017, the Partnership had the capacity to issue additional common units under the Distribution Agreement up to an aggregate sales price of $157.3 million.

(10) Fair Value Measurement

In connection with Antero Resources' contribution of Antero Water and certain wastewater treatment assets to the Partnership in September 2015 ("Water Acquisition"), we agreed to pay Antero Resources (a) $125 million in cash if the Partnership delivers 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if the Partnership delivers 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. This contingent consideration liability is valued based on Level 3 inputs.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

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The following table provides a reconciliation of changes in Level 3 financial liabilities measured at fair value on a recurring basis (in thousands):

Beginning balance - December 31, 2016	$	194,538
Accretion and change in fair value		9,672
Ending balance - September 30, 2017	$	204,210

We account for contingent consideration in accordance with applicable accounting guidance pertaining to business combinations. We are contractually obligated to pay Antero Resources contingent consideration in connection with the Water Acquisition, and therefore recorded this contingent consideration liability at the time of the Water Acquisition. We update our assumptions each reporting period based on new developments and adjust such amounts to fair value based on revised assumptions, if applicable, until such consideration is satisfied through payment upon achievement of the specified objectives or it is eliminated upon failure to achieve the specified objectives.

As of September 30, 2017, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future milestone payments was based on the risk adjusted present value of the contingent consideration payout.

The carrying values of accounts receivable and accounts payable at December 31, 2016 and September 30, 2017 approximated market value because of their short-term nature. The carrying value of the amounts under Prior Credit Facility at December 31, 2016 and September 30, 2017 approximated fair value because the variable interest rates are reflective of current market conditions.

Based on Level 2 market data inputs, the fair value of the Partnership's 2024 Notes was approximately $676.0 million at September 30, 2017.

(11) Equity Method Investments

On February 6, 2017, we formed a joint venture to develop processing and fractionation assets in Appalachia (the "Joint Venture") with MarkWest, a wholly owned subsidiary of MPLX, LP. We and MarkWest each own a 50% equity interest in the Joint Venture and MarkWest operates the Joint Venture assets. The Joint Venture assets consist of processing plants in West Virginia, and a one-third interest in a recently commissioned MarkWest fractionator in Ohio.

In conjunction with the Joint Venture, on February 10, 2017 we issued 6,900,000 common units, including common units issued pursuant to the underwriters' option to purchase additional common units, resulting in net proceeds of approximately $223 million (the "Offering"). We used the proceeds from the Offering to repay outstanding borrowings under our Prior Credit Facility incurred to fund the investment in the Joint Venture, and for general partnership purposes.

In the second quarter of 2016, the Partnership exercised its option to purchase a 15% equity interest in Stonewall, which operates the 67-mile Stonewall pipeline on which Antero is an anchor shipper.

Our condensed consolidated net income includes the Partnership's proportionate share of the net income of equity method investees. When the Partnership records its proportionate share of net income, it increases equity income in the condensed consolidated statements of operations and comprehensive income and the carrying value of that investment. The Partnership uses the equity method of accounting to account for its investments in Stonewall and the Joint Venture because the Partnership exercises significant influence over the entities. Our judgment regarding the level of influence over our equity investments includes considering key factors such as the Partnership's ownership interest, representation on the board of directors and participation in policy-making decisions of Stonewall and the Joint Venture.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

The following table is a reconciliation of our investments in unconsolidated affiliates as presented on our condensed consolidated balance sheets (in thousands):

	Stonewall	MarkWest Joint Venture	Total Investment in Unconsolidated Affiliates
Balance at December 31, 2016	$ 68,299	—	68,299
Initial investment	—	153,770	153,770
Additional investments	—	63,006	63,006
Equity in net income of unconsolidated affiliates	7,669	5,218	12,887
Distributions from unconsolidated affiliates	(8,460)	(1,660)	(10,120)
Balance at September 30, 2017	$ 67,508	220,334	287,842

(12) Reporting Segments

The Partnership's operations are located in the United States and are organized into two reporting segments: (1) gathering and processing and (2) water handling and treatment.

Gathering and Processing

The gathering and processing segment includes a network of gathering pipelines, compressor stations, and interests in processing and fractionation plants that collect and process natural gas, NGLs and oil from Antero Resources' wells in West Virginia and Ohio.

Water Handling and Treatment

The Partnership's water handling and treatment segment includes two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs as well as several regional waterways. The water handling and treatment segment also includes other fluid handling services which includes high rate transfer, wastewater transportation, disposal and treatment.

These segments are monitored separately by management for performance and are consistent with internal financial reporting. These segments have been identified based on the differing products and services, regulatory environment and the expertise required for these operations. We evaluate the performance of the Partnership's business segments based on operating income. Interest expense is primarily managed and evaluated on a consolidated basis.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

Summarized financial information concerning the Partnership's segments for the periods indicated is shown in the following table (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Three months ended September 30, 2016			
Revenues:			
Revenue - Antero Resources	$ 77,871	72,411	150,282
Revenue - third-party	193	—	193
Total revenues	78,064	72,411	150,475
Operating expenses:			
Direct operating	4,692	28,521	33,213
General and administrative (before equity-based compensation)	5,068	1,649	6,717
Equity-based compensation	5,213	1,386	6,599
Depreciation	18,298	7,838	26,136
Accretion of contingent acquisition consideration	—	3,527	3,527
Total expenses	33,271	42,921	76,192
Operating income	$ 44,793	29,490	74,283
Equity in earnings of unconsolidated affiliates	$ 1,544	—	1,544
Total assets	$ 1,653,292	562,995	2,216,287
Additions to property and equipment	$ 55,800	58,730	114,530
Three months ended September 30, 2017			
Revenues:			
Revenue - Antero Resources	$ 100,518	93,111	193,629
Revenue - third-party	—	—	—
Total revenues	100,518	93,111	193,629
Operating expenses:			
Direct operating	10,560	52,470	63,030
General and administrative (before equity-based compensation)	4,225	2,892	7,117
Equity-based compensation	5,111	2,088	7,199
Depreciation	21,803	8,753	30,556
Accretion of contingent acquisition consideration	—	2,556	2,556
Total expenses	41,699	68,759	110,458
Operating income	$ 58,819	24,352	83,171
Equity in earnings of unconsolidated affiliates	$ 7,033	—	7,033
Total assets	$ 2,142,409	752,982	2,895,391
Additions to property and equipment	$ 99,254	48,019	147,273

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2016 and September 30, 2017

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Nine months ended September 30, 2016			
Revenues:			
Revenue - Antero Resources	$ 218,938	203,750	422,688
Revenue - third-party	669	-	669
Total revenues	219,607	203,750	423,357
Operating expenses:			
Direct operating	19,758	105,193	124,951
General and administrative (before equity-based compensation)	14,853	5,493	20,346
Equity-based compensation	14,902	4,464	19,366
Depreciation	52,125	21,975	74,100
Accretion of contingent acquisition consideration	-	10,384	10,384
Total expenses	101,638	147,509	249,147
Operating income	$ 117,969	56,241	174,210
Equity in earnings of unconsolidated affiliates	$ 2,027	-	2,027
Total assets	$ 1,653,292	562,995	2,216,287
Additions to property and equipment	$ 152,769	137,355	290,124
Nine months ended September 30, 2017			
Revenues:			
Revenue - Antero Resources	$ 290,675	271,226	561,901
Revenue - third-party	264	—	264
Total revenues	290,939	271,226	562,165
Operating expenses:			
Direct operating	28,596	134,296	162,892
General and administrative (before equity-based compensation)	15,242	7,884	23,126
Equity-based compensation	14,937	5,499	20,436
Depreciation	63,773	24,831	88,604
Accretion of contingent acquisition consideration	—	9,672	9,672
Total expenses	122,548	182,182	304,730
Operating income	$ 168,391	89,044	257,435
Equity in earnings of unconsolidated affiliates	$ 12,887	—	12,887
Total assets	$ 2,142,409	752,982	2,895,391
Additions to property and equipment	$ 254,619	143,470	398,089

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our condensed consolidated financial statements. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, please see "Item 1A. Risk Factors." and the section entitled "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. For more information please refer to the Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 28, 2017, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 8, 2017, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on August 2, 2017.

In this section, references to "the Partnership," "we," "us," and "our" refer to Antero Midstream Partners LP and its subsidiaries, unless otherwise indicated or the context otherwise requires.

Overview

We are a growth-oriented master limited partnership formed by Antero Resources to own, operate and develop midstream energy assets to service Antero Resources' increasing production. Our assets consist of gathering pipelines, compressor stations, and interests in processing and fractionation plants that collect and process natural gas, NGLs and oil from Antero Resources' wells in the Marcellus and Utica Shales in West Virginia and Ohio. Our assets also include two independent fresh water delivery systems that deliver fresh water from the Ohio River, several regional waterways, and wastewater handling services for well completion operations in Antero Resources' operating areas. These fresh water delivery systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilitates, as well as pumping stations and impoundments to transport the fresh water throughout the pipelines. The wastewater handling services consist of wastewater transportation, disposal, and treatment, including a water treatment facility currently under construction.

Address, Internet Website and Availability of Public Filings

Our principal executive offices are at 1615 Wynkoop Street, Denver, Colorado 80202. Our telephone number is (303) 357-7310. Our website is located at *www.anteromidstream.com*.

We make available free of charge our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. These documents are located on our website under the "Investors Relations" link.

Information on our website is not incorporated into this Quarterly Report on Form 10-Q or our other filings with the SEC and is not a part of them.

Third Quarter 2017 Developments and Highlights

Financial Results

For the three months ended September 30, 2017, we generated cash flows from operations of $109 million, net income of $81 million, and Adjusted EBITDA of $128 million. This compares to cash flows from operations of $91 million, net income of $71 million, and Adjusted EBITDA of $111 million for the three months ended September 30, 2016.

For the nine months ended September 30, 2017, we generated cash flows from operations of $344 million, net income of $243 million, and Adjusted EBITDA of $386 million. This compares to cash flows from operations of $259 million, net income of $163 million, and Adjusted EBITDA of $278 million for the nine months ended September 30, 2016. See "—Non-GAAP Financial Measures" for a definition of Adjusted EBITDA (a non-GAAP measure) and a reconciliation of Adjusted EBITDA to net income for the three and nine months ended September 30, 2016 and 2017.

Energy Industry Environment

In late 2014, global energy commodity prices declined precipitously as a result of several factors, including an increase in worldwide commodity supplies, a stronger U.S. dollar, relatively mild weather in large portions of the U.S., and strong competition among oil producing countries for market share. Depressed commodity prices continued into 2015 and 2016, although a modest recovery occurred in late 2016 and has continued through 2017. The following chart depicts changes in natural gas (Henry Hub), propane (Mont Belvieu), and oil (West Texas Intermediate) spot prices since June 30, 2014.

Cash Distributions

The board of directors of our general partner has declared a cash distribution of $0.34 per unit for the quarter ended September 30, 2017. The distribution will be payable on November 16, 2017 to unitholders of record as of November 1, 2017.

2017 Capital Budget and Capital Spending

Our 2017 capital budget is approximately $800 million, which includes $460 million of expansion capital, $65 million of maintenance capital, and $275 million of capital investment in the joint venture (the "Joint Venture") to develop processing and fractionation assets in Appalachia with MarkWest Energy Partners, L.P. ("MarkWest"). The capital budget includes $350 million of expansion and maintenance capital on gathering and processing infrastructure, approximately 75% of which will be invested in the Marcellus Shale and the remaining 25% will be invested in the Utica Shale. The gathering and processing budget is expected to result in over 35 miles of additional gathering pipelines in the Marcellus and Utica Shales combined. We also expect to invest $75 million for water infrastructure and maintenance capital for four fresh water storage impoundments as well as 37 miles of additional fresh water trunklines and surface pipelines to support Antero Resources' completion activities. Approximately 67% of the water infrastructure budget will be allocated to the Marcellus Shale and the remaining 33% will be allocated to the Utica Shale. Our 2017 budget also includes $100 million of construction capital for the advanced wastewater treatment facility, which is expected to be placed into service in late 2017.

For the nine months ended September 30, 2017, our capital expenditures were approximately $615 million, including $355 million of expansion capital, $43 million of maintenance capital, and $217 million of capital investment in the Joint Venture.

Credit Facility

As of September 30, 2017, lender commitments under our Prior Credit Facility were $1.5 billion, with a letter of credit sublimit of $150 million. At September 30, 2017, we had borrowings of $427 million and no letters of credit outstanding under the Prior Credit Facility. On October 26, 2017, we entered into an amendment and restatement of the Prior Credit Facility. See "—Debt Agreements—Revolving Credit Facility" for a description of our revolving credit facility.

Antero Midstream GP LP Initial Public Offering

On April 6, 2017, in connection with its initial public offering, Antero Resources Midstream Management LLC ("ARMM") formed Antero Midstream Partners GP LLC ("AMP GP"), a Delaware limited liability company, as a wholly owned subsidiary, and, on April 11, 2017, assigned to AMP GP the general partner interest in us. Concurrent with the assignment, AMP GP was admitted as the Partnership's sole general partner and ARMM ceased to be our general partner.

On May 9, 2017, ARMM, which indirectly controls our incentive distribution rights, closed its initial public offering. In connection with the offering, ARMM converted into a Delaware limited partnership, and changed its name to Antero Midstream GP LP ("AMGP"). We received no proceeds from the sale of common shares in the offering.

Items Affecting Comparability of Our Financial Results

Certain of the historical financial results discussed below may not be comparable to our future financial results primarily as a result of the significant increase in the scope of our operations over the last several years. Our gathering and processing and water handling and treatment systems are relatively new, having been substantially built within the last four years. Accordingly, our revenues and expenses over that time reflect the significant ramp up in our operations. Similarly, Antero Resources has experienced significant changes in its production and drilling and completion schedule over that same period. Accordingly, it may be difficult to project trends from our historical financial data going forward.

Results of Operations

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2017

We have two operating segments: (1) gathering and processing and (2) water handling and treatment. The operating results and assets of our reportable segments were as follows for the three months ended September 30, 2016 and 2017 (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Three months ended September 30, 2016			
Revenues:			
Revenue - Antero Resources	$ 77,871	72,411	150,282
Revenue - third-party	193	—	193
Total revenues	78,064	72,411	150,475
Operating expenses:			
Direct operating	4,692	28,521	33,213
General and administrative (before equity-based compensation)	5,068	1,649	6,717
Equity-based compensation	5,213	1,386	6,599
Depreciation	18,298	7,838	26,136
Accretion of contingent acquisition consideration	—	3,527	3,527
Total expenses	33,271	42,921	76,192
Operating income	$ 44,793	29,490	74,283
Segment and consolidated Adjusted EBITDA(1)	$ 68,304	42,241	110,545
Three months ended September 30, 2017			
Revenues:			
Revenue - Antero Resources	$ 100,518	93,111	193,629
Revenue - third-party	—	—	—
Total revenues	100,518	93,111	193,629
Operating expenses:			
Direct operating	10,560	52,470	63,030
General and administrative (before equity-based compensation)	4,225	2,892	7,117
Equity-based compensation	5,111	2,088	7,199
Depreciation	21,803	8,753	30,556
Accretion of contingent acquisition consideration	—	2,556	2,556
Total expenses	41,699	68,759	110,458
Operating income	$ 58,819	24,352	83,171
Segment and consolidated Adjusted EBITDA(1)	$ 90,033	37,749	127,782

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please see "— Non-GAAP Financial Measures" below.

The following table sets forth selected operating data for the three months ended September 30, 2016 compared to the three months ended September 30, 2017 (in thousands, except average realized fees):

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2017	Amount of Increase (Decrease)	Percentage Change
Revenue:				
Revenue - Antero Resources	$ 150,282	193,629	43,347	29 %
Revenue - third-party	193	—	(193)	*
Total revenue	150,475	193,629	43,154	29 %
Operating expenses:				
Direct operating	33,213	63,030	29,817	90 %
General and administrative (before equity-based compensation)	6,717	7,117	400	6 %
Equity-based compensation	6,599	7,199	600	9 %
Depreciation	26,136	30,556	4,420	17 %
Accretion of contingent acquisition consideration	3,527	2,556	(971)	(28)%
Total operating expenses	76,192	110,458	34,266	45 %
Operating income	74,283	83,171	8,888	12 %
Interest expense	(5,303)	(9,311)	(4,008)	76 %
Equity in earnings of unconsolidated affiliates	1,544	7,033	5,489	356 %
Net income	$ 70,524	80,893	10,369	15 %
Adjusted EBITDA(1)	$ 110,545	127,782	17,237	16 %
Operating Data:				
Gathering—low pressure (MMcf)	131,625	145,898	14,273	11 %
Gathering—high pressure (MMcf)	124,266	176,471	52,205	42 %
Compression (MMcf)	71,470	111,070	39,600	55 %
Condensate gathering (MBbl)	48	—	(48)	*
Fresh water delivery (MBbl)	12,895	13,022	127	1 %
Wastewater handling (MBbl)	2,577	3,723	1,146	44 %
Wells serviced by fresh water delivery	35	32	(3)	(9)%
Gathering—low pressure (MMcf/d)	1,431	1,586	155	11 %
Gathering—high pressure (MMcf/d)	1,351	1,918	567	42 %
Compression (MMcf/d)	777	1,207	430	55 %
Condensate gathering (MBbl/d)	1	—	(1)	*
Fresh water delivery (MBbl/d)	140	142	2	1 %
Wastewater handling (MBbl/d)	28	40	12	44 %
Average realized fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.31	0.32	0.01	3 %
Average gathering—high pressure fee ($/Mcf)	$ 0.19	0.19	—	—
Average compression fee ($/Mcf)	$ 0.19	0.19	—	—
Average gathering—condensate fee ($/Bbl)	$ 4.17	—	(4.17)	*
Average fresh water delivery fee ($/Bbl)	$ 3.68	3.71	0.03	1 %
Joint Venture Operating Data:				
Processing - Joint Venture (MMcf)	—	33,841	33,841	*
Fractionation - Joint Venture (MBbl)	—	592	592	*
Processing - Joint Venture (MMcf/d)	—	368	368	*
Fractionation - Joint Venture (MBbl/d)	—	6	6	*

* Not meaningful or applicable.

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Sources of Water Handling and Treatment Revenue. Water handling and treatment revenues are generated from fresh water delivery and other fluid handling services. Fresh water delivery is billed at a fixed fee per barrel. Other fluid handling services include the disposal and treatment of wastewater and high rate transfer of fresh water by third parties and are billed at our cost plus 3%.

Revenue - Antero Resources. Revenues increased by 29%, from $150 million for the three months ended September 30, 2016 to $194 million for the three months ended September 30, 2017. Gathering and compression revenues increased by 29%, from $78 million for the three months ended September 30, 2016 to $101 million for the three months ended September 30, 2017. Water handling and treatment revenues increased by 29%, from $72 million for the three months ended September 30, 2016 to $93 million for the three months ended September 30, 2017. These fluctuations are primarily the result of the following:

- high pressure gathering revenue increased $10 million period over period due to an increase of throughput volumes of 52 Bcf, or 567 MMcf/d, which was primarily due to four new high pressure lines added to our system since September 30, 2016;
- compression revenue increased $8 million period over period due to an increase of throughput volumes of 40 Bcf, or 430 MMcf/d, primarily due to the addition of six new compressor stations placed in service after September 30, 2016, and additional wells serviced by our system;
- low pressure gathering revenue increased $5 million period over period due to an increase of throughput volumes of 14 Bcf, or 155 MMcf/d, which was due to 115 additional wells serviced by our system since September 30, 2016;
- other fluid handling services revenue increased $20 million period over period due to an increase in wastewater handling and treatment volumes of 1,146 MBbl, or 12 MBbl/d. Other fluid handling services include the disposal and treatment of wastewater and high rate transfer of fresh water by third parties and are billed at our cost plus 3%; and
- fresh water delivery revenue increased $1 million period over period due to an increase in fresh water delivery of 127 MBbl, or 2 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero Resources.

Direct operating expenses. Total direct operating expenses increased by 90%, from $33 million for the three months ended September 30, 2016 to $63 million for the three months ended September 30, 2017. The increase was primarily due to increased gathering and compression and water handling and treatment services resulting from increased volumes in 2017 due to an 115 additional wells serviced by our system since September 30, 2016, as well as an increase in ad valorem tax expense due to a downward revision of our estimate of ad valorem tax liability in the prior period.

General and administrative expenses. General and administrative expenses (before equity-based compensation expense) remained relatively consistent at $7 million for the three months ended September 30, 2016 and 2017.

Equity-based compensation expenses. Equity-based compensation expenses remained relatively consistent at $7 million for the three months ended September 30, 2016 and 2017.

Accretion of contingent acquisition consideration. Accretion of contingent acquisition consideration decreased by 28%, from $4 million for the three months ended September 30, 2016 to $3 million for the three months ended September 30, 2017. The decrease is due to a change in our estimate of weighted average cost of capital. In connection with Antero Resources' contribution of Antero Water LLC and certain wastewater treatment assets to us in September 2015 (the "Water Acquisition"), we have agreed to pay Antero Resources (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. In conjunction with the Water Acquisition on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts in 2019 and 2020.

Depreciation expense. Total depreciation expense increased by 17%, from $26 million for the three months ended September 30, 2016 to $31 million for the three months ended September 30, 2017. The increase was primarily due to additional gathering, compression, and water handling and treatment assets placed into service.

Interest expense. Interest expense increased by 76%, from $5 million, net of $1 million in capitalized interest, for the three months ended September 30, 2016 to $9 million, net of $3 million in capitalized interest, for the three months ended September 30, 2017. The increase was due to interest incurred on our $650 million of 5.375% senior notes due September 15, 2024 (the "2024

Notes”), which has a higher interest rate than our revolving credit facility, and an overall increase in our total debt from $810 million as of September 30, 2016 to $1 billion as of September 30, 2017.

Operating income. Total operating income increased by 12%, from $74 million for the three months ended September 30, 2016 to $83 million for the three months ended September 30, 2017. Gathering and compression operating income increased by 31%, from $45 million for the three months ended September 30, 2016 to $59 million for the three months ended September 30, 2017. The increase was primarily due to increases in gathering and compression volumes in 2017. Water handling and treatment operating income decreased by 17%, from $30 million for the three months ended September 30, 2016 to $24 million for the three months ended September 30, 2017. The decrease was primarily due to an increase in direct operating expenses, which was primarily due to a downward revision of our estimate of ad valorem tax liability in the prior period, and an increase in fresh water delivery expenses due to expanded operations, as well an increased allocation of general and administrative expenses from Antero Resources as a result of increased capital expenditures on the wastewater treatment facility.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 356%, from $2 million for the three months ended September 30, 2016 to $7 million for the three months ended September 30, 2017. In May 2016, we purchased a 15% equity interest in a regional gathering pipeline. In February 2017, Antero Midstream formed the Joint Venture with MarkWest, which provides natural gas processing and fractionation services. Equity in earnings of unconsolidated affiliates represents the portion of the net income from these investments which is allocated to us based on our equity interests. The increase was primarily attributable to the commencement of operations of the Joint Venture in February 2017.

Adjusted EBITDA. Adjusted EBITDA increased by 16%, from $111 million for the three months ended September 30, 2016 to $128 million for the three months ended September 30, 2017. The increase was primarily due to increases in gathering, compression, and water volumes in 2017. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see “—Non-GAAP Financial Measures” below.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2017

We have two operating segments: (1) gathering and processing and (2) water handling and treatment. The operating results and assets of our reportable segments were as follows for the nine months ended September 30, 2016 and 2017 (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Nine months ended September 30, 2016			
Revenues:			
Revenue - Antero Resources	$ 218,938	203,750	422,688
Revenue - third-party	669	—	669
Total revenues	219,607	203,750	423,357
Operating expenses:			
Direct operating	19,758	105,193	124,951
General and administrative (before equity-based compensation)	14,853	5,493	20,346
Equity-based compensation	14,902	4,464	19,366
Depreciation	52,125	21,975	74,100
Accretion of contingent acquisition consideration	—	10,384	10,384
Total expenses	101,638	147,509	249,147
Operating income	$ 117,969	56,241	174,210
Segment and consolidated Adjusted EBITDA(1)	$ 184,996	93,064	278,060
Nine months ended September 30, 2017			
Revenues:			
Revenue - Antero Resources	$ 290,675	271,226	561,901
Revenue - third-party	264	—	264
Total revenues	290,939	271,226	562,165
Operating expenses:			
Direct operating	28,596	134,296	162,892
General and administrative (before equity-based compensation)	15,242	7,884	23,126
Equity-based compensation	14,937	5,499	20,436
Depreciation	63,773	24,831	88,604
Accretion of contingent acquisition consideration	—	9,672	9,672
Total expenses	122,548	182,182	304,730
Operating income	$ 168,391	89,044	257,435
Segment and consolidated Adjusted EBITDA(1)	$ 257,221	129,046	386,267

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

The following table sets forth selected operating data for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2017 (in thousands, except average realized fees):

	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percentage Change
	2016	2017		
	($ in thousands, except average realized fees)			
Revenue:				
Revenue - Antero Resources	$ 422,688	561,901	139,213	33 %
Revenue - third-party	669	264	(405)	(61)%
Total revenue	423,357	562,165	138,808	33 %
Operating expenses:				
Direct operating	124,951	162,892	37,941	30 %
General and administrative (before equity-based compensation)	20,346	23,126	2,780	14 %
Equity-based compensation	19,366	20,436	1,070	6 %
Depreciation	74,100	88,604	14,504	20 %
Accretion of contingent acquisition consideration	10,384	9,672	(712)	(7)%
Total operating expenses	249,147	304,730	55,583	22 %
Operating income	174,210	257,435	83,225	48 %
Interest expense	(12,885)	(27,162)	(14,277)	111 %
Equity in earnings of unconsolidated affiliates	2,027	12,887	10,860	536 %
Net income	$ 163,352	243,160	79,808	49 %
Adjusted EBITDA(1)	$ 278,060	386,267	108,207	39 %
Operating Data:				
Gathering—low pressure (MMcf)	373,338	448,346	75,008	20 %
Gathering—high pressure (MMcf)	349,440	476,590	127,150	36 %
Compression (MMcf)	186,406	312,041	125,635	67 %
Condensate gathering (MBbl)	498	15	(483)	(97)%
Fresh water delivery (MBbl)	31,341	42,147	10,806	34 %
Waste water (MBbl)	7,621	10,322	2,701	35 %
Wells serviced by fresh water delivery	96	110	14	15 %
Gathering—low pressure (MMcf/d)	1,363	1,642	279	20 %
Gathering—high pressure (MMcf/d)	1,275	1,746	471	37 %
Compression (MMcf/d)	680	1,143	463	67 %
Condensate gathering (MBbl/d)	2	—	(2)	*
Fresh water delivery (MBbl/d)	114	154	40	34 %
Water handling and treatment (MBbl/d)	28	38	10	35 %
Average realized fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.31	0.32	0.01	3 %
Average gathering—high pressure fee ($/Mcf)	$ 0.19	0.19	—	*
Average compression fee ($/Mcf)	$ 0.19	0.19	—	*
Average gathering—condensate fee ($/Bbl)	$ 4.17	4.20	0.03	1 %
Average fresh water delivery fee ($/Bbl)	$ 3.68	3.72	0.04	1 %
Joint Venture Operating Data:				
Processing - Joint Venture (MMcf)	—	58,152	58,152	*
Fractionation - Joint Venture (MBbl)	—	1,024	1,024	*
Processing - Joint Venture (MMcf/d)	—	213	213	*
Fractionation - Joint Venture (MBbl/d)	—	4	4	*

* Not meaningful or applicable.

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Sources of Water Handling and Treatment Revenue. Water handling and treatment revenues are generated from fresh water delivery and other fluid handling services. Fresh water delivery is billed at a fixed fee per barrel. Other fluid handling services include the disposal and treatment of wastewater and high rate transfer of fresh water by third parties and are billed at our cost plus 3%.

Revenue - Antero Resources. Revenues increased by 33%, from $423 million for the nine months ended September 30, 2016 to $562 million for the nine months ended September 30, 2017. Gathering and compression revenues increased by 32%, from $219 million for the nine months ended September 30, 2016 to $291 million for the nine months ended September 30, 2017. Water handling and treatment revenues increased by 33%, from $204 million for the nine months ended September 30, 2016 to $271 million for the nine months ended September 30, 2017. These increases are primarily the result of the following, and are offset by a $2 million decrease in condensate gathering revenue:

- low pressure gathering revenue increased $25 million period over period due to an increase of throughput volumes of 75 Bcf, or 279 MMcf/d, which was due to 115 addiotnal wells serviced by our system since September 30, 2016;
- high pressure gathering revenue increased $25 million period over period due to an increase of throughput volumes of 127 Bcf, or 471 MMcf/d, which was primarily due to four new high pressure lines added to our system since September 30, 2016;
- compression revenue increased $24 million period over period due to an increase of throughput volumes of 126 Bcf, or 463 MMcf/d, primarily due to the addition of six new compressor stations placed in service after September 30, 2016, and additional wells serviced by our system;
- fresh water delivery revenue increased $41 million period over period due to an increase in fresh water delivery of 10,806 MBbl, or 40 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero Resources; and
- other fluid handling services revenue increased $26 million period over period due to an increase in wastewater handling and treatment volumes of 2,701 MBbl, or 10 MBbl/d. Other fluid handling services include the disposal and treatment of wastewater and high rate transfer of fresh water by third parties and are billed at our cost plus 3%.

Direct operating expenses. Total direct operating expenses increased by 30% from $125 million for the nine months ended September 30, 2016 to $163 million for the nine months ended September 30, 2017. The increase was primarily due to increased gathering and compression and water handling and treatment services resulting from increased volumes in 2017.

General and administrative expenses. General and administrative expenses (before equity-based compensation expense) increased by 14%, from $20 million for the nine months ended September 30, 2016 to $23 million for the nine months ended September 30, 2017. The increase was primarily was primarily due to an increased allocation of general and administrative expenses from Antero Resources as a result of increased capital expenditures, as well as increased legal and other general corporate expenses to support our growth.

Equity-based compensation expenses. Equity-based compensation expenses remained relatively consistent at $19 million for the nine months ended September 30, 2016 and $20 million for the nine months ended September 30, 2017.

Accretion of contingent acquisition consideration. Total contingent acquisition consideration accretion expense remained relatively consistent at $10 million for the nine months ended September 30, 2016 and 2017. In connection with the Water Acquisition, we agreed to pay Antero Resources (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. Also in conjunction with the Water Acquisition, on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts in 2019 and 2020.

Depreciation expense. Total depreciation expense increased by 20%, from $74 million for the nine months ended September 30, 2016 to $89 million for the nine months ended September 30, 2017. The increase was primarily due to additional gathering, compression, and water handling and treatment assets placed into service.

Interest expense. Interest expense increased by 111%, from $13 million, net of $2 million in capitalized interest, for the nine months ended September 30, 2016 to $27 million, net of $9 million in capitalized interest, for the nine months ended September 30,

2017. The increase was due to interest incurred on the 2024 Notes, which has a higher interest rate than our revolving credit facility, and an overall increase in our total debt from $810 million as of September 30, 2016 to $1 billion as of September 30, 2017.

Operating income. Total operating income increased by 48%, from $174 million for the nine months ended September 30, 2016 to $257 million for the nine months ended September 30, 2017. Gathering and compression operating income increased by 43%, from $118 million for the nine months ended September 30, 2016 to $168 million for the nine months ended September 30, 2017. Water handling and treatment operating income increased by 58%, from $56 million for the nine months ended September 30, 2016 to $89 million for the nine months ended September 30, 2017. These increases were primarily due to increases in gathering and compression and fresh water delivery volumes in 2017.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 536%, from $2 million for the nine months ended September 30, 2016 to $13 million for the nine months ended September 30, 2017. In May 2016, we purchased a 15% equity interest in a regional gathering pipeline. In February 2017, Antero Midstream formed the Joint Venture with MarkWest, which provides natural gas processing and fractionation services. Equity in earnings of unconsolidated affiliates represents the portion of the net income from these investments which is allocated to us based on our equity interests. The increase was due to a full nine months of investment income in the regional gathering pipeline during the nine months ended September 30 2017, as opposed to five months during the nine months ended September 30, 2016, and the operations of the Joint Venture which began in February 2017.

Adjusted EBITDA. Adjusted EBITDA increased by 39%, from $278 million for the nine months ended September 30, 2016 to $386 million for the nine months ended September 30, 2017. The increase was primarily due to increases in gathering, compression, and water volumes in 2017. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Capital Resources and Liquidity

Sources and Uses of Cash

Capital and liquidity is provided by operating cash flow, cash on our balance sheet, borrowings under our revolving credit facility and capital markets transactions, as further discussed below. We expect cash flow from operations to continue to contribute to our liquidity in the future. We expect the combination of these capital resources will be adequate to meet our working capital requirements, capital expenditures program and expected quarterly cash distributions for at least the next twelve months.

The board of directors of our general partner has adopted a cash distribution policy pursuant to which we intend to distribute at least the minimum quarterly distribution of $0.17 per unit ($0.68 per unit on an annualized basis) on all of our units to the extent we have sufficient cash after the establishment of cash reserves and the payment of our expenses, including payments to our general partner and its affiliates. The board of directors of our general partner has declared a cash distribution of $0.34 per unit for the quarter ended September 30, 2017. The distribution will be payable on November 16, 2017 to unitholders of record as of November 1, 2017.

We expect our future cash requirements relating to working capital, maintenance capital expenditures and quarterly cash distributions to our partners will be funded from cash flows internally generated from our operations. Our expansion capital expenditures will be funded by borrowings under our revolving credit facility or from potential capital markets transactions.

On February 10, 2017, we issued 6,900,000 common units, including common units issued pursuant to the underwriters' option to purchase additional common units, resulting in net proceeds of approximately $223 million. We used the proceeds from the offering to repay outstanding borrowings under our Prior Credit Facility incurred to fund the investment in the Joint Venture, and for general partnership purposes.

The following table summarizes our cash flows for the nine months ended September 30, 2016 and 2017:

	Nine Months Ended September 30,		
(in thousands)	**2016**	**2017**	**Increase**
Operating activities	$ 259,135	344,267	85,132
Investing activities	(337,577)	(620,742)	283,165
Financing activities	80,780	264,928	184,148
Net increase (decrease) in cash and cash equivalents	$ 2,338	(11,547)	

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was $259 million and $344 million for the nine months ended September 30, 2016 and 2017, respectively. The increase in cash flow from operations for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 was primarily due to increased gathering and compression and fresh water delivery revenues, as a result of additional gathering and compression and water handling systems placed in service since September 30, 2016.

Cash Flows Used in Investing Activities

During the nine months ended September 30, 2016 and 2017, we used cash flows in investing activities of $338 million and $621 million, respectively, primarily as a result of our capital expenditures for gathering systems, compressor stations, and water handling and treatment systems. Cash flows used in investing activities during the nine months ended September 30, 2017 includes $217 million invested in the Joint Venture, compared to $45 million invested in Stonewall Gas Gathering, LLC during the nine months ended September 30, 2016.

The board of directors of our general partner has approved a capital budget of $800 million, which includes $460 million of expansion capital, $65 million of maintenance capital, and $275 million of capital investment in the Joint Venture. Our capital budget may be adjusted as business conditions warrant as the amount, timing, and allocation of capital expenditures is largely discretionary and within our control. If natural gas, NGLs, and oil prices decline to levels below Antero Resources' acceptable levels, or costs increase to levels above Antero Resources' acceptable levels, Antero Resources could choose to defer a significant portion of its budgeted capital expenditures until later periods. As a result, we may also defer a significant portion of our budgeted capital expenditures to achieve the desired balance between sources and uses of liquidity, and to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in Antero Resources' development plans, changes in commodity prices, availability of financing, acquisition costs, industry conditions, the timing of regulatory approvals, success or lack of success in Antero Resources' drilling activities, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2017 of $265 million consisted of (i) $223 million in net proceeds from the issuance of 6,900,000 common units in February 2017, (ii) $217 million in net borrowings under the Prior Credit Facility, and (iii) $26 million of net proceeds from the sale of common units under the Distribution Agreement, partially offset by $200 million in cash distributions to our unitholders.

Net cash provided by financing activities for the nine months ended September 30, 2016 of $81 million is the result of the following: (i) $650 million of proceeds from the issuance of the 2024 Notes and (ii) $20 million in net proceeds from the sale of common units under the Distribution Agreement. The following cash used in financing activities partially offset net cash provided by financing activities: (i) $450 million in net repayments under the Prior Credit Facility, (ii) $130 million in quarterly cash distributions to our unitholders, and (iii) $8.9 million in payments of deferred financing costs related to the issuance of our 2024 Notes.

Debt Agreements

Revolving Credit Facility

On October 26, 2017, we executed an amendment and restatement of our Prior Credit Facility. The Credit Facility provides for lender commitments of $1.5 billion and for a letter of credit sublimit of $150 million. At September 30, 2017, we had $427 million of borrowings and no letters of credit outstanding under the Prior Credit Facility. The Credit Facility will mature on October 26, 2022. Borrowings under the Credit Facility are limited by certain financial ratio covenants which may increase the interest rate we owe under the Credit Facility.

Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable quarterly. We have a choice of borrowing in Eurodollars or at the base rate. Eurodollar loans bear interest at a rate per annum equal to the LIBOR Rate administered by the ICE Benchmark Administration for one, two, three, six or, if available to the lenders, twelve months plus an applicable margin ranging from (i) 125 to 225 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 112.5 to 200 basis points during an investment grade period, depending on the Partnership's credit rating then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from (i) 25 to 125 basis points during any period that is not an investment grade period, depending on the leverage ratio then in effect and (ii) 12.5 to 100 basis points during an investment grade period, depending on the Partnership's credit rating then in effect.

During an Investment Grade Period, the revolving credit facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of our and our subsidiaries' properties; provided that the liens securing the revolving credit facility shall be automatically released during an Investment Grade Period. The revolving credit facility contains restrictive covenants that may limit our ability to, among other things:

- incur additional indebtedness;
- sell assets;
- make loans to others;
- make investments;
- enter into mergers;
- make certain restricted payments;
- incur liens; and
- engage in certain other transactions without the prior consent of the lenders.

The revolving credit facility also requires us to maintain the following financial ratios:

- a consolidated interest coverage ratio, which is the ratio of our consolidated EBITDA to its consolidated current interest charges of at least 2.5 to 1.0 at the end of each fiscal quarter; provided that during an Investment Grade Period, the Partnership will not to be subject to such ratio;
- a consolidated total leverage ratio, which is the ratio of consolidated debt to consolidated EBITDA, of not more than 5.00 to 1.00 at the end of each fiscal quarter; provided that during an Investment Grade Period or at our election (the "Financial Covenant Election"), the consolidated total leverage ratio shall be no more than 5.25 to 1.0; and
- after a Financial Covenant Election (and up to the commencement of an Investment Grade Period), a consolidated senior secured leverage ratio covenant rather than the consolidated total leverage ratio covenant, which is the ratio of consolidated senior secured debt to consolidated EBITDA, of not more than 3.75 to 1.0.

We were in compliance with such covenants and ratios as of December 31, 2016 and September 30, 2017. The actual borrowing capacity available to us may be limited by the interest coverage ratio, consolidated total leverage ratio, and consolidated senior secured leverage ratio covenants.

5.375% Senior Notes Due 2024

On September 13, 2016, the Partnership and Finance Corp, as co-issuers, issued $650 million in aggregate principal amount of 5.375% senior notes due 2024 at par. The 2024 Notes are unsecured and effectively subordinated to the revolving credit facility to the extent of the value of the collateral securing the revolving credit facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Partnership's wholly-owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. The Partnership may redeem all or part of the 2024 Notes at any time on or after September 15, 2019 at redemption prices ranging from 104.031% on or after September 15, 2019 to 100.00% on or after September 15, 2022. In addition, prior to September 15, 2019, the Partnership may redeem up to 35% of the aggregate principal amount of the 2024 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2024 Notes, plus accrued and unpaid interest. At any time prior to September 15, 2019, the Partnership may also redeem the 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2024 Notes plus a "make-whole" premium and accrued and unpaid interest. If the Partnership undergoes a change of control, the holders of the 2024 Notes will have the right to require the Partnership to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

Contractual Obligations

At September 30, 2017, we had $427 million of borrowings and no letters of credit outstanding under the Prior Credit Facility. Under the terms of our Credit Facility, we are required to pay a commitment fee on any unused portion of the Credit Facility. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% based on the leverage ratio, during a period that is not an Investment Grade Period, and 0.175% to 0.375% based on the Partnership's rating, during an Investment Grade Period, of the unused facility.

Future capital contributions to unconsolidated affiliates are excluded from the table as neither the amounts nor the timing of the obligations can be determined in advance. A summary of our contractual obligations by maturity date as of September 30, 2017 is provided in the following table.

(in millions)	Remainder of 2017	Year Ended December 31, 2018	2019	2020	2021	2022	Thereafter	Total
Credit Facility [1]	$ —	—	—	—	—	427	—	427
5.375% senior notes due 2024—principal	—	—	—	—	—	—	650	650
5.375% senior notes due 2024—interest	—	35	35	35	35	35	70	245
Water treatment [2]	29	6	—	—	—	—	—	35
Contingent acquisition consideration [3]	—	—	125	125	—	—	—	250
Total	$ 29	41	160	160	35	462	720	1,607

(1) Includes outstanding principal amounts on our Prior Credit Facility at September 30, 2017. This table does not include future commitment fees, interest expense or other fees on our Credit Facility because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments, or future interest rates to be charged. On October 26, 2017, we executed an amended Credit Facility which extends the maturity date of our Prior Credit Facility to October 26, 2022.

(2) Includes obligations related to the construction of our wastewater treatment facility.

(3) In connection with the Water Acquisition, we agreed to pay Antero Resources (a) $125 million in cash if the Partnership delivers 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if the Partnership delivers 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020.

Non-GAAP Financial Measures

We define Adjusted EBITDA as net income before equity-based compensation expense, interest expense, depreciation expense, and accretion of contingent acquisition consideration, excluding equity in earnings of unconsolidated affiliates, and including cash distributions from unconsolidated affiliates.

We use Adjusted EBITDA to assess:

- the financial performance of our assets, without regard to financing methods in the case of Adjusted EBITDA, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other publicly traded partnerships in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

We define Distributable Cash Flow as Adjusted EBITDA less interest paid, income tax withholding payments and cash reserved for payments of income tax withholdings upon vesting of equity-based compensation awards, cash reserved/paid for bond interest payments and ongoing maintenance capital expenditures paid. We use Distributable Cash Flow as a performance metric to compare the cash generating performance of the Partnership from period to period and to compare the cash generating performance for specific periods to the cash distributions (if any) that are expected to be paid to unitholders. Distributable Cash Flow does not reflect changes in working capital balances.

Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures. The GAAP measure most directly comparable to Adjusted EBITDA and Distributable Cash Flow is net income. The non-GAAP financial measures Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to the GAAP measure of net income. Adjusted EBITDA and Distributable Cash Flow are not presentations made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect net income. You should not consider Adjusted EBITDA and Distributable

Cash Flow in isolation or as a substitute for analyses of results as reported under GAAP. Our definition of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other partnerships.

"Segment Adjusted EBITDA" is also used by our management team for various purposes, including as a measure of operating performance and as a basis for strategic planning and forecasting. Segment Adjusted EBITDA is a non-GAAP financial measure that we define as operating income before equity-based compensation expense, depreciation expense, and accretion of contingent acquisition consideration. Operating income represents net income before interest expense and equity in earnings of unconsolidated affiliates, and is the most directly comparable GAAP financial measure to Segment Adjusted EBITDA because we do not account for interest expense on a segment basis. The following tables represent a reconciliation of our segment operating income to Segment Adjusted EBITDA for the periods presented (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Three months ended September 30, 2016			
Operating income	$ 44,793	29,490	74,283
Depreciation expense	18,298	7,838	26,136
Accretion of contingent acquisition consideration	—	3,527	3,527
Equity-based compensation	5,213	1,386	6,599
Segment and consolidated Adjusted EBITDA	$ 68,304	42,241	110,545
Three months ended September 30, 2017			
Operating income	$ 58,819	24,352	83,171
Depreciation expense	21,803	8,753	30,556
Accretion of contingent acquisition consideration	—	2,556	2,556
Equity-based compensation	5,111	2,088	7,199
Distributions from unconsolidated affiliates	4,300	—	4,300
Segment and consolidated Adjusted EBITDA	$ 90,033	37,749	127,782
Nine months ended September 30, 2016			
Operating income	$ 117,969	56,241	174,210
Depreciation expense	52,125	21,975	74,100
Accretion of contingent acquisition consideration	—	10,384	10,384
Equity-based compensation	14,902	4,464	19,366
Segment and consolidated Adjusted EBITDA	$ 184,996	93,064	278,060
Nine months ended September 30, 2017			
Operating income	$ 168,391	89,044	257,435
Depreciation expense	63,773	24,831	88,604
Accretion of contingent acquisition consideration	—	9,672	9,672
Equity-based compensation	14,937	5,499	20,436
Distributions from unconsolidated affiliates	10,120	—	10,120
Segment and consolidated Adjusted EBITDA	$ 257,221	129,046	386,267

The following table represents a reconciliation of our Segment and consolidated Adjusted EBITDA and Distributable Cash Flow to the most directly comparable GAAP financial measures for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2016**	**2017**	**2016**	**2017**
Reconciliation of Net Income to Segment and consolidated Adjusted EBITDA and Distributable Cash Flow:				
Net income	$ 70,524	80,893	$ 163,352	$ 243,160
Interest expense	5,303	9,311	12,885	27,162
Depreciation expense	26,136	30,556	74,100	88,604
Accretion of contingent acquisition consideration	3,527	2,556	10,384	9,672
Equity-based compensation	6,599	7,199	19,366	20,436
Equity in earnings of unconsolidated affiliates	(1,544)	(7,033)	(2,027)	(12,887)
Distributions from unconsolidated affiliates	—	4,300	—	10,120
Segment and consolidated Adjusted EBITDA	110,545	127,782	278,060	386,267
Interest paid	(4,043)	(20,554)	(11,751)	(42,530)
Decrease in cash reserved for bond interest [1]	—	8,831	—	9,025
Cash reserved for payment of income tax withholding upon vesting of Antero Midstream Partners LP equity-based compensation awards [2]	(1,000)	(1,500)	(3,000)	(5,431)
Cash to be received from unconsolidated affiliates	2,221	—	2,998	—
Maintenance capital expenditures [3]	(4,638)	(10,771)	(16,156)	(43,096)
Distributable cash flow	$ 103,085	103,788	$ 250,151	$ 304,235

(1) Cash reserved for bond interest expense on Antero Midstream's 5.375% senior notes outstanding during the period that is paid on a semi-annual basis on March 15th and September 15th of each year.

(2) Estimate of current period portion of expected cash payment for income tax withholding attributable to vesting of Midstream LTIP equity-based compensation awards to be paid in the fourth quarter.

(3) Maintenance capital expenditures represent that portion of our estimated capital expenditures associated with (i) the connection of new wells to our gathering and processing systems that we believe will be necessary to offset the natural production declines Antero Resources will experience on its wells over time, and (ii) water delivery to new wells necessary to maintain the average throughput volume on our systems.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments in our 2016 Form 10-K. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements. Also, see note 2 of the notes to our audited combined consolidated financial statements, included in our 2016 Form 10-K, for a discussion of additional accounting policies and estimates made by management.

New Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard becomes effective for us on January 1, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. We have not yet selected a transition method, but expect that it will elect the cumulative method. To the extent applicable, upon adoption, we may be required to comply with expanded disclosure requirements, including the disaggregation of revenues to depict the nature and uncertainty of types of revenues, contract assets and liabilities, current period revenues previously recorded as a liability, performance obligations, significant judgments and estimates affecting the amount and timing of revenue recognition, determination of transaction prices, and allocation of the transaction price to performance obligations.

During the third quarter of 2017, we substantially completed an analysis of the impact of the standard on our contract types, and do not believe that the adoption of ASU 2014-09 will have a material impact on our financial results. Currently, we are evaluating our disclosures to determine additional qualitative disclosures to provide under the standard. We continue to monitor releveant industry guidance regarding the implementation of ASU 2014-09 and will adjust our implementation strategies as necessary. We do not believe that adoption of the standard will impact our operation strategies, growth prospects, or cash flows.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires all leasing arrangements to be presented in the balance sheet as liabilities along with a corresponding asset. The ASU will replace most existing leases guidance in GAAP when it becomes effective. The new standard becomes effective for us on January 1, 2019. Although early application is permitted, we do not plan to adopt the ASU earlier than required. The standard requires the use of the modified retrospective transition method. We are evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures. Currently, we are evaluating the standard’s applicability to our various contractual arrangements. We believe that adoption of the standard will result in increases to our assets and liabilities on our consolidated balance sheet, as well as changes to the presentation of certain operating expenses on our consolidated statement of operations; however, we have not yet determined the extent of the adjustments that will be required upon implementation of the standard. We continue to monitor relevant industry guidance regarding implementation of ASU 2016-02 and adjust our implementation strategies as necessary. We believe that adoption of the standard will not impact our operational strategies, growth prospects, or cash flows.

Off-Balance Sheet Arrangements

As of September 30, 2017, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

Commodity Price Risk

Our gathering and compression and water services agreements with Antero Resources provide for fixed-fee structures, and we intend to continue to pursue additional fixed-fee opportunities with Antero Resources and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero Resources or third parties do not provide for fixed-fee structures, we may become subject to commodity price risk. We are subject to commodity price risks to the extent that they impact Antero Resources’ development program and production and therefore our gathering, compression, and water handling and treatment volumes. We cannot predict to what extent our business would be impacted by lower commodity prices and any resulting impact on Antero Resources’ operations.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under our Credit Facility, which has a floating interest rate. We do not currently, but may in the future, hedge the interest on portions of our borrowings under our revolving credit facility from time-to-time in order to manage risks associated with floating interest rates. At September 30, 2017, we had $427 million of borrowings and no letters of credit outstanding under the Prior Credit Facility. A 1.0% increase in our Prior Credit Facility interest rate would have resulted in an estimated $2.1 million increase in interest expense, for the nine months ended September 30, 2017.

Credit Risk

We are dependent on Antero Resources as our primary customer, and we expect to derive substantially all of our revenues from Antero Resources for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero Resources' production, drilling schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and cash available for distribution. However, we cannot predict to what extent our business would be impacted by deteriorating conditions in the economy, including possible declines in our customers' creditworthiness.

Further, we are subject to the risk of non-payment or non-performance by Antero Resources, including with respect to our gathering and compression and water services agreements. We cannot predict the extent to which Antero Resources' business could be impacted by adverse conditions in the energy industry, nor can we estimate the impact such conditions would have on Antero Resources' ability to execute its drilling and development program or to perform under our agreement. Any material non-payment or non-performance by Antero Resources could reduce our ability to make distributions to our unitholders.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2017 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. However, we are not currently subject to any material litigation.

Item 1A. Risk Factors.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. For a discussion of these risks, see "Item 1A. Risk Factors" in our 2016 Form 10-K and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017. The risks described in our 2016 Form 10-K and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017 could materially and adversely affect our business, financial condition, cash flows, and results of operations. There have been no material changes to the risks described in our 2016 Form 10-K and Quarter Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Item 5. Other Information.

Amended and Restated Credit Facility

On October 26, 2017, we entered into an amendment and restatement of the Prior Credit Facility. See "—Debt Agreements—Revolving Credit Facility" for a description of the Credit Facility. The description of the Credit Facility is a summary and is qualified in its entirety by the terms of the Credit Facility. A copy of the Credit Facility is filed as Exhibit 10.1 hereto, and is incorporated herein by reference.

Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, we, Antero Midstream Partners LP, may be required to disclose in our annual and quarterly reports to the SEC, whether we or any of our "affiliates" knowingly engaged in certain activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by U.S. economic sanctions. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Because the SEC defines the term "affiliate" broadly, it includes any entity under common "control" with us (and the term "control" is also construed broadly by the SEC).

The description of the activities below has been provided to us by Warburg Pincus LLC ("Warburg"), affiliates of which: (i) beneficially own more than 10% of our outstanding common units and/or are members of our general partner's board of directors, (ii) beneficially own more than 10% of the equity interests of, and have the right to designate members of the board of directors of Santander Asset Management Investment Holdings Limited ("SAMIH"). SAMIH may therefore be deemed to be under common "control" with us; however, this statement is not meant to be an admission that common control exists.

The disclosure below relates solely to activities conducted by SAMIH and its affiliates. The disclosure does not relate to any activities conducted by us or by Warburg and does not involve our or Warburg's management. Neither we nor Warburg has had any involvement in or control over the disclosed activities, and neither we nor Warburg has independently verified or participated in the preparation of the disclosure. Neither we nor Warburg is representing as to the accuracy or completeness of the disclosure nor do we or Warburg undertake any obligation to correct or update it.

We understand that one or more SEC-reporting affiliates of SAMIH intend to disclose in their next annual or quarterly SEC report that:

(a) Santander UK plc ("Santander UK") holds two savings accounts and one current account for two customers resident in the United Kingdom ("UK") who are currently designated by the United States ("US") under the Specially Designated Global Terrorist ("SDGT") sanctions program. Revenues and profits generated by Santander UK on these accounts in the nine month period ended September 30, 2017 were negligible relative to the overall revenues and profits of Banco Santander SA.

(b) Santander UK holds two frozen current accounts for two UK nationals who are designated by the US under the SDGT sanctions program. The accounts held by each customer have been frozen since their designation and have remained frozen through the nine month period ended September 30, 2017. The accounts are in arrears (£1,844.73 in debit combined) and are currently being managed by Santander UK Collections & Recoveries department. No revenues or profits were generated by Santander UK on this account in the nine month period ended September 30, 2017.

Item 6. Exhibits.

3.1	Certificate of Conversion of Antero Resources Midstream LLC, dated November 5, 2014 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 7, 2014).
3.2	Amended and Restated Certificate of Limited Partnership of Antero Midstream Partners LP, dated April 11, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on April 11, 2017).
3.3	Agreement of Limited Partnership, dated as of November 10, 2014, by and between Antero Resources Midstream Management LLC, as the General Partner, and Antero Resources Corporation, as the Organizational Limited Partner (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014).
3.4	Amendment No. 1 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of February 23, 2016 (incorporated by reference to Exhibit 3.4 to the Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 24, 2016).
10.1*	Amended and Restated Credit Agreement, dated as of October 26, 2017, by and among Antero Midstream Partners LP, the lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent.
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
32.1*	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2*	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101*	The following financial information from this Form 10-Q of ANTERO MIDSTREAM PARTNERS, LP for the quarter ended September 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Partners' Capital, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.

The exhibits marked with the asterisk symbol (*) are filed or furnished with this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANTERO MIDSTREAM PARTNERS LP

By: **ANTERO MIDSTREAM PARTNERS GP LLC,**
its general partner

By: /s/ Michael N. Kennedy
Michael N. Kennedy
Chief Financial Officer

Date: November 1, 2017