POWERING PARTNERSHIPS

# Petershill Partners

Operated by Goldman Sachs Asset Management

**Petershill Partners plc**
**Annual Report 2021**

## Strategic report



## Governance report



## Financial statements



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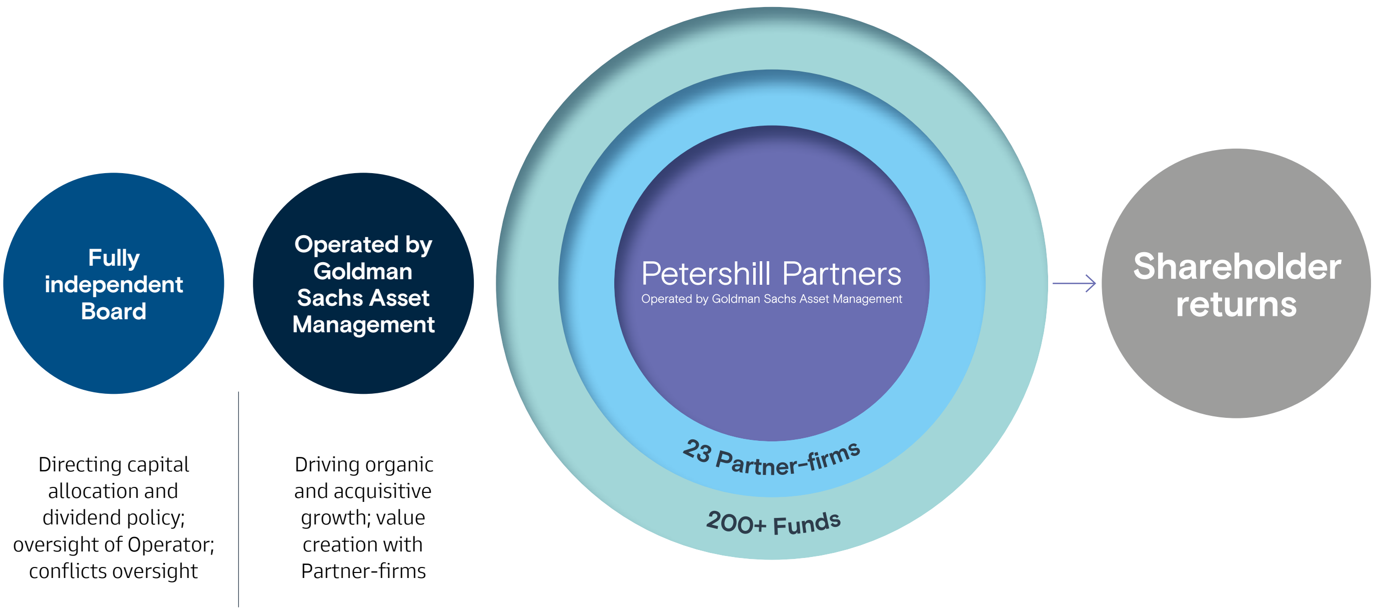
**www.petershillpartners.com**

Petershill Partners plc (the "Company" or "Petershill Partners") and its subsidiaries (the "Group") is a diversified, global alternative investment group focused on private equity and other private capital strategies. Through our economic interests in 23 alternative asset management firms ("Partner-firms"), we provide investors with exposure to the growth and profitability of the alternative asset management industry. The Company was incorporated on 24 March 2021 and completed its initial acquisition of the portfolio of Partner-firms on 28 September 2021. The Company was admitted to listing and trading on the London Stock Exchange as a premium-listed business on 1 October 2021 (ticker: PHLL). Financial results for the Company throughout the Annual Report are for the period from 24 March 2021 to 31 December 2021. There are no comparative results. The Company is operated by Goldman Sachs Asset Management ("Goldman Sachs" or the "Operator") and is governed by a diverse and fully independent Board of Directors (the "Board").

Through our Partner-firms, we have exposure to $234 billion of total assets under management (AuM), comprising a diverse set of more than 200 primarily long-term private equity and other private capital funds where capital is typically locked in over a multi-year horizon. These underlying funds generate recurring management fees and the opportunity for meaningful profit participation over their typically 8+ year lifecycles[1]. We believe our approach is aligned with the founders and management of our Partner-firms and, as a result, allows the Company to participate in these income streams in a way that provides high-margin, diversified and stable cash flows for our shareholders.




1. Partner fee-related earnings (Partner FRE) are derived from management fees generated by our Partner-firms. Please refer to the glossary on page 118 for additional information.

READ MORE ON PAGES 8-11: OUR BUSINESS MODEL

# PETERSHILL PARTNERS IN NUMBERS

Petershill Partners aims to deliver diversified, highly visible, risk-adjusted returns from private markets to public market investors. The Company invests in Partner-firms whose funds generate earnings, primarily in the form of fees. The metrics below provide insight into the strength and earnings power of the Company's investments.

### Profit Before Tax

IFRS

**$261m**

### Net IPO Proceeds

IFRS

**$720m**

### Adjusted Earnings Before Interest and Tax (EBIT)

APM KPI

**$106m**

### Investments in Partner-firms at Fair Value

IFRS

**$6.0bn (gross)**

$5.5bn (net)

APM

### Adjusted EBIT Margin

APM

**87%**

## Per share metrics

### Book Value Per Share

At 31 Dec 2021

APM

**457.8¢**

(339p equivalent)[1]

### Proforma Earnings Per Share

APM

**21¢**

Financial measures noted with an "APM" are defined as Alternative performance measures, or ("APMs"). Further information can be found on page 126.

# PARTNER-FIRM HIGHLIGHTS

These metrics do not relate to Company financials.

## Profitability

### Partner Distributable Earnings

**+57%**
2021
FY growth

KPI

**$382m**

(Full year 2021)

## Diversification

### Number of Partner-firms

**+5**
transactions
since IPO

**At 31 Dec 2021**

KPI

**23**

## Growth

### Partner-firm Total AuM

**At 31 Dec 2021**

**+56%**
2021
FY growth

KPI

**$234bn**

## Quality of Earnings

### Weighted Average Capital Duration

**At 31 Dec 2021**

KPI

**8.1 yrs**

APM Alternative performance measure

IFRS International Financial Reporting Standard

KPI Key performance indicator | READ MORE ON PAGES 32-33

FY 2021 (5 January 2021 to 31 December 2021).

¢ Refers to US dollar cents.

p Refers to British pence sterling.

1. Exchange rate as at 31 December 2021: 1USD = 0.73947GBP.

The glossary on page 126 includes definitions of the Alternative performance measures (APMs) and reconciliation to relevant IFRS measures.

The Company completed its initial acquisition of the portfolio of Partner-firms on 28 September 2021, necessitating a focus in this first annual report on Q4 results. In addition for completeness and transparency this annual report provides full-year financial information for our interests in the Partner-firms in aggregate, which are pro forma for the period prior to the initial acquisition and listing date.

# UNDERSTANDING OUR BUSINESS

## UNDERSTANDING OUR PARTNER-FIRMS

Through economic interests in our Partner-firms, we participate in the fee income from more than 200 underlying funds that are diversified across multiple factors such as asset class, investment strategy and investment lifecycle.

**The typical lifecycle and economic model of a private capital fund is illustrated below:**

### Private Capital Funds

#### 1. Raise

Alternative asset managers raise funds from institutional and retail investors to invest in multiple ways, including private equity, private credit, venture capital, infrastructure, real assets and absolute return strategies. Funds typically have a life of 8+ years and are raised every 2-5 years. During the life of the fund, asset managers typically receive a fee based on the capital raised and/or invested (a "management fee"), regardless of how a fund performs. Some products may be formed of permanent capital, meaning there is no finite life to the fund or resultant fee streams.

#### 2. Invest

During the initial period of the fund ("the investment period"), asset managers deploy the fund capital in opportunities which they believe have attractive return potential. In private capital funds this can range from private companies to real estate.

#### 3. Create Value

Following an investment, private capital firms may actively manage investments, driving value creation through hands-on expertise or may seek to hold investments until maturity – whether through exit or an event.

#### 4. Exit & Return or Redeploy

Once the targeted return threshold has been achieved, alternative asset managers typically sell a portfolio company in the private or public markets and return the capital to the fund investors. Asset managers often participate in a share of the profits generated by their fund investment ("performance fees").

As an investor in 23 high-quality independent firms, Petershill Partners participates in fee streams and profits alongside our Partner-firms who manage over 200 funds.

This example illustrates the typical business model of a private capital firm's underlying funds. Underlying funds of our absolute return Partner-firms, representing 13% of our asset class exposure by AuM, typically offer more liquidity options for their investors and are not subject to the same lock-up period as private capital funds.

# WHO WE ARE

Petershill Partners is a diversified, publicly listed, global alternatives investment group focused on private equity and other private capital strategies through economic interests in 23 Partner-firms.

## How We Generate Earnings

- The pool of fee-earning capital at each of our Partner-firms primarily represents long-term, private capital investments that typically offer limited liquidity for 8+ years across a diverse set of over 200 underlying funds.
- Each Partner-firm generates recurring management fees and performance fees from underlying funds throughout the funds' lifecycles.
- Fee-based earnings are relatively predictable and stable[1].

## What Makes Us Different

### Alignment

**"Win-win Partnerships"**

- a collaborative approach based on close alignment of interests with the leadership of our independent Partner-firms that preserves and serves their culture, ambition and economic alignment
- our Partner-firms remain incentivised through their economic participation in their long-term growth, thereby also supporting their autonomy and long-term organisational stability
- the Company is governed by a fully independent, highly experienced, diverse, active Board

### Diversification and Access

**"Business Built on Resilience"**

- broad diversification across geographies, industry sectors and strategies through our economic interests in 23 Partner-firms and exposure to more than 200 underlying funds
- a grouping of some of the strongest independent sector specialists
- affording access for public investors to the secular growth trends in the private markets

### Growth

**"23 Engines of Growth"**

- focused on select established, ambitious alternative asset management firms capable of further significant growth thanks to the acceleration capital and strategic guidance the Company provides
- operated by Goldman Sachs Asset Management with ability to draw on value-adding resources of Goldman Sachs to drive growth for existing Partner-firms and identify new acquisition opportunities
- our lean operating structure and the long-term transparency of the Operator's charging structure uniquely contribute to the Company's overall profitability and free cash flow

1. Earnings refer to the income of the Company.

# WELCOME TO PETERSHILL PARTNERS

## Dear Shareholders

It is a pleasure to be writing to you for the first time as part of Petershill Partners' maiden results. While the Company is new, its activities have emerged from a business run by Goldman Sachs which has had a long track record of success in its field of partnering with independent alternative asset management firms.

### Delivering on Our Strategy

I am pleased to report to you that the performance of our Partner-firms post the Initial Public Offering (IPO) of Petershill Partners has continued on the growth trajectory we saw in the private funds that incubated the Company, with strong growth in Partner Fee-Related Earnings, investment gains, Partner Distributable Earnings and aggregate Partner-firm assets under management. Performance for the fourth quarter of 2021 was ahead of expectations. The Company's IFRS profit for the period after tax was $248m, equating to a Proforma EPS[1] of 21 cents. The Company's Adjusted Earnings Before Interest and Tax (EBIT)[1] for the period was $106m, resulting in an Adjusted EBIT margin[1] of 87%. The fair value of the Company's investments in Partner-firms at 31 December 2021 was $6 billion gross ($5.5 billion net)[1], and the Book Value per Share[1] was 458 cents (339 pence equivalent)[2].

As we laid out in the prospectus at the time of the IPO, Petershill Partners represents a diversified group of Partner-firm interests which we expect to deliver earnings and AuM growth in excess of the global alternatives industry.

Our strategy is to combine the organic growth of our existing Partner-firms with acquisitions of additional Partner-firm stakes. Acquisitions will be funded from the investment of the primary capital raised of $720m (net proceeds) in the IPO, the redeployment of the cash flow generated from earnings after paying dividends and the modest use of leverage. In the fourth quarter of 2021, five acquisitions were completed which added four new Partner-firm interests to our portfolio and increased our investment in one of our existing Partner-firms – investing $458m in partnerships for the future growth and profits of Petershill Partners. These acquisitions are expected to be accretive to earnings and to the growth prospects of the Company.

The IPO of Petershill Partners last October was one of the largest offerings on the London Stock Exchange in 2021 and I am pleased to report that the Company has now been included in the relevant major market indices. Following the IPO, just over a quarter of our shares are publicly traded. The other three-quarters remain held in long-dated private funds managed by Goldman Sachs Asset Management.

### Leveraging the Breadth and Expertise of our Operator

Our activities are operated via a long-term contract with Goldman Sachs Asset Management which we as a Board monitor and evaluate. We believe that the Company derives significant benefits from this arrangement as Goldman Sachs has an outstanding track record of investing in alternative asset managers. Petershill Partners is also able to access the breadth of Goldman Sachs' capabilities and relationships including access to a proprietary stream of new investment opportunities.

**We believe that our structure creates a diversified stream of economics giving our investors exposure to the growing alternatives space in a differentiated way**

**Naguib Kheraj**
Chairman

This sourcing capability was demonstrated in the Company's acquisitions of four new Partner-firm interests in the fourth quarter of 2021, and through the General Partner (GP) services value creation work where we saw over 240 new projects carried out with Partner-firms across the platform over the past year by this team. We believe that the Operator has been effective in 2021; as a fully independent Board we will continue to evaluate their activity on behalf of our investors.

## Our Governance Structure and Approach

The Company has a Board which is made up entirely of experienced independent Non-Executive Directors. Our role is to serve the interests of all shareholders.

The Board's full independence puts us in a good position to ensure the Company has arm's length arrangements in place with Goldman Sachs Asset Management who manage a range of different pools of capital which invest in the alternative asset management industry. As a leading regulated global asset manager, Goldman Sachs Asset Management has well developed procedures for the effective oversight and management of conflicts of interest. Petershill Partners expects to continue to make investments in a straightforward manner alongside other pools of capital managed by the Operator – this has allowed Petershill Partners to continue to grow in a diversified manner while participating in transactions which would exceed the capacity of Petershill Partners on a standalone basis. A clear demonstration of the side-by-side participation framework was demonstrated in the fourth quarter of 2021.

The Board is also responsible for overseeing the Company's financial reporting and disclosure as well as making decisions about the capital management and dividend policy. We will be proposing a final dividend of $30m representing 2.6 cents per share, which is consistent with the indication given at the time of the IPO for the three months of the 2021 financial year during which the Company traded. As indicated at the time of the IPO, we intend to adopt a progressive dividend policy.

## Resilience Amidst Uncertainty

Since the IPO we have witnessed significant geopolitical turbulence, including the war in Ukraine, the impacts of the COVID pandemic, as well as a broader market sell-off in the alternative asset management sector, a rotation out of higher growth stocks as markets anticipated a rise in interest rates, supply chain issues and higher inflation. Whilst these factors have impacted our stock market valuation, we expect, due to the long-term nature of the funds managed by our Partner-firms, to be able to demonstrate the resilience of our earnings model going forward.

We believe that our structure creates a diversified stream of economics giving our investors exposure to the growing alternatives space in a differentiated way. Our earnings model is driven from the simple and recurring nature of our revenues – drawn from a set of 23 high-quality Partner-firms with $234 billion of AuM across over 200 underlying fund products, with approximately 65% of revenues reported to us by our Partner-firms coming from management fees in 2021. This capital base is also long-term and stable, with a Weighted Average Capital Duration of 8.1 years and locked-up funds now representing 87% of our Partner-firms Total AuM. In addition, the Company maintains structured non-control investment protections that allow Petershill Partners to have visibility over, and realise stable recurring cash flows across turbulent periods.

## Looking Ahead

We have empathy for the loss of life and humanitarian crisis unfolding in Ukraine and other areas of conflict in the world. We have no direct exposure to Ukraine or Russia. Our Partner-firms, their funds, AuM and strategies are mostly focused on North America and so we have no material exposure to companies or investments through our Partner-firms in either country. We continue to monitor the impact on global markets and macroeconomic conditions.

While the current macro environment and continued COVID pandemic carry some uncertainty and risk, I believe we are well-positioned to continue to deliver value for our shareholders. Whilst there may be short-term volatility in markets, we have good visibility into completed and anticipated fund raising by our Partner-firms, and in turn we anticipate strong growth in fee income, adjusted net income and cash flow over the next two years.

In addition to our differentiated and diversified earnings model, we are supported by the longevity of our high-quality Partner-firms. I would note that our Partner-firms have been in existence for an average of 21 years as businesses and as such have successfully navigated several market cycles. More broadly, prior periods of rising interest rates have been effectively navigated with strong growth in private equity capital funds.

Over time, Petershill Partners will continue to seek to add new Partner-firms to its portfolio and to deliver a combination of strong, enhanced organic growth of the existing Partner-firms as well as inorganic growth through accretive acquisitions. The Company expects to acquire between three to six new partner interests annually, deploying between $100m and $300m on acquisitions, with the upper bound not representing a cap. In 2022, we expect Partner-firms to raise $40-45 billion of organic fee paying assets and estimate that this will be offset by realisations and reductions of $5-10 billion in more mature investment programmes.

Your Board believes that the fundamental prospects of our business continue to be very attractive over the short, medium and long term. Our maiden results indicate the resilience and growth of the Petershill Partners business – we believe that our business prospects make our own shares a compelling investment opportunity – and we intend to initiate an on-market buyback programme of up to $50m.The buyback will not significantly reduce our capacity to commit further capital to attractive new investment opportunities.

As demonstrated by the acquisitions completed in the fourth quarter of 2021, our return of capital through the intended share buyback programme and dividend, the Board will continue to focus on capital allocation for the benefit of shareholders. We expect to generate significant cash flow from our existing investments over time and our goal and responsibility is to be good long-term stewards of your capital.

**Naguib Kheraj**
Chairman

1. Financial measure defined as Alternative performance measure, or ("APM"). Further information on page 126.
2. Exchange rate as at 31 December 2021: 1USD = 0.73947GBP.

# OUR BUSINESS MODEL

## Who we are

### Our Purpose

The Company's purpose is to provide Shareholders with best-in-class diversified access to the growth and profitability of the alternatives industry, focusing on the quality of recurring earnings.

### Our Values

The Company has no employees. The Directors are committed to providing the highest standards of diligence in governance and reporting and to maintaining a constructive and collaborative relationship with the Operator while ensuring that the Operator manages conflicts of interest appropriately. The Company has delegated its operating responsibilities to the Operator and is reassured by and supportive of the Operator's values which are set out below. The Operator aligns with the values outlined by its parent company, The Goldman Sachs Group, Inc., which are published in detail at www.goldmansachs.com/about-us/purpose-and-values/.

#### Client Service

The Operator leads with a service mindset, enabling it to anticipate and adapt to the needs of its clients and consumers by delivering thoughtful, innovative solutions.

#### Excellence

The Operator aspires to nothing less than excellence, consistently striving for exceptional performance and achieving outstanding results for its clients, its Shareholders, and its Company.

#### Integrity

The Operator holds itself to the highest ethical standards, insisting on transparency and vigilance from its people as it learns from its experiences and makes decisions that instil a sense of purpose and pride in the Operator's firm.

#### Partnership

The Operator prioritises collaboration and values diversity, creating a culture that fosters inclusiveness, teamwork and an entrepreneurial mindset in the pursuit of professional and personal excellence.

### Our Strategy

Petershill Partners is a publicly listed, diversified alternative investment group that partners with leading independent alternatives firms. We harness the power of partnership to drive value creation. Our strategy is to offer high-quality Partner-firms a "win-win" solution as a source of partnership and capital, helping them to build enduring businesses that are responsive to the trends we expect to shape the future, while maintaining alignment with our Shareholders, Operator, Partner-firms, Board, and other service providers.

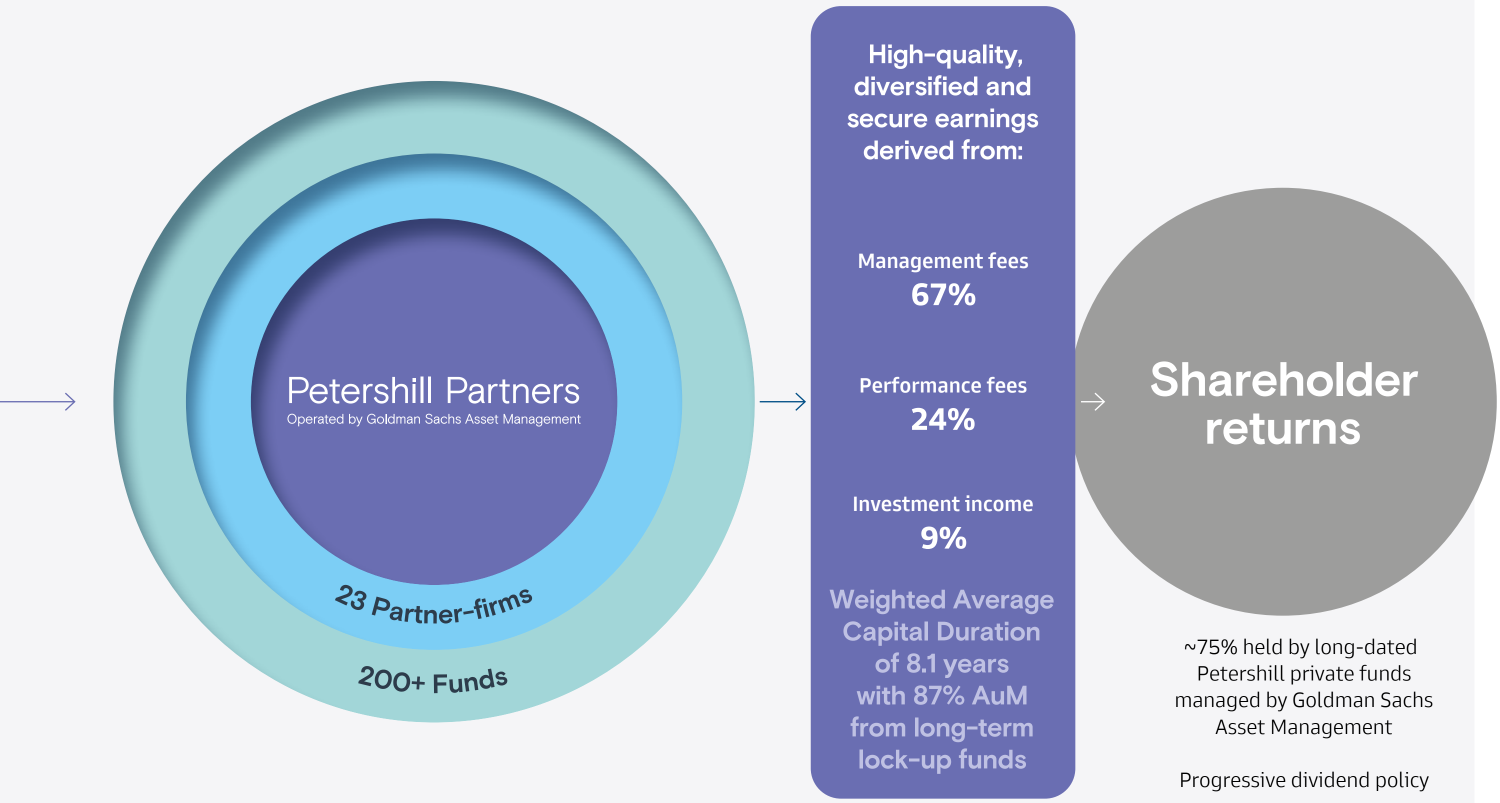
### Governance by our Independent Board

Petershill Partners is governed by an independent, active, diverse and deeply experienced Board. All five members are independent of our Operator, Goldman Sachs Asset Management. The Board oversees the Operator relationship and has control over major capital allocation decisions, including the raising of debt or equity, dividend policy, share buybacks and acquisitions over specified size thresholds, and is committed to the highest standards of corporate governance.

| Guiding the Company | Operating the Company |
|---|---|
| Board of Directors | Operator<br>Goldman Sachs Asset Management |
| Independent oversight of operations and performance of the Operator<br><br>Strategic direction and Operator oversight<br><br>Approval of Acquisition Strategy and Investment Policy<br><br>Conflict oversight | Strategic implementation, portfolio construction and risk management of Partner-firm holdings<br><br>Sourcing and execution of new Partner-firm acquisitions and follow-on investments<br><br>Ongoing value-added engagements and strategic advice to Partner-firms |
| Fixed fee remuneration | Operator fee aligned to cash flow growth<br><br>Operator profit share for new investments<br><br>Private funds managed by Goldman Sachs Asset Management still maintain substantial shareholding in the Company |

## Petershill Partners

## Stakeholder Value Created




These metrics represent operating metrics for FY 2021 and do not reflect the Company's results for the period.

## Shares held by Goldman Sachs Asset Management's Private Funds

Approximately 75% of Petershill Partners shares are held by Goldman Sachs Asset Management's long-dated private funds and are subject to certain lock-up provisions, which apply for up to 18 months* post admission to the London Stock Exchange with no distribution to individual investors. This means that even after the expiry of the lock-up, Goldman Sachs Asset Management is the manager of these shares and exercises discretion over how and when they could be sold in future, on behalf of the investors in those funds.

* 50% of the private funds shareholding at Admission was unlocked on 31 March 2022; 30% of the private funds shareholding at Admission remains locked up and will unlock on 2 October 2022; and 20% of the private funds shareholding at Admission remains locked up and will unlock on 31 March 2023.

## How We Generate Earnings

We receive income generated by the long-term assets managed by the Partner-firms in which we invest.

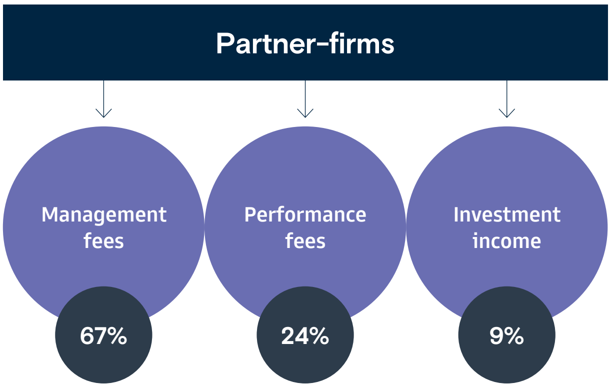
### Long-term, fee-generating assets

Our revenue from management and performance fees is generally generated from assets under management and capital commitments to the funds managed by our 23 Partner-firms and over 200 underlying funds. The Weighted Average Capital Duration for these underlying funds is over 8 years, and 87% of the AuM comes from long-term lock-up funds. As Partner-firms raise additional funds, they generate additional fees. This income stream generates fee streams and profit for our Shareholders.

### Our earnings model

The Company's earnings model consists of three long-term, diversified, and stable income streams generated by the Partner-firms and their underlying funds, based on a mix of management fees, realised performance fees and realised investment income from balance sheet investments.

Once the Company has covered operating expenses, including Board fees and Operator charges, interest and taxes, the remaining profit forms our adjusted profit after tax.




Average Partner revenue contribution (2019-2021), based on Petershill Partner-firm revenues.

**Partner-firm distributable earnings**

**Less Group expenses**

(including Operator fee, other operating expenses, interest costs and taxes)

**Group profit after tax**

## How We Are Different

The Company's business model has several distinctive qualities that are designed to enhance value for our Shareholders and our Partner-firms.

### Alignment

#### Non-control ownership to preserve Partner-firm independence and ambition

Our strategy is to make non-control investments so that the management teams of our Partner-firms retain the majority of equity in their firms. This helps to preserve each firm's distinct culture, entrepreneurial autonomy, and critical incentive alignment. We believe this is a beneficial structure in high-cash-flow-generating alternatives businesses where talent is best motivated and retained through economic alignment. Our investments are all made with critical governance protections that we have developed and tested over the past 15 years, including consent rights over major changes in the business, liquidity rights to provide for at least annual profit distributions and economic and margin protections. This means that, unlike ordinary equity where Shareholders receive dividends after management, our economics participate alongside or ahead of management – and are structured to result in better returns than ordinary equity would achieve.

### Diversification and Access

#### Diverse, stable income streams

Petershill Partners generates diversified, stable, recurring cash flows with high margins, as well as significant opportunity for meaningful growth. Our diversified revenue streams are composed substantially of income from Partner-firms derived from management fee income on contractually committed, long-dated assets. These earnings represent the diversification of the Partner-firms' underlying funds across sector and geography, as well as the various phases of each fund's lifecycle, known as the "vintage year" of the fund. Regular and stable revenue flows from management, and performance fees, are paid on the same basis to Petershill Partners as they are to the Partner-firm's principals. The diversity of these earnings reinforces such stability. In addition, certain protections are in place, such as margin protections or structured equity, which further enhance the security of the revenue streams.

#### Access to secular growth trends in the private markets

Petershill Partners provides public market investors with a distinct and diversified way to access the profitability of high-growth private capital businesses. Partner-firms gain long-term capital and continual guidance to fuel their ambitious growth trajectories. The success and earning power of the Partner-firms, in turn, powers the value and growing impact of the Company.

## Growth

### Focused on established, ambitious Partner-firms capable of further significant growth

Petershill Partners looks to help drive growth in Partner-firms with strong AuM momentum. The Company accelerates growth by capital infusion and alignment with Partner-firms to accelerate shared value creation, working to build on their proven success and drive continued growth over the long term in the interest of generating highly diversified earnings from top-performing firms.

### Resources and expertise from external Operator

Our Operator leverages a proven model and is led by a proven team. Goldman Sachs Asset Management built and managed the predecessor private funds to Petershill Partners over the course of the last 15 years, leading up to the IPO of the Company in 2021. Please refer to page 23 for more information on the Operator's history. This highly aligned, credible, stable team brings continuity of experience and commitment, and a proven ability, demonstrated over many years, to source and evaluate opportunities in private markets and provide private equity and other alternative asset management firms with strategic guidance and support.

Petershill Partners benefits from the substantial resources of Goldman Sachs, scaled across its services to Petershill Partners and its role as General Partner to multiple vintages of the Goldman Sachs Asset Management Petershill private funds, including Petershill II and Petershill III which incubated Petershill Partners. These resources allow the Operator to both add value to our existing Partner-firms and source highly attractive and proprietary opportunities to invest in new ones.[1]

### Low-cost operating structure

The Company operates a differentiated and simple capital-efficient profit model underpinned by recurring revenue streams, specifically structured to give investors access to the growth and profitability of a highly attractive sector based on key principles of alignment, without taking significant concentration risk or bearing the cost of a full corporate structure. The Company has no employees and does not have physical operations. Additionally, our low-cost operating structure means that a high proportion of revenues converts into profits. This allows further investment in incremental acquisition-led growth and the delivery of shareholder returns through progressive dividends.

The most significant recurring cost to the Company is the Operator charge; however, at 7.5% of revenues (capped at 15% over time with the profit charge on new investments), this is lower than the typical team and overhead costs in comparable alternative asset management firms. Importantly there is no "double layer" of fees, as Petershill Partners is the beneficiary, not the payer, of fees generated by the underlying Partner-firms.

### Targeting acquisitive growth

Our proven Operator team pursues accretive acquisition-led growth through investment in new Partner-firms. As shown on page 18 of this report, Petershill Partners has significant potential for additional growth through acquisitions, in addition to the opportunity for meaningful, organic growth across the existing various funds and strategies of the Partner-firms. Through our Operator, the Company has access to the extensive networks and resources of Goldman Sachs to source potential Partner-firms.

### Five transactions completed in our first full quarter as a public company

In Q4 2021, Petershill Partners acquired interests in the general partners of five private equity firms, including four new Partner-firms and a follow-on acquisition of additional equity in one firm. This is expected to have ~9% accretive impact on 2023 earnings. Of the US$458m in acquisitions, US$241m was funded at close, with the remainder deferred.

### Differentiated offering as we pursue acquisitive growth

The Company's business model is distinctive, and the Board believes it would be challenging to reproduce. There are high barriers to entry in this space, and only three participants (including Petershill Partners) accounted for 89% of the non-control acquisitions involving private alternative asset management firms, with $5 billion-plus AuM from 2008 to 2021. The expertise and track record of our Operator, Goldman Sachs Asset Management, is distinct and compelling.

In approaching potential partners, Petershill Partners does not seek control, preferring to take a non-control stake that aligns strategically with Partner-firms' management and preserves their independence, ownership control and upside. The Company does not lead with an exit strategy, but rather offers capital and a long-term strategic relationship, focused on the long-term success of each Partner-firm's strategy. Meanwhile, our Operator brings more than the continuity and depth of its skilled team; it also brings access to the resources and wealth of expertise of Goldman Sachs Asset Management.

Petershill Partners invests for the long term, focused on managing, improving and adding to a highly diversified portfolio of Partner-firms that generates predictable and stable revenues as it supports and drives growth.

1. This ability to leverage Goldman Sachs resources is conditioned by appropriate information barriers and subject to legal, internal and regulatory restrictions.

# OUR PARTNER-FIRMS

Petershill Partners' current Partner-firms are predominantly private capital firms, and our plans for expansion, as demonstrated by our initial group of acquisitions post IPO, are focused on this promising, attractive space within private markets.

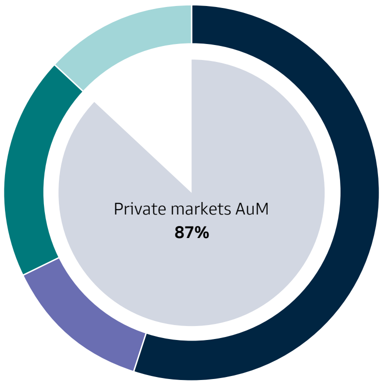
Petershill Partners has investments in 23 alternative asset management firms. Our asset class exposure by AuM is 55% in private equity, 13% in private credit, 19% in private real assets and 13% in absolute return. This means that 87% of our aggregate AuM now sits within private market firms with lock-up capital structures (up from 81% at the time of our listing).

Our Partner-firms manage a total of 212 funds, of which 197 are fee-paying. Across our investments we have a blended Partner Fee-Related Earnings ownership of 14.2% (refer to page 124 for additional information).

In the fourth quarter of 2021, our first as a public entity, the Company completed five acquisitions of interests in private equity firms. These included a "follow-on" investment of additional equity in Industry Ventures, plus four new private equity Partner-firms: Arsenal Capital Partners, Wind Point Partners, Arlington, and Symphony Technology Group.

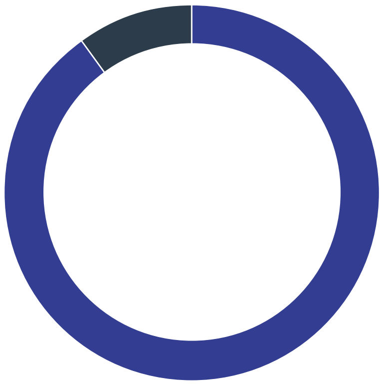
Investments are selected with a view to diversifying risk in accordance with the Company's investment policy (for details on the Company's investment policy see pages 19-21).

### AuM Asset Class Exposure* ($bn)



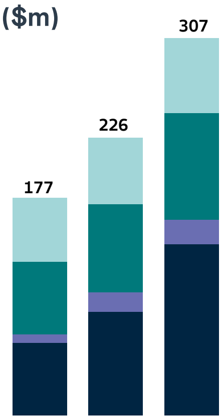

| | |
|---|---|
| Private equity | 55% |
| Private credit | 13% |
| Private real assets | 19% |
| Absolute return | 13% |

### Partner-firm AuM by Geography*



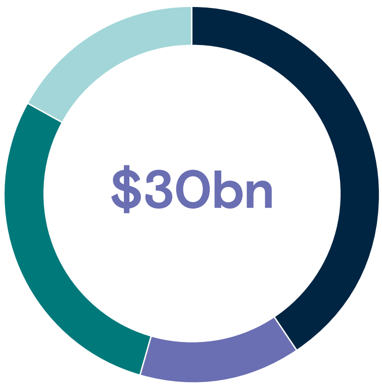
| | |
|---|---|
| North America | 90% |
| Europe | 10% |

### Partner Management Fee (FRE) Revenue by Asset Class* ($m)




| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Private equity | 59 | 84 | 139 |
| Private credit | 7 | 16 | 20 |
| Private real assets | 59 | 72 | 87 |
| Absolute return | 52 | 54 | 61 |

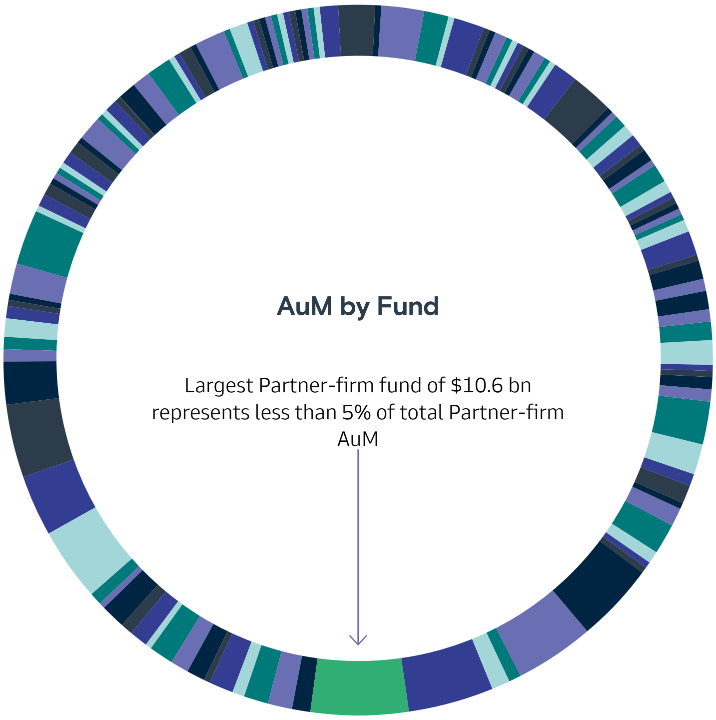
### Ownership-weighted AuM by Asset Class*



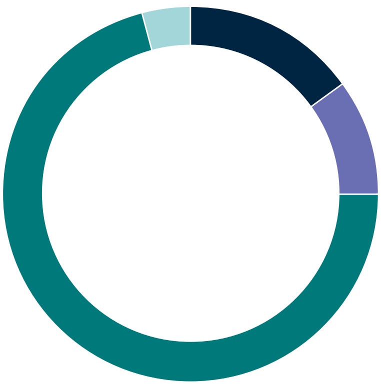

| | |
|---|---|
| Private equity | 41% |
| Private credit | 14% |
| Private real assets | 29% |
| Absolute return | 17% |

## Total AuM

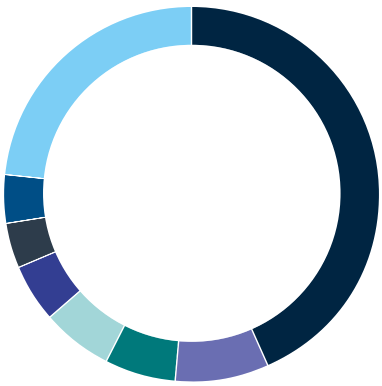
# $234bn



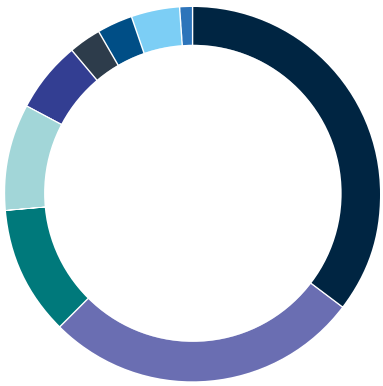

### AuM by Duration[1*]



### AuM by Strategy[*]



### AuM by Sector[*]



| AuM by Duration | |
|---|---|
| 0 – 3 years | 15% |
| 3 – 8 years | 10% |
| 8+ years | 71% |
| Permanent | 4% |

| AuM by Strategy | | | |
|---|---|---|---|
| Buyout | 43% | Growth | 5% |
| Real estate | 8% | Infrastructure | 4% |
| Energy | 6% | Global macro | 4% |
| CLO | 6% | Other[2] | 23% |

| AuM by Sector | | | |
|---|---|---|---|
| Technology | 35% | Energy | 6% |
| Diversified | 27% | Industrials | 3% |
| Real estate | 11% | Healthcare | 3% |
| Credit | 9% | Infrastructure | 4% |
| | | Aerospace & Defence | 1% |

1. Weighted average duration of Aggregate Partner-firm total AuM.
2. Other includes Systematic, Global Macro, Credit, Multi-Strategy, Direct lending / Senior, Venture Capital, Secondaries, Distressed / Special Situations and Fixed Income Revenue.

* Totals may not add due to rounding.

## Our Partner-firms

The following table details the Company's Partner-firms.

| Partner-firm | Strategy | Asset Classes | Founded | Geography (Headquarters) |
|---|---|---|---|---|
| **Accel-KKR** | Mid-market software / tech buyout | Private equity | 2000 | Americas (Menlo Park, CA) |
| **ArcLight Capital Partners** | Energy / infrastructure | Private real assets | 2001 | Americas (Boston, MA) |
| **Arlington Capital Partners** | Mid-market buyout | Private equity | 1999 | Americas (Chevy Chase, MD) |
| **Arsenal Capital Partners** | Healthcare / industrial | Private equity | 2000 | Americas (New York, NY) |
| **Caxton Associates** | Global macro | Absolute return | 1983 | Global (New York, NY) |
| **Clearlake** | Distressed credit, buyout | Private equity / private credit | 2006 | Americas (Santa Monica, CA) |
| **Fort Investment Management** | Systematic | Absolute return | 1993 | Global (Chevy Chase, MD) |
| **Francisco Partners** | Mid-market tech buyout | Private equity / private credit | 1999 | Americas (San Francisco, CA) |
| **General Catalyst** | Venture | Private equity | 2000 | Americas (Boston, MA) |
| **Harvest Partners** | Mid-market buyout | Private equity | 1981 | Americas (New York, NY) |
| **Industry Ventures** | Venture | Private equity | 2000 | Americas (San Francisco, CA) |
| **Kayne Anderson Real Estate** | Real estate | Private credit / private real assets | 2007 | Americas (Boca Raton, FL) |
| **Knighthead Capital Management** | Event-driven, credit | Private real assets / absolute return | 2008 | Americas (New York, NY) |
| **Lakewood** | Equity long / short | Absolute return | 2007 | Americas (New York, NY) |
| **Littlejohn & Co** | Mid-market buyout, credit | Private equity / private credit | 1996 | Americas (Greenwich, CT) |
| **LMR Partners** | Multi-strategy relative value | Absolute return | 2009 | Global (London, Hong Kong, New York) |
| **Pelham Capital** | Equity long / short | Absolute return | 2007 | Europe (London, UK) |
| **Piney Lake Partners** | Private credit | Private credit | 2018 | Americas (Greenwich, CT) |
| **Riverstone Holdings LLC** | Energy / natural resources | Private credit / private real assets | 2000 | Global (New York, NY) |
| **Slate Asset Management** | Real estate | Private real assets | 2005 | Global (Toronto, Canada) |
| **Symphony Technology Group** | Mid-market software / tech buyout | Private equity | 2002 | Global (Palo Alto, CA) |
| **Westbrook Partners** | Real estate | Private real assets | 1994 | Global (Palm Beach, FL) |
| **Wind Point Partners** | Mid-market buyout | Private equity | 1984 | Americas (Chicago, IL) |

# TRENDS AND EVOLVING OPPORTUNITY DRIVERS

The strong and sustained growth of the alternative investments industry has been underpinned by a number of secular trends, from which the Company believes it is well positioned to benefit. We believe the diversification of the Company and the long-duration capital of our Partner-firms position the Company well to be resilient should challenges arise.

## Increasing Institutional Capital

The growth in long-term investing has been driven mainly by the rise of global institutional wealth, namely across pension funds, insurance companies and sovereign wealth funds (SWFs). Global institutional wealth has increased at a fast pace over the past 15 years, with SWFs growing at a compound annual rate above 10%. Investor demand for alternative assets has consistently driven AuM in our industry over the last decade with further growth expected to result in industry AuM increasing by 70% through to 2026. This demand from these long-term horizon investors, has been facilitated by increasing comfort with illiquidity, in the pursuit of yield and returns.

Our Partner-firms manage in excess of $234 billion AuM, across a host of strategies, sectors and geographies, predominantly in longer-duration strategies, with private capital comprising 87% of AuM. We believe that given the strength of their performance, with over 81% of Partner-firm funds exceeding their benchmarks, our Partner-firms are well positioned to benefit from ongoing investor demand for alternatives.[1]

## Impact of Rising Rates

Historically, rising interest rates have been seen as a challenge for consistent investment returns – in both public and private market strategies, increasing risk in leveraged firms, and also increasing benchmarks for risk-adjusted returns given rising risk-free rates.

While global growth was certainly spurred by the low interest rate environment between 2019-2021, we also observed material growth in demand for alternative asset management products during a rising interest rates environment between 2016-2019. This is partly explained by the material gap between private capital return expectations – in the mid-to-low teens – against rising rates in 2019 which capped out at 2.25% (USD benchmarked interest rate capped in December 2018 through August 2019). Given Petershill Partners' diversification and exposure to high-quality Partner-firms, we expect industry growth to provide a baseline to our aggregated AuM growth, which has historically averaged 25% CAGR (including acquisitions).

Expectations of rising rates have also historically been considered a challenge to the leveraged capital structures of private-equity-owned-assets; however, we saw little in terms of bankruptcy or restructuring emanating from the demand shocks of 2020 and 2021. To put this in context, the bankruptcy rates in 2009 and 2010 were 9.9% and 3.0% for speculative debt. In comparison bankruptcies in 2020 were 5.5% and 1.8% in 2021.[2] This has partly been explained by the way covenants are now used in debt markets, with private debt lenders replacing the more regulated and constrained bank lenders. For this reason among others, while not insulated from the impact of rising rates, it is expected that leveraged firms do not exhibit the same level of sensitivity as in prior periods of rising interest rates.

Absent material increases in interest rates, we do not expect an impact on the capital raising capabilities of our Partner-firms, nor on the stability of the firms owned by the funds managed by these firms. However, rising rates could impact returns along with realisation multiples and private market firms that rely on some element of multiple expansion, driven by falling interest rates, may find that this is not available to them in the near term. As such, rising interest rates could well result in reduced Partner-firm performance-related earnings both in frequency, as assets are held for longer, and in quantum as realisation multiples are lower. However, this may also create attractive "entry points" for firms acquiring new assets.

We believe this risk is mitigated in Petershill Partners through the highly diversified nature of our Partner-firm PRE across over 200 funds, and 75 different strategies that span across numerous vintages. In addition, credit strategies that have historically exhibited strength in rising rates environments, represented 14% of total ownership weighted AuM.

## The Impact of Inflation

In addition to credit firms, we would also expect real asset and absolute return firms to potentially benefit from increases in rates and inflation, as these asset classes have historically presented a hedge to rising rates and inflation. At 31 December 2021, real asset and absolute return firms made up 32% of our Total Partner-firm AuM at $74bn.

For private capital firms, given the challenge of rising costs, inflation may complicate the ability of firms to enhance operating margins, potentially impacting profitability. We believe the diversification of Petershill Partners may help mitigate some of these concerns. Furthermore, recent challenges to supply chains stemming from COVID-19, have been anticipated and met with significant efforts to create more resilient supply chains going forward. In addition, onshore activity has been redoubled since the Russia-Ukraine conflict and while this may impact global market access for certain firms, it may also create a more attractive environment for the beneficiaries of this onshoring. The majority of our Partner-firms' activity is based in North America and we believe that global challenges might present themselves more outside the mid-market private equity landscape with larger assets that operate across multiple markets.

We believe that the resilience of Petershill Partners, through vintage, sector, fund and team diversification positions the Company well, by reducing reliance on the returns of any one fund, strategy or sector.

1. Private markets performance based on realised net IRR quartiling based on percentage of Aggregate Partner-firm AuM and absolute return by Aggregate Partner-firm AuM over 10 years relative to HFRX Absolute Return Index. Private markets weighted at 87% and absolute return at 13% in line with Dec-21 Aggregate Partner-firm AuM split.
2. S&P Global, Default, Transition, and Recovery: 2020 Annual Global Corporate Default and Rating Transition Study: https://www.spglobal.com/ratings/en/research/articles/210407-default-transition-and-recovery-2020-annual-global-corporate-default-and-rating-transition-study-11900573

## Increasing Demand for Alternative Investments from Institutional Investors

Institutional investors have been increasing allocations to alternative investments in lieu of investments such as equity and fixed-income securities. The asset allocation to alternative investments by pension funds has increased significantly, from approximately 7% to 26% between 2000 and 2020, according to the Thinking Ahead Institute.

Over 80% of institutional investors tracked by Preqin now invest in at least one alternative asset class, and nearly 40% invest in at least three. While competition for assets, valuations, and rising interest rates top the list of investor concerns, more than 85% plan to invest more or the same amount in private capital over the next 12 months.[3]

## Increasing Demand for Alternative Investments from Retail Investors

The same resilience and consistent returns that have driven institutional investors to increase allocations to the private capital asset class have driven appetite in the historically underserved retail investor base. Lack of product availability and regulatory challenges have historically been barriers to asset managers raising capital from retail investors in the same manner that they have from institutional investors. However, with certain changes in regulation and consultations, we are beginning to see increasing potential for retail market access to alternatives products: in the US the Securities and Exchange Commission is consulting on opening private equity products to retail investors, having already widened the scope of the accredited investors definition in 2020; in Europe the European Long Term Investment Fund (ELTIF) introduced in 2015, which was designed to gather institutional and retail capital for longer-term products, is being amended to expand the scope and range of products that can be eligible.

## Consistent Outperformance of Private Markets Investments over Public Markets

Private markets investments have an established track record of higher absolute and risk-adjusted returns in comparison to both public equity and fixed-income markets. In addition to seeking superior risk-adjusted returns, institutional investors have been increasing their allocations to private markets investments to achieve diversification, macro hedges, stable income and low volatility relative to "traditional" public markets investments.

## Companies Staying Privately-Held for Longer, Deepening the Opportunity Set and Capacity for Private Capital Managers

The composition of public markets is fundamentally shifting, as more companies are choosing to stay privately held for longer or return to being privately held. Between 2000 and 2018, the number of US sponsor-backed companies increased more than fivefold. Over the same period, the number of US publicly traded firms decreased by 36%, while the number of publicly traded firms in Europe and Central Asia decreased by 32%, according to the World Bank.

## Increasing International Growth

The Company expects international markets, led by the stronger, more stable economies, to become a source of scalable and long-term capital for private markets fundraising. In addition, we see our investment opportunity set also expanding as more and more firms outside of North America also begin to recognise the potential benefits of selling a portion of their management company in order to gain a strategic partnership with a company like Petershill Partners.

## Increasing Demand for Sophisticated Analytics and Transparency

Alternative asset managers are finding that big data and analytics can provide a competitive advantage in terms of due diligence and deal sourcing. There is now a substantial amount of data available on prospective targets that private markets firms can use to make better-informed investment decisions. Alternative asset managers that have integrated digital processes into their sourcing and due diligence frameworks are therefore better positioned to capitalise on anticipated trends within big data and analytics.

As a result, investors are increasingly seeking to partner with firms that not only have a proven track record of investing across multiple asset classes and strategies but are also highly sophisticated in their non-investment functions such as portfolio monitoring, reporting, accounting, legal, compliance, operations and data analysis. According to Ernst & Young, 28% of the fund managers surveyed reported middle- and back-office process enhancement as one of their top three priorities.

## Greater Focus on Sustainability and ESG

Sustainability is becoming increasingly important for asset management firms in response to the challenges faced by businesses and the world at large. These challenges include environmental factors such as climate change and pollution, social concerns such as diversity and inclusiveness, and governance issues such as the need for equitable employee compensation and transparent decision-making.

In response to these trends, asset management firms are increasingly emphasising sustainability and are increasingly focused on transparently communicating on the topic with all stakeholders, including investors. Firms are seeking to move beyond simply incorporating sustainability in their investment approach and are looking to embed sustainability into their cultural framework, taking a more holistic approach. According to Preqin, 43% of private equity investors have an active ESG policy in place, with another 19% expected to put one in place in the next 12 months. In addition, 72% of private equity investors believe that fund managers are adopting ESG policies because of pressure from their existing and prospective LPs where investor sentiment towards ESG inclusion in the investment process is notably supportive, with 78% of investors viewing the pursuit of ESG investment initiatives as either being positive or having no impact on overall investment returns.

Investment funds with an approach that considers ESG factors in portfolio selection and management are growing in popularity and size. Fundraising by GPs with formal ESG policies at the management company level increased to $630 billion – representing over half of capital raised, moreover funds with specific ESG mandates have also increased in number to 73 new funds in 2021 doubling over the prior 5 years.

For a more detailed discussion of these trends, please refer to the Company's Prospectus.

You can find more information on the Operator's approach to ESG on pages 39-41.

3. Preqin Investor Outlook Alternative Assets H1 2022 Report: https://www.preqin.com/insights/research/investor-outlooks/preqin-investor-outlook-alternative-assets-h1-2022

# HOW THE OPERATOR SOURCES AND EVALUATES NEW PARTNER-FIRMS

Petershill Partners offers distinct advantages to Partner-firms. The highest-quality alternative asset managers typically seek partnership and continued ownership of their business, not an exit. Our strategy focuses on powering partnership over the long term. The Company's target profile for Partner-firms is consistent and precise.

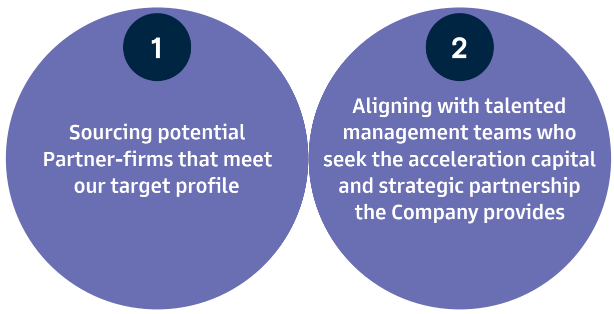
## Disciplined Focus

Petershill Partners targets well-established multi-billion-dollar alternative asset managers with a track record of strong performance and meaningful cash flow generation who are well positioned to develop their platform across future fund and product offerings. Target firms typically range between US$2 billion and US$15 billion of AuM, have been operating for more than 10 years and have more than US$50m of run-rate income from investments in management companies derived from management fee income and positive fee margins. Among the favourable dynamics that the Company and Operator seek are:

- **Performance** — category leaders with proven track records of generating attractive risk-adjusted returns for clients that have performed in the top or second quartile across multiple vintages
- **Sector** — firms operating in sectors benefiting from positive sustainable tailwinds with capacity to develop over time
- **Opportunity** — firms with potential, an opportunity set and the ability to develop in a sustainable way with attractive prospects
- **Culture** — strong culture and cohesiveness of team and partnership, often with a focus on generational development and an apprenticeship culture
- **Alignment** — firms defined by their entrepreneurial spirit and majority-employee ownership, and with a high degree of alignment with Limited Partners and other stakeholders
- **Stability** – high-quality, stable and diversified capital bases with an emphasis on building enduring client relationships across the platform
- **Financials** – attractive recurring earnings-based businesses with strong profitability and cash conversion
- **Goals and Responsibilities** – firms with a focus on building an enduring, diverse platform and who recognise their role in defining environmental, social and governance standards
- **Leadership** – highly capable management teams with demonstrable ability to manage and develop their platforms

Increasingly, the Company's focus is on private equity firms, as that sector of the private markets demonstrates great potential for accelerated growth.

### Our key strategic drivers for growth are clear:



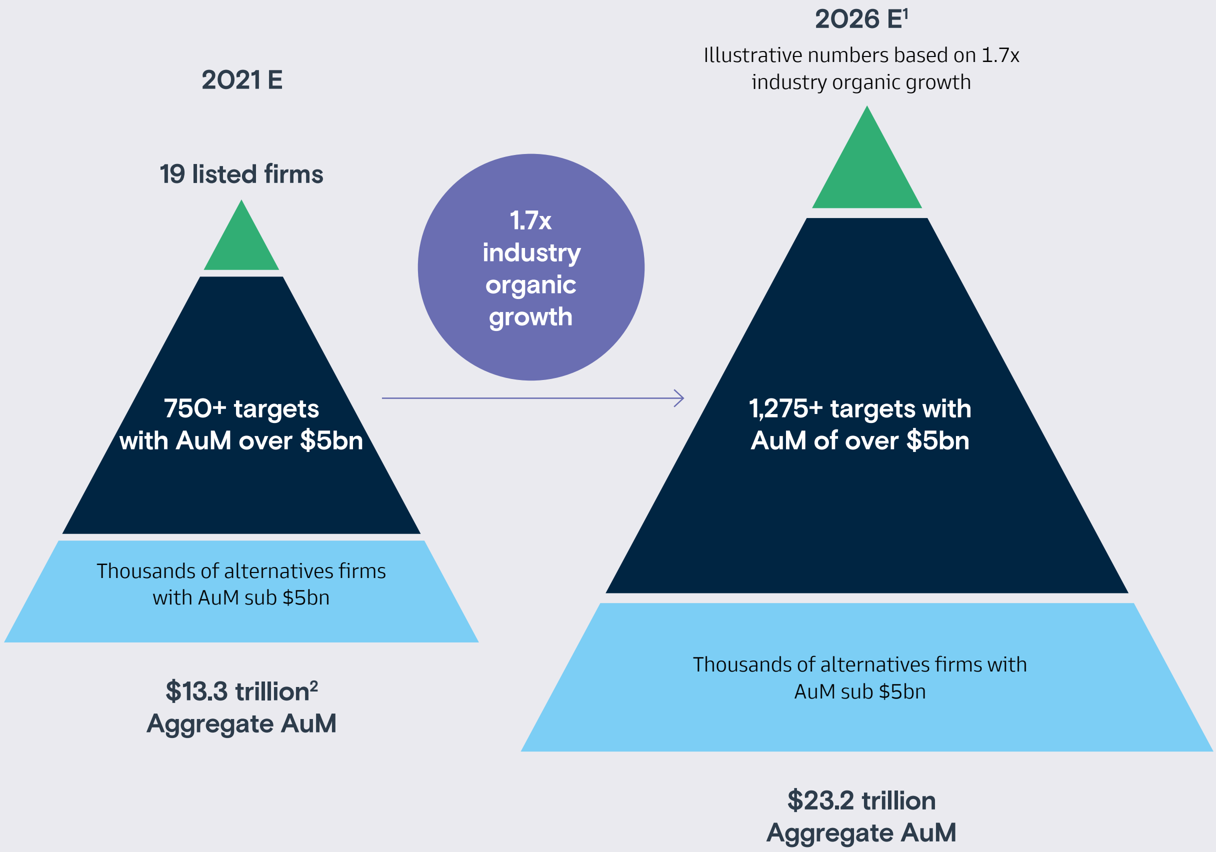
## Healthy Acquisition Pipeline

The total addressable market for private alternative asset management firms is significant and growing. Within this market, Petershill Partners has already identified significant opportunity to add new Partner-firms.

Private markets expansion creates organic growth and M&A opportunity. The alternatives industry is forecasted to continue to expand over the next five years. With the industry growing by 1.7x in that period, alternative asset managers are expected to manage over $23.2 trillion of aggregate AuM by 2026.

### Universe of Scaled Alternatives Firms Continues to Expand

Alternative asset managers are expected to manage ~$23.2 trillion of aggregate AuM by 2026, which could lead to a target universe of 1,275+ firms[1]




1. Source: Preqin. Assets under management as at December 2021. Figure is annualised based on data to March 2021
2. Based on the estimated opportunity set grown at Preqin's estimated alternatives industry 2021-26 growth of 1.7x

Our Operator has a robust, repeatable evaluation process that leverages significant proprietary data and processes – and benefits from the depth and rigour available in a private diligence process.

## Our Dividend Policy

Petershill Partners has set a progressive dividend policy which will reflect earnings growth over time. The Board will review the distributable reserves periodically, including consideration of any material changes since the most recent audited accounts, ahead of proposing any dividend. The interim dividend is set to one-third of the prior year annual dividend amount, and the final dividend proposed will be set to reach the target for the year. Shareholders will be given the opportunity to approve the final dividend for the year at the Company's Annual General Meeting.

## Our Acquisition Strategy and Investment Policy

The Company seeks to make growth capital investments in the general partnerships of alternative asset management businesses ("Partner-firms", with such stakes in Partner-firms being referred to as "Alternative Asset Manager Stakes"). The Company's structured investments represent non-control ownership positions and rights to certain revenue streams in such Partner-firms in which the Company has an Alternative Asset Manager Stake.

The Company seeks to invest in Alternative Asset Manager Stakes primarily across the following four asset classes: private equity, private real assets (including real estate, infrastructure and natural resources), absolute return strategies invested principally in publicly traded securities, and private credit. More information on diversification across asset classes can be found on pages 12-13. The Company may also invest in adjacent businesses that involve investment management, including traditional asset management firms, wealth managers and insurance businesses. As part of partnering with the Partner-firms, the Company may be required, or may choose, to invest in funds and products that are managed by Partner-firms in which it holds an Alternative Asset Manager Stake. The amount the Company invests in the Partner-firms' funds and products will typically be significantly less than the amounts the Company invests in Alternative Asset Manager Stakes. The investment restrictions set out in this policy support the Company's objective of spreading investment risk by limiting the Company's ability to invest in individual Partner-firms and in the funds and products that are managed by those Partner-firms in which the Company has an Alternative Asset Manager Stake.

The Company targets well established alternative asset managers with a track record of strong performance and meaningful cash flow generation which are well positioned to develop their business across future fund and product offerings. The Company's portfolio comprises investments in Partner-firms globally, with a primary focus on North America and Europe, and a lesser focus on Asia, which is expected to evolve over time. The Company expects to ensure that at least 30 per cent of annual Partner-firm FRE is derived from investments in Partner-firms which primarily manage or advise on investments in assets in North America. The Company's initial investment in any one Partner-firm will typically range from US$10m to US$400m, although secondary transactions involving a portfolio or number of different stakes may cause the resulting aggregate investment to be larger than this.

The Company seeks to spread Alternative Asset Manager Stake investments across asset classes in order to ensure it has a diverse portfolio.

The Company's investments in Partner-firms will typically take the form of unlisted ordinary equity and partnership interests, representing non-control investments where the Company receives income generated by the long-term assets managed by the Partner-firms in which we invest (but may also take other forms, including unlisted preferred equity and unlisted debt investments). What form an investment takes will be determined by the Operator and will be the form that, in its reasonable opinion, is the most appropriate for the investment in question. As a result of realisations from the funds managed by Partner-firms, as well as the Partner-firms themselves, the Company may hold shares in listed businesses, which would typically be on a temporary basis.

From time to time, a portion of the Company's assets may be held in the form of cash and/or cash equivalents pending the identification of new investment opportunities by the Operator and the application of some or all of that cash as part of any such investment. There is no limit on the amount of cash that the Company may, from time to time, hold in cash or cash equivalent investments. The Company may also invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds. No more than 20 per cent of the Company's gross assets will be invested in any single money market fund or deposited in any single bank.

The Company may from time to time (but shall not be required to) enter into hedging or other derivative arrangements which are, in the reasonable opinion of the Operator, considered appropriate for the purposes of efficient portfolio management (including without limitation for interest rate hedging purposes) and managing investment exposures.

The Company will not conduct trading activity which is significant in the context of the Company and its investments as a whole.

### Investment Restrictions

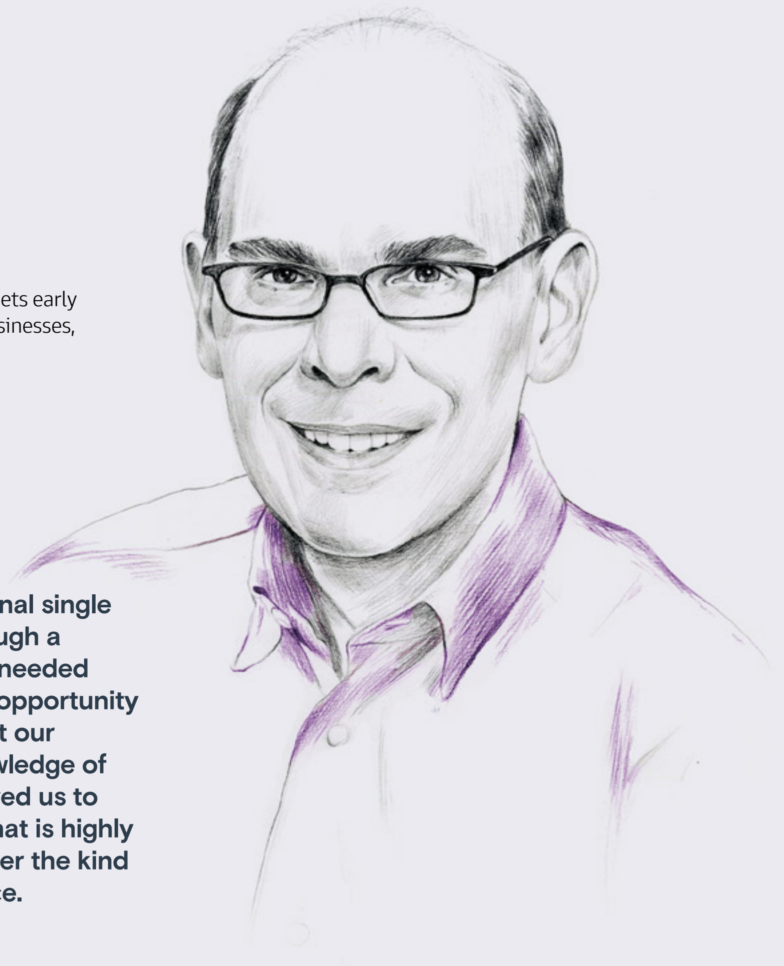
Investments are selected with a view to diversifying risk. More information on the diversification of investments can be found on pages 12-13. In addition, the Company invests and manages its assets in compliance with the restrictions set out below:

- The Company will only make an investment in a Partner-firm if such Partner-firm will contribute no more than 20 per cent of annual Partner FRE measured in reference to the 12-month period ended on the latest practicable date prior to the date of the investment. Shareholders should note that such Partner FRE data will be unaudited. For the avoidance of doubt, the limits in this paragraph exclude any investment in a fund or product that is managed or advised on by such Partner-firm and any returns from any such fund or product.
- The Company will only make an additional investment in a Partner-firm that is already within the Company's portfolio if such Partner-firm will contribute no more than 20 per cent of annual Partner FRE measured in reference to the 12-month period ended on the latest practicable date prior to the date of the additional investment. Shareholders should note that such Partner FRE data will be unaudited. For the avoidance of doubt, the limits in this paragraph exclude any investment in a fund or product that is managed or advised on by such Partner-firm and any returns from any such fund or product.
- The Company will ensure that no investment will be made in a fund or product managed or advised on by a Partner-firm unless the aggregate value of all such investments, including the amount proposed to be invested, is no more than 20 per cent of the Company's gross assets, as shown in its most recently published balance sheet.
- The Company will invest in funds or products only if they are managed or advised on by a Partner-firm within the Company's portfolio.
- For so long as required by the Listing Rules, the Company will at all times seek to ensure that the Operator invests and manages its assets in a way which is consistent with the Company's object of spreading risk and in accordance with its Acquisition Strategy and Investment Policy.

The above investment restrictions are measured at the time at which the Company makes the relevant investment. There is no requirement to sell any investment (in whole or in part) to the extent subsequent changes to the Company's gross assets valuation result in any investment exceeding the limits set by the above restrictions. Where the Company holds its investments indirectly, including through one or more holding entities, the investment restrictions are applied on a look-through basis.

# PARTNER-FIRM PROFILE

GENERAL CATALYST



### About the Partnership

A venture capital and growth firm founded in 2000, General Catalyst targets early stage venture and growth investments in technology or tech-enabled businesses, such as Stripe, Snap, Warby Parker, Livongo and Airbnb. The firm is based in Cambridge, MA, with additional offices in New York, Palo Alto, San Francisco and London.

**Petershill has been a great partner. We were a traditional single fund: a very successful firm, but we had yet to go through a generational transition or a real scaling transition. We needed to be multi-generational, to scale capital and to scale opportunity for leadership. Your forward thinking — looking at what our business could be — got us there. The transfer of knowledge of how a bigger, more platform-oriented firm works allowed us to become a different, more impactful kind of firm, one that is highly sustainable, will grow over time, and continues to deliver the kind of elite returns that attracted you to us in the first place.**

**Joel Cutler**
Co-Founder and Managing Partner, General Catalyst

Partner-firm funds include provisions that may define and prohibit certain investment areas, such as activities deemed to be illegal; the Operator reviews these restrictions as part of its diligence process.

Unfunded further payment commitments in respect of investments in Partner-firms or funds or products managed or advised on by a Partner-firm will be treated as forming part of the original investment and will not be considered an additional investment in the relevant Partner-firm or in the relevant funds or products for the purposes of any of the above investment restrictions.

## Co-investment and Co-financing

The Company may invest alongside Petershill IV, the successor to the private funds that incubated Petershill Partners, or other funds with a substantially similar investment policy which are managed or advised on by the Operator or any member of the Operator's group at the relevant time, but for the avoidance of doubt the Company is not limited solely to such investments.

## Borrowing Policy and Gearing[1]

The Company may incur indebtedness (less available cash) of up to a maximum of three times the Company's Adjusted EBIT as published in the Company's last financial statements, calculated at the time of drawdown, for the purposes of financing investments, share buybacks, general working capital purposes or any other purpose approved by the Board. Adjusted EBIT will be defined as earnings before interest, tax, less net gain on investment transactions and non-recurring items.

Intra-group indebtedness will not be included for the purposes of calculating the Company's indebtedness. Any indebtedness of any holding entity through which the Company makes investments will not be included for the purposes of calculating the Company's indebtedness for so long as either: (a) the creditor of such indebtedness only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or any of the Company's investments; or (b) that debt is owed to the Company or its subsidiaries.

The Company may borrow funds for general purposes, including to make investments, to leverage existing investments and to pay expenses and other obligations. Any such borrowings may be secured by the Company's investments (as described below under "EU AIFMD Leverage Limit"). The Company may, directly or indirectly, through wholly or partially owned subsidiaries of the Company (including an investment vehicle), or otherwise, incur indebtedness or enter into guarantees, provided that the Company complies with its Acquisition Strategy and Investment Policy. Credit facilities may be secured by the Company's assets.

The Company may also, subject to the overall limitations set out in this Acquisition Strategy and Investment Policy, guarantee or pledge its assets in support of or otherwise provide credit support (including by giving equity commitments) for the obligations of Partner-firms in which it is invested, which may be structured as a guarantee in full or by providing collateral or other credit support for the full value (and not just a pro-rata portion) of the obligations of a Partner-firm.

## EU AIFMD Leverage Limit

In accordance with its risk management function and the investment objectives of the Company, the Operator has set a maximum level of leverage which the Operator may employ on behalf of the Company. For the avoidance of doubt, this maximum level of leverage only applies at the level of the Company (including, where applicable, financial or legal structures involving third parties controlled by the Company and specifically set up to directly or indirectly increase leverage at the level of the Company). The methods used for the determination of the maximum level of leverage of the Company, and the circumstances in which borrowings are treated as leverage for these purposes, are prescribed under EU AIFMD and are the gross method (as such term is defined in article 7 of the AIFMD Delegated Regulation) and the commitment method (as such term is defined in article 8 of the AIFMD Delegated Regulation). The Operator has determined that leverage, for this purpose and calculated in this manner, will not exceed 1,500 per cent (expressed as a percentage and calculated using the gross method of calculation) and 1,500 per cent (expressed as a percentage and calculated using the commitment method of calculation), other than if and to the extent that leverage for these purposes results from borrowings under revolving credit facilities on a short-term basis to make investments pending the drawdown of (and covered by) capital commitments of Shareholders ("Subscription Facility Borrowings") which, due to the way in which such borrowings can impact the calculation of leverage for the purposes of the EU AIFMD, may be unlimited. Such limits should not be viewed as indicative of the amount of leverage that will be employed on behalf of the Company or as a target for the Company, and it may be that such leverage will be significantly lower in practice. Shareholders should note that in exceptional circumstances, the Central Bank of Ireland (CBI) may impose limits on the level of leverage (calculated in this manner) that the Operator is entitled to employ, or other restrictions on the management of the Operator with respect to the Company.

Shareholders should note that the level of leverage as calculated under the gross method of calculation does not necessarily provide any reasonable illustration of the overall risk profile of the Company, as financial derivative instruments and borrowing of cash or securities are used to manage risk as well as to seek return. This is largely due to the fact that the gross method simply aggregates the absolute sum of all long and short financial derivative instrument positions, even if they are for hedging or offsetting purposes, and further uses notional values rather than measures that calculate the overall contributions to risk, which will often explain why the leverage levels under this method appear high. Shareholders should also note that the incurrence of Subscription Facility Borrowings can lead to very high reported leverage levels for the purposes of the EU AIFMD, for reasons including the inability to include undrawn capital commitments in determining the net asset value of the Company for these purposes and the inability to exclude drawdowns under revolving facility agreements as "temporary" in nature. Further details on the average leverage level will be disclosed in the Company's annual financial statements for the relevant accounting period.

Shareholders should not expect that the Operator can or will lend money to the Petershill Partners Group for the purposes of paying interest, financing, transaction and other costs or for any other purpose.

1. Gearing represents the use of leverage as a tool to manage liquidity and cost of capital.

# HIGHLY EXPERIENCED OPERATOR TEAM

### Ali Raissi
**Managing Director**

Ali is global co-head of the Goldman Sachs Asset Management Petershill Group, leading initiatives for Petershill Partners as well as the Petershill private funds. He is co-chair of the Goldman Sachs Asset Management Petershill Investment Committee, directing investing in leading established private-market and public-market alternative asset management companies and in newly established private-market managers. Ali first joined Goldman Sachs in 1999 as an analyst in the Financial Institutions Group in the Investment Banking Division and re-joined the firm in Goldman Sachs Asset Management, helping found the Existing Petershill Group in 2007 as a portfolio manager for the first Petershill fund. Ali earned a BA in Economics and a general honours degree from the University of Pennsylvania, where he was a Benjamin Franklin Scholar.

### Christian von Schimmelmann
**Managing Director**

Christian is global co-head of the Goldman Sachs Asset Management Petershill Group, leading initiatives for Petershill Partners as well as the Petershill private funds. He is co-chair of the Goldman Sachs Asset Management Petershill Investment Committee, directing investing in leading established private-market and public-market alternative asset management companies and in newly established private-market managers. Prior to joining the Existing Petershill Group, Christian was a senior member of the research and principal investment team on the Goldman Sachs Bank Loan Desk for four years. Prior to that, he was a member of the Financial Institutions Group in the Goldman Sachs Investment Banking Division from 1999 to 2004. Earlier in his career, Christian worked at McKinsey & Company in the Financial Services Practice and at Salomon Brothers Inc. in the Investment Banking Division. Christian earned a BS in Economics from the Wharton School of the University of Pennsylvania and an MBA from the University of Chicago Booth School of Business.

### Robert Hamilton Kelly
**Managing Director**

Robert is global co-head of the Goldman Sachs Asset Management Petershill Group, leading initiatives for Petershill Partners as well as the Petershill private funds. He is a member of the Goldman Sachs Asset Management Petershill Investment Committee, directing investing in leading established private-market and public-market alternative asset management companies and in newly established private-market managers. Prior to joining Goldman Sachs, Robert worked at Gleacher & Co./Gleacher Shacklock in investment banking and in special situations. Robert earned a BA (Hons) and an MA from the University of Oxford.

# ROLE OF THE OPERATOR

Petershill Partners is a diversified, publicly listed, global alternatives investment group focused on private equity and other private capital strategies through economic interests in 23 Partner-firms. Petershill Partners is operated by Goldman Sachs Asset Management.

The Operator – and the leadership team within it focused on Petershill Partners – has extensive experience and history in this space. The Petershill team within the Operator was founded in 2007 to provide private equity growth capital to the alternative asset management sector. This means that the Operator has one of the longest track records in the industry, having launched the first standalone vehicle dedicated to investing in non-control stakes in alternative asset managers.

Over the past 15 years, the Operator has made 42 investments across its private funds, having undertaken detailed due diligence exercises on more than 300 investment opportunities and deployed over US$7 billion of capital for its funds. The Operator leverages direct sourcing capabilities through its broader platform and relationship with the wider Goldman Sachs group. In addition, Partner-firms also have access to a wide range of support services to assist with the institutionalisation and development of their businesses.

The Operator sources and diligences potential Partner-firms. For select firms, the Operator team creates alignment with firm management and negotiates investment terms for the acquisitions of new interests.

The Operator provides Partner-firms with strategic guidance and, as appropriate, leverages Goldman Sachs resources and services to add value to and foster the growth of Partner-firms. The Operator focuses on driving growth at Petershill Partners through the following means:

1. Acquisitive growth for the firm – sourcing, performing diligence on, aligning with and acquiring economic interests in new Partner-firms
2. Organic growth strategy – providing strategic guidance to Partner-firms in their quest for growth
3. Organic growth resources – leveraging Goldman Sachs resources and services to improve infrastructure, performance and earnings profile of Partner-firms

## GP Services Group Within the Operator

The Operator's value-added services capabilities, offering guidance and strategic support, have helped support our Partner-firms and their businesses. The Operator collaborates with our Partner-firms as they seek to scale and institutionalise their businesses, providing guidance, best practice and analytics through its "GP Services" team and platform within Goldman Sachs ("Services"). Over the past half year, this platform saw elevated levels of engagement and activity, bringing full-year interactions to a record level, demonstrating the value that our partners place on this aspect of the strategic partnership.

A consistent theme across these interactions today is the desire for increasing focus on ESG and sustainability. The Services Team at Goldman Sachs Asset Management released a module on ESG and experienced particularly high engagement levels on the topic. The Operator expects this to continue, helping to enhance and help our Partner-firms navigate opportunities in the years to come. The Company believes that the GP Services Platform within Goldman Sachs represents a distinct value proposition for our Partner-firms.

## Support Provided to Partner-firms

Within the Operator, our dedicated GP Services group provides alternative asset managers with a full range of performance enhancements. Over the full year of 2021, this group performed 242 engagements for such firms.

### Value-added GP Services Include:

**Firm infrastructure and operations**
- Legal, Tax & Regulatory Overviews
- Environmental, Social & Governance Consultancy
- Human Capital Optimisation
- Operational Consulting & Digital Transformation

**Capital and production development**
- Capital Formation
- Strategy, Corporate Finance and M&A Advice
- Product Development & Peer Benchmarking

**Investment portfolio and reporting**
- Investment Portfolio Services
- Portfolio Monitoring, Reporting & Communication

# Q&A WITH OUR OPERATOR

## What Do You Find Compelling About Petershill Partners?

### Rob

It's a rather unique, yet proven, business model. Alternative asset management as a category of investment has been highly attractive for limited partners, and we see no reason for that to change. Petershill Partners offers a unique way to provide public market investors with access to this attractive business model.

### Ali

There's a lot of good history in how this public entity came to be. The Petershill team within Goldman Sachs Asset Management was founded 15 years ago to provide unique access to these private partnerships. Over multiple market cycles we have delivered cash returns on lucrative partnerships to our investors.

### Rob

The idea of Petershill Partners, as an agile, active public entity generating value for Shareholders over time, incubated within private funds for many years, and culminated in the IPO.

### Christian

It starts with the quality of the Partner-firms. Petershill Partners focuses on investing in non-control interests in established, high-quality, ambitious private alternative asset managers – in talented management teams that are looking for smart, engaged capital to accelerate their growth.

### Ali

That engagement is key. It's more than just capital. We deliver differentiated, unbiased advice and partnership, embracing our role as a growth accelerator and long-term, non-control partner to talented, successful firms in the exciting private alternatives space.

### Christian

With discipline and focus, we identify high-quality, successful private alternatives firms at a crucial point in their development: on the cusp of a step-change in their evolution, given the right capital and support.

And then we help them grow. And all the while, from this highly diversified portfolio, the proven business model of Petershill Partners generates stable, growing revenues.

## What Are the Advantages of the Company's Operator Relationship?

### Ali

Petershill Partners is uniquely positioned as a conduit to a dedicated expert with a proven history of growing private alternative asset management firms, resident within the Operator. This also creates an ability to tap into the broader resources of Goldman Sachs.

### Rob

There's great continuity and commitment in the Operator team. As that team, we are expert at helping our Partner-firms to scale. We are also practised at harnessing Goldman Sachs' deep-domain expertise, industry-leading capabilities and extensive client network to source unique investments. Through this integral relationship, we are able to bring to bear insight and coverage of industries, geographies and opportunity to fuel both the acquisition pipeline and the growth of the Partner-firms.

**Ali Raissi**
Managing Director
Goldman Sachs Asset Management
Co-Head of Goldman Sachs
Petershill Group

## Christian

As Rob alluded to earlier, there's also continuity, as we have been operating as a team for 15 years, investing on behalf of clients in our private funds. Over that time period – several economic cycles – we've been able to demonstrate a clear cash-based track record of investment returns. This is why we were able to raise $5 billion of capital commitments for our private fund, Petershill IV, as recently as January 2022.

## Ali

We want our partnership to be more than capital. To that end we have worked hard to burnish our value-added services and be impactful as a partner after our investments.

# What Excites You About the Future of Petershill Partners?

## Christian

Petershill Partners was the first of its kind, but we don't expect it to be the last. Just like our first private fund was followed by others, we expect this to be an interesting mechanism of exposure for investors looking to tap the growth of the private alternatives industry.

## Ali

In the Company's first full quarter, Q4 of 2021, as a public entity, Petershill Partners executed five transactions to build on the roster of private-firm partnerships, adding four new Partner-firms.

## Rob

Our highly diversified holdings – across firms, asset classes, strategy, sector, funds and duration – deliver strong, organic AuM growth momentum and a diversified revenue stream. This income substantially comprises contractually committed, high-margin and stable fees on long-dated assets.

## Ali

There are numerous core themes driving the growth of this industry. Whether it is considerable investor demands, deepening of the private alternatives industry, extension of duration, introduction of retail demand – all are themes that we expect to drive growth. We are fortunate to have some of the highest-quality investments in our group of independent Partner-firms who we believe can capitalise on these industry trends.

**Christian von Schimmelmann**
Managing Director
Goldman Sachs Asset Management
Co-Head of Goldman Sachs
Petershill Group

**Robert Hamilton Kelly**
Managing Director
Goldman Sachs Asset Management
Co-Head of Goldman Sachs
Petershill Group

# FINANCIAL AND OPERATING REVIEW

Petershill Partners plc commenced conditional trading on the London Stock Exchange on 28 September 2021, on which date the initial acquisition of the portfolio of Partner-firms by the Company was completed. The Company was incorporated in March 2021, but did not trade prior to the end of September 2021. In addition, for completeness and transparency, this document provides full-year financial information for our interests in the Partner-firms in aggregate, including operating metrics for periods prior to the initial acquisition date, presented as if the Company's assets as at the time of the IPO had been owned by the Company during the historical period presented[1].

Throughout this section, reference is made to adjusted measures which the Company considers to be alternative performance measures ("APMs") or Operating Metrics.

As part of the initial acquisition of the portfolio of Partner-firms on 28 September 2021, the Company acquired interests in several trusts ("Issuers SPVs"), which previously issued $350m of long term debt with a 5% coupon and a maturity date of 2039. The debt is secured by the rights to the cash flows of certain Partner-firm investments held by the Company and other investments held by the Petershill Funds.

Although the Company does not have rights to the cash flows of the collateral that is held by the Petershill Funds, under IFRS, the Company is required to consolidate them. This consolidation results in reflecting all of the assets and liabilities of these entities in the consolidated statement of financial position and all of the income, investment gain and finance cost in the consolidated statement of comprehensive income. However, shareholder returns are only affected by the interests that the Company owns.

The APM basis, which presents the financial information on a non IFRS basis, excluding the impact of the assets, liabilities, income, investment gain and finance cost which do not affect shareholder returns, aids shareholders in assessing their investment in the Company.

The IFRS and APM basis numbers discussed and presented below include significant 'unrealised' and non-cash items that include unrealised change in fair value of investments and it should be noted that while permitted, it is not the Company's core strategy to exit or realise these investments. Therefore, management results are also presented excluding the unrealised change in fair value of investments at fair value through profit and loss and related unrealised divestment fee.

APMs are used by the Directors and the Operator to analyse the business and financial performance, track the Company's progress and help develop long-term strategic plans and they also reflect more closely the cash flow of the Company. The Directors believe that these APMs are used by investors, analysts and other interested parties as supplemental measures of performance and liquidity.

Definitions of alternative performance measures along with reconciliations to the IFRS measure, where appropriate, can be found in the glossary beginning on page 126.

The financial results and the Operating Metrics provided in this Annual Report reflect the Company's focus on growth and profitability, whilst also demonstrating continued strong growth from our Partner-firms. In addition to organic growth, the Company also captured significant accretive acquisition-led growth through investing in new Partner-firms. The combination of organic and inorganic growth maintains the focus on delivering shareholder value over time.

In the first quarter as a listed entity, the Company delivered quickly on the strategy to pursue diversified acquisitive growth with five investments into private equity firms, one increasing our non-control stake in an existing Partner-firm, the remaining four in new partnerships, bringing our total of Partner-firms to 23 at year end, which manage a total of over 200 underlying funds.

## Management Results:

| | Period ended 31 December 2021 $m |
|---|---|
| **Income** | |
| Partner fee related earnings[3] | **52.3** |
| Partner realised performance revenues[3] | **62.3** |
| Partner Realised Investment Income[3] | **7.7** |
| **Total partner distributable earnings (Total income APM basis)** | **122.3** |
| **Operating costs** | |
| Board of Directors' fees and expenses | **(1.0)** |
| Operator charge | **(9.2)** |
| Other operating expenses[1] | **(5.7)** |
| | **15.9** |
| **Adjusted Earnings before interest and tax (EBIT)[2]** | **106.4** |
| Interest expense | **(4.6)** |
| **Adjusted Earnings before tax (EBT)[2]** | **101.8** |
| Tax & tax related expenses[2] | **(3.4)** |
| **Adjusted profit after tax[2]** | **98.4** |
| **Reconciliation of adjusted profit after tax to IFRS Profit for the period after tax** | |
| ▪ Adjusted profit after tax[2] | **98.4** |
| ▪ APM basis Movement in financial assets and liabilities held at fair value[2] | **217.6** |
| ▪ Unrealised divestment fee | **(45.2)** |
| ▪ Non recurring expenses incurred in connection with the IPO | **(6.9)** |
| ▪ Change in liability for Tax Receivables Agreement | **(6.8)** |
| ▪ Adjustment for Tax and tax related expenses | **(9.2)** |
| **IFRS Profit for the period after tax** | **247.9** |

## Company Performance

Petershill Partners' first quarter as a public company showed strong financial performance.

The revenue model of the Company is comprised of income from Partner-firms which combines three types of income: management fee income, performance fee income and investment income.

1. Excludes non recurring expenses incurred in connection with the IPO
2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 126
3. Partner-firm key operating metrics. Refer to the glossary on page 123 for additional information.

Of these three, management fee income in particular provides stable recurring profits. The management fee income APM basis for the period was $52m, performance fee income APM basis $62m, and investment income APM basis $8m.

The IFRS Profit and total comprehensive income for the period after tax was $248m equating to a Proforma EPS[1] of 21 cents. This includes an APM basis increase in financial assets and liabilities held at fair value of $218m, an Unrealised Divestment Fee of $45m, non-recurring expenses incurred in connection with the IPO of $7m, change in liability towards Tax Receivables Agreement of $7m, an increase in deferred tax of $12m and excludes a payment towards Tax receivable agreement of $3m.

The Company's Adjusted Profit after tax[1] was $98m. The Company's Adjusted EBIT[1] for the period was $106m, resulting in an Adjusted EBIT margin[1] of 87%. We believe this highlights the key characteristics of Petershill Partners as a business with significant growth of durable capital, delivering stable and recurring revenues with a highly efficient EBIT margin and significant free cash flow.

## Dividends

Based on the financial results for the period, the Board will propose a dividend of $30m or 2.6 cents per share to its shareholders at the Annual General Meeting on 31 May 2022.

Given our financials are primarily driven by USD denominated economics (management fees and USD denominated funds, and performance fees and balance sheet income on USD denominated funds), our dividends are proposed and paid in USD, however, shareholders will have the option to elect payment in GBP or EUR.

The Board expects to operate a progressive dividend policy which will reflect earnings growth over time.

## APM Basis Investments at Fair Value through Profit and Loss

| | $m |
|---|---|
| **At beginning of period** | – |
| Initial acquisition at 28 September 2021 | 4,843 |
| Investments (includes new, follow on, and prior commitments) | 463 |
| Change in fair value of investments through profit and loss APM basis[1] | 218 |
| **At end of period** | **5,524** |

1. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 126.

# PARTNER-FIRM PROFILE

AKKR
ACCEL-KKR

## About the Partnership

Accel-KKR is a technology-focused private equity firm founded in 2000 which primarily invests in middle-market software and technology-enabled services companies. Accel-KKR has offices in Menlo Park, CA, Atlanta, GA, London, England and Mexico City, Mexico.

**"We picked Petershill to be our first outside investor due to the long-term partnership between our firms that developed over the previous 17 years. Petershill really knew us and understood our business model, and they have been very helpful and supportive as we have continued to grow our business with new fund strategies and in new geographies. They are a true value-added partner.**

**Tom Barnds**
Co-Managing Partner,
Accel-KKR

**Rob Palumbo**
Co-Managing Partner,
Accel-KKR

The fair value of the Company's investments in Partner-firms APM basis at 31 December 2021 was $5,524m. The fair value of the Company's investments in Partner-firms is determined using both earnings multiples and discounted cash flow techniques, which are common industry guidelines. In valuing the investments, key assumptions include estimates of future AuM growth, expected management and performance fee rate margins, expected current and future underlying fund returns and timing of realisations. Whilst an exit of an investment is possible, we do not typically seek to exit an investment as part of our strategy. The change in fair value of investments through profit and loss APM basis was $218m for the period ended 31 December 2021. See note 4 in the Notes to the Consolidated Financial Statements on page 96 for additional information.

## Investments in Money Market Funds

The Company had $453m invested in money market funds at 31 December 2021 with a AAA credit rating.

## Deferred Payment Obligations and Notes Payable

Certain investments in Partner-firms are purchased with deferred payment terms. These deferred payment obligations represent amounts payable by the Company at various dates in the future.

The Company, through its interest in the Issuer SPVs has $350m of long term debt with a 5% coupon and a maturity date of 2039 that are secured by the rights to the cash flows of certain Partner-firm investments. The interest expense for the period ended 31 December 2021 was $5m. The notes payable reflects the net of $350m of long term debt and $9m of prepaid expense. Refer to notes 11 and 12 in the Notes to the Consolidated Financial Statements on pages 102 and 103.

## Tax Receivables Agreement

The Company entered into tax receivables agreements as part of the Initial Acquisition on 28 September 2021. The agreements provide for the payment of 75% of cash tax savings, if any, in U.S. federal, state and local income tax that the Company actually realises. The cash tax savings is defined as the difference between the taxes actually due compared with what the taxes due would have been without the step-up in tax basis resulting from the Initial Acquisition. The Company expects these payments to arise over a period of 15 years. The value of these estimated payments is $167m assuming a 18% discount rate and using the Company's most recent projections relating to the estimated timing of the payments. There was an increase in the liability of $7m. Refer to note 2(v) in the Notes to the Consolidated Financial Statements on page 88 for additional information.

## Operating Expenses

Operating expenses were $68m and include non-recurring charges of $7m related to the organisation and IPO of the Company.

The Operator is entitled to a divestment fee calculated at 20% of the realised profit on the exit of an investment. Although the Company does not intend to exit its investments, an accrual is reflected representing an amount that would be payable if the Company were to exit all of its investments. An amount of $45m has been accrued for the period and none of the amount has been vested.

# PARTNER-FIRM PROFILE

CLEARLAKE

## About the Partnership

Clearlake is an investment firm founded in 2006 operating integrated businesses across private equity, credit and related strategies. Clearlake provides patient, long-term capital to dynamic businesses that can benefit from its operational improvement approach, ***O.P.S.***® Core target sectors are technology, industrials and consumer. Clearlake currently has over $70 billion of AuM and its senior investment principals have led or co-led over 300 investments.

**Our partnership with Petershill has led to an expanded relationship across the broader Goldman Sachs platform and has helped support our acquisition of WhiteStar Asset Management. We have grown our business, continue to make meaningful investments in our funds and new strategies, and have further diversified our relationships across the private equity ecosystem — all with the support of Petershill.**

**José E. Feliciano and Behdad Eghbali**
Co-Founders Clearlake Capital Group, L.P.

The Operator is entitled to a fee ("Operator charge") of 7.5% of Income from investments in Partner-firms APM basis. The Operator charge for the period was $9m.

The Directors' fees for the period were $1m, which covers the period prior to the listing through 31 December 2021.

## Interest Expense

Interest expense was $5m. The Company acquired $350m of private placement debt with a fixed rate of 5% and a maturity of 2039 as part of the initial acquisition on 28 September 2021. Refer to note 11 in the Notes to the Consolidated Financial Statements on page 102 for additional information.

## Tax Expense

Current tax expenses comprise obligations to tax authorities related to current period reporting. Deferred tax expenses arise with respect to temporary differences between carrying amounts of assets and liabilities and their tax bases.

| Analysis of tax | $m |
|---|---|
| Analysis of tax on profit | |
| Current tax | – |
| Corporate tax | – |
| Deferred taxation | 12 |
| Current year | – |
| **Tax expense** | **12** |

The tax expense does not include the related expected payments under the Tax Receivables Agreement for the current year. The expected payment under the Tax Receivable Agreement for the period ended 31 December 2021 is $3m.

The Tax and related expenses[1] for the period were $3m and the Adjusted tax and tax related expense rate[1] was 3.3%. These amounts represent current taxes payable in addition to any expected payments under the Tax Receivables Agreement for the period and exclude deferred taxes related to the change in fair value of the investments through profit or loss.

## Cash and Money Market Investments

The Company's balance sheet is strong and well-capitalised with sufficient cash and money market investments to facilitate its acquisition strategy. There was $453m invested in money market investments and $69m of cash and cash equivalents APM basis at 31 December 2021.

The Company raised $720m of proceeds from the IPO (net of expenses) and deployed $247m of the proceeds in Partner-firm investments during the period. Payments related to $208m of new investments in the period are deferred and were not funded as of 31 December 2021. Refer to note 2 in the Notes to the Consolidated Financial Statements on page 88 for additional information on deferred payment obligations.

## Capital

On 1 October 2021, the Company issued 156,696,028 Ordinary Shares for cash and 1,000,000,000 Ordinary Shares in exchange for investments in Partner-firms with a value of $4,843m, a liability for the Tax Receivables Agreement valued at $160m and Notes payable of $350m.

As at 31 December 2021, the Company's issued share capital comprised 1,156,696,029 Ordinary Shares.

Total shareholders' equity increased by $248m from profit for the period.

Shareholders' equity was $5,296m at 31 December 2021. Company's share capital is comprised of 1,156,696,029 Ordinary Shares. Retained profits in the period were $248m.

## M&A and Overview of Acquisitions made in 4Q 2021

In the fourth quarter of 2021, our first as a publicly listed entity, the Company completed five acquisitions of interests in private equity firms. These included a "follow-on" investment of additional equity in Industry Ventures, plus four new private equity Partner-firms that were also acquired in the Petershill IV private fund. These combined acquisitions contributed $20 billion to Aggregate Partner-firm AuM and $10 billion to Aggregate Fee-paying AuM. It is expected that these acquisitions will be 9% accretive to 2023 consensus earnings forecasts. The five acquisitions by the Company relate to the following Partner-firms:

**Industry Ventures** is a venture capital investment firm that focuses on investing into companies and venture capital partnerships directly and via secondary transactions, from early-stage to growth stage, and seeks to addresses inefficiencies in venture capital with flexible solutions for entrepreneurs, venture funds, and limited partners. Industry Ventures was founded in 1999 and is headquartered in San Francisco, CA, with additional offices in Washington D.C. and London. This was a follow-on investment.

**Arlington Capital Partners** is a North American middle-market private equity firm focused on investing in regulated industries and their adjacent markets. Arlington was founded in 1999 and is headquartered in Washington DC.

**Arsenal Capital Partners** is a North American private equity firm specialising in buyout and growth investments in middle-market industrials and healthcare companies. Arsenal was founded in 2000 and is headquartered in New York, NY.

**Symphony Technology Group** is a North American, technology-focused private equity buyout firm, focusing on investments in middle market enterprise software companies. Symphony Technology Group targets opportunities in the value-focused enterprise software market. Symphony Technology Group was founded in 2002 and is headquartered in Menlo Park, CA.

**Wind Point Partners** is a North American private equity firm focusing on buyout investments in middle-market consumer products, industrial products and business services companies. Wind Point was founded in 1984 and is headquartered in Chicago, IL.

## Petershill Partners 4Q21 Acquisitions

| Partner-firm | Committed | Aggregate Partner-firm AuM | Aggregate Fee-paying AuM |
|---|---|---|---|
| Arlington Capital Partners | $97m | $3bn | $2bn |
| Arsenal Capital Partners | $230m | $8bn | $3bn |
| Industry Ventures (follow-on) | $21m | – | – |
| Symphony Technology Group | $60m | $6bn | $3bn |
| Wind Point Partners | $50m | $3bn | $2bn |
| **Total** | **$458m** | **$20bn** | **$10bn** |

1. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 126

# Partner-firm 4Q and full year performance

## Key Operating Metrics

We provide significant detail on our Partner-firms in our Key Operating Metrics as this gives investors insight into the revenues and revenue model of the Company.

In 2021, fundraising momentum accelerated across the Company's Partner-firms with aggregate Partner-firm AuM growing 15% over the quarter and 56% year-on-year to $234 billion. Aggregate Fee-paying AuM rose by 9% over the quarter and 19% year-on-year to $158 billion. Ownership weighted AuM for the period amounted to $30 billion. Strong aggregate Partner-firm AuM and Aggregate Fee-paying AuM growth are the basis for future earnings development and highlight the positive operating dynamics and pricing power of our high-quality Partner-firms. This growth has translated into robust, recurring and high-quality earnings from our Partner-firms, with fourth quarter Partner Distributable Earnings of $122m, bringing full year 2021 to $382m, up 57% from 2020 and positioning the business well for the years ahead.

The step-up in the Company's earnings power is driven by the continued acceleration of Partner fee-related earnings on the back of strong fundraising and deployment across the Company's Partner-firms. These earnings are generated from a wide footprint of businesses that are growing rapidly.

Petershill Partners is not reliant on any one firm, one fundraise, one track record, one brand. A unique and differentiated aspect of our business model arises from the diversification benefits that the underlying Partner Funds provide, now, to 23 high-performing asset management firms, giving the Company a distinctive risk-adjusted earnings growth and a high quality of earnings.

Our total AuM at year-end comprises a diverse set of predominately locked-up, long-term private equity and other private capital funds and has a Weighted Average Capital Duration of 8.1 years. Over 200 funds generate recurring management fees and the opportunity for meaningful profit participation, or performance fees, over the typical 8+ year lifecycles of such funds. We believe our approach provides for enhanced alignment with the key principals at each Partner-firm and, as a result, allows the Company to participate in these income streams in a way that provides high-margin, diversified and stable cash flows for our shareholders.

## Partner Fee-Related Earnings (FRE)

Partner FRE, drawn from management fees, grew 9% in the quarter and 35% year-over-year to $211m, reflecting a 69% partner FRE margin on $307m of partner net management and advisory fees. This was driven by the combination of growth in partner net management and advisory fees and a strong partner FRE margin of 69% underpinned by our expense protections. Expense protections include revenue share economic arrangements, restricted compensation agreements, and limitations on nonessential business expenses appropriately tailored to each part of helping support alignment and recurring margins at the Company level. These margin protections provide a higher quality of earnings, reducing the volatility and increasing the profitability of the business. Of the over 200 funds, the largest partner FRE contribution by fund represents approximately 7% of the aggregate, again highlighting the diversified nature of the Company. In 2021, the partner blended net management fee rate was 1.54%.

## Partner Realised Performance Revenues (PRE)

Partner realised performance revenues, which represented direct participation in the upside performance of Partner firms' funds and products increased significantly in the quarter and year-over-year to $129m for 2021 on the back of an attractive realisation environment. Overall, approximately 27% of the partner revenue over 2021 came from partner-realised performance revenues, highlighting the management fee–centric nature of the Company's financial profile. The Operator has partnered with some of the leading alternative asset managers and assists them in developing their businesses with our growth capital and strategic partnership.

Partner-firms manage 179 different performance fee-eligible funds at different stages of their life cycle. Due to this diversification, the Company anticipates that Realised Performance Revenues will be earned regularly from a wide range of funds going forward, making them a "quasi-recurring" source of income within a range of 20–30% of total Partner-firm revenues over the medium term, assuming market conditions and environment are broadly supportive. The fact that these earnings are drawn from dozens of different strategies significantly dampens the volatility of this fee stream.

Partner Private Markets accrued carried interest was $649m at 31 December, 2021, increasing 158% from $251m at 31 December, 2020, reflecting strong Partner-firm performance.

## Partner Realised Investment Income

As an owner in the Partner-firms, the Company shares in a percentage of the investment and balance sheet income of the Partner-firms and realises this through a number of direct positions in the funds of underlying Partner-firms, known as realised investment income which totalled $42m in 2021, increasing 16% year-over-year from $36m, reflecting the supportive realisation environment.

## General Partner (GP) Services Available to Partner-firms

The Operator's value-added services capabilities, offering guidance and strategic advice, have helped support our Partner-firms and their businesses. The Operator collaborates with our Partner-firms as they seek to scale and institutionalise their businesses, providing guidance, best practice, and analytics through the Operator's 'GP Services Team' and Platform. In 2021, there were elevated levels of activity, bringing year-to-date interactions to a record level at over 200 projects and interactions with Partner-firms, and demonstrates the value that our Partner-firms place on this aspect of the strategic partnership.

A consistent theme across our interactions today is the desire for increasing focus on ESG and sustainability. In 2021, GP Services released a module on ESG and has had particularly high engagement levels on the topic. We think that will continue to enhance and help to ensure that Partner-firms are in line with good practice in this area. We believe this services platform represents a distinct value proposition for our Partner-firms.

## 2022 Guidance

### Headline Guidance

- Organic AuM growth: $40-45 billion FY 2022 gross fee paying AuM raise. The Company's full-year estimate for realisation and reduction in fee paying AuM from more mature investment programmes amounts to between $5 and $10 billion.
- Acquisitions: $100-300m across 3-6 transactions
- Dividends: Progressive policy. 2021 dividend based on a full-year figure of $120m
- Company margin: 85-90% adjusted EBIT margin

### Detailed Guidance

- Partner FRE Margin: Stable on an organic basis at c. 65-70%
- Partner FRE ownership: Stable on an organic basis at 13-14%; which incorporates the $40 to $45 billion FY 2022 gross fee paying AuM raise at a blended FRE ownership rate of 9.5%.
- Partner Blended Net Management Fee Rate: Stable on an organic basis at ~1.5%
- Partner Realised PRE as a percentage of Partner Revenue: c. 20%-30% of total Partner Revenues
- Tax and Tax Equivalent: c. 12-14% on a medium term basis

## Petershill Partners Operating Metrics

as of Dec-2021

| | | Q4 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|---|
| **(US$m, unless otherwise indicated)** | | **2021** | 2020 | (Δ%) | **2021** | 2020 | (Δ%) |
| Aggregate Partner-firm AuM | ($bn) | **234** | 150 | 56% | **234** | 150 | 56% |
| Aggregate Fee-paying Partner-firm AuM | ($bn) | **158** | 133 | 19% | **158** | 133 | 19% |
| | | | | | | | |
| Partner Blended Net Management Fee Rate | (%) | **1.59%** | 1.50% | +9 bps | **1.54%** | 1.38% | +16 bps |
| Implied Blended Partner-firm FRE Ownership | (%) | **14.3%** | 13.7% | +62 bps | **14.2%** | 14.0% | +17 bps |
| Partner Net Management and Advisory Fees | ($m) | **84** | 67 | 25% | **307** | 226 | 36% |
| Management Fees | ($m) | **78** | 58 | 34% | **267** | 211 | 26% |
| Transaction and Advisory Fees | ($m) | **6** | 9 | (36%) | **40** | 15 | 165% |
| Partner Fee-Related Expenses | ($m) | **(32)** | (21) | 52% | **(95)** | (70) | 37% |
| **Partner Fee-Related Earnings (FRE)** | **($m)** | **52** | **47** | **12%** | **211** | **156** | **35%** |
| Partner Realised Performance Revenues (PRE) | ($m) | **62** | 26 | 142% | **129** | 51 | 153% |
| Partner Realised Investment Income | ($m) | **8** | 31 | (75%) | **42** | 36 | 16% |
| **Partner Distributable Earnings** | **($m)** | **122** | **104** | **18%** | **382** | **243** | **57%** |
| | | | | | | | |
| Partner FRE Margin | (%) | **60%** | 69% | -9 pts | **69%** | 69% | -0 pts |
| Partner Distributable Earnings Margin | (%) | **79%** | 83% | -5 pts | **80%** | 78% | +2 pts |
| Partner Realised PRE as a percentage of Partner Revenue | (%) | **40%** | 21% | +20 pts | **27%** | 16% | +11 pts |
| Partner Realised PRE over Average Performance Fee Eligible AuM* | (bps) | **3.4 bps** | 1.9 bps | +1 bps | **7.7 bps** | 4.6 bps | +3 bps |
| | | | | | | | |
| **Additional metrics:** | | | | | | | |
| Partner Private Markets Accrued Carried Interest | ($m) | **649** | 251 | 158% | **649** | 251 | 158% |
| Investment capital | ($m) | **369** | 177 | 108% | **369** | 177 | 108% |

* Realised Performance Fee Revenues for the period divided by the Aggregate Average Performance Fee AuM. The Aggregate Performance Fee AuM Represents the average of the beginning and ending period stated

1. Numbers and %s may not tie due to rounding. Represents key operating metrics that reflect data reported to the Operator on a three-month lag.

The data presented in this table for AuM and associated data reflect data reported to the Operator on a three-month lag.

## Petershill Partners Operating Metrics (Appendix)***

as of Dec-2021

| (US$m, unless otherwise indicated) | | 31 Dec 2021 | 30 Sep 2021 | 30 Jun 2021 | 31 Mar 2021 | 31 Dec 2020 | Q4 Q-on-Q (Δ%) | FY 2021** (Δ%) |
|---|---|---|---|---|---|---|---|---|
| Aggregate Partner-firm AuM | ($bn) | 234 | 203 | 187 | 172 | 150 | 15% | 56% |
| Aggregate Fee-paying Partner-firm AuM | ($bn) | 158 | 145 | 137 | 138 | 133 | 9% | 19% |
| Average Aggregate Fee-paying Partner-firm AuM* | ($bn) | 141 | 137 | 125 | 120 | 117 | 3% | 20% |
| Aggregate Performance Fee Eligible Partner-firm AuM | ($bn) | 208 | 178 | 169 | 154 | 141 | 17% | 47% |
| Average Aggregate Performance Fee Eligible Partner-firm AuM* | ($bn) | 167 | 157 | 141 | n/a | n/a | 7% | n/a |
| | | | | | | | | |
| **Additional metrics:** | | | | | | | | |
| Partner Private Markets Accrued Carried Interest | ($m) | 649 | 575 | 419 | 321 | 251 | 13% | 158% |
| Investment capital | ($m) | 369 | 264 | 253 | 226 | 177 | 40% | 108% |

* Average Aggregate AuM figures represent the simple average over a twelve month period based on Beginning and End of Period AuM. For Example, 31 Dec 2021 Average AuM figures are based on the average of the balances as at 31 Dec 2020 and 31 Dec 2021

** Percentage change relative to Dec-31-2020

*** Represents key operating metrics that reflect data reported to the Operator on a three-month lag.

# SETTING OUR PATH

Petershill Partners uses several key performance indicators (KPIs) to measure the progress and performance of the Company over time. The Operator and Company use these key operating metrics and Alternative performance measures (APMs) to help evaluate trends and assess the performance of our Partner-firms and the Company. Given the Company has not been in operation for a full financial year, KPIs have not been benchmarked to targets.

## Growth

### Aggregate Partner-firm AuM

**At 31 Dec 2021**

OM

**$234bn**

| | |
|---|---|
| 2021 | $234bn |
| 2020 | $150bn |
| 2019 | $121bn |

Aggregate Partner-firm AuM is a meaningful measure of the size, scope and composition of the Company's Partner-firms, as well as of their capital-raising activities. This is an aggregated figure across all Partner-firms and includes Partner-firm AuM outside of Petershill Partners' ownership interest in the Partner-firms.

### Aggregate Fee-paying Partner-firm AuM

**At 31 Dec 2021**

OM

**$158bn**

| | |
|---|---|
| 2021 | $158bn |
| 2020 | $133bn |
| 2019 | $101bn |

Aggregate Fee-paying Partner-firm AuM is a meaningful measure of the Partner-firms' capital base upon which they earn management fees, and the measure is used in assessing the management fee-related performance of the Partner-firms.

### Q4* Acquisitions

OM

**$458m**

**deployed across 5 Partner-firms**

The Company's organic Partner-firm growth prospects are complemented by inorganic growth opportunities through the acquisitions of additional Partner-firm interests. 2022 guidance for acquisitions is $100-300m across 3-6 transactions.

### Investments in Partner-firms at Fair Value

IFRS

**$6.0bn** (gross)

**$5.5bn (net)** APM

The fair value of the investments in Partner-firms represents the current value of the Company's investments. The net value is attributable to Shareholders.

## Profitability

### Adjusted EBIT

APM

**$106m**

Adjusted EBIT is an APM and a key measure of profitability. It is defined as the sum of revenues including other income and expenses before net finance result and before income taxes, and excluding non-recurring charges related to the IPO.

### Profit Before Tax

IFRS

**$261m**

The profit before tax is a measure of profitability of the Company and a key performance indicator.

### Partner Fee-related Earnings (FRE)

**Full year 2021**

OM

**$211m**

| | |
|---|---|
| 2021 | $211m |
| 2020 | $156m |
| 2019 | $122m |

Partner Fee-related Earnings (FRE) is a meaningful measure of the management fee-related earnings of the Partner-firms.

### Partner Distributable Earnings

**Full year 2021**

OM

**$382m**

| | |
|---|---|
| 2021 | $382m |
| 2020 | $243m |
| 2019 | $217m |

Partner Distributable Earnings is a meaningful measure of the overall profitability of the Partner-firms and a KPI. It is defined as the sum of Partner FRE, Partner Realised Performance Revenues (PRE) and Partner Realised Investment Income.

Refer to glossary for detailed definition of Adjusted EBIT on page 130.

## Diversification

### Number of Partner-firms

**At 31 Dec 2021**

OM

23

(started as 19)

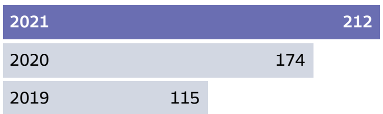
Partner-firms are defined as the alternative asset managers in which Petershill Partners owns non-control positions.

### Partner-firm Funds

**At 31 Dec 2021**

OM

212




Partner-firm funds are defined as the underlying Partner-firm funds to which the Company is exposed.

### Partner FRE Concentration by Largest Fund

**At 31 Dec 2021**

OM

7%

Partner FRE Concentration by Largest Fund is calculated as FRE from the largest fund divided by total FRE, and highlights the diversified nature of the Company.

## Quality of Partner-firm Earnings

### Weighted Average Capital Duration

**At 31 Dec 2021**

APM

8.1 yrs

Weighted Average Capital Duration is a key measure of the long-term, locked-up capital of Aggregate Fee-paying Partner-firm AuM.

### Partner Realised PRE as a Percentage of Partner Revenue

**Full year 2021**

OM

27%

This KPI highlights the management-fee-centric nature of the Company's financial profile.

APM Alternative performance measure

OM Operating metric

The glossary on pages 123 to 125 includes definitions of the APMs and reconciliation to the relevant IFRS measures.

FY 2021 (1 January 2021 31 December 2021)

* Q4 2021 (1 October 2021 to 31 December 2021)

¢ Refers to US dollar cents

# DIRECTORS' RESPONSIBILITIES PURSUANT TO SECTION 172 OF THE COMPANIES ACT 2006

The Directors are responsible for acting in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard to the factors set out in section 172(1)(a) to (f) of the UK Companies Act 2006, which includes the needs of stakeholders and the wider society.

As required by the Companies Act 2006, the Directors of the Company have had regard to wider stakeholder needs when performing their duties under section 172. Details of the Company's key stakeholders are set out on page 36. In particular, the Directors recognise the importance of acting in a way that promotes the long-term success of the Company to the benefit of its members as a whole.

Key decisions are those that are material or of strategic importance to the Company or are significant to any of the Company's key stakeholders, as described on page 36. The below key decisions were made or approved by the Directors during the period, with the overall aim of promoting the long-term success of the Company for the benefit of its members as a whole while considering the impact on its members, stakeholders, and the wider society. For more information on the approach to ESG please see page 39.

| Key decisions made by the Board in 2021 | Considerations of factors set out in section 172(1) in the decision-making process | Outcomes as a result of these considerations |
|---|---|---|
| **Listing as a public entity – Initial Public Offering (IPO)** | On 1 October 2021, the Company was listed on the London Stock Exchange.<br><br>In making the decision on listing, the Board considered its long-term strategy and how the Company's listing would support that strategy while having regard to the Shareholders, Operator, impact on Partner-firms, regulators, and other service providers. Please refer to pages 4-5 for more information about our strategy and purpose.<br><br>The Board was mindful of the regulatory requirements involved in listing the Company as a public entity and engaged advisors such as corporate brokers, external legal counsel and other service providers to provide advice and support throughout the listing process.<br><br>Supported by the Operator and advisors, the Board considered the changes and benefits, including access to capital and growth opportunities, the listing would bring to Shareholders and Partner-firms. | The primary outcome was the successful listing of the Company as a public company and inclusion in the relevant major market indices, which enables Shareholders to have access to the profitability and growth of the alternative asset management industry.<br><br>The additional primary capital raised as part of the listing process provided the Company with funding for future acquisitions of additional Partner-firm stakes, including the five acquisitions that took place post listing during the reporting period. These acquisitions, and future ones undertaken by the Company, are expected to add to growth.<br><br>Please refer to pages 8-11 for more information on the delivery of our strategy and our business model. |

| Key decisions made by the Board in 2021 | Considerations of factors set out in section 172(1) in the decision-making process | Outcomes as a result of these considerations |
|---|---|---|
| **Appointment of the Operator** | The Board recognised the need for an Operator to execute the Company's strategy, drive growth for existing Partner-firms and identify new acquisition opportunities for the long-term success of the Company.<br><br>In selecting the Company's Operator, the Board considered the interests of the Partner-firms and sought to enhance value creation for Shareholders. Any potential conflicts of interest were assessed and considered in relation to the long-term success of the Company and to meet high standards of business conduct.<br><br>The Board considered the ESG policies and initiatives of the Operator in selecting the Company's Operator. Please refer to pages 39-41 for more information about the Operator's approach to ESG. | The Board approved the appointment of Goldman Sachs Asset Management as the Operator. The Board believes that Goldman Sachs has an outstanding track record in investing in alternative asset managers and is well placed to support the Company's delivery on its strategy and purpose.<br><br>The Operator provides Partner-firms with capital and strategic guidance and, as appropriate, leverages Goldman Sachs' resources and services to add value to and foster the growth of Partner-firms.<br><br>The Operator's value-added services capabilities, guidance and strategic support have helped support our Partner-firms and their businesses. Additionally, the expertise, sourcing and resources of the Operator provide the Company with access to highly attractive and proprietary investing opportunities.<br><br>The fees paid to the Operator are set to align its long-term interests with those of the Company and its Shareholders.<br><br>The Management Engagement Committee, as set out on page 58, was established to monitor and evaluate the performance of the Operator with a view to ensuring the Company's long-term success. |
| **Acquisition Strategy and Investment Policy** | As a newly listed Company, the Board recognised the need to establish policies, including the Acquisition Strategy and Investment Policy, that align with and support the core values, purpose, and strategy of the Company.<br><br>The Board considered the interests of Shareholders and Partner-firms, and recommendations of the Operator, in reviewing and approving the Acquisition Strategy and Investment Policy.<br><br>The Board is committed to responsible investing practices and has encouraged the Operator to consider ESG best practices within its own organisation, and to actively engage with these issues with its portfolio companies when appropriate.<br><br>You can read more on our Acquisition Strategy and Investment Policy on pages 19-21. | The Operator adopts an investing approach which considers the Company's diversification and growth strategy.<br><br>The Operator reviews ESG considerations in the investment lifecycle of partnering with new Partner-firms, from pre-acquisition to ongoing Partner-firm engagement. ESG considerations are evaluated as one of a number of measures of the prospects of new Partner-firms. |
| **Dividend policy and payments** | The Board has reviewed and approved the Company's dividend policy during the reporting period. For more information on the dividend policy please refer to page 19.<br><br>In determining the appropriateness of the dividend policy, the Board considered the interests of all its stakeholders, ensuring a balance between the short-term expectation of returns to Shareholders and the longer-term growth opportunities and capital needs of the Company. | The Board adopted a progressive dividend policy which will reflect earnings growth over time, as outlined on page 19. The Company's Board will propose a dividend of 2.6 cents per share to Shareholders at the Annual General Meeting on 31 May 2022. |

# STAKEHOLDER ENGAGEMENT

The Company's stakeholders are key to our long-term success. Key stakeholders, and the Board's engagement with them, are described below, and their importance explained. Highlights of some of the principal decisions that have been made as a result of this engagement can be found within the section 172 statement as outlined on page 34 and 35.. Given the Company has no employees, it has a low-cost operating model, and the Directors have all been appointed on a Non-Executive basis. Petershill Partners must therefore rely upon the Operator to perform certain executive functions, and must rely on other third-party service providers, including the Administrator, to perform other administrative and operational functions.

| Stakeholder | How the Board engages |
|---|---|
| **Shareholders, prospective Shareholders and lenders**<br>support critical to our success | ▪ receives investor relations updates from the Operator at every Board meeting, with a comprehensive report delivered twice a year<br>▪ engages regularly with the corporate brokers, and receives frequent market and trading updates<br>▪ communicates with Shareholders and lenders through the Operator; financial reporting and updates published on the Company's website<br>▪ meets Shareholders through general meetings<br>▪ the Chairman has met Shareholders and continues to be available to Shareholders<br>▪ holds strategy meetings to ensure the Board is acting in Shareholders' and lenders' best interests |
| **Goldman Sachs Asset Management**<br>(the Operator) fundamental to business model and overall strategy | ▪ oversees the performance of investment management services that are integral to the Company's operations and financial performance<br>▪ active dialogue and regular meetings with the Operator<br>▪ open, respectful, and clear communication, with constructive challenge and a strong partnership ethos<br>▪ detailed monitoring of the Partner-firms and investment process<br>▪ strategic planning with the common goal of helping the Company fulfil its purpose<br>▪ visits the Operator's office<br>▪ requests ad-hoc meetings and updates as necessary<br>▪ works with the Operator to evolve Board reports and share insights |
| **Community**<br>full support of ESG as integral to the Company's success | ▪ addresses Partner-firms' ESG policies and initiatives<br>▪ addresses service providers' ESG policies and initiatives<br>▪ for additional information on the impact of the Company's operations on the community and the environment please refer to page 39-41 |
| **Partner-firms**<br>effective relations to facilitate growth | ▪ maintains regular dialogue with the Operator on partnerships<br>▪ receives formal Partner-firm performance review from Operator |
| **Administrator** | ▪ relies on the Adminstrator to maintain books & records<br>▪ relies on the Administrator to provide depositary services and secretarial services |
| **Service providers**<br>effective relations to foster compliant and efficient operations | ▪ maintains regular interaction as part of the provision of services<br>▪ receives reports from core service providers at Board meetings<br>▪ formal performance review conducted annually<br>▪ receives updates from the Operator on dialogue with lenders |
| **Regulators** | ▪ engages with regulators in a transparent manner, completing required filings and other submissions and acts responsively and thoughtfully in relation to any inbound queries |

## Engagement with Stakeholders

The Company reports to Shareholders in a number of formal ways, including its annual report, interim report and regulatory news releases, all of which are approved by the Board. The Annual General Meeting (AGM), detailed below, is used as a forum for the Board and Operator to communicate Company performance and future plans and prospects. It is expected that members of the Board will be in attendance (subject to COVID-19 guidance and public health restrictions at the time of the AGM) and will be available to answer any Shareholder questions. The Company's website contains comprehensive information for Shareholders and provides regular market commentary.

In addition, the Chairman's, Company Administrator's and Operator's contact email addresses are also available for Shareholders to contact outside of the AGM. The Operator and Chairman have had a number of meetings at investor requests since listing. The Board invites representatives from its brokers to provide regular analysis of Shareholder movements, industry changes and contact with investors. The Board seeks to engage with the Operator and other service providers in an open manner, encouraging constructive discussion. This approach enhances service levels and strengthens relationships to deliver the highest standard of service at a competitive cost, ensuring Shareholders' interests are best served.

## Employees, Social, Human Rights, Environment and Community Issues

The Board recognises the requirement to provide information about employees, social, human rights and community issues. As the Company has no employees, all its Directors are Non-Executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, social, human right and community issues. Further information on the Company's approach to environmental, social and governance (ESG) matters is provided on page 39. We recognise our responsibility to help protect, preserve and promote human rights around the world. The Board supports statements made by the Operator's parent company, The Goldman Sachs Group, Inc., on human rights, modern slavery, and human trafficking. As the Company has outsourced operations to third parties, there are no significant greenhouse gas emissions or other environmental matters to report in relation to the operation of the Company. The Board encourages all service providers associated with the Company to consider matters of diversity and inclusion and report on progress to the Board annually.

## Listing

On 1 October 2021, the Company was admitted to the premium segment of the Official List of the FCA and was admitted to trading on the London Stock Exchange plc's main market for listed securities, raising $747m in gross proceeds and net proceeds of $720m. The Company issued a Prospectus in advance of listing, and the Directors, Operator and the Company's brokers engaged with analysts and potential investors throughout the process.

# PARTNER-FIRM PROFILE

Kayne Anderson
Real Estate

## About the Partnership

Kayne Anderson Real Estate ("KA Real Estate") is a leading real estate private equity investor in medical office, senior housing, off-campus student housing and multifamily housing. KA Real Estate manages approximately $13 billion of real estate AuM (as of year-end 2021) across opportunistic equity, core equity and real estate debt, and has completed over $24 billion of gross investments across its equity and debt strategies.

**"Petershill's partnership has supported our accelerated growth, having contributed to our new platform initiatives and the expansion of our existing first-class base of global limited partners. We are thankful for their ongoing support as we continue to grow and deliver results for our investors.**

**Albert Rabil III**
CEO, Kayne Anderson Capital Advisors
CEO and Co-Founder, KA Real Estate

## Investment Policy

The Company seeks to achieve its investment objective through acquiring stakes in alternative asset managers, via direct investments representing a non-control ownership position in alternative asset managers. The Operator adopts a responsible investing approach which takes into account the Company's ESG principles and strategy, as outlined on on pages 39-41. The Board has reviewed and approved the Acquisition Strategy and Investment Policy (page 19). The Company reports to the Shareholders through regulatory news releases, using the London Stock Exchange Regulatory News Service and interim and annual reports. Any new investments are announced immediately, and portfolio updates, realisations, valuation updates and distribution announcements are all communicated in a timely manner through these means.

## Dividend Policy

The Board has reviewed and approved the Company's dividend policy during the period. The Company's dividend policy can be found on page 19. The Company's Board will propose a dividend of 2.6 cents per share to its Shareholders at the Annual General Meeting on 31 May 2022.

## Board Committees

The Board has formed an Audit and Risk Committee, Nomination Committee, Remuneration Committee and Management Engagement Committee in order to establish a good corporate governance framework for the Company. The chairperson of each committee will attend the AGM to answer any questions on their committee's activities.

## Annual General Meeting

The AGM of the Company will be held at 1pm BST on 31 May 2022 at the Goldman Sachs London office (subject to COVID-19 guidance and public health restrictions at the time of the AGM). Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the notices of meeting to be distributed to Shareholders in April 2022. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the AGM.

## Employees and Officers of the Company

The Company does not have any employees and therefore employee policies are not required. Because there are no employees of the Company it is not possible to provide a breakdown between employees and senior managers. The Directors of the Company are detailed on pages 50-51. As at the date of this report, the Board comprises three men and two women, all are Non-Executive Directors who are considered to be independent of the Operator and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

# PARTNER-FIRM PROFILE

Arsenal
Capital Partners

## About the Partnership

Arsenal Capital Partners is a North American private equity firm specialising in buyout and growth investments in middle-market industrials and healthcare companies. Arsenal was founded in 2000 and is headquartered in New York, NY.

**"The Petershill investment supports the continued institutionalisation of Arsenal and will facilitate growing and strengthening our market-leading private equity firm. We look forward to building a strategic partnership, and believe the relationship will enhance our brand, market intelligence, networks, resources and expertise. We are thrilled to be partnering with the best-in-class Petershill team with whom we have developed a genuine and quality relationship that we look forward to building upon for decades ahead.**

**Terry Mullen**
Managing Partner, Arsenal Capital Partners

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITMENTS

Sustainability is becoming increasingly important for asset management firms in response to the challenges faced by businesses and the world at large. These challenges include environmental factors such as climate change and pollution, social concerns such as diversity and inclusiveness, and governance issues such as the need for equitable employee compensation and transparent governance.

The EU Sustainable Finance Disclosure Regulation ("SFDR") (Regulation (EU) 2019/2088) has applied since 10 March 2021 pursuant to Article 11 of SFDR (Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports). Goldman Sachs Asset Management Fund Services Limited is required to provide a description of the extent to which environmental or social characteristics have been met with reference to funds providing disclosures pursuant to Article 8 (1) of SFDR and Article 9 of SFDR. The Company does not provide disclosures pursuant to either of these articles.

As an investment company without employees or physical operations, the Company does not directly engage in activities that impact the environment or the community. Although the Board has delegated the responsibility for making individual investment decisions to the Operator, the Board is committed to responsible investing practices and has encouraged the Operator to consider ESG best practices within its own organisation, and to actively engage on these issues with its portfolio companies when appropriate. The Operator will report annually to the Board on updates to ESG best practices and approach, as well as on Partner-firm ESG updates.

Goldman Sachs as the parent company of the Operator has established policies and procedures governing its own employees' conduct. Please refer to its Code of Business Conduct and Ethics.

Please also refer to the Goldman Sachs Sustainability Report for additional information about Goldman Sachs' commitment to sound governance and a responsible approach to environmental and social risks.

## Goldman Sachs' and Goldman Sachs Asset Management's Approach to ESG

ESG is a topic of increasing importance in the world of investing. The topic of ESG is not new to the Operator of Petershill Partners. Goldman Sachs has a long-standing focus on advancing sustainable finance, and the Operator considers ESG factors in its processes for identifying investment risk and capturing opportunity. More information about Goldman Sachs' and Goldman Sachs Asset Management's approach to ESG can be found on their websites.

## The Operator's Approach to ESG at Petershill Partners

### Petershill Partners focuses on sustainability throughout its business

**Acquisition due diligence**

- ESG diligence on all new Partner-firm acquisitions
- Quantitative assessment as part of acquisition-factor framework
- Focus on firm ethos, investment philosophy/process, resources and portfolio engagement

**Ongoing Partner-firm engagement**

- ESG-focused modules are produced by our General Partner Services team, which is focused on value creation
- Sharing of industry best practices through diagnostic exercises which help identify potential development opportunities

ESG considerations are integrated into the investment lifecycle, from pre-acquisition research to ongoing Partner-firm engagement. The investment team considers ESG risks and opportunities as part of the acquisition due diligence process. All investment proposals submitted to the Petershill Investment Committee for consideration include an assessment of ESG as one of many factors in the due diligence for Partner-firm acquisitions. The ESG considerations are primarily focused on:

- **Firm ethos** — The extent to which the Partner-firm is committed to ESG and incorporates sustainable practices into the management of its business
- **Investment philosophy** — The degree to which ESG is viewed as a material driver of risk and returns
- **Team and resources** — The depth, breadth and organisation of the team incorporating ESG, and the level and use of other external resources
- **Investment process** — The degree to which ESG-related factors are formally incorporated into the investment process with the objective of enhancing risk-adjusted returns
- **Portfolio engagement** — The level and type of engagement with portfolio companies on ESG and the ability to add value post investment and the degree to which this is reflected in outcomes

After the investment has been made, the GP Services team collaborates with the Partner-firms' management teams and offers to engage in relevant areas to address ESG matters. The GP Services team seeks to collaborate with the management teams at our Partner-firms to help them embed best-practice ESG policies, processes and systems. The integral relationship with Goldman Sachs provides access to extensive resources in addressing with this important topic.

The Company believes it is important to align with Partner-firms which incorporate a proactive ESG strategy in their investment process, and also believes that businesses that promote and embrace diversity will be more successful over time. Hiring, developing and promoting people with a broad and diverse set of experiences and world views is central to serving clients and being an employer of choice. In addition to investing in a number of minority-led Partner-firms, the Operator team seeks to leverage the learnings of Goldman Sachs, building on its Global Inclusion and Diversity Committee structure, in sharing resources with Partner-firms.

## UNPRI

Goldman Sachs Asset Management became a signatory to the United Nations Principles for Responsible Investing (UNPRI) in December 2011. As a signatory, the Operator has committed to considering the investment implications of ESG issues within its portfolio management and investment decision-making processes where appropriate. The Operator reports annually to the UNPRI on its ESG and impact-investing commitment and activities, and publicly discloses the report on its website.

# PARTNER-FIRM PROFILE

## About the Partnership

Founded in 1981, Harvest Partners is an established private equity firm with a nearly-40-year history of investing in middle-market companies and partnering with high-quality management teams to acquire and build growing businesses.

**While price was an important input, it was not the key determinant for Harvest in choosing a partner. What we recognized early, and what ultimately attracted us to Petershill, was a like-minded commitment to excellence and an emphasis on trust and transparency as the foundation for a new relationship. Selection of Petershill was driven by this shared philosophy around partnership, trust and culture, and our experience with them has exceeded our expectations. Access to the vast resources of Petershill and Goldman Sachs is invaluable, and we look forward to expanding further our partnership and collaboration as we continue to scale and grow our business.**

**Mike DeFlorio**
Chief Executive Officer, Harvest Partners, LP

**Jay Wilkins**
President, Harvest Partners, LP

# PRINCIPAL RISKS AND UNCERTAINTIES

## Risk Management

### Our Risk Management Approach

The Board believes a good risk culture enables effective management of risk. An open and transparent environment which encourages the Operator and advisors to embrace risk management is critical to the achievement of the Company's strategic objectives. Our cultural framework is set out on page 63.

On behalf of the Board, the Audit and Risk Committee reviews the effectiveness of the Company's risk management processes, focusing on the assessment of current identified principal risks and the process to identify emerging risks. The Audit and Risk Committee, with support from the Operator, carries out a robust assessment of the principal risks facing the Company by providing a risk matrix to the Board for review and discussion, on at least an annual basis, and also as and when it is thought necessary by the Audit and Risk Committee and the Board. The Operator prepares the risk matrix, which sets out the key risks faced by the Company, their likelihood and impact, and the associated control procedures and mitigating measures. The Audit and Risk Committee reviews the risk matrix, providing an independent assessment, oversight and challenge of the risks identified. The Audit and Risk Committee, which meets at least four times a year, also monitors and reviews the adequacy and effectiveness of internal control and risk management systems and advises the Board on the Company's overall risk appetite.

The Operator, as delegated by the Board, provides portfolio management and risk management services to the Company. The Operator is accountable for the application and execution of the Company's investment strategy, and therefore has a key role in managing the Company's risk. The Operator, in its normal course of business, faces various risks and leverages the "three lines of defence" model employed by Goldman Sachs to delineate the roles and responsibilities for risk-taking, risk management and risk assurance activities for the Company.

- The first line of defence is the Goldman Sachs Asset Management Petershill Group, which is responsible for implementing effective internal controls and maintaining processes for managing risks of the Operator
- The second line of defence is the independent risk oversight and control functions of Goldman Sachs, which provide independent assessment, oversight and challenge of the risks taken by the first line of defence. Independent risk oversight and control functions include Goldman Sachs' Conflicts Resolution Group, Controllers, Global Compliance, Legal, Risk, and Tax functions
- The third line of defence is Goldman Sachs' Internal Audit division, which ensures independent risk assurance to senior management, the Board of Goldman Sachs and regulators that the governance, risk management, and control activities of the first and second lines of defence are effective.

### Risk Appetite

The Audit and Risk Committee advises the Board on the Company's overall risk appetite, identifying the level and types of risks the Company is willing to take in order to achieve the Company's strategic objectives. The Board reviews and monitors the risk appetite as part of its review of the risk matrix.

The risk appetite for each of the Company's principal risks during the reporting period is indicated in the table presented on the following pages.

### Principal Risks and Uncertainties

The Company's underlying investments are high-risk and illiquid assets within the alternative investment industry. Its principal risks are therefore related to revenue generated by the alternative asset managers in which the Company invests and the performance of the Partner-firms, their funds, and the products they manage. The Operator seeks to mitigate these risks through active engagement and action as outlined in the Acquisition Strategy and Investment Policy (pages 19-21) and by carrying out due diligence work on potential targets before entering into any investments. The Company's business model involves the acquisition of non-control investments in independent Partner-firms, and although the Company has certain controls as part of contractual rights, the Company does not control the risk tolerance of the underlying Partner-firms.

The Board thoroughly considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis, and these risks are reported and discussed at Board meetings. The Board ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

For each material risk, the likelihood and impact are identified, management controls and frequency of monitoring are confirmed and results are reported to and discussed by the Audit and Risk Committee on at least an annual basis, or more frequently as thought necessary by the Audit and Risk Committee and the Board. The Audit and Risk Committee has reviewed the Company's risk management process and has evaluated the principal and emerging risks, which are discussed in the pages following.

The key areas of risk faced by the Company and mitigating measures are summarised below:

| | Description/Impact | Mitigating Measures | Likelihood | Impact | Risk Tolerance |
|---|---|---|---|---|---|
| **Strategy / Investment Risk** | | | | | |
| **1. Alternative Assets Industry Risk** | The alternative investments industry may not grow at the same rate as it has in the past, in line with forecasts or at all. If the alternative investments industry does not grow sufficiently, whether as a result of evolving laws and regulation, the effects of the COVID-19 pandemic or any other risk, the Company's investments may not produce attractive returns and the Operator may not be able to identify additional investment targets on suitable terms or at all. In addition, industry dynamics could negatively impact the fee rates that managers in the alternative investments industry are able to charge, which could negatively impact the Company's income from Partner-firms derived from management fees. | The Company believes it is set up to benefit from recent trends and evolving opportunity drivers, including increasing demand for alternative investments both from institutional investors based on increasing allocations to alternative investments, and from retail investors and due to changes in regulatory permissioning (see page 16 for more detail). Additionally, the Company's revenue streams are diverse and are composed substantially of income from Partner-firms derived from management fee income on contractually committed, long-dated assets, therefore minimizing the concentration of risk. | Low | Medium | Low |
| **2. Partner-firm Revenue Risk** | The Company's revenue is largely dependent on the management fees generated by the Partner-firms in which the Company invests. The Company's revenue is also largely dependent on the performance of their funds and the products they manage, as well as the growth and profitability of their businesses. The Company is therefore exposed to the risk that the Partner-firms may not be able to generate adequate management fees and performance fee-related earnings. Additionally, the investments made by the Partner-firms include high-risk, illiquid assets. The Partner-firms may not be able to sell or otherwise dispose of investments in their funds when they desire and therefore may not be able to realise the full value of such investments, resulting in impact to performance related-fees. | The Company has exposure to the fee income from a set of 23 Partner-firms and 200+ underlying funds that pursue investment opportunities that are diversified across geographies, industry sectors, strategies and time horizons. Over time the Company will continue to seek to add new Partner-firms to its portfolio, providing further diversification to the portfolio. Additionally the Company's earnings model is based on the recurring nature of its revenues from a capital base that is long-term and stable, with locked-up funds representing 87 per cent of our Partner-firm Total AuM, and has a Weighted Average Capital Duration of 8.1 years. In addition, the Company maintains structured non-control investment protections that provide for stable recurring cash flows across turbulent periods. | Low | Medium | Low |
| **3. Investment Diligence Risk** | The due diligence process that the Operator undertakes in connection with investments may not reveal all facts that may be relevant in connection with an acquisition. Any shortcomings in the due diligence process in respect of the Company's investments, including as a result of fraud by the seller or target, could result in diminished returns or losses on the acquisitions by the Company compared to the financial projections used when evaluating such partnership. | Investment decisions are underpinned by an established and rigorous investment due diligence process to determine the feasibility and attractiveness of an investment. The Operator has a track record of evaluating and undertaking diligence exercises on minority stakes in alternative asset managers, and also extensive expertise in negotiating and structuring bilateral contracts which govern the minority investor rights. For each potential acquisition, the Operator conducts due diligence of the following types: Partner-firm diligence, product diligence, asset-level diligence, operational due diligence, legal diligence, and audit and tax diligence. | Low | Medium | Low |

| | Description/Impact | Mitigating Measures | Likelihood | Impact | Risk Tolerance |
|---|---|---|---|---|---|
| **Market / Regulatory Risk** | | | | | |
| **4. Macroeconomic Risk** | The global financial markets and business climate may deteriorate, including due to volatile interest rates or inflation, reduced availability of credit, changes in laws and regulation, terrorism or political uncertainty and severe public health events such as the COVID-19 pandemic. In addition, volatility and disruption in the equity and credit markets can adversely affect the underlying earnings of the Partner-firms and the value of their earnings, and therefore the Company's balance sheet and income.<br><br>Rising interest rates may result in reduced Partner-firm Performance-related Earnings both in frequency as assets are held for longer, and in quantum as multiples of realisation are lower. The impact of inflation on returns may challenge the ability of Partner-firms to enhance operating margins given the challenges of rising costs and may potentially impact profitability. | The Company's revenue streams are diverse and are composed substantially of contractually committed, high and stable income derived from Partner-firms' management fee income on long-dated assets. Additionally, there is a rigorous investment due diligence process which includes detailed financial and valuation analysis and stress testing to ensure investment is resilient across varying factors and outcomes.<br><br>Expectations of rising rates have historically been considered a threat to the leverage capital structures of private-equity-owned-assets; however the Operator saw little in terms of bankruptcy or restructuring emanating from the demand shocks of 2020 and 2021 due to the COVID pandemic. While not insulated from the impact of rising rates, it is expected that leveraged firms will not exhibit the same level of sensitivity as in prior periods of rising interest rates. Additionally, real asset, credit and absolute return firms may potentially benefit from increases in rates and inflation, as these asset classes have historically presented a hedge to rising rates and inflation. | Medium | High | Medium |
| **5. Regulatory Risk** | The Company and the Operator are subject to extensive laws and regulation in various jurisdictions. These laws and regulations (and the interpretations thereof) may change, and the imposition of stricter laws and regulations could result in increased compliance costs for the Partner-firms and the Operator or could limit their operational flexibility and efficiency. The Company is also subject to listing rules and IFRS accounting.<br><br>Moreover, governmental policy changes and regulatory or tax reform (for example, in relation to prevailing tax rates, the treatment of a foreign corporation as such, or the treatment of carried interest) could also have a material effect on the Operator and/or the Partner-firms and their funds and the products they manage. | The Operator, Board and Administrator have established policies, procedures and oversight functions to ensure compliance with applicable laws and regulations. Changes to the regulatory framework, as well as compliance with all reporting, notifications and filing requirements are closely monitored. The Operator also leverages the expertise of its external tax and legal counsel and other advisors as needed to analyse the impact of potential governmental policy changes and regulatory or tax reform. | Low | High | Low |

| | Description/Impact | Mitigating Factors | Likelihood | Impact | Risk Tolerance |
|---|---|---|---|---|---|
| **Operational Risk** | | | | | |
| **6. Key Persons Risk** | The Operator relies on highly skilled qualified investment professionals. Because the Operator will perform investment management services that are integral to the Company's operations and financial performance, a failure by the Operator to retain its senior leadership or to recruit and retain additional qualified investment, sales and other professionals could have a material adverse effect on the Company's investment performance and, as a result, its business, financial condition, results and the value of its assets. | The Operator benefits from the global footprint of Goldman Sachs, whose professional employees possess a combination of deep industry knowledge, financial expertise and operating capabilities. The Board believes that the Operator has appropriate experience and expertise to implement the Company's investment policy and strategies successfully. A strong culture of excellence is essential to attract and retain the best talent. The Operator's strategy for its human resources is focused on attracting individuals with drive and values aligned with its wider team and retaining and rewarding those individuals who make an exceptional contribution to the team. | Medium | Medium | Low |
| **7. Operator, Administrator, and Service Provider Resiliency and Performance Risk** | The Company has no employees and relies on the Operator, Administrator, and other service providers. Failure by the Operator or other third-party service providers to the Operator, the Administrator, and other service providers to carry out its or their obligations could have a material adverse effect on the Company's performance. | The Company has entered into detailed agreements with the Operator, Administrator and other service providers and the performance of all service providers is formally reviewed annually. The Board believes this risk is mitigated by the fact that the Operator and the Administrator are well-established and resourced companies with robust track records. Both have robust business continuity plans in place, which are updated and tested on an ongoing basis, to ensure the continued ability to service the Company in the event there are disruptions of normal operations. | Low | High | Low |

| | Description/Impact | Mitigating Factors | Likelihood | Impact | Risk Tolerance |
|---|---|---|---|---|---|
| **Operational Risk** *continued* | | | | | |
| **8. Partner-firm Reporting Risk** | The Operator depends on the continuation of its relationships with Partner-firms in order to maintain current data on its investments and private market activity. Restrictions on the Operator's ability to use the data it obtains for its reporting and monitoring processes could adversely affect its ability provide the same level of disclosure for the Company, which could have a material adverse effect on the Company. | The Operator has contractual information rights in place for all Partner-firms, which all specify timing in relation to communicating information, to provide the Company with sufficient information for its regulatory reporting requirements. The Operator has implemented processes to review certain financial and other information reported by the Partner-firms and assess for reasonableness. | Low | Medium | Low |
| **9. Cyber / Information Security Risk** | Cyber and security risks could adversely affect the Operator and the Company. The Operator and the Company rely on its information technology infrastructure to conduct daily business operations, and any cybersecurity attacks or threats to this infrastructure could result in business disruption and the breach of confidential and proprietary information. | The Operator is committed to implementing the highest standards of information security to protect the privacy and confidentiality of information related to its activities. The Operator has implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and cyber intrusions, including maintaining physical, electronic and procedural safeguards to protect the information against loss, misuse, damage or modification and unauthorised access or disclosure. Additionally, the Operator has a dedicated Security Incident Response Team which handles information security threats and incidents that may have an impact on the confidentiality, integrity or availability of the Operator's information and technology environment. | Low | High | Low |

## Emerging Risks

Emerging risks are risks to which the Company is exposed and are uncertain in terms of their impact and timelines. These risks have the potential to become principal risks but are not yet considered to be so.

The Company's Audit and Risk Committee is responsible for carrying out a robust assessment of the emerging risks, and overseeing procedures for identifying emerging risks as well as procedures for managing these risks. The Audit and Risk Committee will meet at least four times a year and, as part of its responsibilities, will identify and assess any emerging risks to be referred to the Board for review. This process includes monitoring the external environment for global trends or potential changes that may impact the drivers of growth and performance of the Company. Emerging risks may also arise from internal factors. Monitoring pressure points on operational processes, personnel and third-party vendors is another avenue for identifying emerging risks. The monitoring and management of emerging risks include ongoing assessments of the time horizon in which an emerging risk may potentially become a principal risk and the level of impact to the Company if it were to become a principal risk.

Since the IPO, the Company has witnessed significant geopolitical turbulence and the continuing effects of the COVID-Pandemic, as well as a broader market sell-off in the alternative asset management sector and a rotation out of higher-growth stocks as markets anticipated a rise in interest rates.

More specifically, the Company has identified the following emerging risks that it believes are most significant:

1. Geopolitical risk: In addition to recent challenges to supply chains stemming from COVID, the Russia-Ukraine war has added to inflationary pressures and may also impact the rising interest rate environment that economists forecast over the next few years. This can have significant impacts on global and localised growth, as well as the profitability of underlying investments of our Partner-firms. Petershill Partners has been built to be resilient in challenging periods, with a long-term durable capital base and significant diversification. A number of Partner-firms such as real asset focused firms may also be particularly insulated. Nevertheless, these risks are emerging and interlinked and so could present headwinds for the business.
2. ESG/Climate risk: Sustainability is becoming increasingly important for asset management firms in response to the challenges faced by businesses and the world at large. These challenges include environmental factors such as climate change and pollution, social concerns such as diversity and inclusiveness, and governance issues such as the need for equitable employee compensation and transparent governance. As the ESG landscape continues to evolve, the Company and its Partner-firms will need to adapt to the potential impact to its investment strategies and processes.

## Viability Statement

In accordance with the UK Corporate Governance Code and the Association of Investment Companies (AIC) Code, the Board has assessed the viability of the Company. The Board has considered the Group's strategic plan as well as the Group's principal risks in its assessment. While the strategic plan of the Group covers a substantially longer period, the Board has chosen a period of three years to December 2024 for its formal assessment of viability on the basis that assumptions made during this period are the most reliable due to the visibility of earnings from investments in Partner-firms. The Board is satisfied that this forward looking assessment of the Group is sufficient to enable a reasonable statement of viability.

The assessment reflects on the Group's strategy as outlined on pages 17 to 21. Key assumptions in the assessment are:

- The investments in Partner-firms are long-term investments with no plan to exit
- The amount and timing of returns from investments in Partner-firms comprised of management fee income, performance fee income and investment income
- The operational costs of the Group.

The assessment of viability requires the Board to consider the principal risks to the Group, which appear on pages 42 to 46.

While all of the risks outlined may have an impact on the Group's performance, there are certain risks that are more likely to have a greater impact on the future solvency and liquidity of the Group in the three year period considered.

Partner-firm revenue risk – the risk that Partner-firms are not able to generate adequate fees that would result in lower than expected revenue for the Group

Macroeconomic risks – Volatility in the markets may affect the Partner-firms' ability to realise investments, which could delay or reduce the income Group is expected to earn

The Group's investments in Partner-firms are long-term and the Group has no exit strategy for its investments. As a result, the Group expects long-term recurring revenues from its investments in Partner-firms. Income from investments in Partner-firms is derived from management fee income, performance fee income and investment income. Management fee income is typically based on private capital commitment funds managed by the Partner-firms that are locked up for a period of 8 or more years. The income from management fees is therefore stable and recurring. Income derived from performance fee income and investment income from Partner-firms is dependent on underlying fund and underlying investment performance of the Partner-firms.

The Group has a low, and relatively stable, cost structure. The Operator charge is variable and based on the income earned by the Group from its investments in Partner-firms. The other operating expenses and finance costs are considerably lower than the income derived from management fee income.

The Group has a strong balance sheet with substantial funding headroom in place and notes payable out to 2039 as outlined on page 102.

The Board reviewed the key risks and considered options available to the Group to mitigate these risks and to ensure viability of the Group.

Stress testing has been performed, which considers the impact of the Group's key risks over the three year period to December 2024. A severe but plausible scenario was assessed, which includes a 100% reduction in income from Partner-firms derived from performance fee income and investment income as a result of underlying fund and underlying investment performance risk of the Partner-firms. This translates to a substantial reduction in overall income from Partner-firms, over the three years. This reduction may be a result of Partner-firm revenue and macroeconomic risks.

The assumptions behind the scenario includes maintaining the Group's dividend policy and plan to invest in additional Partner-firms but this could be reassessed if the circumstances determined this to be necessary. The Operator charge is based on the amount of income from Partner-firms and therefore changes commensurate with the change in income from Partner-firms. The Group's ability to pay its expenses, including the Operator charge, can continue under the severe but plausible scenario.

The Board's has concluded that it has reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, for the next three years to December 2024. The Board's assessment has been made with reference to the Group's current position, the Group's outlook, its strategy and the Group's principal risks.

Given the above, the Board also considered it appropriate to prepare the financial statements on the going concern basis as set out on page 94.

## Going Concern Statement

In accordance with the Companies Act 2006, the Board has a responsibility to evaluate whether the Group has adequate resources to continue its operational existence for the foreseeable future and at least for the 12 months following the issuance of the financial statements.

The Group's business activities are set out in the Strategic Report on pages 8 to 11. The financial position of the Group is described in the Operator's Report on pages 26 to 31. The Board has taken into account the Group's risk management process set out on pages 42 to 48. The Board has made an assessment of going concern, which takes into account the current performance and the Group's outlook, using information that is available as of the date of these financial statement.

The Group's business model involves earning income from investments in Partner-firms. The Group's investments in Partner-firms are long-term and the Group has no exit strategy for its investments. As a result, the Group expects long-term recurring revenues from its investments in Partner-firms. Income from investments in Partner-firms is derived from management fee income, performance fee income and investment income. Management fee income is typically based on private capital commitment funds managed by the Partner-firms that are locked up for a period of 8 or more years. The income from management fees is therefore stable and recurring. Income derived from performance fee income and investment income from Partner-firms is dependent on underlying fund and underlying investment performance of the Partner-firms. The Group has good visibility into the income from investments in Partner-firms.

The Group has a low, and relatively predicable, cost structure. When taken together with the visibility into the income from investments in Partner-firms, the Group has reasonably stable earnings.

During the year, the Group's IPO raised $720m of net primary capital. There was $453m invested in money market investments and $69m of cash and cash equivalents APM basis and liabilities related to Notes payable of $350m at 31 December 2021.

In making the assessment of going concern, the Board has considered the scenario prepared in conjunction with the viability statement.

The Board acknowledges is responsibilities related to the financial statements. After making an assessment of going concern, the Board has concluded that the preparation of the financial statements on a going concern basis for at least twelve months from the date of the approval of the financial statements is appropriate.

The 2021 Annual Report and Accounts for Petershill Partners incorporates:

- The Strategic Report
- The Directors' Report
- The Corporate Governance Statement
- The Directors' Remuneration Report
- The Financial Statements

Each of which has been approved by the Board of Directors of Petershill Partners.

**Naguib Kheraj**
Chairman

26 April 2022

# Governance Report

# AN EXPERIENCED AND INDEPENDENT BOARD

As at the date of this report, the Board comprises five individuals from relevant and complementary backgrounds. The Directors are of the opinion that the Board as a whole comprises an appropriate balance of skills, experience and diversity. The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed below.

## Naguib Kheraj

**Chairman, Chairman of Nomination Committee and Chairman of Management Engagement Committee**

**Appointed 4 September 2021**

Mr Kheraj began his career at Salomon Brothers in 1986 and went on to hold senior positions at a number of leading financial institutions. Over the course of 12 years at Barclays, Mr Kheraj served as Group Finance Director and Vice-Chair and in various business leadership positions in wealth management, institutional asset management and investment banking. He also served as Chief Executive Officer of JP Morgan Cazenove.

Mr Kheraj is Chairman of Rothesay Life, a specialist pensions insurer, and Deputy Chairman of Standard Chartered plc, a major international bank. Mr Kheraj spends a substantial amount of his time as a Senior Advisor to the Aga Khan Development Network; he serves on the boards of a number of entities within its network and chairs its Endowment Committee. He is also a member of the Finance Committee of the University of Cambridge and a Member of the Board of Gavi, The Vaccine Alliance, where he chairs the Audit and Finance Committee.

Mr Kheraj is a former Non-Executive Director of NHS England and served as a Senior Advisor to Her Majesty's Revenue and Customs and to the Financial Services Authority in the United Kingdom. He also served as a member of the Investment Committee of the Wellcome Trust and the Finance Committee of Oxford University Press.

Mr Kheraj was educated at Dulwich College London and Cambridge University where he graduated with a degree in Economics.

## Everard Barclay Simmons

**Senior Independent Director**

**Appointed 4 September 2021**

Mr Simmons began his career as a commercial litigation attorney in Bermuda in 1997 before moving to the United States for business school and joining Goldman Sachs as an investment banker in 2004. Returning to Bermuda, he became Managing Partner/Chief Executive Officer of a reinsurance law firm for 13 years. Mr Simmons is currently Chair and Chief Executive Officer of Rose Investment Limited, a Bermuda-based advisory business focused on financial services and corporate restructuring.

Mr Simmons has a vast array of Board experience. He was Lead Director and then Chair of the Board of the Bank of N.T. Butterfield & Son Limited, where he served from 2011 to 2017 during its ownership by private equity to after its listing on the New York Stock Exchange, having led a co-investment in the bank alongside Carlyle and the Canadian Imperial Bank of Commerce. Mr Simmons served on the Board of Bermuda's financial services regulator, the Bermuda Monetary Authority, for nine years. He also previously served as a Director at FIL Limited and currently as a Director at Eight Roads – respectively the international public and private investing platforms of Fidelity.

Mr Simmons also serves as a Senior Advisor at Further Global Capital Management, a private equity firm focused on financial services companies.

Mr Simmons is Chair of the Public Funds Investment Committee, responsible for the investment of Bermuda's pension funds, where he has spent 15 years as a member of the Board. He currently leads the Pension Fund Reform Committee established to address the underfunded status of Bermuda's pension funds, serves as an advisor to Bermuda's Minister of Finance and sits on the Board of Argus Group, a Bermuda multiline insurer.

Mr Simmons attended the University of Kent at Canterbury where he graduated with a law degree, the Inns of Court School of Law where he qualified as a barrister, and Harvard Business School where he graduated with a Masters in Business Administration.

## Annemarie Durbin
### Chair of Remuneration Committee
### Appointed 4 September 2021

Ms Durbin began her career in the mid-1980s as a qualified and practising barrister and solicitor in New Zealand. In 1987, she moved into banking with ANZ Banking Group and relocated to the United Kingdom in 1990. Ms Durbin has more than 30 years' international business and banking experience across Asia, Africa and the Middle East. Ms Durbin joined Standard Chartered, an international banking group, in 1995 and went on to hold a number of senior positions including being CEO and executive Director of a large, publicly listed banking subsidiary in Thailand and, separately, as CEO in the Philippines. She also served as Group Company Secretary of Standard Chartered and as a member of the banking Group Executive Committee with a broad portfolio of responsibilities.

Ms Durbin has served on public company boards since 2012 and is a Non-Executive Director and Chair of the Remuneration Committee at Persimmon Plc. She is currently the Senior Ringfence Bank Director and Remuneration Committee Chair on the Board of Santander UK PLC, and Chair of Cater Allen Private Bank.

Formerly Ms Durbin held roles as Non-Executive Director & Remuneration Committee Chair of WHSmith PLC, and as NED of Ladbrokes Coral PLC and Fleming Family & Partners Ltd. She was also Chair of the Listing Authority Advisory Panel in the United Kingdom, advising the Financial Conduct Authority on the effectiveness of primary markets. Ms Durbin is also a provider of executive coaching, mentoring and leadership development services primarily through Merryck & Co. Ltd and, until July 2021, was its Board Chair.

Ms Durbin was educated at the University of Auckland, New Zealand where she graduated with degrees in Law and Commerce. She has a Masters (MSc) in Executive Coaching from Ashridge Business School. She is also a Fellow of The Chartered Governance Institute.

## Erica Handling
### Director
### Appointed 4 September 2021

Ms Handling began her career in 1988 at Allen & Overy LLP before moving to Weil, Gotshal & Manges LLP to help open their office in London. She became a partner there in 1998 and moved a team to Ashurst LLP in 2001 where she founded a securities and structured finance practice. After 10 years at Ashurst she moved to take on the role of General Counsel in Europe for Barclays Investment Bank from 2011 to 2015, where she served on the EMEA Executive Committee and Global Operating Committee. She then moved to BlackRock from 2015 to 2019 as the European General Counsel, where she served on various boards and committees and led major regulatory implementation projects including a two-year Brexit preparation project.

Ms Handling left BlackRock in 2019 to take up a Non-Executive role with the Government Legal Department where she remains on the Board today. Since that time she has developed a career as an executive coach, now working with leadership advisory firm Pelham Street.

Ms Handling also spends time working with various charities in the criminal justice sector and is currently a trustee with Working Chance, Deputy Chair of St Giles Trust, and Chair of Spark Inside.

Ms Handling was educated at Wycombe High School and Exeter University where she graduated with a degree in Law (LLB) before attending Guildford Law School.

## Mark Merson
### Chair of Audit and Risk Committee
### Appointed 4 September 2021

Mr Merson began his career in the financial services division of Arthur Andersen in London in 1989, becoming a partner in 1999. He provided audit and advisory services to banking and investment businesses throughout Europe before moving to Tokyo, from where he was responsible for all Andersen's services to investment banks in Asia Pacific. He subsequently returned to London to become a partner in Deloitte Business Consulting.

In 2003, Mr Merson joined Barclays PLC as Group Financial Controller, leading the bank in the adoption of International Accounting Standards. In a 14-year career at Barclays he went on to become Head of Investor Relations, CFO for Corporate & Investment Banking and latterly Deputy Group Finance Director, in which role he was leader of the global finance function.

Mr Merson is a founding partner of Veritum Partners Limited, advisors to European financial services companies on their interaction with the equity market.

In a Non-Executive capacity, Mr Merson is Chair of Absa Securities UK Limited and a governor of Sevenoaks School. He was formerly an independent Non-Executive Director of Absa Group Limited, chairing the Board Finance Committee, the Group Risk and Capital Management Committee and the Group Credit Risk Committee.

Mr Merson is a chartered accountant and a graduate of Oxford University.

# REPORT OF THE DIRECTORS

The Directors present their annual report and audited financial statements of the Group for the period ended 31 December 2021. The Corporate Governance Report on pages 55-70 forms part of this report.

Details of the Directors who held office in the period from the date of incorporation of the Company on 24 March 2021 until 4 September 2021 can be found on page 56. From 4 September 2021, until the date of this report, the Board has comprised five Non-Executive Directors, whose details can be found on pages 50 to 51.

## Capital Structure

The Company was incorporated and registered in England and Wales under the Companies Act as a private company limited by shares and under the name Delta Epsilon Limited on 24 March 2021 with registered number 13289144. On 12 August 2021, the Company was re-registered as a public limited liability company under the name Delta Epsilon plc, and on 2 September 2021 the Company was renamed Petershill Partners plc.

The share capital of the Company on incorporation was US$0.01, comprising one Ordinary Share of US$0.01 which was allotted to Mr Andres Felipe Gonzalez and was then subsequently transferred in full to Goldman Sachs Asset Management Holdings LLC on 3 September 2021.

On 5 August 2021, the Company allotted and issued 50,000 Redeemable Deferred Shares of £1 each.

On 28 September 2021, the Company allotted and issued 1,000,000,000 Ordinary Shares to affiliated funds of the Company in exchange for Investments in Partner-firms, liability for Tax Receivables Agreement and assumption of Notes payable. On 1 October 2021, the Company allotted and issued 156,281,744 Ordinary Shares to the public and 414,284 Ordinary Shares to certain Directors of the Company, at an offer price of 350 p per Ordinary Share.

As at 31 December 2021, a nominal percentage of the Company's issued share capital comprised Redeemable Deferred Shares. The Company's issued share capital comprised 1,156,696,029 Ordinary Shares and 50,000 Redeemable Deferred Shares.

## Authority to Purchase Own Shares

The Company is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its Ordinary Shares of US$0.01 each in the capital of the Company, subject to the following conditions:

i. the maximum number of Ordinary Shares authorised to be purchased is 115,669,603;

ii. the minimum price (excluding expenses) which may be paid for an Ordinary Share is US$0.01;

iii. the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of: (i) an amount equal to 105 per cent of the average of the middle-market quotations of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;

iv. the authority shall expire at the close of the annual general meeting of the Company held in 2022 or 18 months from 27 September 2021, being the date the resolution was passed (whichever is earlier); and

v. a contract to purchase shares under the authority may be made before the expiry of the authority (as per paragraph iv above), and concluded in whole or in part after the expiry of the authority (as per paragraph iv above).

## Major Interests in Shares

Significant shareholdings as at 31 December 2021 are detailed below.

| | Ordinary Shares held % 31 December 2021 |
|---|---|
| Goldman Sachs Asset Management[1] | 74.70% |
| Lazard Asset Management LLC Group | 4.23% |

1. Please refer to page 9 for more information on the shares held by Goldman Sachs Asset Management's private funds.

In addition, the Company also provides the same information as at 20 April 2022, being the most current information available as at the date of this report.

| | Ordinary Shares held % 20 April 2022 |
|---|---|
| Goldman Sachs Asset Management | 74.70% |
| Lazard Asset Management LLC Group | 3.11% |

## Companies Act 2006 Disclosures

In accordance with Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Directors disclose the following information:

- the Company's capital structure is detailed in Note 13 to the Consolidated Financial Statements. As disclosed in Note 13 to the consolidated financial statements, Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company. On a show of hands, every holder of Ordinary Shares in the capital of the Company who is present in person shall have one vote and, on a poll, every holder of Ordinary Shares present in person or by proxy shall have one vote per Ordinary Share. All Ordinary Shares are non-redeemable;
- The Redeemable Deferred Shares confer no right on the Redeemable Deferred Shareholders to receive notice of, or to attend or vote at, any general meeting of the Company, but confer on each holder thereof a right to receive notice of and to attend and to vote at any separate class meeting of the holders of Redeemable Deferred Shares;
- Ordinary Shareholders are entitled to all dividends paid by the Company. Redeemable Deferred Shareholders have no right to receive any dividend or other distribution (whether of capital or income) other than the right to receive, upon liquidation, the nominal amount of each such Redeemable Deferred Share held (after the holder of each other share in the capital of the Company has received the amount paid up or credited as paid up on each such other share);
- there are no restrictions on voting rights and the Company is not aware of any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- other than as described below, there are no restrictions on the transfer of securities of the Company, subject to applicable law and regulation and contractual lock-ups for certain Shareholders:

  The Board may, in its absolute discretion, decline to transfer, convert or register any transfer of Ordinary Shares to any person: (i) whose ownership of Ordinary Shares may cause the Company's assets to be deemed "plan assets" for the purposes of the US Employee Retirement Income Security Act of 1974, as amended ('ERISA') or the US Internal Revenue Code of 1986, as amended ('the US Tax Code'); (ii) whose ownership of Ordinary Shares may cause the Company to be required to register as an "investment company" under the US Investment Company Act of 1940, as amended ('the US Investment Company Act') or to lose an exemption or a status thereunder to which it might otherwise be entitled (including because the holder of Ordinary Shares is not a "qualified purchaser" as defined in the US Investment Company Act); (iii) whose ownership of Ordinary Shares may cause the Company to be required to register under the US Exchange Act of 1934, as amended (' the US Exchange Act') or any similar legislation; (iv) whose ownership of Ordinary Shares may cause the Company to be a "controlled foreign corporation" for the purposes of the US Tax Code or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the US Tax Code); (v) whose ownership of Ordinary Shares may cause the Company to cease to be considered a "foreign private issuer" for the purposes of the US Securities Act of 1933, as amended or the US Exchange Act; or (vi) whose ownership of Ordinary Shares would or might result in the Company not being able to satisfy its obligations on the Common Reporting Standard developed by the Organisation for Economic Co-Operation and Development, the Foreign Account Tax Compliance Act or such similar reporting obligations on account of, inter alia, non-compliance by such person with any information request made by the Company, (each person described in (i) to (vi) above, being a "Non-Qualified Holder"). Under the Company's articles of association, the Directors have the power to require the sale or transfer of Ordinary Shares, or refuse to register a transfer of Ordinary Shares, in respect of any Non-Qualified Holder;

- subject to consultation with the Operator and within certain restrictions, the Directors may determine changes to the Company's capital structure, including any reduction of capital, share buybacks (including the use of treasury shares) or issue of shares or other securities (subject to the existing shareholder authority granted on 27 September 2021 and which the Company will seek to renew at its forthcoming AGM);
- there exist no securities carrying special rights with regard to the control of the Company;
- the Company does not have an employees' share scheme;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006;
- there are no provisions in the Company's Articles of Association relating to amendments to the Articles;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid;
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid; and
- the Directors' responsibilities pursuant to section 172 of the Companies Act 2006 are as detailed in the Strategic Report.

## Business Review and Diversity

A business review is detailed in the Operator's Report on pages 26 to 31, and the Company's policy on diversity is detailed in the Corporate Governance Report on page 58.

## Directors' Indemnity

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Association state that each Director is entitled to be indemnified out of the assets of the Company against any liability incurred by them for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company to the extent permitted by law against any loss or liability incurred by them in the execution of their duties in relation to the affairs of the Company.

Qualifying third-party indemnity provisions were in force for the financial year and up to the date of this report.

## Global Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

## Risks and Risk Management

The Group is exposed to financial risks such as price risk, interest rate risk, credit risk and liquidity risk, and the management and monitoring of these risks are detailed in Note 17 to the financial statements.

## Independent Auditors

The Directors will propose the reappointment of PricewaterhouseCoopers LLP as the Company's Auditors, and resolutions concerning this and the remuneration of the Company's Auditors will be proposed at the AGM.

At the time that this report was approved, so far as each of the Directors is aware:

- there is no relevant audit information of which the Auditors are unaware; and
- each Director has taken all the steps they ought to have taken to make themselves aware of any audit information and to establish that the Auditors are aware of that information.

## Annual Report

After due consideration, the Board believes that the annual report and accounts, taken as a whole, are fair, balanced and understandable and therefore is of the opinion that the annual report provides the information necessary for Shareholders to assess the position, performance, strategy and business model of the Company.

The Board recommends that the annual report, the Report of the Directors and the Independent Auditors' Report for the period ended 31 December 2021 are received and adopted by the Shareholders and a resolution concerning this will be proposed at the AGM.

## Dividend

The Board will recommend a final dividend of $30m, equivalent to 2.6 cents per share with respect to the period ended 31 December 2021. For more information on the Company's dividend policy please refer to page 19.

## Subsequent Events

Significant subsequent events have been disclosed in Note 20 to the Consolidated Financial Statements.

## Strategic Report

A review of the business and future outlook, the going concern statement and the principal risks and uncertainties of the Group has not been included in this report as they are disclosed in the Strategic Report on pages 1 to 48. In accordance with section 414C (11) of the UK Companies Act 2006, the Company has chosen to include in its Strategic Report the following information, which would otherwise be disclosed in this Directors' Report:

- Our engagement with suppliers, customers and others in a business relationship with the Company
- Future developments in the business of the Group

## Stakeholder Engagement

The stakeholders of the Company comprise its Shareholders and prospective Shareholders, lenders, the Operator, the Administrator, Service Providers, Partner-firms, Regulators, and the community, and the Board recognises and values these stakeholders and gives regular consideration to the need to foster the Company's business relationships with these stakeholders. As a public limited liability company with no employees, trade suppliers or customers, the Company's relationship with its service providers is of particular importance. The effect of this consideration upon the key decisions taken by the Company during the reporting period is set out in further detail in the Strategic Report on pages 34-35.

On behalf of the Board

**Naguib Kheraj**
Chairman

26 April 2022

# CORPORATE GOVERNANCE REPORT

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages 52 to 54. The Board operates under a framework for corporate governance which is appropriate for closed ended investment funds. This report describes how the Company has applied the principles identified in the Association of Investment Companies (AIC) Code in its first accounting period ended 31 December 2021.

The Board is committed to the highest standards of corporate governance and has considered the principles and recommendations of the AIC Code, which provides a framework of best practice for listed investment companies, such as the Company. As such, the Board intends to comply with the AIC Code unless otherwise disclosed from time to time, as it considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. By reporting against the AIC Code, the Company meets its obligations in relation to the UK Corporate Governance Code. The Company will report to Shareholders on its compliance with the AIC Code.

The Company became a member of the AIC with effect from 1 October 2021 and has therefore put in place arrangements to comply with the AIC Code, which is endorsed by the FRC as being appropriate for alternative asset management firms requiring compliance with the UK Corporate Governance Code ("the UK Code"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to alternative asset management firms such as the Company.

The AIC Code and the related AIC Guide are available on the AIC's website, www.theaic.co.uk.

The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk.

The Company has complied with the recommendations and relevant principles and provisions of the AIC Code and the UK Code, where applicable. However, due to the relatively short period of time the Company has been in operation, there are a number of provisions with which it has not yet complied, as shown in the table below. The Board of Directors expects that the Company will be in compliance with the below principles and provisions in the coming financial year.

| Principle/Provision | |
|---|---|
| Principle L<br>AIC Code provisions 26 & 27<br>UK Code provisions 21 & 22 | The AIC and UK Codes recommend a formal and rigorous evaluation of the performance of the Board, its committees, the Chair and individual Directors to assess whether each Director continues to contribute effectively. The Chair should consider having a regular (at least every three years) externally facilitated Board evaluation. The Chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board. Each Director should engage with the process and take appropriate action when development needs have been identified. Due to the recent commencement of operations of the Company and appointment of the Board, no formal Board, committee or individual Director evaluations have been carried out as at the date of this report. The evaluations will be completed during 2022 and the results reported in the next Annual Report. This will enable the necessary rigour of evaluation, and consideration thereafter, as required by the AIC and UK Codes. |
| AIC Code provision 18 | The Board should monitor and evaluate other service providers (besides the Operator). The Board should establish procedures by which other service providers should report back and the methods by which these providers are monitored and evaluated. Due to the recent commencement of operations of the Company, no formal evaluation of other service providers has been carried out as at the date of this report. A formal evaluation will be completed during 2022, and the results of the review will be reported in the next Annual Report. |

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- engagement with the workforce
- whistleblowing

The Board considers these provisions are not relevant to the position of the Company, being an externally managed company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Company has adopted, with effect from Admission, a code of securities dealings based on the requirements of the UK Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with this code by the Directors.

## The Board

The Company is led and controlled by a Board of Directors, which is collectively responsible for the long-term success of the Company. It does so by creating and preserving value, and has as its foremost principle acting in the interests of Shareholders, stakeholders and wider society. The importance of the Board's role to the delivery of the Company's purpose, values and strategy is further outlined within the Strategic Report, in the Chairman's Letter (pages 6-7) and in our Business Model (pages 8-11).

The Company believes that the composition of the Board will be a fundamental driver of its success, as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies on pages 50 to 51 illustrate, to bring a breadth of knowledge, skills and business experience to the Company. The Non-Executive Directors provide independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective.

For a short period of time as the Company was preparing for listing, Andres Gonzales, Chaim Langer and Ayesha Parra were appointed Directors of the Company, but have since resigned. The Company has no employees and all Directors have been appointed on a Non-Executive basis. Andres Gonzales was appointed Director on the date of formation of the Company on 24 March 2021, and resigned on 4 September 2021. Chaim Langer was appointed Director on 5 August 2021 and resigned on 4 September 2021. Ayesha Parra was appointed Director on 1 September 2021 and resigned on 4 September 2021. From 4 September 2021 until the date of this report, the Board has five Non-Executive Directors, who are independent of the Company's Operator.

The AIC Code requires that Directors be subject to an annual election by Shareholders, and the Directors comply with this requirement. All of the Directors, including the Chairman, shall offer themselves for re-election at the forthcoming AGM. Having considered their effectiveness, demonstration of commitment to the role, length of service, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all of the Directors. At each subsequent AGM of the Company, each of the Directors, including the Chairman, at the date of the notice convening the AGM shall retire from office and may offer themselves for election or re-election by the Shareholders, in accordance with corporate governance best practice.

The Chairman of the Board is independent and is appointed in accordance with the Company's Articles of Association. Mr Kheraj is considered to be independent because he, among other criteria:

- has no current or historical employment with the Operator;
- has not provided services to the Operator within the last three years; and
- has no current Directorships or partnerships in any other investment fund managed by the Operator.

The Board has regular planned formal meetings at least four times during a full year and will hold such additional ad-hoc meetings as are necessary to fulfil its duties. Given the early stage of the Company's operation, the Board has held a number of ad-hoc meetings in order to streamline and optimise the maximisation of Shareholder value. In the period prior to the Company's IPO, the Board held 20 of such ad hoc meetings. Please refer to page 60 for a full list of meetings that have taken place since listing. Directors are given access to the information necessary to assist them in the performance of their duties. An agenda and Board papers are circulated to the Directors in advance of Board meetings to allow them an adequate opportunity for review and preparation for Board meetings. The primary focus at Board meetings is a review of investment performance and associated matters such as asset allocation, share price discount/premium management, investor relations, acquisitions, acquisition policies, peer group information, industry issues and principal risks and uncertainties – in particular those identified in the Strategic Report on pages 42 to 46.

The Directors have overall responsibility for overseeing the performance of the Operator and the Group's activities. The Company has entered into the Operator Agreement with the Operator, pursuant to which the Operator is responsible for the risk and portfolio management of the Group's assets, and has full discretionary authority to enter into transactions for and on behalf of the Group provided they are permitted by the Company's Acquisition Strategy and Investment Policy, subject to the following:

- where the value of a proposed acquisition of an Alternative Asset Manager Stake represents between 5 per cent and 12 per cent of the Company's market capitalisation, the Operator will submit such proposal to the Board for review and consultation; and
- where the value of a proposed acquisition of an Alternative Asset Manager Stake represents more than 12 per cent of the Company's market capitalisation, the Operator will submit such proposal to the Board for approval and will publicly announce the acquisition with such announcement also subject to Board approval.

The Company has adopted a securities dealing code for the Board and seeks to ensure compliance by the Board and relevant personnel of the Operator and other third-party service providers with the terms of the securities dealing code.

The Board also considers whether the Company has inside information and if an announcement obligation has arisen. The Board reviews the scope and content of disclosures in order to ensure that information released to the market by the Company is appropriate. It is responsible for reviewing the systems, procedures and controls in place to enable the Company to comply with its legal and regulatory obligations in relation to inside information.

The Board is also responsible for reviewing and considering any actual or potential conflicts of interest referred to it in accordance with the Company's conflicts of interest policy and approving any such conflicts. At least annually, the Board reviews the adequacy of disclosure to Shareholders regarding potential conflicts of interest and the effectiveness of the Company's conflicts of interest policy. In addition, the Board is responsible for reviewing and approving any related party transactions. Other key matters requiring Board approval include capital allocation and capital structure, the Company's dividend policy and changes to the Acquisition Strategy and Investment Policy.

In the performance of its duties, the Board is committed to maintaining a good understanding of the views of Shareholders and considerable importance will be attached to communicating with Shareholders.

## Senior Independent Director

The Company has appointed Everard Barclay Simmons as Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman, will serve as an intermediary for the other Directors and Shareholders, and will lead the annual review of the Chairman's performance.

## Board Committees

The Company has established an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Management Engagement Committee, each of which has formally delegated duties and responsibilities and written terms of reference that have been approved by the Board.

The Board believes that it and its committees have an appropriate composition and blend of skills, experience, independence and diversity of backgrounds to discharge their duties and responsibilities effectively. The Board is of the view that no one individual or small group dominates decision-making. The Board keeps its membership, and that of its committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed. It is satisfied that all Directors have sufficient time to devote to their roles and that undue reliance is not placed on any individual.

Each committee of the Board has written terms of reference, approved by the Board, summarising its objectives, remit and powers, which are available on the Company's website and reviewed on an annual basis. All committee members are provided with appropriate induction on joining their respective committees, as well as on going access to training. Minutes of all meetings of the committees (save for the private sessions of committee members at the end of meetings) are made available to all Directors, and feedback from each of the committees is provided to the Board by the respective committee Chairmen at the next Board meeting. The Chair of each committee attends the AGM to answer any questions on their committee's activities.

The Board and its committees are provided information that enables them to discharge their duties effectively. All Directors are able to make further enquiries of the Operator whenever necessary, and have access to the services of the Company Secretary.

## Audit and Risk Committee

On 20 September 2021, the Board established an Audit and Risk Committee which held its first meeting on 22 November 2021. The members of the Audit and Risk Committee are Mark Merson (Chair), Everard Barclay Simmons, Annemarie Durbin and Erica Handling. The Audit and Risk Committee, the Operator, the Administrator and the independent auditors, PricewaterhouseCoopers LLP, have held discussions regarding the audit approach and identified risks.

The independent auditors attend Audit and Risk Committee meetings and a private meeting will be held routinely with the independent auditors to afford them the opportunity of discussions without the presence of the Operator and the Administrator. The Audit and Risk Committee activities are contained in the Report of the Audit and Risk Committee on pages 64 to 65.

The Company's Audit and Risk Committee, among other things, considers the appointment, independence and remuneration of the independent auditors and reviews the financial statements and accounting policies. The principal duties of the Audit and Risk Committee are to consider the appointment of the independent auditors, to discuss and agree with the independent auditors the nature and scope of the audit, to keep under review the scope, results, quality and effectiveness of the audit and the independence and objectivity of the independent auditors, and to review the independent auditors' letter of engagement and management letter. The Audit and Risk Committee also monitors and reviews the adequacy and effectiveness of internal control and risk management systems and advises the Board on the Company's overall risk appetite. The Audit and Risk Committee will meet at least four times a year.

## Remuneration Committee

On 20 September 2021, the Board established a Remuneration Committee which held its first meeting on 20 September 2021. The members of the Remuneration Committee are Annemarie Durbin (Chair), Naguib Kheraj, Everard Barclay Simmons, Erica Handling and Mark Merson. Per the recommendations of the AIC Code, all members of the Remuneration Committee are Non-Executive Directors and the Chair of the Remuneration Committee has the relevant experience and understanding of the Company. Given the small size of the Company's Board, all members of the Company's Board are members of the Remuneration Committee. The Remuneration Committee meets at least once a year pursuant to its terms of reference.

The Company's Remuneration Committee is responsible for determining the remuneration of the Chairman. Any remuneration consists only of fees and expenses. The Committee is also responsible for reviewing the ongoing appropriateness and relevance of remuneration levels, and appointing external remuneration consultants. The Committee is responsible for recommending the Remuneration Policy for approval by Shareholders, and approval of the annual disclosures in relation to the implementation of the Remuneration Policy.

Post year-end, the Committee appointed FIT Remuneration Consultants as advisors to the Committee on remuneration matters.

## Nomination Committee

On 20 September 2021, the Board established a Nomination Committee which meets at least once a year pursuant to its terms of reference. There were no meetings held during the period ended 31 December 2021. The Board was appointed on 4 September 2021 and there has been no need for a review at this stage. The members of the Nomination Committee are Naguib Kheraj (Chair), Everard Barclay Simmons, Annemarie Durbin, Erica Handling and Mark Merson.

The Company's Nomination Committee leads the process for Board appointments, reappointments and the succession planning process. The Nomination Committee is responsible for monitoring and assessing the structure, size and composition of the Board, including the skills, knowledge, independence, experience and diversity of its members, and making recommendations to the Board with regard to any changes. With regard to Board appointments, the Nomination Committee prepares specifications of the roles and responsibilities, including expected time commitments, and consideration is given to the existing experience, knowledge and background of current Board members, as well as the strategic and business objectives of the Company. The Committee would then use open advertising and/or an external search consultancy to facilitate recruitment. The appointment of any new Director is made on merit and against objective criteria with the aim of bringing complementary skills and different perspectives to the Board, while promoting diversity of gender, and of social and ethnic background. Any additional external appointments are submitted for Board approval before the appointment is accepted. The Nomination Committee is responsible for ensuring a Board evaluation process is conducted, detailing the nature and extent of any external evaluator's contact with the Board and individual Directors, the outcomes and actions taken and how it influences Board composition. As a result, the Nomination Committee also makes recommendations to the Board in relation to the composition of the Audit and Risk Committee and Remuneration Committee, and any other Board committees as appropriate. The Nomination Committee meets at least once a year.

## Management Engagement Committee

On 20 September 2021, the Board established a Management Engagement Committee which held its first of two meetings on 22 October 2021. The members of the Management Engagement Committee are Naguib Kheraj (Chair), Everard Barclay Simmons, Annemarie Durbin, Erica Handling and Mark Merson. The Management Engagement Committee meets at least once a year pursuant to its terms of reference.

The role of the Management Engagement Committee is to provide a formal mechanism for the review of the performance of the Operator and the Company's other advisors and service providers. It carries out this review through consideration of a number of objective criteria and through a review of the terms and conditions of the advisors' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for Shareholders. The Management Engagement Committee specifically considers matters such as:

i. monitoring and evaluating the Operator's investment performance and, if necessary, providing appropriate guidance;
ii. regularly reviewing the continued retention of the Operator's services;
iii. considering the merit of obtaining, on a regular basis, an independent appraisal of the Operator's services;
iv. reviewing the level and method of remuneration, the basis of profit-sharing charge and the notice period.

The Management Engagement Committee is responsible for reviewing the terms of the Operator Agreement and monitoring and evaluating the performance of the Operator and its compliance with the Operator Agreement. The Management Engagement Committee is also responsible for reviewing the performance of, and the terms of the Company's arrangements with, other third-party service providers (other than the independent auditors). The Management Engagement Committee meets at least once a year.

The Management Engagement Committee reviewed the performance of the Operator and confirmed that performance has been effective to date. The Operator has delivered on strategy, as evidenced by further acquisitions in the quarter period to 31 December 2021. The Management Engagement Committee concluded that it considers the terms of the Operator Agreement to be fair and that the Operator fee and termination period are reasonable. A formal review of all key service providers will be conducted in 2022, as this will be the Company's first full year of operation.

## Diversity Policy

The Board monitors developments in corporate governance to ensure it remains aligned with best practice, especially with respect to the increased focus on diversity. The Board acknowledges the importance of all aspects of diversity for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well-diversified representation and the Board complies with gender and ethnicity guidelines. Appointments and succession plans to the Board are based on merit and objective criteria and within this context promote diversity of gender, of social and ethnic background and of cognitive and personal strengths. The Board also values diversity of business skills and experience because Directors with diverse skill sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company.

As at the date of this report, the Board comprises three men and two women, all Non-Executive Directors who are considered to be independent of the Operator and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Operator has a diverse employee base and continues to dedicate recruiting resources to increasing diversity across all positions and levels.

The Board recognises the importance of an inclusive and diverse Board in facilitating a collaborative culture and enhancing the delivery of the Company's strategic objectives. The Board will continue to monitor and actively work on ensuring that it maintains and nurtures a Board that is as diverse as possible. This baseline representation and understanding will help inform the development of future initiatives on diversity and inclusion.

## Board Tenure and Re-election

As the Company was incorporated on 24 March 2021 and the existing Directors were appointed on 4 September 2021, no issues have arisen to be considered by the Board with respect to long tenure. In accordance with the AIC Code, in the event that any Director, including the Chair, shall have been in office (or on re-election would have been in the office at the end of that term of office) for more than nine years, the Company will consider further whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service. The Board will consider its composition and succession planning on an ongoing basis. All Directors will stand for election at the first AGM of the Company and will stand for annual re-election at each subsequent AGM. In accordance with the AIC Code, the Board recognises that Directors serving nine years or more may appear to have their independence impaired. However, the Board may nonetheless consider Directors to remain independent and will provide a clear explanation within future Annual Report and Financial Statements as to its reasoning.

A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

In advance of the IPO process, the Directors were selected through a targeted search process, with the assistance of the Joint Global Coordinators and leading international search firm Spencer Stuart, which was appointed to advise on Board appointments and provide background checks and independence reviews on the final Board members. Spencer Stuart does not have other connections with the Company or any individual Director. The objective was to assemble a high-quality, diverse board, with significant experience in financial services and the knowledge and standing to be able to oversee and manage the relationship with the Operator. The appointment of the Directors included consideration of the time they had available for the role.

Refer to page 58 for a description of the Board appointment process.

The Board recommends that Shareholders vote in favour of the election of all Directors at the upcoming AGM of the Company.

## Duties and Responsibilities

The Board has overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy. The Directors also review and supervise the Company's delegates and service providers, including the Operator. The Board has committed a considerable amount of time and effort to establish the procedures for a newly-listed Company.

The Directors may delegate certain functions to other parties. In particular, the Directors have delegated responsibility for management of the Company's portfolio of investments to the Operator.

In the future, the Board is expected to have regularly planned formal meetings at least four times a year and will hold such additional ad-hoc meetings as are necessary to fulfil its duties. Between meetings there is regular contact with the Operator and the Administrator. The Board requires to be supplied with information by the Operator, the Administrator and other advisors in a form appropriate to enable it to discharge its duties.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with applicable regulation. It is the Board's responsibility to present a fair, balanced and understandable Annual Report, which provides the information necessary for Shareholders to assess the position, performance, strategy and business model of the Company. This responsibility extends to the half-year and other price-sensitive public reports.

Other key matters requiring Board approval include capital allocation and capital structure, the Company's dividend policy and changes to the Acquisition Strategy and Investment Policy.

In the performance of its duties, the Board is committed to maintaining a good understanding of the views of Shareholders and considerable importance will be attached to communicating with Shareholders.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable law and regulations of the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibilities Statement.

## Directors' Attendance at Board and Committee Meetings

One of the key criteria the Company uses when selecting Non-Executive Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The Board formally met five times during the period from appointment on 4 September 2021 until 31 December 2021. There were numerous meetings held and attended by the Directors in the lead-up to the IPO, prior to their appointment on 4 September 2021.

Directors are encouraged when they are unable to attend a meeting to give the Chairman their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the Non-Executive Directors also liaise with the Operator whenever required and there is regular contact outside the Board meeting schedule.

The number of meetings of the full Board in the period to 31 December 2021 and attendance by each Director is set out below:

| | Meetings held pre-appointment (Total of 20) | Scheduled Quarterly Board Meetings (Total of 1 ) | Additional ad hoc Board Meetings (Total of 5) |
|---|---|---|---|
| Naguib Kheraj | 20 | 1 | 5 |
| Everard Barclay Simmons | 20 | 1 | 5 |
| Annemarie Durbin | 20 | 1 | 5 |
| Erica Handling | 20 | 1 | 5 |
| Mark Merson | 20 | 1 | 5 |

The number of meetings of the committees of the Board in the period to 31 December 2021 and attendance by each committee member is set out below:

| | Remuneration Committee (min 1) | | Audit and Risk Committee Meetings (min 4) | | Nomination Committee Meetings (min 1) | | Management Engagement Committee Meetings (min 1) | | Tenure as at 31 December 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Director | A | B | A | B | A | B | A | B | |
| Naguib Kheraj | 1 | 1 | – | – | – | – | 2 | 2 | 4 months |
| Everard Barclay Simmons | 1 | 1 | 1 | 1 | – | – | 2 | 2 | 4 months |
| Annemarie Durbin | 1 | 1 | 1 | 1 | – | – | 2 | 2 | 4 months |
| Erica Handling | 1 | 1 | 1 | 1 | – | – | 2 | 2 | 4 months |
| Mark Merson | 1 | 1 | 1 | 1 | – | – | 2 | 2 | 4 months |

Column A: indicates the number of meetings held during the period.

Column B: indicates the number of meetings attended by the Director during the period.

A quorum comprises any two members of the Board from time to time, to perform administrative and other routine functions on behalf of the Board, subject to such limitations as the Board may expressly impose on this committee from time to time.

## Board Performance and Evaluation

In accordance with Provision 26 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. Such an evaluation of the performance of the Board as a whole, the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee, the Management Engagement Committee, individual Directors and the Chairman will be carried out under the mandate of the Nomination Committee.

The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

Due to the recent commencement of operations of the Company, no formal Board evaluation has been carried out as at the date of this report. An overall Board evaluation will be completed during 2022 and the results of this review will be reported in the next Annual Report. The evaluation will consider the Board's composition, diversity and how effectively members work together to achieve objectives. Individual evaluations will consider whether each Director continues to contribute effectively. The Chairman will lead the evaluation of the Board as a whole, as well as, individual members. He will conduct one-to-one follow-up meetings, with assistance from the Senior Independent Director, to provide individual feedback to each Director, with outcomes and proposed actions reported back to the Board. The Senior Independent Director will lead the evaluation of the Chairman by conducting meetings with each of the other Non-Executive Directors and then summarise the feedback to the Board.

This will enable the necessary rigour of evaluation, and consideration thereafter, as anticipated by the UK Code.

Directors regularly meet with the senior management employed by the Operator, both formally and informally, to ensure that the Board remains regularly updated on all issues. Members of the Board are members of professional bodies and/or serve on other Boards, which ensures they keep abreast of the latest technical developments in their areas of expertise.

The Board arranges for presentations from the Operator, the Company's brokers and other advisors on matters relevant to the Company's business. The Board will assess the training needs of Directors on an annual basis as set out in the Terms of Reference of the Nomination Committee.

## Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable not absolute, assurance against material misstatements or loss. However, the Board's objective is to ensure that the Company has appropriate systems in place for the identification and management of risks. The Directors carry out a robust assessment of the Company's principal and emerging risks, including events or circumstances that might threaten its business model, future performance, solvency or liquidity and reputation. As further explained in the Audit and Risk Committee Report, the principal risks and uncertainties of the Company are outlined in a risk matrix as set out on pages 42 to 46 of the Strategic Report.

The Board continually reviews its policy-setting and updates the risk matrix at least annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise.

The key procedures which have been established to provide internal control are that:

- the Board has delegated the oversight of internal controls and financial reporting to the Operator and relies on the Operator to perform such functions;
- the Board has delegated the day-to-day operations of the Company to the Administrator and Operator; however, it retains accountability for all functions it delegates. Each contract was entered into after detailed consideration of the quality and cost of services provided;
- the Board clearly defines the duties and responsibilities of the Company's advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such advisors through review of quarterly management accounts and valuation reports and will continue to do so through the Management Engagement Committee;
- the Operator Agreement details defined duties and responsibilities with lines of control and reporting. There is a formal structure in place to review the Operator through the Management Engagement Committee which then makes recommendations to the full Board. The Committee is also given updates on developments arising from the operations and strategic direction of the underlying investee companies;
- the Administrator provides administration and company secretarial services to the Company;
- the Administrator maintains a system of internal control on which it reports to the Board; and
- the Audit and Risk Committee monitors risks, including those of the Administrator and Operator.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Operator, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investments and the Company's assets, is maintained. The Board has also considered that the Operator leverages the risk management framework of Goldman Sachs, which includes an internal audit function responsible for independently assessing and validating the effectiveness of key controls undertaken by the Operator. Additional information on the risk framework of Goldman Sachs is set out on page 42. An internal audit function specific to the Company is therefore considered unnecessary.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. The Administrator and Operator both operate risk-controlled frameworks on a continual ongoing basis within a regulated environment. The Administrator formally reports to the Board quarterly through a compliance report and holds International Standard on Assurance Engagements (ISAE) 3402 Type 2 certification. This entails an independent rigorous examination and testing of its controls and processes. The Operator formally reports to the Board quarterly and also engages with the Board on an ad-hoc basis as required. No weaknesses or failings within the Administrator or Operator have been identified.

The systems of control referred to above, which have been in effect to date, are designed to ensure that the Company can effectively identify and manages its risks as well as ensuring that is in compliance with all applicable laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and the costs of control. It follows therefore that the systems of internal control can only provide reasonable, not absolute, assurance against the risk of material misstatement or loss. The Board has reviewed the effectiveness of the risk management and internal control processes and is satisfied that they are in accordance with the FRC's internal control publication titled Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

## Operator Agreement

The Company and Goldman Sachs Asset Management Fund Services Limited have entered into an agreement dated 28 September 2021, pursuant to which the Operator has been appointed as the Company's exclusive alternative investment fund manager and is responsible for the day-to-day operation and portfolio management of the Group's investment portfolio. The Operator is subject at all times to the overall supervision of the Board in accordance with the terms of the Operator Agreement, as well as the Company's Acquisition Strategy and Investment Policy (adopted by the Board in September 2021), the Listing Rules and applicable law. The Company undertakes in the Operator Agreement to authorise no one other than the Operator to deal in the Company's assets for the duration of the Operator Agreement, except on the advice of the Operator. A summary of the fees paid to the Operator are given in Note 5 to the financial statements.

### Authority of the Operator

Pursuant to the Operator Agreement, the Operator has discretion to acquire, dispose of and manage the direct and indirect assets of the Company subject to and in accordance with the Company's Acquisition Strategy and Investment Policy. All activities engaged in under the Operator Agreement by the Operator are at all times subject to the overall policies, supervision, review and control of the Board.

The authority granted to the Operator pursuant to the Operator Agreement is subject in particular to the Company's Acquisition Strategy and Investment Policy, pursuant to which the Operator is required to notify the Board or to seek approval from the Board or the Shareholders before undertaking acquisitions or disposals or incurring leverage at certain thresholds established by the Board from time to time.

The Operator may delegate certain of its functions, powers and duties under the Operator Agreement to any affiliate of the Operator. The Operator has exercised this power and has delegated its portfolio management functions to Goldman Sachs Asset Management International Ltd. which has further delegated the provision of portfolio management services to Goldman Sachs Asset Management International, LP as the Investment Advisor. The Operator is liable for the acts or omissions of any person to whom any of its functions, powers and duties may be delegated to the extent that it would itself have been liable for such acts or omissions.

The Operator is also entitled to consult with an investment committee established by the Operator. Currently, the members of the investment committee are senior executives of Goldman Sachs selected by the Operator and serve without compensation for their services. The investment committee will also be responsible for monitoring the Company's portfolio.

## Term and Termination

The Operator Agreement has an initial term of seven years, after which it will automatically renew on an annual basis until terminated in accordance with its terms.

During the initial term of seven years (the "Initial Term"), the Operator Agreement is terminable by the Company on three months' written notice if, in the opinion of the independent members of the Board acting reasonably, the Operator is in material breach of the Operator Agreement and such breach is incapable of remedy or has not been remedied to the reasonable satisfaction of the Company during this three-month notice period. Additionally, during the Initial Term, the Operator Agreement may be terminated on immediate written notice if (a) in the opinion of the independent members of the Board acting reasonably, the Operator has (i) committed an act of wilful misconduct in relation to the Company which has resulted in material harm to the Company's business or (ii) committed an act of fraud, or (b) the Operator has ceased to have the necessary authorisations to provide the services it has agreed to provide under the Operator Agreement and there is no suitable replacement, in the sole judgement of Goldman Sachs, within the Goldman Sachs group.

After the Initial Term, the Operator Agreement is terminable by the Company if, in the opinion of the independent members of the Board acting reasonably, (i) the Operator is in material breach of the Operator Agreement and such breach is incapable of remedy or has not been remedied to the reasonable satisfaction of the Company within three months of providing written notice to the Operator, or (ii) the Operator has committed an act of (a) wilful misconduct in relation to the Company which has resulted in material harm to the Company's business or (b) fraud, or (iii) the Operator has failed to provide the Company with services to the standard or with the due care and attention that would be expected of an Operator of a comparable listed company where such failure has not been remedied to the reasonable satisfaction of the Company within six months of the Company giving notice to the Operator specifying such failure. Additionally, after the Initial Term, the Operator Agreement may also be terminated without cause with the approval of at least three-quarters of the independent members of the Board, subject to the payment referred to below.

The Operator may terminate the Operator Agreement at any time (i) by giving 12 months' notice to the Company, if the Company is in material breach of its obligations under the Operator Agreement, (ii) if the Company undergoes a change of control, (iii) if the Company undertakes a material action, or declines to act, and such action or inaction is against the advice of the Operator and where the Operator notified the Company in writing of its disagreement with such proposed action or inaction or (iv) the Company materially amends its Acquisition Strategy and Investment Policy without the prior consent of the Operator.

The Operator Agreement may also be terminated by either party at any time if the other party is subject to a bankruptcy or other similar insolvency event (other than in the context of a scheme for solvent amalgamation or reconstruction).

Other than the payment required to be made in the event that the Company terminates the Operator Agreement without cause and described below, termination of the Operator Agreement in accordance with its terms does not require payment of a penalty or other additional payment from either party save that the Company shall pay any outstanding portion of the Recurring Operating Charge to the Operator pro-rated to the date of termination of the Operator Agreement and the Company shall honour any authorised transactions entered into before the date of any such termination. In the event the Company terminates the Operator Agreement without cause after the Initial Term, the Operator will be entitled to receive (i) payment to the Operator of an amount equal to the aggregate Recurring Operating Charge for the most recent four fiscal quarters multiplied by three, and (ii) crystallisation of the Profit Sharing Charge based on the immediately prior fiscal quarter's holding values.

The Board as a whole reviewed the Company's compliance with the UK Code, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Operator prior to the IPO, as outlined under the roles and responsibilities of the Management Engagement Committee on page 58, in the opinion of the Directors the continuing appointment of the Operator on the terms agreed is in the interests of Shareholders as a whole.

## Operator Charges and Alignment

The Operator fee structure is designed to align with performance against the strategic objectives, taking into consideration the Company's culture and values. The fee structure is underpinned by the level of investments in Partner-firms, encouraging the Operator's focus on long-term relationships, collaboration and the success of the Partner-firms and aligning with Company and Shareholder interests.

As consideration for its services pursuant to the Operator Agreement, the Company will pay the Operator a Recurring Operating Charge in respect of the management of its assets. The Recurring Operating Charge is payable quarterly in arrears in an amount equal to 7.5 per cent of the Group's income from investments in Partner-firms, as defined under IFRS, for the relevant quarter.

The Company also pays the Operator a Profit Sharing Charge on a quarterly basis. The Profit Sharing Charge comprises a profit sharing charge of 20 per cent of total income from investments in Partner-firms, as defined under IFRS, from new investments made by them post Admission, in the relevant quarter (net of any Recurring Operating Charge in respect of such new investments), chargeable only after a two-year ownership period from the date on which the investment closed, and subject to the relevant investment achieving an investment return of at least 6.0 per cent. The Profit Sharing Required Investment Return is calculated at the end of each quarter only on the total invested capital funded to date; in other words, it excludes any potential deferred consideration embedded in the total investment amount, if not yet paid. The Profit Sharing Charge is only applicable if the average annual return, comprising income from investments in Partner-firms and change in fair value of the investment since the date of acquisition, as defined under IFRS, exceeds the Profit Sharing Required Investment Return of 6.0 per cent.

While the Group does not typically seek to exit its assets, in the event that there are realisations, the Company will pay to the Operator a divestment Profit Sharing Charge of 20 per cent of the total profits from the divestment (in respect of any investments which pre-date the Initial Acquisition, to be based upon the contribution value of such asset pursuant to the Initial Acquisition).

The total profits from the divestment, which represent the capital return of the investment, will be calculated as the sale price minus the contribution value of such asset as defined at the Initial Acquisition, excluding any income from investments in Partner-firms received over the holding period (and on which the Company has already paid Recurring Operating Charges and, in the case of new investments made by them following Admission, Profit Sharing Charges).

## Our Culture

The Company's purpose is to provide Shareholders with best-in-class access to the growth and profitability of the alternative asset management industry, focusing on the quality of recurring earnings.

The Company has no employees. The Directors are committed to providing the highest standards of diligence in governance and reporting and to maintaining a constructive and collaborative relationship with the Operator while ensuring that the Operator manages conflicts of interest appropriately. The Company has delegated its operating responsibilities to the Operator and is reassured by and supportive of the Operator's Values which are set out on page 8.

As the Company has no employees and acts through its Operator, its Culture is represented by the values, attitudes and behaviour of the Board. The Board encourages a culture that is responsive to the views of its stakeholders. This is reflected in the way in which Board meetings are conducted. The Chairman promotes and facilitates a strong culture of open debate on topics, encouraging participation and input from all Directors, the Operator and other advisors to ensure a wide exchange of views.

The Board sets the strategy for the Company to align with its purpose. Having a strong culture of collaboration and transparency will help the Company achieve its strategy to offer high-quality Partner-firms a "win-win" solution as a source of partnership and capital, helping them to build enduring businesses that are responsive to the trends we expect to shape the future, while maintaining alignment with our Shareholders, Operator, Partner-firms, Board, and other service providers. The Board has focused on ensuring that this culture is embedded across the Company's operations and monitors progress in that regard.

The Board undertakes continued engagement with the Operator and other advisors to ensure that practices and behaviour throughout the business are aligned with the Company's purpose and strategy. As part of this ongoing monitoring, during the reporting period the Board held meetings and requested more granular information on matters such as the Company's risk culture and ESG considerations in Partner-firms, to ensure any concerns and inconsistencies are identified and addressed.

## Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's AGM provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The Chairman and other Directors are also available to meet with Shareholders to hear their views and discuss any issues or concerns, including in relation to Board composition, governance and strategy, or at other times if required. The Operator and the Chairman have held meetings at investor requests since listing.

The Company reports formally to Shareholders in a number of ways, including regulatory news releases through the London Stock Exchange's Regulatory News Service, and announcements in response to events or routine reporting obligations. Also, an Interim Report will be published each year outlining performance to 30 June and the Annual Report will be published each year for the year ended 31 December, both of which will be made available on the Company's website. In addition, the Company's website contains comprehensive information, including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering on the website.

The Directors and Operator receive informal feedback from analysts and investors, which is presented to the Board by the Company's Brokers. The Company Secretary also receives informal feedback via queries submitted through the Company's website, and these are addressed by the Board, the Operator or the Company Secretary, as applicable.

## Engagement with Other Stakeholders

Service providers have been selected and engaged based on due diligence and references including consideration of their internal controls and expertise. The Company has established a Management Engagement Committee, which will review the performance of each service provider annually and provide feedback as appropriate, to maintain good working relationships.

More information on stakeholder engagement may be found on pages 36-37 of this report.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Operator, in conjunction with the Company's Administrator, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

## Whistleblowing

The Board relies on the Operator's whisteblowing policies and has considered arrangements by which staff of the Operator may, in confidence, raise concerns within its organisation about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisations.

By order of the Board

**Naguib Kheraj**
Chairman

26 April 2022

# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee, chaired by Mr. Mark Merson, operates within clearly defined terms of reference which are available from the Company's website, and include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code. Its other members are Everard Barclay Simmons, Annemarie Durbin and Erica Handling. Members of the Audit and Risk Committee must be, and are, independent of the Company's independent auditors and Operator. In the future, the Audit and Risk Committee will meet no less than four times in a year and at such other times as the Audit and Risk Committee Chair shall require, and will meet the independent auditors at least once a year without the presence of the Operator and the Administrator.

The Committee members have considerable financial and business experience and the Board has determined that the membership as a whole has sufficient recent and relevant sector and financial experience to discharge its responsibilities and that at least one member has competence in accounting or auditing. The biographies of each member of the Committee, detailing their relevant qualifications and experience, are on pages 50 to 51.

## Responsibilities

The main duties of the Audit and Risk Committee are:

- to monitor the integrity of the Company's financial statements and regulatory announcements relating to its financial performance, and to review significant financial reporting judgements;
- to report to the Board on the appropriateness of the Company's accounting policies and practices;
- to consider the ongoing assessment of the Company as a going concern and the assessment of longer-term viability;
- to review the valuations of the Company's investments prepared by the Operator, and provide a recommendation to the Board on the valuation of the Company's investments;
- to oversee the relationship with the independent auditors, including agreeing their remuneration and terms of engagement, reviewing their reporting, monitoring their independence, objectivity and effectiveness, ensuring that any non-audit services are appropriately considered, and making recommendations to the Board on their appointment, reappointment or removal, for it to put to the Shareholders in general meeting;
- to monitor and consider annually whether there is a need for the Company to have its own internal audit function;
- to keep under review the effectiveness of the Company's internal controls, including financial controls and risk management systems;
- to review and consider the UK Code, the AIC Code, and the AIC Guidance on Audit Committees; and
- to report to the Board on how it has discharged its responsibilities.

The Audit and Risk Committee is aware that certain sections of the Annual Report are not subject to formal statutory audit, including the Chairman's Statement, the Operator's Report and certain sections of the Directors' Remuneration Report. Financial information in these sections is reviewed by the Audit and Risk Committee as part of its review of the overall Annual Report.

The Company continues to comply with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. The Audit and Risk Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and making recommendations on the steps to be taken.

The independent auditors were invited to attend the Audit and Risk Committee meetings at which the Annual Report was considered. They will have the opportunity to meet with the Committee without representatives of the Operator or Administrator being present at least once per year.

## Financial Reporting

The primary role of the Audit and Risk Committee in relation to financial reporting is to review with the Administrator, the Operator and the independent auditors, and report to the Board, on the appropriateness of the Annual Report and financial statements and Interim Financial Report, concentrating on, among other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or where there has been discussion with the independent auditors, including the going concern and viability statement;
- whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to financial reporting.

To aid its review, the Audit and Risk Committee will consider reports from the Administrator and the Operator and also reports from the independent auditors on the outcomes of their half-year review and annual audit.

## Meetings

During the period ended 31 December 2021, the Audit and Risk Committee met once formally, and there was ongoing liaison and discussion between the independent auditors and the Audit and Risk Committee Chair with regard to the audit approach and the identified risks. The matters discussed at those meetings included:

- review of the terms of reference of the Audit and Risk Committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review and approval of the audit plan of the independent auditors;
- consideration of the fee for the external audit;
- governance and compliance responsibilities of the Company;
- assessment of the independence of the independent auditors;
- requirement for climate-related financial disclosures;
- assessment of the effectiveness of the external audit process as described below; and
- review of the Company's key risks and internal controls.

After the period ended 31 December 2021, the Audit and Risk Committee met on 23 March 2022 to consider the significant areas of judgment, estimates and assumptions and again on 19 April 2022 and 26 April 2022 to review the results of the audit and to consider and approve the preliminary results announcement and the Annual Report.

## Significant Areas of Judgement Considered by the Audit and Risk Committee

The significant areas of judgement, as well as estimates and assumptions, considered by the Audit and Risk Committee are outlined in Note 3 to the Consolidated Financial Statements.

The revenue recognition and valuation process and methodology were discussed and debated with the Operator and with the independent auditors at the Audit and Risk Committee meetings held on 22 November 2021 and 23 March 2022. Investments and other financial assets and liabilities were transferred to the Company in exchange for Ordinary Shares issued by the Company in connection with the initial acquisition in connection with the IPO. The value of these investments is determined periodically by the Operator, with the assistance of Goldman Sachs & Co. acting as Valuer, and is subject to review by the Valuation Committee of the Operator.

The independent auditors have explained the results of their audit work on valuations in the Independent Auditors' Report on pages 72 to 81. There were no adjustments proposed and uncorrected that were material in the context of the Annual Report and financial statements as a whole.

## Risk Management

The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those threatening its business model, future earnings potential, and operational resiliency. On behalf of the Board, the Audit and Risk Committee reviews the effectiveness of the Company's risk management processes. The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit and Risk Committee. The Audit and Risk Committee receives reports from the Operator and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified. The work of the Audit and Risk Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out on pages 42 to 46 of the Strategic Report.

## Internal Audit

The Audit and Risk Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit and Risk Committee does not consider there to be a need for an internal audit function, given that the Operator is subject to internal audit by the Goldman Sachs internal audit function; and there are no employees in the Company and all outsourced functions are with parties which have their own internal controls and procedures.

## Independent Audit

PricewaterhouseCoopers LLP has been the Company's independent auditors since 4 August 2021. This is the first period of audit. The independent auditors are required to rotate the audit partner every five years. There are no contractual obligations restricting the choice of independent auditors, and the Company will put the audit services contract out to tender at least every 10 years. Under the Companies Act 2006, the reappointment of the independent auditors is subject to Shareholder approval at the AGM. The audit partner responsible for the audit will be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Mr. Richard McGuire, the current audit partner, has held this role for one year and will continue as audit partner until the conclusion of the 2025 audit. The Audit and Risk Committee will continue to monitor the performance of the independent auditors on an annual basis and will consider independence and objectivity, taking account of appropriate guidelines. In addition, the Committee Chair will continue to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters. The Audit and Risk Committee reviews the scope and results of the audit, its cost-effectiveness and the independence and objectivity of the independent auditors, with particular regard to the level of any non-audit fees. Notwithstanding such services, the Audit and Risk Committee considers PricewaterhouseCoopers LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the independent auditors from becoming compromised, the Audit and Risk Committee is aware of the cap on fees that may be charged by a company's independent auditors for non-audit services at 70 per cent of the average statutory audit fees for the previous three years. This cap will become applicable to the Group for the year ending 31 December 2024 and onwards. PricewaterhouseCoopers LLP will be precluded from providing, and does not provide, certain services such as valuation work or accounting services. There is also a presumption that PricewaterhouseCoopers LLP should only be engaged for non-audit services where they are best placed to provide those services; for example engagement as reporting accounting prior to the Company's listing and a review of the interim report. Note 6 details services provided by PricewaterhouseCoopers LLP during the period. Fees payable for audit services for the period were £808k (excluding VAT). Amounts paid for non-audit services in relation to reporting accounting work amounted to £868k (excluding VAT).

To fulfil its responsibility regarding the independence of the independent auditors, the Audit and Risk Committee considers:

- discussions with or reports from the independent auditors describing their arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the independent auditors.

To assess the effectiveness of the independent auditors, the Committee reviews:

- the independent auditors' fulfilment of the agreed audit plan, through review of the audit plan, including the audit approach to significant risks and monitoring any changes in response to new issues identified and any variations from the audit plan;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

The Audit and Risk Committee is satisfied with PricewaterhouseCoopers LLP's effectiveness and independence as independent auditors having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above, and having satisfied itself that the independent auditors remain independent and effective, the Audit and Risk Committee has recommended to the Board that PricewaterhouseCoopers LLP be reappointed as independent auditors for the year ending 31 December 2022.

The Audit and Risk Committee has provided the Board with its recommendation to the Shareholders on the reappointment of PricewaterhouseCoopers LLP as independent auditors for the year ending 31 December 2022. Accordingly, a resolution proposing the reappointment of PricewaterhouseCoopers LLP as our independent auditors will be put to Shareholders at the AGM.

On behalf of the Audit and Risk Committee

**Mark Merson**
Audit and Risk Committee Chair

26 April 2022

# DIRECTORS' REMUNERATION REPORT

## Chair's Statement

The Directors' Remuneration Report that follows has been prepared in accordance with the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Companies Act 2006.

### Dear Shareholder

This is Petershill Partners' first Directors' Remuneration Report. It reports on remuneration from the date of the Directors' appointment on 4 September 2021 to the end of the financial year on 31 December 2021. As a reminder, the Company does not have any Executive Directors, management or employees, so this report relates solely to the Chairman and other Non-Executive Directors (NEDs).

This Directors' Remuneration Report consists of three parts:

- The Directors' Remuneration Policy (the "Policy") which sets out the remuneration framework that applies to the Chairman and the other Non-Executive Directors and will be subject to a binding vote at the 2022 AGM.
- The Annual Report on Remuneration, which explains how the Directors have been paid in the period from their appointment to the end of the financial year and will be subject to an advisory vote at the 2022 AGM.
- The Annual Statement, which summarises the activities of the Remuneration Committee and our approach to remuneration, key decisions made and the context for those decisions.

### The Context of Remuneration Decisions

This is the first financial period since listing and the Board's remuneration remains consistent with the disclosures contained in the Company's Prospectus dated 28 September 2021.

The Directors were selected through a targeted search process with the assistance of a leading international search firm. The objective was to assemble a high-quality diverse Board with significant experience in financial services and the knowledge and standing to be able to oversee and manage the relationship with the Operator. The fees set out in the remainder of this report, which were paid from the date they commenced undertaking significant activities for the Company, reflect the scale and complexity of the Company and its intended growth strategy, as well as the alternative opportunities available to the Directors based on their skills and experience.

The original fees anticipated the time commitment which would be expected of the Chairman and NEDs. In fact, both in preparation for and subsequent to the Company's IPO, the time commitment has been higher than originally anticipated. There is nevertheless no proposal to revisit the fees and it is hoped that this time commitment will normalise over time.

### Directors' Remuneration Policy

As a newly listed company, the Directors' Remuneration Policy will be presented to Shareholders for approval at the 2022 AGM. When designing the Policy, the Remuneration Committee was mindful of the six factors listed in the UK Corporate Governance Code: clarity, simplicity, risk, predictability, proportionality and alignment to culture. The Company has no employees and, therefore, the Policy relates solely to the fees which are payable to the Chairman and other NEDs. No elements of the fees are linked to financial or other performance of the Company.

### Implementing the Policy for FY 2022

There are no planned changes to the fee levels for 2022.

### Conclusions

We look forward to engaging with our Shareholders and other stakeholders on an ongoing basis. I would welcome any feedback or comments on the Directors' Remuneration Report more generally.

**Annemarie Durbin**

Chair of the Remuneration Committee

26 April 2022

## Directors' Remuneration Policy

The Directors' Remuneration Policy will be submitted for approval at the 2022 Annual General Meeting (AGM). The Remuneration Committee intends that the new Policy will operate for three years. The Policy was reviewed and approved by the Remuneration Committee.

The proposed Directors' Remuneration Policy, if approved, will be effective from the date of the 2022 AGM.

It is not part of the Company's strategy to appoint Executive Directors (or indeed any employees). However, in the highly unlikely event that the Company subsequently chooses to appoint Executive Directors, it would then develop a policy which would be subject to Shareholder approval before such Board appointments could be made.

## Fees Policy for Chairman and Non-Executive Directors

The following table summarises the fees policy for the Chairman and the NEDs.

| Element of pay | Purpose/ link to strategy | Operation/performance | Maximum |
|---|---|---|---|
| Fees | To provide a competitive fee to attract NEDs who have the requisite skills and experience to oversee the implementation of the Company's strategy | Fees for the Chairman are set by the Committee. Fees for the other NEDs are set by the Chairman.<br>Fees are reviewed, but not necessarily increased, annually.<br>Fee levels are determined based on expected time commitments for each role and by reference to comparable fee levels in other similar-sized companies.<br>Additional fees are payable to the Senior Independent Director and Chairs of Board Committees to reflect their additional responsibilities.<br>Additional fees may be paid for other responsibilities which include a higher time commitment than normal. | The overall aggregate annual limit for fees payable to the Chairman and NEDs is £2m. |
| Expenses | To facilitate the performance of their duties | Reasonable business expenses (including any tax thereon) will be reimbursed. | |

There is no provision for the payment of variable pay; Directors do not receive bonuses or LTIP awards and, therefore, there are no recoupment (malus or clawback) provisions relating to variable pay. There is no minimum shareholding requirement. Actual shareholdings are shown on page 69.

## Statement of Consideration of Shareholder Views

Prior to Admission, the views of Petershill Partners' private Shareholders (representing the private funds managed by Goldman Sachs Asset Management) were carefully considered when determining the Policy. The Committee will continue to engage with Shareholders and to respond to Shareholder feedback.

Material changes to the Policy will be subject to prior consultation with major Shareholders.

The Company has no employees and, therefore, there were no such persons with which to consult.

## Recruitment Policy

The remuneration package for any new Chairman or NED will be set in accordance with the terms of the Policy in place at the time of appointment, including the overall cap on fees..

## Non-Executive Directors' Terms of Appointment

The NEDs do not have service contracts with the Company, but instead, have letters of appointment. The date of appointment and the most recent reappointment and length of service for each NED are shown in the table below:

| | Date of appointment | Length of service |
|---|---|---|
| Naguib Kheraj (Chairman) | 4 September 2021 | <1 year |
| Everard Barclay Simmons | 4 September 2021 | <1 year |
| Annemarie Durbin | 4 September 2021 | <1 year |
| Erica Handling | 4 September 2021 | <1 year |
| Mark Merson | 4 September 2021 | <1 year |

Each Director is subject to annual re-election by the Company in a general meeting. None of the Directors are appointed for a fixed term. The appointment of the Chairman may be terminated by either the Chairman or the Company giving six months' notice. The appointment of each of the other Directors may be terminated by either that Director or the Company giving three months' notice. Payment may be made in lieu of providing the full notice period.

# Annual Report on Remuneration

## Single Total Figure of Remuneration (Audited) (for the period 4 September 2021 to 31 December 2021)

| Non-Executive Directors | Fees (£'000) | Taxable Benefits (£'000) | Total (£'000) |
|---|---|---|---|
| Naguib Kheraj | £154 | – | £154 |
| Everard Barclay Simmons | £57 | £29 | £86 |
| Annemarie Durbin | £50 | – | £50 |
| Erica Handling | £49 | – | £49 |
| Mark Merson | £55 | – | £55 |
| Total | £365 | £29 | £394 |

The expenses relate to travel and accommodation expenses attending meetings together with associated taxes.

### Notes to Single Total Figure of Remuneration Table

Fees are shown in the table from the date of appointment of each Director to the Board (4 September 2021) to the end of the financial year.

No Director received any inducement or performance-related pay on joining the Board. In addition to fees from formal appointment, fees were accrued from the date on which each Director became substantively involved in the extensive work to prepare the Company for listing. This was 1 May 2021 (in the case of the Chairman) and 1 June 2021 (in the case of the other NEDs). During the period to listing 20 formal meetings were held. Therefore, in total, from the Company's incorporation until 31 December 2021, the overall fees paid to Directors are set out in the table below. These include the fees paid since appointment as Directors as set out in the table above.

| Non-Executive Directors | Total (£'000) |
|---|---|
| Naguib Kheraj | £317 |
| Everard Barclay Simmons | £131 |
| Annemarie Durbin | £90 |
| Erica Handling | £88 |
| Mark Merson | £99 |

## Fees

The Chairman and NED fees remain as set out in the Prospectus:

| Position | Fees (£'000) |
|---|---|
| Chairman of the Board fee | £475 |
| NED base fee | £120 |
| Senior Independent Director fee | £25 |
| Chair of the Audit and Risk Committee | £35 |
| Chair of the Remuneration Committee | £10 |
| Member of the Audit and Risk Committee | £15 |
| Member of the Nomination, Remuneration or Management Engagement Committees | £5 per committee |

There are no proposed changes for 2022.

## Expenses

Expenses includes the reimbursement (including any tax payable) of business-related costs.

There are no proposed changes for 2022.

# Annual Statement on the Role and Activities of the Remuneration Committee

## Role and responsibilities of the Remuneration Committee

The Company's Remuneration Committee is responsible for determining the remuneration of the Chairman, reviewing the ongoing appropriateness and relevance of remuneration levels and appointing external remuneration consultants.

The Remuneration Committee will meet at least once a year. The members of the Remuneration Committee are Annemarie Durbin (Chair), Naguib Kheraj, Everard Barclay Simmons, Erica Handling and Mark Merson. As all of the Directors are independent and there are no executives, the Committee's membership currently comprises the whole Board.

## Advisors

After the year end, the Committee appointed FIT Remuneration Consultants LLP ("FIT") as its independent advisor. FIT is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. It charged no fees for time incurred in respect of FY2021. FIT has no other connection with the Company and its only connection with its directors is as advisor to other remuneration committees on which they may serve.

## Key activities during the period

The Committee held a meeting on 20 September 2021 in which the setting of Chair fees was discussed.

## Other Statutory Requirements

### Share Interests (Audited)

Directors who held office during the period and had interests in the Ordinary Shares of the Company as at 31 December 2021 are given in the table below. There were no changes to the interests of each Director as at the date of this report.

There is no requirement for Directors to hold shares in the Company. At the time of the IPO, some Directors purchased shares at the listing price.

| | Shares owned outright |
|---|---|
| Naguib Kheraj* | 375,000 |
| Everard Barclay Simmons | – |
| Annemarie Durbin | – |
| Erica Handling | 85,714 |
| Mark Merson | 114,285 |

* Mr Kheraj's shares are held through a Self Invested Personal Pension.

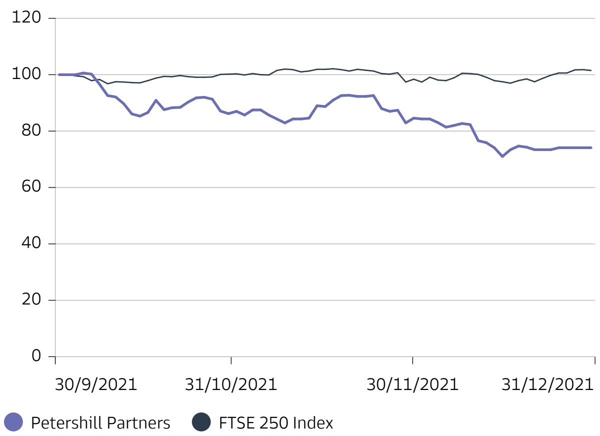
As Independent NEDs, none participate in any form of incentives. The Company's mid-market share price at the close of business on 31 December 2021 was 274.5p and the range of the mid-market price during the year since IPO was 248.5p to 352p.

### TSR Performance

The following chart shows the value of £100 invested in the Company (at the date of Admission) compared with the value of £100 invested in the FTSE 250 Index. We have chosen the FTSE 250 Index as it provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance since Admission.

#### Total Shareholder Return

Value of a 100 unit investment made at Admission




### Relative Importance of Spend on Pay

As Petershill Partners only listed in October 2021, there is no comparable year-on-year change to disclose. Full disclosure will be presented in the Annual Report on Remuneration for FY 2022.

### CEO Pay Ratio

The Company has no Chief Executive or any equivalent executives and no employees, so no such ratio is required.

### Percentage Change in Director Pay

As Petershill Partners only listed in October 2021, there is no comparable year-on-year change to disclose. Full disclosure will be presented in the Annual Report on Remuneration for FY 2022.

### Payments for Loss of Office and/or Payments to Former Directors (Audited)

No payments for loss of office, nor payments to former Directors, were made during the period under review. Andres Gonzales, Chaim Langer and Ayesha Parra were initially appointed as Directors of the Company as part of its establishment, but subsequently resigned and received no remuneration or compensation.

### Statement of Shareholding Voting

This is the first Policy and Directors' Remuneration Report submitted to Shareholders. Disclosure of the voting results at the 2022 AGM will be shown in the Annual Report on Remuneration for FY 2022.

On behalf of the Remuneration Committee

**Annemarie Durbin**
Chair of the Remuneration Committee

26 April 2022

# DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report 2021 and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group's and the Company's financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and performance;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Report of the Directors, Directors' Remuneration Policy and Corporate Governance Report that comply with that law and those regulations.

The Directors are also responsible under section 172 of the Companies Act 2006 for promoting the success of the Company for the benefit of its members as a whole and in doing so having regard for the needs of wider society and other stakeholders.

## Website Publication

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' Responsibilities Pursuant to DTR4

The Directors confirm that to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the Group and Company, and of the profit or loss of the Group;
- the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- they consider that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's and the Group's performance, business model and strategy.

On behalf of the Board

**Naguib Kheraj**
Chairman

26 April 2022

# Financial statements

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETERSHILL PARTNERS PLC

## Report on the audit of the financial statements

### Opinion

In our opinion, Petershill Partners plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit and the Group's and Company's cash flows for the period from 24 March 2021 to 31 December 2021;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2021 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position, as at 31 December 2021; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Statements of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6 to the Consolidated Financial Statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Context

In planning for our first year audit of Petershill Partners plc and its subsidiaries (the 'Group'), we met with the Audit and Risk Committee, the Board of Directors and the Operator to discuss and understand significant business activities during the period, and to understand their perspectives on associated business risks. We used this insight when forming our own views regarding the business, as part of developing our audit plan and when scoping and performing our audit procedures. The Group was formed with the objective of investing in Partner-firms to achieve capital growth and to generate income. Given the complexity and judgements required in determining the value of investments we considered this a significant risk to both the Group and the Company. The initial acquisition of the stakes in the Partner-firms on 28 September 2021 was a complex transaction involving the issuance of share capital and entering into a Tax Receivables Agreement as consideration for the stakes in the Partner-firms. We have considered both the liability for the Tax Receivables Agreement and the Fair Value of the Share Issuance to be a significant risk to the Group due to the subjectivity of the estimation and the complexity of the underlying tax laws and the subjective nature of the inputs to the consideration.

## Overview

### Audit scope

- We audited the consolidated financial information of the Group as a whole. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made significant judgements and estimates. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

### Key audit matters

- Valuation of investments at fair value through profit and loss (Group)
- Valuation of liability for Tax Receivables Agreement (Group)
- Valuation of shares issued in exchange for transfer of assets and liabilities (Group and Company)
- Valuation of Investments in subsidiary undertakings (Company)

### Materiality

- Overall Group materiality: US$53,000,000 based on 1% of Net assets.
- Overall Company materiality: US$50,300,000 based on 1% of Net assets, capped at 95% of Group materiality.
- Performance materiality: US$39,700,000 (Group) and US$37,700,000 (Company).

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investments at fair value through profit and loss (Group)</td></tr>
<tr><td>
Refer to the Audit and Risk Committee Report, Notes to the consolidated financial statements – Note 2 (Basis of preparation and significant accounting policies), Note 3 (Critical accounting judgements, estimates and assumptions) and Note 4 (Investments at fair value through profit or loss).
The investments at fair value through profit or loss for the Group were $6,023.1 million as at 31 December 2021.
As this is an initial audit our audit work included testing the valuations of the initial acquisition of $4,843.3 million as at 28 September 2021 as this determines the cost of the investments but also feeds into the fair value consideration of the shares issued in exchange for the stakes in the Partner-firms.
The investments in Partner-firms held by the Group are not quoted or traded in an active market and as such their fair values are determined using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The fair values of certain Partner-firms may be fair valued by a third-party valuation advisor (the 'Valuer') engaged by the Operator.
In valuing the investments, key assumptions include estimates around future fundraise timing and sizes, expected management and performance fee rates, margins of the Partner-firms, expected current and future fund returns and timing of realisations.
The inputs in the earnings multiples models include observable data, such as earnings multiples of comparable companies to the relevant Partner-firms, and unobservable data, such as forecast earnings for the Partner-firms. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant Partner-firms and the discount rates applied.
The valuation of the Group investments at fair value through profit and loss was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each investment and the expected future cash flows. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual investment valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.
</td><td>
We understood and evaluated the valuation methodologies applied, by reference to industry practice and applicable accounting standards, and tested the techniques used by management in determining the fair value of the investments. We performed the following over the fair value of investments as at initial acquisition and as at 31 December 2021:
<ul>
<li>Discussed and challenged the Operator and Valuer's approach to valuations and significant estimates;</li>
<li>Undertook further investigations by holding further discussions with the Operator and Valuer and obtained evidence to support explanations received where assumptions were outside the expected range or showed unexpected movements based on our knowledge;</li>
<li>Observed that alternative assumptions had been considered and evaluated by the Operator and the Valuer, including adjustments where relevant in respect of climate change, before determining the final valuation. Challenged management about the rationale of any non-observable inputs or significant estimates used in valuations and obtained corroborative evidence such as past performance of the Partner-firms or data provided by the Partner-firm. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence;</li>
<li>Obtained confirmations directly from the Partner-firms to corroborate ownership and other interests held;</li>
<li>Performed recalculations of valuation workings to ensure mathematical accuracy;</li>
<li>Agreed data inputs in the valuation model, such as fee rates and assets under management, to supporting documentation on a sample basis; and</li>
<li>Agreed the amounts per the valuation reports to the accounting records and the financial statements.</li>
</ul>
In addition, given the inherent subjectivity involved in the valuation of the investments, and therefore the need for specialised market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts to assist us in our audit of this area. The experts performed the following procedures:
<ul>
<li>Reviewed the appropriateness of valuation methodology and the application of the methodology to each specific valuation;</li>
<li>Reviewed certain inputs and estimates used, such as comparable company multiples and discount rates as at the initial acquisition date and at 31 December 2021; and</li>
<li>Reported their findings and conclusions to the Group audit team for overall consideration and conclusions.</li>
</ul>
We considered the appropriateness and adequacy of the disclosures around the estimation uncertainty and sensitivities on the accounting estimates.
Our testing did not identify any evidence of material misstatement.
</td></tr>
</table>

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of liability for Tax Receivables Agreement (Group)** | |
| *Refer to the Notes to the consolidated financial statements – Note 2 (Basis of preparation and significant accounting policies) and Note 3 (Critical accounting judgements, estimates and assumptions).*<br><br>The Group recognised a Liability for the Tax Receivable Agreements ('TRA') on 28 September 2021 with a fair value of $159.9 million. After the unwinding of the discount rate, the carrying value as at 31 December 2021 was $166.7m.<br><br>The Operator, with the support of an external tax specialist, has estimated the step-up tax basis of the acquired assets based on tax information provided by the Partner-firms, projected the amortisation of the step-up tax basis to occur over 15 years, applied a discount rate of 18% and utilised the current effective tax rate of Delta Epsilon Delaware Inc in calculating the future tax benefits and resulting payments under the TRA.<br><br>The valuation of the liability for Tax Receivables Agreement is identified as a key audit matter as it is inherently subjective due the magnitude of, and unobservable nature of the estimates involved in the valuation of the TRA and the complexity of the applicable underlying tax laws. | We understood and evaluated the calculation and methodologies applied, by reference to industry practice and relevant tax laws, and tested the techniques used by management in determining the liability for the TRA.<br><br>We obtained management's computations and workings relating to the amounts recognised for the liability of the TRA as at Initial Acquisition and as at 31 December 2021. We performed the following procedures:<br>▪ Checked the mathematical accuracy of management's calculation;<br>▪ On a sample basis agreed the inputs used in the computations to supporting documentation;<br>▪ Challenged management about the rationale of any non-observable inputs or significant estimates used in the calculation,such as the discount rate applied and amortisation period, and obtained corroborative evidence;<br>▪ Confirmed management had appropriately reflected US federal tax rate in the calculations; and<br>▪ Agreed the disclosures made in the financial statements back to supporting documentation.<br><br>Given the inherent subjectivity involved in the calculation of the liability for the TRA and complexity of tax laws, and therefore the need for specialised market knowledge when determining the most appropriate assumptions and the technicalities, we engaged our internal tax and valuation experts to assist us in our audit of this area.<br><br>Our testing did not identify any evidence of material misstatement. |
| **Valuation of shares issued in exchange for transfer of assets and liabilities (Group and Company)** | |
| *Refer to the Notes to the consolidated financial statements – Note 2 (Basis of preparation and significant accounting policies) and Note 13 (Share capital).*<br><br>The Group obtained stakes in 19 Partner-firms in exchange for both shares in the Company and entering into the Tax Receivables Agreement.<br><br>In order to determine the fair value of the shares issued the Operator was required to the fair value the assets and liabilities acquired including investments in the Partner-firms and liability for the TRA.<br><br>The valuation of shares issued in exchange for assets and liabilities was identified as a key audit matter as it is inherently subjective due the magnitude of, and unobservable nature of the estimates involved in the valuation of the investments in the Partner-firms and the liability for the TRA and the complexity noted in the key audit matters above. | We obtained management's workings relating to the fair valuation of shares issued and in addition to the considerations over the valuation of investments and the fair value of the TRA, as discussed in the key audit matters above, we performed the following procedures:<br>▪ Considered management's accounting policy and recognition criteria in the context of the requirements of applicable accounting standards and company law;<br>▪ Considered the results of our procedures performed over both the valuation of the investments as part of the initial acquisition on 28 September 2021 and the valuation of the payable in respect of the TRA;<br>▪ Performed recalculations of the amounts recorded in equity based on the number of shares and the fair value of the assets and liabilities acquired;<br>▪ Agreed inputs to the calculation, such as the number of shares issued, to supporting documentation.<br><br>Our testing did not identify any evidence of material misstatement. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of Investments in subsidiary undertakings (Company)** | |
| *Refer to the Notes to the Company financial statements – Note 1 of the (Basis of preparation), Note 2 (Investments in subsidiary undertakings) and Note 5 (Investments at fair value through profit or loss).*<br><br>The investments in subsidiary undertakings relate to the direct ownerships in Delta Epsilon Delaware Inc. and Delta Epsilon Cayman Ltd. These entities hold either directly or indirectly interests in portions of the stakes in Partner-firms.<br><br>The investments in subsidiary undertakings are held at fair value which is their net asset value.<br><br>The valuation of the investments in subsidiary undertakings was identified as a key audit matter given the components of the underlying valuation such as investments in Partner-firms and liability for TRA are inherently subjective as noted in the key audit matters above. | We obtained management’s calculations of the fair value of the investments in subsidiary undertakings. We performed the following procedures:<br><br>▪ Agreed inputs to supporting documentation and other audit work performed over areas such as the valuation of investments at fair value through profit and loss, and the liability for TRA as noted in the key audit matters above;<br><br>▪ Tested the mathematical accuracy of the calculation; and<br><br>▪ Agreed ownership to supporting documentation.<br><br>Our testing did not identify any evidence of material misstatement. |

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements. The financial statements are produced using a single consolidation spreadsheet that takes information from a consolidated general ledger. The Group audit team performed all audit procedures over the consolidated Group as a whole to match how management operates the Group. This allowed us to adequately address the key audit matters for the audit and, together with procedures performed over the consolidation, gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the Group’s financial statements. In particular, management considers the impact of climate change in the valuation of investments. We considered how climate change risks could impact the assumptions made in the valuation of investments such as fund raising demand. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Financial statements – Group | Financial statements - Company |
|---|---|---|
| **Overall materiality** | US$53,000,000. | US$50,300,000. |
| **How we determined it** | 1% of Net assets | 1% of Net assets |
| **Rationale for benchmark applied** | Given this is the first period of operations and the objective of the Group is to hold stakes in Partner-firms, which will then generate returns, the primary focus for the first set of financial statements was the accounting and fair value of the initial asset and liability acquisition. Therefore we consider that the net assets of the Group is the appropriate benchmark for calculating overall materiality. | As with the Group, given this is the first period of operations and the objective of the Group is to hold stakes in Partner-firms, which will then generate returns, the primary focus for the first set of financial statements was the accounting and fair value of the initial asset and liability acquisition. Therefore we consider that the net assets of the Company is the appropriate benchmark for calculating overall materiality. This was restricted to 95% of the Group's total materiality. |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$39,700,000 for the Group financial statements and US$37,700,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

In addition to overall Group materiality, a specific materiality was also applied to the Consolidated Statement of Comprehensive Income line items that impact Adjusted EBIT, namely Income from investments in Partner-firms; Board of Directors fees and expenses; Operator charge; and Other operating expenses. We set a specific materiality level of $5,500,000. In arriving at this judgement, we considered the fact that Adjusted EBIT is a secondary financial indicator of the Group.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $2,600,000 (Group audit) and $2,515,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' going concern assessment and corroborated key assumptions to underlying documentation and ensured this was consistent with our audit work in these areas;
- Assessed the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside scenario, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulae and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Group's control and are achievable; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Financial Conduct Authority's Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, as well as US State and Federal Tax rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments, valuation of liability for the Tax Receivables Agreements and valuation of shares issued in exchange for transfer of assets and liabilities. Audit procedures performed by the engagement team included:

- Discussions with the Audit and Risk Committee, the Directors, the Administrator and the Operator, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management;
- Reviewing Board minutes as well as the relevant meeting minutes, including those of the Audit and Risk Committee;
- Performing audit procedures over the tax computations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions and judgements made by management in their significant areas of estimation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

We were appointed by the Directors on 4 August 2021 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

## Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

**Richard McGuire (Senior Statutory Auditor)**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 April 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 24 March 2021 to 31 December 2021

| | Note | For the period from 24 March 2021 to 31 December 2021 $m |
|---|---|---|
| **Income** | | |
| Income from Investments in Partner-firms derived from: | 2(x) | |
| Performance fee income | | **79.3** |
| Management fee income | | **49.3** |
| Investment income | | **8.9** |
| | | **137.5** |
| **Movement in financial assets held at fair value** | | |
| Change in fair value of investments at fair value through profit or loss | 2(vi), 4 | **234.0** |
| | | **234.0** |
| **Expenses** | | |
| Board of Directors fees and expenses | 18 | **(1.0)** |
| Operator charge | 5 | **(9.2)** |
| Other operating expenses | | **(12.6)** |
| **Unrealised Divestment Fee** | 5 | **(45.2)** |
| **Total expenses** | | **(68.0)** |
| **Operating profit for the period** | | **303.5** |
| **Finance cost** | | |
| Interest expense | | **(4.6)** |
| Movement in liability to Petershill Funds | 12 | **(31.6)** |
| Change in liability for Tax Receivables Agreement | 2(v), 3 | **(6.8)** |
| **Total finance cost** | | **(43.0)** |
| **Profit for the period before tax** | | **260.5** |
| **Tax charge** | 7 | **(12.6)** |
| **Profit for the period after tax** | | **247.9** |
| **Profit and total comprehensive income for the period** | | **247.9** |
| **Profit and total comprehensive income attributable to:** | | |
| **Equity holders of the Company** | | **247.9** |
| **Earnings per share** | | |
| Basic and diluted earnings per share (cents) | 8 | **64.12** |

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | Note | 31 December 2021 $m |
|---|---|---|
| **Non-current assets** | | |
| Investments at fair value through profit or loss | 4 | 6,023.1 |
| | | **6,023.1** |
| **Current assets** | | |
| Investments in money market funds at fair value through profit or loss | 4 | 453.1 |
| Cash and cash equivalents | 2(xii) | 124.8 |
| Trade and other receivables | 9 | 102.0 |
| | | **679.9** |
| **Total assets** | | **6,703.0** |
| **Non-current liabilities** | | |
| Liability to Petershill Funds | 12 | 597.2 |
| Notes payable | 11 | 340.9 |
| Deferred payment obligations | 2(vi) | 133.4 |
| Liability for Tax Receivables Agreement | 2(v) | 166.7 |
| Fee payable on divestment of investments | 5 | 45.2 |
| Deferred tax liability | 7 | 12.6 |
| | | **1,296.0** |
| **Current liabilities** | | |
| Trade and other payables | 10 | 28.3 |
| Deferred payment obligations | 2(vi) | 74.8 |
| Interest payable | | 8.1 |
| | | **111.2** |
| **Total liabilities** | | **1,407.2** |
| **Net assets** | | **5,295.8** |
| **Equity** | | |
| Share capital | 13 | 11.6 |
| Share premium | 13 | 3,346.7 |
| Other reserve | 13 | 1,689.6 |
| Retained earnings | 14 | 247.9 |
| **Total Shareholders' funds** | | **5,295.8** |
| Number of Ordinary Shares in issue at period end | | **1,156,696,029** |
| **Net assets per share (cents)** | 15 | **457.84** |

The financial statements of the Group were approved and authorised for issue by the Board of Directors on 26 April 2022 and signed on its behalf by:

**Naguib Kheraj**
Chairman

**Mark Merson**
Director

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 24 March 2021 to 31 December 2021

| | Note | Share capital $m | Share premium $m | Other reserve $m | Retained earnings $m | Total $m |
|---|---|---|---|---|---|---|
| Opening net assets attributable to Shareholders | | – | – | – | – | **–** |
| Issue of share capital | 13 | 11.6 | 3,378.9 | 1,689.6 | – | **5,080.1** |
| Share issue costs | 13 | – | (32.2) | – | – | **(32.2)** |
| Profit and total comprehensive income for the period | | – | – | – | 247.9 | **247.9** |
| **Closing net assets attributable to Shareholders** | | **11.6** | **3,346.7** | **1,689.6** | **247.9** | **5,295.8** |

The accompanying notes on pages 86 to 109 form an integral part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 24 March 2021 to 31 December 2021

| | Note | For the period from 24 March 2021 to 31 December 2021 $m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit for the period | | 303.5 |
| | | – |
| Adjustments to reconcile operating profit for the financial period to net cash used in operating activities: | | |
| Purchase of investments in money market funds | 4 | (806.7) |
| Sale of investments in money market funds | 4 | 353.6 |
| Reinvestment of Income from investments in Partner-firms | | (8.1) |
| Movement in financial assets and liabilities held at fair value through profit and loss | 4 | (234.0) |
| Movement in trade and other receivables | | (56.1) |
| Increase in trade and other payables | | 22.6 |
| Increase in liability to Petershill Funds | | 31.6 |
| Movement in fee payable on divestment of investments | | 45.2 |
| **Net cash outflow from operating activities** | | **(348.4)** |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of investments at fair value through profit or loss | | (247.0) |
| **Net cash outflow from investing activities** | | **(247.0)** |
| | | |
| **Cash flows from financing activities** | | |
| Issue of shares (net of Share issue costs deducted from proceeds) | 13 | 725.0 |
| Payment of Share issue costs | | (4.8) |
| **Net cash inflow from financing activities** | | **720.2** |
| | | |
| Net increase in cash and cash equivalents during the period | | **124.8** |
| Cash and cash equivalents at the beginning of the period | | **–** |
| **Cash and cash equivalents at the end of the period** | | **124.8** |
| **Non-cash investing and financing activities** | | |
| Acquisition of Partner-firms stakes by issuing 1,000,000,000 of Ordinary Shares, liability towards Tax Receivables agreement and assumption of Notes payable | 2(ix) | **4,843.3** |

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 24 March 2021 to 31 December 2021

## 1. General Information

Petershill Partners plc (the "Company") is a company limited by shares, incorporated and registered in England and Wales whose shares are publicly traded on the main market of the London Stock Exchange. The consolidated financial statements of Petershill Partners plc for the period from 24 March 2021 to 31 December 2021 comprise the Company, its subsidiaries and its indirect subsidiaries together referred to as the "Group".

The Company was incorporated and registered in England and Wales under the UK Companies Act 2006 (as amended) as a private company limited by shares under the name Delta Epsilon Limited on 24 March 2021 with the registered number 13289144. On 12 August 2021, the Company was re-registered as a public limited company as Delta Epsilon plc, and on 2 September 2021, the Company was renamed Petershill Partners plc.

The Company was incorporated on 24 March 2021, so information in the financial statements covers the period from 24 March 2021 to 31 December 2021, but during that period the meaningful activities of the Company took place from the date of completion of the Initial Acquisition on 28 September 2021 to 31 December 2021. The Company launched an initial public offering on the London Stock Exchange on 28 September 2021 and its Ordinary Shares were admitted to listing and trading on the London Stock Exchange on 1 October 2021 (ticker: PHLL).

## 2. Basis of preparation and significant accounting policies

### i. Basis of preparation

The consolidated financial statements of the Group have been prepared and approved by the Board of Directors in accordance with UK-adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are presented to the nearest million United States Dollar ($m), the functional and reporting currency of the Company.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. The preparation of the financial statements requires estimates and assumptions to be made that may affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from the estimates included in the financial statements herein. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires judgement to be exercised in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Refer to note 2(xiv) for discussion on new and amended standards and interpretations that are applicable to the Company and the Group.

The principal accounting policies are set out below.

### ii. Segmental reporting

The Operator serves as the Group's alternative investment fund manager for purposes of the UK AIFMR and EU AIFMD, and pursuant to the Operator Agreement has delegated its portfolio management functions to the Investment Manager, which has further delegated the provision of portfolio management services to the Investment Advisor. The Investment Advisor, acting as the chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments. The key measure of performance used by the Investment Advisor to assess the Group's performance and to allocate resources is the Group's income from investments in Partner-firms.

The Group is engaged in holding interests in and investing into Partner-firms for the purpose of generating revenues derived from the share of management fees, performance fees and investment income. The management of the Group including assessment of performance, budgets and liquidity is managed for the portfolio as a whole and not by discrete segments. Hence, the Investment Advisor has concluded that the Group is organised into one main operating segment.

The Group derives 89% of its current income from North America and the remaining 11% from Europe. 89% of the Group's non-current assets are located in North America and the remaining 11% are located in Europe.

### iii. Functional currency and foreign currency transactions

The Board of Directors has determined that the functional currency of the Company and its subsidiaries is US dollars, as this is the currency of the primary economic environment in which the Company and its subsidiaries operate and is the currency of the majority of the Group's Investment in Partner-firms. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most closely represents the economic effect of the underlying transactions, events and conditions. Although the Company is listed in the UK, the Group's investments are mostly held in the USA and transactions are mostly denominated in US dollars. Expenses (including the Operator charge) are denominated and paid mostly in US dollars.

Transactions in currencies other than US Dollar during the period, including income and expenses, are translated into US Dollar at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US Dollar are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than US Dollar are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a currency other than US Dollar are translated using the exchange rates at the date when the fair value was determined.

Foreign currency translation gains and losses on financial instruments classified at fair value through profit or loss are included in the Consolidated Statement of Comprehensive Income as part of the Change in fair value of investments at fair value through profit or loss. Exchange differences on other financial instruments are included in the Statement of Comprehensive Income as Foreign exchange gain/(loss). Gains and losses on foreign exchange during the period were immaterial and have been included under other operating expenses in the Consolidated Statement of Comprehensive Income.

### iv. Financial instruments

#### i. Classification

Financial assets are classified based on the business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. All investments have been classified as financial assets at fair value through profit or loss as they are managed and performance is evaluated on a fair value basis. The primary focus is on fair value information and the use of that information to assess the assets' performance and to make decisions.

Financial assets classified as receivables are carried at amortised cost less expected credit losses ("ECL"). The Group has adopted the simplified approach to measuring the loss allowance at lifetime ECL, as permitted under IFRS 9. Trade and other receivables are recorded based on agreements entered into with the Partner-firms with no notable history of default causing the expected ECL of these receivables to be immaterial and therefore no ECL has been recorded.

#### ii. Recognition and derecognition

Financial assets and financial liabilities are initially recorded at their transaction price, (which is representative of fair value), plus transaction costs that are directly attributable to their acquisition or issue other than those classified as at fair value through profit or loss in which case transaction costs are recognised directly in profit or loss, and then measured at fair value subsequent to initial recognition. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income in the period in which they arise. Financial assets and liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

Realised gains and losses are recognised upon sale or disposal of the investment. Unrealised gains and losses from financial assets and liabilities at fair value through profit or loss are included in the change in fair value of investments through profit or loss in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have transferred. Financial liabilities are derecognised when the obligation specific in the contract is cancelled or expires.

At 31 December 2021, the carrying amounts of Cash and cash equivalents and Trade and other receivables are held at amortised cost. The carrying amounts of liabilities comprised of Liability to Petershill Funds, Notes payable, Deferred payment obligations, Fee payable on divestment of investments, Liability for Tax Receivables Agreement, Interest payable and Trade and other payables are held at amortised cost. The carrying value of assets and liabilities listed held at amortised cost listed here approximates fair value as these do not contain any significant financing components.

### v. Significant accounting policies

#### i. Notes payable and interest expense

Notes payable are initially recognised at fair value. After initial recognition, these are subsequently measured at amortised cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the loans or borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs including interest expense are recognised in the period in which they are incurred using the effective interest method.

## 2. Basis of preparation and significant accounting policies *continued*

### ii. Liability for Tax Receivables Agreement

The Group's acquisition of the Partner-firms from the Petershill Funds increased the tax basis, for US tax purposes, of the acquired assets, as compared with their pre-acquisition tax basis. This increase in tax basis is expected to increase the amortisation of such assets in the hands of Delta Epsilon Delaware, Inc. ("Delta Delaware"), a wholly owned subsidiary of the Company, and therefore reduce the amount of US tax that the Group would otherwise be required to pay in the future. This increase in tax basis may also decrease a taxable gain (or increase taxable loss) on future dispositions of certain assets to the extent this tax basis is allocated to those assets.

As part consideration for the Initial Transaction, Delta Delaware entered into a Tax Receivables Agreement (the "Tax Receivables Agreement" or "TRA") with certain of the Petershill Funds and their subsidiaries, which will require Delta Delaware to pay 75% of the amount of cash tax savings, if any, in US federal, state and local income tax that Delta Delaware realises (based on the assumptions and limitations used in the calculation thereof) as a result of the tax benefits associated with this increase in tax basis, including any such savings that Delta Delaware realises as a result of the tax benefits associated with the increases in tax basis that arise due to payments under the Tax Receivables Agreement. The Group expects that, as a result of the size of the increases in the tax basis of the investments described above, the payments that it will be required to make under the Tax Receivables Agreement may be substantial. The majority of these incremental payments are expected to arise over the next 15 years.

The Group has recorded a liability of $166.7m as of 31 December 2021, representing the Operator's best estimate of the amounts currently expected to be owed to certain of the Petershill Funds and certain of their subsidiaries under the Tax Receivables Agreement. The liability that is recorded is associated with the expected future tax benefits related to the aggregate step-up in tax basis.

The liability is accounted for as a financial liability carried at amortised cost based on assumptions discussed below, and may be adjusted. These assumptions are based on the Operator's judgement. The Operator has estimated the step-up tax basis of the acquired assets based on tax information provided by the Partner-firms, projected the amortisation of the step-up tax basis to occur over 15 years, applied a discount rate of 18% and utilised the current effective tax rate of Delta Delaware in calculating the future tax benefits and resulting payments under the TRA.

TRAs are initially recognised at the carrying value of the expected liability. Any changes to the carrying value of the expected liability are recognised in the Statement of Comprehensive Income at each reporting date. Refer to note 3 for detailed discussion of the TRA.

### vi. Investments held at fair value through profit or loss

Investments are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Consolidated Statement of Comprehensive Income at each valuation point.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Consolidated Statement of Comprehensive Income as incurred.

The Group measures its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date. In the absence of quoted market prices, fair value is determined by the Operator. Due to the inherent uncertainties of valuation, these estimated fair values may differ significantly from the values that would have been realised had a readily available market for these investments existed, and these differences could be material.

The Operator is responsible for the implementation and maintenance of internal controls and procedures related to the valuation of the Group's investments. Valuations are prepared in accordance with the Operator's valuation policy and subject to verification procedures. A third party valuation advisor is engaged to assist in the preparation of the valuation proposals including certain market data driven assumptions. The valuation proposals are reviewed by the Operator's functionally independent valuation oversight group ("VOG"). Periodically, VOG presents the valuation proposals and their independent price verification review results to the Operator's valuation committee ("Valuation Committee") which convenes to approve and oversee the application of valuation policies, and review fair value estimates for the investments. Subsequently, the Operator reports the valuation results to the Board.

Per the valuation policy, the Operator initially values the Group's investments based on their purchase price and thereafter values them using valuation methods that it determines, in its sole discretion. The Operator uses a number of different valuation techniques, including the market approach, which applies a multiple to current operating income of Partner-firms and the income approach, which applies discounted cash flow techniques based upon estimated future cash flows and discount rates. Since observable prices are generally not available for such investments, the Operator considers all available market evidence in determining fair value. Certain investments are valued at the most recent net asset value per unit or capital account information available and the Operator considers such value to be an appropriate measure of fair value. Further information about investments held at fair value through profit and loss is included at note 4.

#### Deferred payment obligations

Certain financial assets are purchased under various contracts containing deferred payment terms. These deferred payment obligations are initially recorded on the contractual purchase date with a discount being imputed for an effective interest rate that will be the equivalent rate of interest due on borrowings and subsequently measured and carried at amortised cost. As at 31 December 2021, the amortised cost of Deferred payment obligations of $208.2m reported on the Consolidated Statement of Financial Position is imputed at an effective interest rate of 1.9%.

Any difference between the initially recorded deferred payment obligation and the final contractual liability payable is recognised in the Consolidated Statement of Comprehensive Income as an interest expense over the period of the deferred payment obligation using the effective interest method. For the period ended 31 December 2021, an amount of $0.2m relating to deferred payment obligation is included in Interest expense on the Consolidated Statement of Comprehensive Income and as such any sensitivity in respect of the discount rate applied is immaterial.

### Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events, and it must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## vii. Dividends

Dividends payable are recognised as distributions in the financial statements when the Group's obligation to make payment has been established.

## viii. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party. Enterprises and individuals that directly, or indirectly through one or more intermediary, control, or are controlled by, or under common control with, the Company, including subsidiaries and fellow subsidiaries are related parties of the Company. Associates are individuals owning directly, or indirectly, an interest in the voting power of the Company that gives them significant influence over the Group, key management personnel, including Directors and officers of the Operator. In considering related party relationships, attention is directed to the substance of the relationship and not merely the legal form.

## ix. Share capital

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's Ordinary Shares are classified as equity instruments. The Company's Redeemable Deferred Shares, redeemable upon request, are classified as financial liabilities.

For the issue of each Ordinary Share for cash, $0.01 has been recognised in share capital and the remaining cash amount received has been recognised in share premium. For the issue of each Ordinary Share issued to Petershill Funds in exchange for financial assets and liabilities, $0.01 has been recognised in share capital and the remaining amount recognised in share premium and other reserve, such that the aggregate of the amount recognised in share capital, share premium and other reserve is equal to the fair value of the financial assets and liabilities transferred to the Group.

Under Section 612 of the Companies Act, where an issuing company has secured at least 90% equity holding of another company in return for shares of the issuing company, then merger relief shall be applied requiring the premium, with respect to the shares issued, to be recorded to other reserve as merger relief. The acquisition of Delta Epsilon Cayman Ltd by the Company falls under the ambit of Section 612 of the Companies Act and hence merger relief has been applied to the excess over the nominal value of shares. Refer to note 13 for more information.

Incremental costs directly attributable to the issue of new shares ("Share issue costs") are shown as a deduction against proceeds from share premium. Incremental costs include those incurred in connection with the placing and admission which include fees payable under a placing agreement, legal costs and any other applicable expenses.

## x. Income from Investments in Partner-firms and interest income

Cumulative income and returns from Financial assets at fair value through profit or loss is made up of the Income from Investments in Partner-firms which comprises the current period income (including accruals where applicable) and the changes in fair value on financial assets at fair value through profit or loss which comprises the fair value changes of the future returns of the Investments in Partner-firms.

Income from Investments in Partner-firms is generally recognised when the rights to receive payment from the Financial assets at fair value through profit or loss have been established, and is driven by three underlying components, as follows:

I. *Income from Investments in Partner-firms derived from Management fee income (PRE) is* based on the management fees earned by the underlying Partner-firms and is reported on the Consolidated Statement of Comprehensive Income. This comprises the portion of the income in respect of the Partner-firms' management fees that is due to the Group for each relevant current period. This arises from the investments held to earn a share of the underlying investee's management fee revenue.

   Typically, the investments entitle the holder to a set percentage share of the net management fee revenue earned by the underlying Partner-firm and are recognised on an accruals basis. Depending on the nature of the operations of the underlying Partner-firm, income arising will be accounted for on a receivables basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.

II. *Income from Investments in Partner-firms derived from Performance fee income (FRE) is* based on the realised performance fees earned by the underlying Partner-firms and is reported on the Consolidated Statement of Comprehensive Income. This comprises the portion of the income in respect of the Partner-firms' performance fees. Typically, these investments entitle the holder to a set percentage share of the performance fee revenue earned by the underlying investee and are recognised on an accruals basis. Depending on the nature of the operations of the underlying Partner-firm, income arising will be accounted for on a receivables basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.

III. *Income from Investments in Partner-firms derived from Investment Income is* based on the investment income earned by the underlying Partner-firms and is reported on the Consolidated Statement of Comprehensive Income. This comprises the portion of the income in respect of the Partner-firms' realised gains and losses or any distributed income from the investments held on Partner-firms balance sheets. Investment income arising will be accounted for on a receivables basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.

## 2. Basis of preparation and significant accounting policies *continued*

Interest income from money market funds is recognised on a time-proportionate basis using the effective interest method.

Gains or losses resulting from the movement in fair value of the Group's investments held at fair value through profit or loss are recognised in the Statement of Comprehensive Income at each valuation point.

### xi. Expenses

Expenses are accounted for on an accrual basis. Share issue costs of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

Operator fees, other expenses, divestment fees and professional fees incurred are recognised on an accrual basis and expensed to the Statement of Comprehensive Income. Certain professional fees are transaction costs incurred to structure a deal to acquire or dispose of investments designated as financial assets at fair value through profit or loss. These transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income as an expense.

### xii. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

### xiii. Taxation

Income tax comprises current tax and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in Equity.

Current income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the balance sheet date. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for accounting and tax purposes. A deferred income tax asset or liability is recognised for each temporary difference, except for temporary differences subject to initial recognition exception and earnings related to our subsidiaries where the temporary differences will not reverse in the foreseeable future and we have the ability to control the timing of their reversal. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at period end.

Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied.

Deferred income tax assets are recognised to the extent it is probable that the benefits associated with these assets will be realised.

The Group is subject to income tax laws in various jurisdictions where it operates, and the complex tax laws are potentially subject to different interpretations by us and the relevant taxation authorities. Judgements may be required in the interpretation of the relevant tax laws and in assessing the probability of acceptance of our tax positions. A tax reserve related to uncertainty over income taxes is recognised when a payment to tax authorities is considered probable.

### xiv. New and amended standards and interpretations

Accounting standards and interpretations have been published and will be mandatory for the Group's and Company's accounting periods beginning on or after 1 January 2022 or later periods. The following are the new or amended accounting standards or interpretations applicable to the Group:

- Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022) - Classification of liabilities as current or non-current.
- Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023) - Classification of liabilities as current or non-current, deferral of effective date.
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8 – Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023) - Deferred tax related to assets and liabilities arising from a single transaction.

These amendments have not been early adopted and the impact of these amendments to the Company and the Group is being reviewed, but is unlikely to be material.

### xv. Assessment of investment entity

The Board of Directors has determined that the Company and its Subsidiaries are not an investment entity and therefore the Company's financial statements have been prepared on a consolidated basis, as required by IFRS 10 'Consolidated Financial Statements'.

The Board of Directors has assessed if the Company and its Subsidiaries satisfy the three essential criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 'Disclosure of Interests in Other Entities' and IAS 27 'Consolidated and Separate Financial Statements'. The three essential criteria are such that the entity must:

1. Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. Measure and evaluate the performance of substantially all of its investments on a fair value basis.

Also as set out in IFRS 10, further consideration should be given to the typical characteristics of an Investment Entity, which are that:

- it should have more than one investment, to diversify the risk portfolio and maximise returns;
- it should have multiple investors, who pool their funds to maximise investment opportunities;
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests.

B85F of IFRS 10 which deals with exit strategies, stipulates that an entity's investment plans must also provide evidence of its business purpose. One feature that differentiates an investment entity from other entities is that an investment entity does not plan to hold its investments indefinitely; it holds them for a limited period. Because equity investments and non-financial asset investments have the potential to be held indefinitely, an investment entity shall have an exit strategy documenting how the entity plans to realise capital appreciation from substantially all of its equity investments and non-financial asset investments.

The Company and its subsidiaries hold their investments primarily for income generation purposes and do not have plans to realise capital appreciation from substantially all of its investments in Partner-firms and non-financial assets in the normal course of operations. The Company and its subsidiaries do not have an exit strategy as defined by IFRS 10 and does not meet one of the essential criteria to be treated as an investment entity.

Accordingly, the Company has not applied the provisions of Para 31 of IFRS 10 that requires an investment company to measure its investment in subsidiaries at fair value through profit or loss. Instead, the Company will consolidate its subsidiaries that it controls.

### xvi. Basis of consolidation of subsidiaries

IFRS 10 requires a parent to consolidate its subsidiaries that it controls. Consolidation of the subsidiaries shall begin from the date the parent obtains control of the subsidiaries and ceases when the parent loses control of the subsidiaries. A parent controls the subsidiaries when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

The Company consolidates its subsidiaries to the extent it is exposed or has rights, to variable returns from its involvement with the Subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

## 2. Basis of preparation and significant accounting policies *continued*

The consolidated financial statements of the Group include the accounts of the Company, its subsidiaries and the Special Purpose Vehicles listed below:

| Name of Subsidiary | Registered office | Purpose | Interest as at 31 December 2021 |
|---|---|---|---|
| **Held directly** | | | |
| Delta Epsilon Cayman Ltd[1] | One Nexus Way Camana Bay, KY1-9005, Cayman Islands | Investment holding company | 100% |
| Delta Epsilon Delaware Inc[1] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| **Held indirectly** | | | 100% |
| Delta Epsilon GP Sub (Ph II) Series LLC[2,3] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| Delta Epsilon GP Sub (PH PE) Series LLC[2,3] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| Delta Epsilon GP Sub (VF VII) Series LLC[2,3] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| Delta Epsilon GP Sub (Co-Invest) Series LLC[2,3] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| Cook Holdings Series LLC[4,5] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| Knight Holdings Series LLC[4,5] | 251 Little Falls Drive<br>Wilmington, DE 19808, United States of America | Investment holding company | 100% |
| Lyndhurst Holdings LP[4,5] | One Nexus Way, Camana Bay, KY1-9005, Cayman Islands | Investment holding company | 100% |
| Plum Holdings LP[4,5] | One Nexus Way, Camana Bay, KY1-9005, Cayman Islands | Investment holding company | 100% |
| Peasy Holdings LP[4,5] | One Nexus Way, Camana Bay, KY1-9005, Cayman Islands | Investment holding company | 100% |
| PH Offshore GP Aggregator[6,8] | C/O Wilmington Trust National Association<br>Rodney Square North, 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 48% |
| PH Offshore IM Aggregator[6,8] | C/O Wilmington Trust National Association<br>Rodney Square North, 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 89% |
| PH Onshore GP Aggregator[6,8] | C/O Wilmington Trust, National Association<br>Rodney Square North 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 50% |
| PH Onshore IM Aggregator[6,8] | C/O Wilmington Trust, National Association<br>Rodney Square North 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 87% |
| PH Offshore GP Issuer[7,8] | C/O Wilmington Trust National Association<br>Rodney Square North, 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 48% |
| PH Offshore IM Issuer [7,8] | C/O Wilmington Trust National Association<br>Rodney Square North, 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 89% |
| PH Onshore GP Issuer[7,8] | C/O Wilmington Trust National Association<br>Rodney Square North, 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 50% |
| PH Onshore IM Issuer[7,8] | C/O Wilmington Trust National Association<br>Rodney Square North, 1100 North Market Street<br>Wilmington, DE 19890, United States of America | Special purpose vehicle | 87% |

1. Referred to as Delta Subsidiaries.
2. Held through Delta Epsilon Cayman Ltd.
3. Referred to as Delta Blockers.
4. Held through the Delta Blockers and Delta Epsilon Delaware Inc.
5. Referred to as Delta holding companies.
6. Referred to as Intermediary Entities and held through Delta Blockers, Delta holding companies and Delta Epsilon Delaware Inc.
7. Referred to as Issuer SPVs and held through Intermediary Entities.
8. The interest at 31 December 2021 for the Issuer SPVs and Intermediary Entities represents the fair market value of the investments, other assets and liabilities held by the entity for which cash flows are attributable to the Group as a percent of the total fair market value of all of the investments, other assets and liabilities held by the entity at 31 December 2021. The Issuer SPVs and Intermediary Entities have been consolidated on the basis that the Company and its subsidiaries are exposed to 100% of the expenses and 100% of the debt related to these entities. Refer to the note III below for a detailed discussion

### I. Consolidation of Delta Subsidiaries and Delta Blockers

The Company wholly owns the issued interests of the Delta Subsidiaries and is able to exercise control and power over the Delta Subsidiaries. Delta Epsilon Cayman Ltd wholly owns the shares of the Delta Blockers listed above. The financial statements of the Delta Subsidiaries and Delta Blockers are consolidated in preparing the financial statements of the Group.

### II. Consolidation of Delta holding companies

The Company has consolidated its investment in series and classes of assets that it wholly owns and controls in the Delta holding companies. Such assets and liabilities are ring fenced from the overall legal entity and treated as a silo in line with IFRS 10. Specified assets of the series or class are the only source of payment for specified liabilities in that series or class. Holders of other series or class do not have rights or obligations related to the specified assets or to residual cash flows from those assets. Silos that are not directly or indirectly controlled by the Company are not considered to be subsidiaries and are accordingly not consolidated.

### III. Consolidation of Issuer SPVs and Intermediary Entities

The Issuer SPVs were formed to offer the 5% Series A Senior Guaranteed Notes due 2039 ("Notes"). The Notes were collateralised by the rights to future cash flows (referred to as "Transferred Interest") generated from FRE and PRE of certain existing investments in Partner-firms that were owned by the Petershill Funds. In return for the Transferred Interest, the Petershill Funds received the proceeds from the issue of the Notes and remainder in the form of Participation Interest in the Issuer SPVs. The Petershill Funds held its interest in the Issuer SPVs through the Intermediary Entities.

On September 28, 2021, a majority of the Investments in Partner-firms (including Participation Interest) referred to above, were sold by the Petershill Funds to the Company and its subsidiaries as part of the Offer in return for Ordinary Shares of the Company. This resulted in the Company holding majority interest in the Issuer SPVs through the Intermediary Entities and subsidiaries. As part of the transfer, all the fees and interest relating to the Notes and the expenses relating to the Issuer SPVs and the Intermediary Entities are wholly borne by the Company and its subsidiaries. The Petershill Funds continue to have an interest in the Issuer SPVs and Intermediary Entities and hence a liability is recorded as due to the Petershill Funds. All the distribution payments received by the Issuer SPVs as it relates to the Participation Interest owned by the Petershill Funds is fully distributed to them without any reduction for fees, interest and expenses relating to the Notes, Issuer SPVs and the Intermediary Entities. Thereby, the Petershill Funds do not have any economic exposure to the Issuer SPVs except in the event of default of the Notes, when the cash flows relating to the Participation Interest owned by the Petershill Funds may be used to service the Notes and its obligations.

Pursuant to above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements. While the Company does not have entitlement to 100% of the interest in the cash flows of the Intermediary Entities and the Issuer SPVs, it has all the economic exposure to the Issuer SPVs and the Intermediary Entities. Hence, it is required to consolidate them under the definition of control. This results in reflecting all of the assets and liabilities of these entities in the Consolidated Statement of Financial Position and all of the income, investment gain and finance cost in the Consolidated Statement of Comprehensive Income. However, Shareholders' returns are impacted to the extent of the Company's ownership of these entities and its 100% exposure to Notes payable. The Company's net assets and total Shareholders' funds in the Consolidated Statement of Financial Position as well as its profit and total comprehensive income for the period and earnings per share on the Consolidated Statement of Comprehensive Income are the same as if consolidation was not required under IFRS 10. Refer to note 12 for more information.

The below table summarises the assets and liabilities attributable to the Petershill Funds that have been consolidated in preparing these financial statements due to the requirements detailed above.

| | 31 December 2021 $m |
|---|---|
| **Assets** | |
| Investments at fair value through profit or loss | **498.8** |
| Cash and cash equivalents | **56.1** |
| Trade and other receivables | **37.2** |
| **Total** | **592.1** |
| | |
| **Liabilities** | |
| Liability to Petershill Funds | **597.2** |
| Notes payable* | **(9.1)** |
| Interest payable | **4.0** |
| **Total** | **592.1** |

* Represents the amortised debt issuance costs of $9.1m

The below table summarises the components of Consolidated Statement of Comprehensive Income attributable to the Petershill Funds that have been consolidated in preparing these financial statements due the requirements detailed above.

## 2. Basis of preparation and significant accounting policies *continued*

| | 31 December 2021 $m |
|---|---|
| **Income** | |
| Income from investments in Partner-firms | **15.2** |
| | **15.2** |
| **Movement in financial assets and liabilities held at fair value** | |
| Change in fair value of investments at fair value through profit or loss | **16.4** |
| **Finance cost** | |
| Movement in liability to Petershill Funds | **(31.6)** |

### IV. Accounting for investment in Partner-firms

The Group's investment in Partner-firms are in the nature of non-controlling stakes that do not give rise to control or significant influence over the investees. The Group has assessed and concluded that the provisions contained in IAS 28 relating to joint control or accounting for associates are not applicable.

### V. Elimination of intra-group balances and transactions

Intra-group balances and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the costs cannot be recovered. The financial results of subsidiaries that are included in the consolidated financial statements are included from the date that control commences until the date that control ceases.

### xvii. Going Concern

These financial statements have been prepared on a going concern basis as disclosed in the Report of Directors. The Board of Directors has made an assessment of going concern for a period of at least 12 months from the date of approval of the accounts, taking into account the Group's current performance, financial position and the principal and emerging risks facing the Company and the Group.

As discussed in the Strategic report (see page 48), the Group generates diversified recurring cash flows from its investments in Partner-firms. The Group expects long-term recurring revenues from its investments in Partner-firms. Income from investments in Partner-firms is derived from management fee income, performance fee income and investment income. Management fee income is typically based on private capital commitment funds managed by the Partner-firms that are locked up for a period of 8 or more years. As Partner-firms raise new underlying funds, they generate additional fees.

The Group has a low, and relatively predicable, cost structure. The Operator charges are variable and based on the income earned by the Group. The other operating expenses and finance costs are considerably lower than the income derived from management fee income.

The Board of Directors has assessed a severe but plausible model that places stress on the Group's earnings. The model includes estimated impacts, primarily based on a material reduction in income from Partner-firms derived from performance fee income and investment income.

The results of the model indicate that the Group is able to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Having performed the assessment on going concern, the Board of Directors consider it appropriate to prepare the financial statements of the Company and Group on a going concern basis, having concluded that the Group has sufficient financial resources, is well placed to manage business risks and can continue operations for a period of at least 12 months from the date of issue of these financial statements as set out in note 2.

### xviii. Climate change

The Operator takes into account climate change and other ESG-related issues into the valuation of investments and makes adjustments to both the growth projections of the Partner-firms and, to the extent necessary to discount rates and multiples. The impacts can include items such as fundraising demand, which may have either headwinds or tailwinds depending on the strategy of the fund. In addition, headwinds (or tailwinds) for each strategy from a performance perspective can be impacted by ESG factors where demand for certain type of assets may be enhanced or impaired. As an example, certain energy investments are considered to have headwinds related to climate change and ESG and thus have a lower growth rate than technologies that are ESG friendly. The diversity of investments in Partner-firms, and related underlying funds, mitigates the risk to the Group that climate change may have on any one underlying investment made by a Partner-firm. In preparing the financial statements, the Board of Directors has considered the impact of climate change, insofar as they are reasonably able, on the financial reporting judgements and estimates in the current period.

## 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included below:

#### Assessment as an investment entity

The Board of Directors has determined that the Company and its Subsidiaries are not an investment entity and therefore the Company's financial statements have been prepared on a consolidated basis, as required by IFRS 10 'Consolidated Financial Statements'.

The Company and its subsidiaries hold their investments primarily for income generation purposes and do not have plans to realise capital appreciation from substantially all of their investments in Partner-firms and non-financial assets in the normal course of operations.
The Company and its subsidiaries do not have an exit strategy as defined by IFRS 10 and does not meet one of the essential criteria to be treated as an investment entity.

Accordingly, the Company has not applied the provisions of Para 31 of IFRS 10 that requires an investment company to measure its investment in subsidiaries at fair value through profit or loss. Instead, the Company will consolidate its subsidiaries that it controls. Refer to note 2(xv) for detailed discussion.

### Estimates and assumptions

The Group makes estimates and assumptions, which are reviewed by the Board of Directors, that affect the reported amounts of assets and liabilities in the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Fair value of investments not quoted in an active market

The Group was formed with the objective of investing in Partner-firms. The targets for Partner-firms are typically well-established multi-billion-dollar alternative investment firms with a track record of strong performance and meaningful cash flow generation and are well-positioned to develop their platform across future fund and product offerings.

The Group will share in the management fee income, performance fee income and investment income earned by the Partner-firms.
The investments in Partner-firms held by the Group are not quoted or traded in an active market and as such their fair values are determined using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The fair values of certain Partner-firms may be fair valued by a third-party valuation advisor engaged by the Operator.

The models used to determine fair values are validated and periodically reviewed by the Operator. In valuing the investments, key assumptions include estimates around future fundraise timing and sizes, expected management and performance fee rates and margins of the Partner-firms, expected current and future fund returns and timing of realisations. These assumptions are driven by factors including data provided by the Partner-firms, guidance provided by management of each Partner-firm, benchmarking analysis of related market data points, and other qualitative and quantitative factors assessed by the Operator for each period.

The inputs in the earnings multiples models include observable data, such as earnings multiples of comparable companies to the relevant Partner-firms, and unobservable data, such as forecast earnings for the Partner-firms. In discounted cash flow models, unobservable inputs are the Company's IPO transaction multiple, projected cash flows of the relevant Partner-firms and the risk premium for liquidity and credit risk that is incorporated into the discount rate. However, the discount rates used for valuing investments are determined based on historical returns for other entities operating in the same industry for which market returns are observable. The Operator uses models to adjust the observed returns to reflect the actual debt/equity financing structure of the investment. Refer to note 4 for details of inputs and sensitivities.

## 3. Critical accounting judgements, estimates and assumptions *continued*

### Liability for Tax Receivables Agreement

This estimate assumes that Delta Delaware would have taxable income sufficient to fully utilise the deductions arising from the increase in tax basis and any interest imputed with respect to its payment obligations under the Tax Receivables Agreement, and that there would be no future changes to the 21% US statutory federal tax rate and the estimated combined state and local effective tax rate of 6%. The Operator has estimated the step-up tax basis of the acquired assets, based on the latest available tax information from the Partner-firms, projected the amortisation of the step-up tax basis to occur over 15 years, applied a discount rate of 18% and utilised the current effective tax rate of Delta Delaware in calculating the future tax benefits and resulting payments under the TRA.

However, except in the context of a termination, change of control or other acceleration, it should be noted that Delta Delaware will only be obligated to make payments to the extent that tax benefits are realised (based on the assumptions and limitations used in the calculation thereof), and the size of those payments will be calculated as a percentage of the savings, which may be greater or lesser than the amount estimated.

The Group is not aware of any issue that would cause the taxing authorities to challenge a tax basis increase. However, the applicable Petershill Funds and their subsidiaries will not reimburse Delta Delaware for any payments previously made under the Tax Receivables Agreement if such tax basis increase, or the tax benefits that it claims arising from such increase, are successfully challenged by the applicable taxing authorities. As a result, in certain circumstances, payments under the Tax Receivables Agreement could be in excess of the relevant cash tax savings derived from the Tax Receivables Agreement.

The significant unobservable inputs used in the measurement of Liability for Tax Receivables Agreement together with a quantitative sensitivity analysis as at 31 December 2021 is as shown below:

| Level 3 Instrument | As of 31 December 2021 $m | Significant Unobservable Inputs by Valuation Technique | Significant Unobservable Inputs as of 31 December 2021 | Reasonable Shift | Valuation Sensitivity to carrying value | |
|---|---|---|---|---|---|---|
| | | | | | – | + |
| Liability for Tax Receivables Agreement | $166.7 | Discount Rate | 18% | 3% | $29.9m | $(23.0)m |

In arriving at the Liability for Tax Receivables Agreement, the applicable US federal tax rate has been assumed to be 26%. For every increase in tax rate by 1%, the Liability for Tax Receivables Agreement will increase by $6.5m.

## 4. Investments at fair value through profit or loss

### Non-current investments

The Group's non-current investments comprise of investments in Partner-firms, which manage a diversified portfolio of investments in private equity, absolute return, private credit and private real assets.

| | 31 December 2021 $m |
|---|---|
| Opening balance | – |
| Additions | **5,789.1** |
| Unrealised movement in fair value of investments | **234.0** |
| | **6,023.1** |

As discussed in note 2(xvi), the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements. While the Company does not wholly own the interests in the Intermediary Entities and the Issuer SPVs, it has all the economic exposure to the Issuer SPVs and the Intermediary Entities. Hence, it is required to consolidate them under the definition of control. This results in reflecting all of the assets and liabilities of these entities in the Consolidated Statement of Financial Position and all of the income, investment gain and finance cost in the Consolidated Statement of Comprehensive Income. However, Shareholders returns are impacted to the extent of the Company's ownership of these entities and its 100% exposure to Notes payable. The Company's net assets and total Shareholders' funds on the Consolidated Statement of Financial Position as well as its profit and total comprehensive income for the period and earnings per share on the Consolidated Statement of Comprehensive Income are the same as if consolidation was not required under IFRS 10. The balance of the Group's investments above is shown gross of liability to Petershill Funds, as further described in note 12.

## Current investments

The Group invests its overnight cash balance in money market funds (Money Market Funds) representing a collective investment scheme promoted by an affiliate of the Operator. The Group holds these investments for cash management purposes with the intent to manage excess cash and ensure these can be readily liquidated to meet the Group's investment commitments. These investments are redeemable at short notice and have been classified as debt investments. The Group will bear its proportionate share of all fees and expenses paid by the Money Market Funds. As at 31 December 2021, the Group held investments in Money Market Funds of $453m and during the period earned interest of $29 thousand.

## Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes "observable" requires significant judgement by the Group. The Board of Directors consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the assets and liabilities (by class) measured at fair value:

| | For the period from 24 March 2021 to 31 December 2021 | | | |
|---|---|---|---|---|
| | Level 1 $m | Level 2 $m | Level 3 $m | Total $m |
| **Assets** | | | | |
| Investment in Money Market Funds | – | 453.1 | – | 453.1 |
| Investments in Partner-firms | – | – | 6,023.1 | 6,023.1 |

Due to the nature of the investments in Partner-firms, they are always expected to be classified as level 3. There have been no transfers between levels during the period. Any transfers between the levels would be accounted for on the last day of each financial period.

## Quantitative information of significant unobservable inputs – Level 3 – Investments

The Board of Directors believe that it is appropriate to measure the Investments at their net asset value which has taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates.

## 4. Investments at fair value through profit or loss *continued*

### Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2021 are as shown below:

| Level 3 Investments | Market Value as of 31 December 2021 (Gross) | Significant Unobservable Inputs by Valuation Technique[1] | Range of Significant Unobservable Inputs as of 31 December 2021 | Weighted Average | Reasonable Shift[4] | Valuation Sensitivity (Gross) | | Market Value as of 31 December 2021 (Net)[5] | Valuation Sensitivity (Net)[5] | |
|---|---|---|---|---|---|---|---|---|---|---|
| Investments in Partner-firms: Private Markets | **Market Approach:** | | | | -/+ | - | + | | - | + |
| | $1,623.6 | Profit Multiple – FRE[2] | 6.4x – 20.5x | 16.8x | 1.0x | $(137.4) | $55.2 | $1,623.6 | $(137.4) | $55.2 |
| | 420.6 | Profit Multiple – PRE[3] | 4.3x – 17.3x | 16.7x | 1.0x | (45.0) | 9.2 | 367.2 | (38.8) | 7.9 |
| | 532.3 | Asset Based Multiple | 1.0x – 1.1x | 1.0x | 10.0% | (53.2) | 53.2 | 351.5 | (35.2) | 35.2 |
| | **Income Approach:** | | | | | | | | | |
| | 1,078.7 | Terminal Multiple – FRE[2] | 8.3x – 17.5x | 14.9x | 0.5x | (29.8) | 9.8 | 1,078.7 | (29.8) | 9.8 |
| | | Discount Rate – FRE | 10.5% – 15.0% | 12.1% | 1.1% | (110.9) | 33.2 | | (110.9) | 33.2 |
| | 1,141.5 | Terminal Multiple – PRE[3] | 3.9x – 9.0x | 7.1x | 0.6x | (38.2) | 6.3 | 1,004.5 | (33.6) | 5.8 |
| | | Discount Rate – PRE | 14.0% – 36.0% | 22.1% | 2.0% | (178.5) | 27.0 | | (156.5) | 25.5 |
| | **Recent transactions:** | | | | | | | | | |
| | 430.1 | Calibrated Price of Recent Investment | n/a | n/a | 10.0% | (43.0) | 43.0 | 430.1 | (43.0) | 43.0 |

| Level 3 Investments | Market Value as of 31 December 2021 (Gross) | Significant Unobservable Inputs by Valuation Technique[1] | Range of Significant Unobservable Inputs as of 31 December 2021 | Weighted Average | Reasonable Shift[4] | Valuation Sensitivity (Gross) | | Market Value as of 31 December 2021 (Net)[5] | Valuation Sensitivity (Net)[5] | |
|---|---|---|---|---|---|---|---|---|---|---|
| Investments in Partner-firms: Absolute Return | **Market Approach:** | | | | -/+ | - | + | | - | + |
| | $252.3 | Profit Multiple – FRE[2] | 6.4x – 10.2x | 8.0x | 1.9x | $(51.6) | $51.6 | $252.3 | $(51.6) | $51.6 |
| | 236.6 | Profit Multiple – PRE[3] | 3.8x – 10.2x | 7.1x | 1.7x | (57.9) | 57.9 | 170.9 | (41.8) | 41.8 |
| | 32.4 | Asset Based Multiple | 1.0x | 1.0x | 10.0% | (3.2) | 3.2 | 7.6 | (0.8) | 0.8 |
| | **Income Approach:** | | | | | | | | | |
| | 141.9 | Terminal Multiple – FRE[2] | 8.3x | 8.3x | 1.4x | (11.2) | 15.6 | 141.9 | (11.2) | 15.6 |
| | | Discount Rate – FRE | 12.0% | 12.0% | 2.0% | (11.4) | 15.8 | | (11.4) | 15.8 |
| | 133.1 | Terminal Multiple – PRE[3] | 4.2x – 6.4x | 5.5x | 0.9x | (8.6) | 11.9 | 96.1 | (6.2) | 8.6 |
| | | Discount Rate – PRE | 15.5% – 23.7% | 18.7% | 3.1% | (9.0) | 12.6 | | (6.5) | 9.1 |

1. The fair value of any one instrument is determined using multiple valuation techniques. This includes IPO transaction multiple, weighted average of market comparable and discounted cash flows that are then weighted together to determine fair value. Therefore, the level 3 balance encompasses both of these techniques.
2. The range consists of multiples on management fee related earnings ("FRE") and may represent historical or forward looking multiples.
3. The range consists of multiples on performance related earnings ("PRE") and may represent historical or forward looking multiples.
4. The increase or decrease in the unobservable inputs may not be shifted negatively and positively by an equal amount. For the asset categories that have different reasonable possible shifts, the above table discloses the weighted average of the respective negative and positive shifts.
5. The table shows the sensitivity analysis for assets wholly owned by the Ordinary Shareholders of the Company. This excludes those assets owned by the Petershill Funds which are consolidated in the financial statements of the Group due to application of IFRS 10 as discussed in note 2(xvi). The Board of Directors consider this disclosure to be alternative performance measures ("APMs").

As the Group's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

The below is a reconciliation of Level 3 assets and liabilities held at fair value through profit or loss:

| Level 3 Instrument | For the period from 24 March 2021 to 31 December 2021 $m |
|---|---|
| **Assets** | |
| Opening balance | – |
| Additions | 5,789.1 |
| Change in fair value[1] | 234.0 |
| **Closing balance** | **6,023.1** |

1. Of the above, an amount of $234m relates unrealised gain on fair value of investments and is included under Change in fair value of investments at fair value through profit or loss on the Consolidated Statement of Comprehensive Income.

## 5. Operator charges

### Recurring Operating Charges

Under the Operator Agreement, the Operator is entitled to a recurring operating charge on a quarterly basis, such Recurring Operating Charges consisting of, in aggregate, 7.5% of the Group's relevant income from investments, as defined under IFRS, for the relevant quarter.

The Operator is entitled to Recurring Operating Charges only on income earned by the Group from assets owned by it. The income reported on the Statement of Comprehensive Income also includes income earned from interests in the Intermediary Entities and the Issuer SPVs that the Company does not wholly own. However, the Company is required to consolidate them under the definition of control. For the period ended 31 December 2021, the income attributable to assets owned by the Group on which Recurring Operator charge was earned amounted to $122m.

Amounts recorded as Operating Charges during the period were $9.2m, of which $9.2m was outstanding as at 31 December 2021. These amounts will be paid in accordance with the terms of the Operator Agreement.

### Profit Sharing Charge

The Operator is entitled to a profit sharing charge (the "Profit Sharing Charge") on a quarterly basis in arrears, which in aggregate shall be an amount equal to 20.0% of the total dividend income, from each new investment ("New Investment") made by the Operator after the Admission in the relevant fiscal quarter (net of any Recurring Operating Charges in respect of such New Investment), beginning in the ninth fiscal quarter from the date on which the New Investment closed and subject to such New Investment having achieved a return of 6.0% per annum calculated using the total invested capital funded to the pertinent date. These amounts will be paid in accordance with the terms of the Operator Agreement.

The aggregate of the Recurring Operating Charges and the Profit Sharing Charge is capped at 15% of the Group's income from investments in Partner-firms for the relevant quarter excluding any Divestment Fee payable for such quarter.

Amounts recorded as Profit Sharing Charges during the period were $Nil.

### Divestment Fee

The Operator is entitled to a divestment fee ("Divestment Fee") calculated at 20.0% of the total divestment profit in the relevant quarter in relation to the Group's investments. Divestment Profit refers to the cash flows realised from the sale or divestment of assets calculated as the sale price minus the contribution value of such asset, excluding any dividend income received over the holding period and on which the Group has already paid Recurring Operating Charges and, in the case of New Investments, Profit Sharing Charges.

Although the Group does not have an exit strategy for its investments, it may be subject to exits or realisations at underlying Partner-firms, as such an accrual is reflected in the accounts representing an amount that would be payable if the Group were to exit all of its investments. For the period ended 31 December 2021, an amount of $45.2m has been accrued towards Divestment Fee payable to the Operator and none of the amounts have vested.

## 6. Audit fees

Other operating expenses include fees payable to the Company's auditors and its affiliates, which can be analysed as follows:

| | For the period from 24 March 2021 to 31 December 2021 $m |
|---|---|
| Fees to the Company's Auditors | |
| for audit of the statutory financial statements (£1.0m) (including VAT) | 1.3 |
| | **1.3** |

The Company's Auditors were also paid £0.9m ($1.1m) in relation to reporting accountant work on the listing of the Company which is included in share issue costs.

## 7. Tax

The Group's income tax expense can be analysed as follows:

| **a. Amounts recognised in profit and loss** | **For the period from 24 March 2021 to 31 December 2021 $m** |
|---|---|
| Current tax expense: | |
| Tax charge at standard UK corporation tax rate | – |
| Total current tax expense | – |
| | |
| Deferred tax expense: | |
| Origination and reversal of temporary differences | 37.5 |
| Movements in unrecognised tax benefits | (24.9) |
| Total deferred tax expense | 12.6 |
| | |
| Total income tax expense | 12.6 |

The differences between the effective tax rate for the period and the standard rate of corporation tax in the UK at 19% are as follows:

| Reconciliation of effective tax rate | **US $m** | **UK $m** | **Other $m** | **For the period from 24 March 2021 to 31 December 2021 $m** | **%** |
|---|---|---|---|---|---|
| Profit/(loss) before tax | 143.3 | (5.0) | 122.2 | 260.5 | |
| Tax charge at standard UK corporation tax rate | 27.2 | (0.9) | 23.2 | 49.5 | 19.00% |
| Foreign rate differential | 2.9 | – | (17.2) | (14.3) | -5.5% |
| Liability to Petershill Funds | – | – | (6.0) | (6.0) | -2.3% |
| State & Local taxes | 7.4 | – | – | 7.4 | 2.8% |
| Other | – | 0.9 | – | 0.9 | 0.4% |
| Temporary differences subject to initial recognition exception | (24.9) | – | – | (24.9) | -9.6% |
| Total income tax expense | 12.6 | – | – | 12.6 | 4.8% |

The Investments in Partner-firms were a purchase of assets for income tax purposes. Due to differences in the computation of the purchase price of the Partner-firms as well as the impact of the TRA, temporary differences arose on the acquisition. Due to initial recognition exception under paragraphs 15 and 24 of IAS 12 - Income Taxes, no deferred tax is recognised in respect of these temporary differences.

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the March 2020 Budget and substantively enacted on 24 May 2021. This will increase the future rate at which the Group pays the applicable UK tax accordingly. The deferred tax assets and liabilities in the UK as at 31 December 2021 have been calculated based on the 25% rate, with a blended rate applied where it is known that the associated temporary difference will reverse prior to 1 April 2023. Deferred tax assets and liabilities in the US as of 31 December 2021 have been calculated based on the US federal statutory rate of 21% and estimated effective state tax rate of 4.29%.

## Deferred tax

### Movement in deferred tax balances

| | Net balance 24 March 2021 $m | Recognised in profit or loss $m | Recognised in OCI/equity $m | Foreign exchange $m | Net balance 31 December 2021 $m | Deferred tax assets $m | Deferred tax liabilities $m |
|---|---|---|---|---|---|---|---|
| Investment in Partner-firms | – | (36.4) | – | – | (36.4) | – | (36.4) |
| Tax Receivables Agreement | – | 12.3 | – | – | 12.3 | 12.3 | – |
| Deferred payment obligation | – | (0.6) | – | – | (0.6) | – | (0.6) |
| Other Accruals | – | 6.2 | – | – | 6.2 | 6.2 | – |
| Losses | – | 5.9 | – | – | 5.9 | 5.9 | – |
| | – | (12.6) | – | – | (12.6) | 24.4 | (37.0) |

After considering jurisdictional netting, the deferred tax balances shown above are presented on a net basis in the Consolidated Statement of Financial Position.

The Investments in Partner-firms was a purchase of assets for income tax purposes. Due to differences in the computation of the purchase price of the Investments in Partner-firms as well as the impact of the TRA, temporary differences arose on the acquisition. These temporary differences are not recognized as a result of the Initial Recognition Exception ("IRE") under paragraphs 15 and 23 of IAS 12. Paragraph 15 of IAS 12 provides in part that "A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: a. the recognition of goodwill; or b. the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). The purchase of the Investments in Partner-firms meets the exception provided in Paragraph 15 and 24 of IAS 12, and as such no deferred tax assets or liabilities were recorded related to the temporary difference with respect to the initial acquisition of the Investments in Partner-firms.

### Unrecognised deductible temporary differences and unused tax losses

Deferred tax assets have not been recognised in respect of the following items:

| As at 31 December, | 2021 $m |
|---|---|
| Deductible temporary differences (no expiry) | – |
| Tax losses | 0.6 |
| | 0.6 |

Loss carry forwards at 31 December 2021 will expire as follows:

| | U.S. $m | U.K. $m | Total $m |
|---|---|---|---|
| 2022 | – | – | – |
| 2023 and onwards | – | – | – |
| Unlimited | 23.2 | 2.5 | 25.7 |
| | 23.2 | 2.5 | 25.7 |

### Unrecognised taxable temporary differences associated with investments and interests in subsidiaries

As at 31 December 2021, no deferred tax liability is recognised in relation to the Company's investments and interests in subsidiaries because the Company controls the reversal of the liability and it is expected that it will not reverse in the foreseeable future.

### Uncertainty over income tax treatments

The Company has not identified any reserves related to uncertainty over income tax treatments as of 31 December 2021.

## 8. Earnings per share

| | For the period from 24 March 2021 to 31 December 2021 |
|---|---|
| Profit attributable to equity holders of the Company – $m | 247.9 |
| Weighted average number of Ordinary Shares in issue | 386,629,098 |
| Basic and diluted earnings per share from continuing operations in the period (cents) | **64.12** |

The weighted average number of shares for the period ended 31 December 2021 is calculated on a time weighted basis based on the timing of issue of Ordinary Shares.

Had the shares in issue at 31 December 2021 been in issue from 24 March 2021, the weighted average number of shares would have been 1,156,696,029 and the earnings per share would have been $ 21.43 cents. Refer to APMs on page 126 for additional information.

There are no dilutive shares in issue.

## 9. Trade and other receivables

| | 31 December 2021 $m |
|---|---|
| Amounts receivable from investments | **102.0** |
| | **102.0** |

## 10. Trade and other payables

| | 31 December 2021 $m |
|---|---|
| Other payables | 22.6 |
| Share issue costs payable | 5.7 |
| | **28.3** |

## 11. Notes payable

As part of the acquisition of investments in Partner-firms, the Petershill Funds also transferred to the Group, majority ownership in Issuer SPVs to be held through Intermediary Entities.

On 8 October 2019 ("Close Date"), the Issuer SPVs had closed on the offering of 5.00% Series A Senior Guaranteed Notes due 2039 ("Notes") secured by the rights to future cash flows (the "Participation Interests") generated from FRE and PRE from certain existing investments in Partner-firms. In accordance with the terms of the Indenture entered into between the Issuer SPVs and the collateral trustee, the Issuer SPVs had issued the Notes with an aggregate principal amount of $350m.

The Notes are considered non-recourse debt, with any default resulting in acceleration of repayment of outstanding amount of Notes through existing cash flows, and no recourse to the possession of Partner-firms investments. The Notes shall bear interest from the Close Date at a rate per annum equal to (a) 5.00% plus (b) after 15 October 2029 (referred to as the Reinvestment Period in the Indenture), 5.00% (such additional 5.00% interest accruing after the Reinvestment Period) until the date the principal has been paid in full and all obligations under the Notes are satisfied. The interest related to the Notes is included in Interest expense in the Consolidated Statement of Comprehensive Income.

Pursuant to the terms of the Servicing Agreement entered into between the Issuer SPVs and Petershill II LP, the latter has been engaged as the servicer for the Issuer SPVs and is responsible for performing servicing obligations pertaining to the Participations Interests, until the earlier of the Notes being paid in full or upon termination of the Servicing Agreement.

The Issuer SPVs may be subject to pay a Make-Whole Amount (as defined in the Indenture) contingent upon certain principal repayment, prepayment or redemption of the Notes in accordance with the provisions of the Indenture. Absent an intent by the Group to prepay the Notes, no accrual for such Make-Whole Amount has been made as at 31 December 2021.

As at 31 December 2021, the outstanding total amount of the Notes issued by the Issuer SPVs was $350m. The carrying value of the Notes is reported at amortised cost, and is net of amortised debt issuance costs of $9.1m in an amount of $340.9m, with associated interest payable of $8m as of 31 December 2021. For the period ended 31 December 2021, the effective interest rate on the Notes is 4.8% per annum. An amount of $4.6m has been recorded as Interest expense on the Consolidated Statement of Comprehensive Income which includes $4.4m in relation to interest on the Notes and $0.2m in relation to interest on the deferred payment obligations.

## 12. Liability to Petershill Funds

The Petershill Funds continue to have an interest in the Issuer SPVs and Intermediary entities. the Petershill Funds do not have any economic exposure to the Issuer SPVs except in the event of default of the Notes, when the cash flows relating to the Participation Interest owned by the Petershill Funds may be used to service the Notes and its obligations. All the distribution payments received by the Issuer SPVs as it relates to the Participation Interest owned by the Petershill Funds is fully distributed to them without any reduction for fees, interest and expenses relating to the Notes, Issuer SPVs and the Intermediary Entities.

As discussed in note 2(xvi), the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements. While the Company does not have entitlement to 100% of the interest in the cash flows of the Intermediary Entities and the Issuer SPVs, it has all the economic exposure to the Issuer SPVs and the Intermediary Entities. Hence, it is required to consolidate them under the definition of control. This results in reflecting all of the assets and liabilities of these entities as discussed above, in the Consolidated Statement of Financial Position and all of the income, investment gain and finance cost in the Consolidated Statement of Comprehensive Income. However, Shareholders returns are impacted to the extent of the Company's ownership of these entities and its 100% exposure to Notes payable. The Company's net assets and total Shareholders' funds in the Consolidated Statement of Financial Position as well as its profit and total comprehensive income for the period and earnings per share on the consolidated statement of comprehensive income are the same as if consolidation was not required under IFRS 10.

Accordingly, the Group has recorded an amount of $597.2m being the Liability to Petershill Funds representing its proportionate ownership in the Issuer SPVs. The interest held by the Petershill Funds has been classified as a financial liability and the corresponding expense has been included in Movement in liability to Petershill Funds under Finance costs in the Consolidated Statement of Comprehensive Income. For the period ended 31 December 2021, an amount of $31.6m has been included in Interest expense representing Petershill Funds' interest in the Issuer SPVs.

## 13. Share capital and other reserve

| Date | Issued and fully paid | Number of shares issued | Share capital $m | Share premium $m | Other reserve $m | Total $m |
|---|---|---|---|---|---|---|
| Shares at inception | | – | – | | – | – |
| 24 March 2021 | Incorporation – Ordinary – $0.01 | 1[1] | – | – | – | – |
| 28 September 2021 | Capital raise – Ordinary -$0.01 | 1,000,000,000[2] | 10.0 | 2,633.8 | 1,689.6 | 4,333.4 |
| 1 October 2021 | Capital raise – Ordinary -$0.01 | 156,696,028[3] | 1.6 | 745.1 | – | 746.7 |
| 1 October 2021 | Less share issue costs | – | – | (32.2) | – | (32.2) |
| | | **1,156,696,029** | **11.6** | **3,346.7** | **1,689.6** | **5,047.9** |

1. To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 24 March 2021, 1 Ordinary Share of US$0.01 was issued.
2. Represents the Ordinary Shares issued to Petershill Funds. See table below for details.
3. Represents Ordinary Shares issued to the public as part of the IPO process.

The table below summarises the assets acquired and liabilities acquired by the Group from Petershill funds in return for issue of Ordinary Shares of the Company.

| Assets acquired | $m |
|---|---|
| Fair value of investment in Partner-firms and interest in Issuer SPVs | 4,843.3 |
| **Total assets** | **4,843.3** |
| | |
| **Liabilities incurred** | |
| Notes payable (gross) | (350.0) |
| Liability under Tax Receivables Agreement | (159.9) |
| **Total Liabilities** | **(509.9)** |
| | |
| **Net value for which Ordinary Shares were issued by the Company to Petershill Funds** | **4,333.4** |

Other payables in note 10 include an amount of $0.1m in relation to 50,000 Redeemable Deferred Shares of £1 issued by the Company on 5 August 2021. The Redeemable Deferred Shares confer no right on the Redeemable Shareholders to receive notice of, or to attend or vote at, any general meeting of the Company, but confer on each holder thereof a right to receive notice of and to attend and to vote at any separate class meeting of the holders of Redeemable Deferred Shares. As disclosed in note 2(ix), the Company's Redeemable Deferred Shares are classified as financial liabilities.

As at 31 December 2021, the Company's issued share capital comprised 1,156,696,029 Ordinary Shares and 50,000 Redeemable Deferred Shares of £1 each. Ordinary Shareholders are entitled to all dividends paid by the Company. Refer to note 2(ix) for more information.

## 14. Retained earnings

| | 31 December 2021 $m |
|---|---|
| Opening balance | – |
| Profit and total comprehensive income in the period | 247.9 |
| **Closing balance** | **247.9** |

## 15. Net assets per share

### Net assets per share

| | 31 December 2021 |
|---|---|
| Net assets – $m | 5,295.8 |
| Number of Ordinary Shares issued | 1,156,696,029 |
| Net assets per Share (cents) | **457.84** |

## 16. Dividends declared with respect to the period

| Interim dividends declared and paid after 31 December 2021 and not accrued in the period | Dividend per share cents | Total dividend $m |
|---|---|---|
| With respect to the period ended 31 December 2021 | – | – |

No dividends were declared or paid by the Company for the period from 24 March 2021 to 31 December 2021.

## 17. Financial risk management

### Financial risk management objectives

The Group's investing activities expose it to various types of risks that are associated with the Partner-firms. The Group makes the investment in order to generate returns in accordance with its investment policy and objectives.

The most important types of financial risks to which the Group is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has delegated portfolio management and risk management responsibilities to the Operator. Accordingly, the Operator has overall responsibility for the determination of the Group's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

| | 31 December 2021 $m |
|---|---|
| **Financial assets** | |
| *Investment at fair value through profit or loss:* | |
| Investment in the Partner-firms | 6,023.1 |
| *Other financial assets:* | |
| Investments in money market funds at fair value through profit or loss | 453.1 |
| Cash and cash equivalents | 124.8 |
| Trade and other receivables excluding prepayments | 102.0 |
| | |
| **Financial liabilities** | |
| *Current liabilities:* | |
| Trade and other payables | 28.3 |
| Deferred payment obligations | 74.8 |
| Interest payable | 8.1 |
| | |
| *Non-current liabilities:* | |
| Liability to Petershill Funds | 597.2 |
| Notes payable | 340.9 |
| Deferred payment obligations | 133.4 |
| Liability for Tax Receivables Agreement | 166.7 |
| Fee payable on divestment of investments | 45.2 |

## Categories of financial instruments

### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to Shareholders. The Board of Directors approves the level of dividend distributions to Shareholders. The Group may purchase its own shares within the limits defined by the Board of Directors subject to restrictions imposed by applicable laws.

The capital structure of the Group consists of issued share capital, retained earnings as stated in the Statement of Financial Position.

### Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

#### a) Price risk

The investments held by the Group present a potential risk of loss of capital to the Group. Price risk arises from uncertainty about future prices of underlying financial investments held by the Group. As at 31 December 2021, the fair value of investments was $6,023.1m and a 5% per cent increase/(decrease) in the price of investments with all other variables held constant would result in a change to the fair value of investments of +/- $301.2m. A change in interest rates could have an impact on the price risk associated with the underlying investee companies, which is factored into the fair value of investments. Please refer to note 4 for quantitative information about the fair value measurements of the Company's Level 3 investments.

The Group is exposed to a variety of risks which may have an impact on the carrying value of the Group's investments. The Group's risk factors are set out below:

#### i. Not actively traded

The Group's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The Group investments vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Operator.

#### ii. Concentration

The Group invests in the alternative asset sector, with a particular focus on asset classes such as private equity, private credit, private real assets and absolute return strategies. This means that the Group is exposed to the concentration risk of only making investments in the alternative asset sector, which concentration risk may further relate to sub-sector, geography, the relative size of an investment or other factors.

The Board of Directors and the Operator monitor the concentration of the investments on a quarterly basis to ensure compliance with the investment policy.

#### iii. Liquidity

The Group's liquidity risk lies with the amount of cash invested in the investments as it is dynamic in nature. The Group will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents, which may be invested on a temporary basis in line with the cash management policy as agreed by the Board of Directors from time to time.

As at 31 December 2021, $577.9m, or 8.6% of the Group's financial assets, were money market fund investments and cash balances held on deposit with several AA- or higher rated banks.

## 17. Financial risk management *continued*

### b) Foreign currency risk

The Group transacts in currencies other than United States Dollars. Consequently, the Group is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the US Dollar. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following table sets out, in US Dollars, the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

| As at 31 December 2021 | US$ $m | CAD$ $m | GBP£ $m | Total $m |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investments at fair value through profit or loss | 5,914.3 | 108.8 | – | 6,023.1 |
| **Total non-current assets** | **5,914.3** | **108.8** | **–** | **6,023.1** |
| | | | | |
| **Current assets** | | | | |
| Investments in money market funds at fair value through profit or loss | 453.1 | – | – | 453.1 |
| Cash and cash equivalents | 108.9 | – | 15.9 | 124.8 |
| Trade and other receivables | 102.0 | – | – | 102.0 |
| **Total current assets** | **664.0** | **–** | **–** | **679.9** |
| | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | (19.0) | – | (9.3) | (28.3) |
| Deferred Payment Obligations | (74.8) | – | – | (74.8) |
| Interest payable | (8.1) | – | – | (8.1) |
| **Total current liabilities** | **(101.9)** | **–** | **(9.3)** | **(111.2)** |
| | | | | |
| **Non-current liabilities** | | | | |
| Liability to Petershill Funds | (597.2) | – | – | (597.2) |
| Notes payable | (340.9) | – | – | (340.9) |
| Deferred payment obligations | (133.4) | – | – | (133.4) |
| Liability for Tax Receivables Agreement | (166.7) | – | – | (166.7) |
| Fee payable on divestment of investments | (45.2) | – | – | (45.2) |

The Board of Directors do not consider that the foreign currency exchange risk at the balance sheet date is material and therefore sensitivity analysis for the foreign currency risk has not been provided.

### c) Interest rate risk

The Group's exposure to interest rate risk relates to the Group's cash and cash equivalents and money market investments. The Group is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Statement of Financial Position, the majority of the Group's cash and cash equivalents were held on interest bearing fixed deposit accounts.

The Group's investment in money market funds is variable and is subject to fluctuations. Any exposure to interest rate risk at the underlying investment level is captured within price risk. An increase of 100 basis points, based on the closing balance sheet position over a 12-month period, would lead to an approximate increase in total profit before tax of $4.5m for the Group.

The Notes issued by the Issuer SPVs carry a fixed rate of interest as stipulated in the Indenture and are not subject to interest rate risk.

In addition, the Group has indirect exposure to interest rates through changes to the financial performance and the valuation of investments in Partner-firms caused by rate fluctuations.

## Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's policy and the Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemption of shares, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group's financial assets include investments in Partner-firms which are generally illiquid. As a result, the Group may not be able to liquidate its investments in time to meet its liquidity requirements.

The Operator has a liquidity management policy which is designed to enable it to monitor the liquidity risk of the Group. The systems and procedures employed by the Operator in this regard allow it to apply various tools and arrangements necessary to respond appropriately to liquidity concerns. As part of the policy, the Operator prepares estimates of projected cash flows of the Group from its investment in Partner-firms, evaluates it against the projected expenses, investment opportunities and potential distributions to Shareholders, The Operator updates the Board of Directors of its findings on a regular basis and highlights any risks from a liquidity management perspective.

The following table details the Group's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts:

| | Less than 1 year $m | 1-5 years $m | 5+ years $m | Total $m |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments (note 4) | – | – | 6,023.1 | **6,023.1** |
| Investments in money market (note 4) | 453.1 | – | – | **453.1** |
| Cash and cash equivalents | 124.8 | – | – | **124.8** |
| Trade and other receivables | 102.0 | – | – | **102.0** |
| **Liabilities** | | | | |
| Trade and other payables (note 10) | (28.3) | – | – | **(28.3)** |
| Deferred payment obligations | (76.3) | (138.8) | – | **(215.1)** |
| Liability to Petershill Funds (note 12) | (98.4) | – | (498.8) | **(597.2)** |
| Notes payable (note 11) | (16.9) | (87.1) | (385.5) | **(489.5)** |
| Liability for Tax Receivables Agreement | (3.4) | (136.0) | (460.5) | **(599.9)** |
| Fee payable on divestment of investments | – | – | (45.2) | **(45.2)** |

## Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in financial loss to the Group. It arises principally from investments in money market funds held, and also from derivative financial assets, cash and cash equivalents and other receivables balances.

The Group's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the Company's prospectus.

Credit risk is monitored on an ongoing basis by the Operator in accordance with the procedures and policies in place.

The table below details the Group's maximum exposure to credit risk:

| | 31 December 2021 $m |
|---|---|
| **Interest bearing** | |
| Investments in money market funds (note 4) | 453.1 |
| Cash and cash equivalents | 124.8 |
| **Non-interest bearing** | |
| Trade and other receivables (note 9) | 102.0 |

## 17. Financial risk management *continued*

The table below shows the cash balances and the credit rating for each counterparty:

| | Location | Rating | 31 December 2021 $m |
|---|---|---|---|
| **Counterparty** | | | |
| State Street Bank and Trust Company | USA | AA- | 124.8 |
| Financial Square[SM] Government Fund – Institutional Shares | USA | AAA | 99.7 |
| Financial Square[SM] Treasury Instruments Fund – Institutional Shares | USA | AAA | 353.4 |

The Group's maximum exposure to loss of capital at the period end is shown below:

| | Carrying value and maximum exposure $m |
|---|---|
| **31 December 2021** | |
| Investments at fair value through profit or loss | 6,023.1 |
| Other financial assets | 679.9 |

## 18. Related party transactions

### Board of Directors

The Company has five Non-Executive Directors. Directors' fees for the period ended 31 December 2021 amounted to $1.0m, of which $0.1m was outstanding at period end. Amounts paid to the Board of Directors as reimbursement of travel and other incidental expenses during the period amounted to $21 thousand, none of which was outstanding at period end.

The Board of Directors held beneficial interest in 574,999 Ordinary Shares in the Company as at 31 December 2021. Refer to Directors' Remuneration Report on pages 66 to 69.

### Transactions with Goldman Sachs International

Goldman Sachs International, a wholly owned subsidiary of Goldman Sachs and Co acted as Joint Global Coordinator and Joint Bookrunner pursuant to an underwriting agreement for the IPO transaction. The Company paid fees of $5.9m and expenses of $0.1m to Goldman Sachs International for its services. The fees and expenses have been recorded as part of Issuance Costs.

### Money market funds

During the period, the Group has invested $806.7m into money market funds that are managed by affiliates of the Operator. Amounts invested as at 31 December 2021 were $453.1m.

### Transactions with Petershill Funds

During the period, the Group acquired from the Petershill Funds, investments in Partner-firms with a fair value of $4,843.3m, Notes payable of $350m and a liability for Tax Receivable Agreement of $159.9m netting to $4,333.4m in return for 1 billion Ordinary Shares in the Company.

Immediately following Admission until 31 December 2021, the Petershill Funds, managed by wholly owned subsidiaries of the Goldman Sachs Group acting as the investment manager, owned approximately 74.7% of the Company.

### Liability to Petershill Funds

As discussed in note 2(xvi) and note 12, the Petershill Funds continue to have beneficial ownership in the Issuer SPVs and Intermediary entities. All the distribution payments received by the Issuer SPVs as it relates to the assets owned by the Petershill Funds is fully distributed to the Petershill Funds without any reduction for fees, interest and expenses. Accordingly, the Group has recorded a liability of $597.2m and an Interest expense of $31.6m representing the Petershill Funds' proportionate ownership in the Issuer SPVs.

### Tax Receivables Agreement

As discussed in note 2(v), the Group has entered into a Tax Receivables Agreement with Petershill Funds, an affiliate of the Operator and the Goldman Sachs Group. which will require the Group to pay 75% of the amount of cash tax savings, if any, in US federal, state and local income tax that the Group Petershill Delaware realises as a result of the tax benefits associated with this increase in tax basis. As of 31 December, 2021, the carrying value of liability for the Tax Receivables Agreement is $166.7m.

### Operator

The Operator is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group and provides advice to the Group on the origination and completion of new investments, the management of the portfolio and on realisations, as well as on funding requirements, subject to approval by the Board of Directors. For the provision of services under the Operator Agreement, the Operator earns a Profit Sharing Charge, Recurring Operating Charges and Divestment Fee, as detailed in note 5.

The Operator may, in its discretion, pay certain of the Group's fees or expenses and the Group will reimburse the Operator for the payment of any such fee or expense. As at 31 December 2021, no amounts were owed by the Group to the Operator under this arrangement.

### Investment Advisor

The Investment Advisor is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group. During the period, the Company entered into a Stock Transfer Agreement with the Investment Advisor, where the Investment Advisor transferred 100 common stock shares with a par value of $0.01 in Delta Epsilon Delaware, Inc to the Company, for a consideration of $1.00, of which $nil was outstanding at period end.

## 19. Ultimate controlling party

The Board of Directors has reviewed the Shareholders of the Company and has concluded that there is no ultimate controlling party. The Company has a very diversified investor base that does not cede control to any single investor or a group of investors. Although the Petershill Funds own 74.7% of the Company, Goldman Sachs Asset Management and its affiliates are the beneficial owner of less than 1% of the Ordinary Shares of the Company as of 31 December 2021.

The Petershill Funds are managed by Goldman Sachs Asset Management and its affiliates acting as the investment manager of the Petershill Funds under the supervision of the Independent Board. Goldman Sachs Asset Management and its affiliates act in in their capacity as an agent for the Equity Shareholders of the Company and such a relationship does not give rise to controlling ownership.

## 20. Subsequent events

The Group has evaluated activity through 26 April 2022, the date that the audited financial statements were available to be issued.

The Group continues to monitor the impact of the ongoing conflict between Ukraine and Russia and does not have direct exposure to Ukraine or Russia. The Partner-firms, their funds, assets under management and strategies are mostly focused on North America and the Group does not have material exposure to companies or investments through its investments in Partner-firms in either country. The Group will continue to monitor the impact on global markets and macroeconomic conditions.

The Group concluded that no other events took place that would require material adjustments to the amounts recognised in these consolidated financial statements.

# COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Company Number 13289144

| | Note | 31 December 2021 $m |
|---|---|---|
| **Non-current assets** | | |
| Investments in Subsidiary undertakings | 5 | 4,830.0 |
| | | **4,830.0** |
| **Current assets** | | |
| Investments in Money Market Funds at fair value through profit or loss | 5 | 453.1 |
| Trade and other receivables | 7 | 8.2 |
| Cash and cash equivalents | 3 | 17.9 |
| | | **479.2** |
| **Total assets** | | **5,309.2** |
| **Current liabilities** | | |
| Trade and other payables | 8 | 13.4 |
| **Total liabilities** | | **13.4** |
| **Net assets** | | **5,295.8** |
| **Equity** | | |
| Share capital | 9 | 11.6 |
| Share premium | 9 | 3,346.7 |
| Other reserve | 9 | 1,689.6 |
| Retained earnings | | 247.9 |
| **Total Shareholders' funds** | | **5,295.8** |
| Number of Ordinary Shares in issue at period end | | **1,156,696,029** |
| **Net assets per share (cents)** | | **457.84** |

The Board of Directors has taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented a Statement of Comprehensive Income for the Company. The Company's profit for the period ended 31 December 2021 was $247.9m.

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 26 April 2022 and signed on its behalf by:

**Naguib Kheraj**
Chairman

**Mark Merson**
Director

The accompanying notes on pages 113 to 117 form an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the period from 24 March 2021 to 31 December 2021

| | Note | Share capital $m | Share premium $m | Other reserve $m | Retained earnings $m | Total $m |
|---|---|---|---|---|---|---|
| Opening net assets attributable to Shareholders | | – | – | – | – | **–** |
| Issue of share capital | 9 | 11.6 | 3,378.9 | 1,689.6 | – | **5,080.1** |
| Share issue costs | 9 | – | (32.2) | – | – | **(32.2)** |
| Profit and total comprehensive income for the period | | – | – | – | 247.9 | **247.9** |
| **Closing net assets attributable to Shareholders** | | **11.6** | **3,346.7** | **1,689.6** | **247.9** | **5,295.8** |

The accompanying notes on pages 113 to 117 form an integral part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS

For the period from 24 March 2021 to 31 December 2021

| | Note | For the period from 24 March 2021 to 31 December 2021 $m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit for the period | | 247.9 |
| Adjustments to reconcile operating profit for the financial period to net cash used in operating activities: | | |
| Movement of investments at fair value through profit or loss | 5 | (253.1) |
| Purchase of investments in money market funds | 5 | (806.7) |
| Sale of investments in money market funds | 5 | 353.6 |
| Movement in trade and other receivables | 7 | (8.2) |
| Movement in trade and other payables | 8 | 7.7 |
| **Net cash used in operating activities** | | **(458.8)** |
| **Cash flows from investing activities** | | |
| Acquisition of investments at fair value through profit or loss | 5 | (243.5) |
| **Net cash flows used in investing activities** | | **(243.5)** |
| **Cash flows from financing activities** | | |
| Issue of shares (net of Share issue costs deducted from proceeds) | 9 | 725.0 |
| Payment of issue costs | | (4.8) |
| **Net cash flows generated from financing activities** | | **720.2** |
| Net movement in cash and cash equivalents during the period | | **17.9** |
| Cash and cash equivalents at the beginning of the period | | **–** |
| **Cash and cash equivalents at the end of the period** | | **17.9** |
| **Non-cash investing and financing activities** | | |
| 1,000,000,000 Ordinary Shares issued to Petershill Funds in return for Investments in Subsidiary undertakings | | **4,333.4** |

The accompanying notes on pages 113 to 117 form an integral part of these financial statements.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the period from 24 March 2021 to 31 December 2021

## 1. Basis of preparation

The annual financial statements of the Company have been prepared and approved by the Board of Directors in accordance with UK-adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are presented to the nearest million United States Dollar ($m), the functional and reporting currency of the Company.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. The preparation of the financial statements requires estimates and assumptions to be made that may affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from the estimates included in the financial statements herein. It also requires judgement to be exercised in the process of applying the accounting policies.

The significant accounting policies and basis of preparation of the annual financial statements of the Company follow those as disclosed for the Group in note 2 of the Consolidated Financial Statements unless otherwise described below.

The Company was incorporated on 24 March 2021, so information in the financial statements covers the period from 24 March 2021 to 31 December 2021, but during that period the meaningful activities of the Company took place from date of completion of the Initial Acquisition on 28 September 2021 to 31 December 2021.

## 2. Investments in subsidiary undertakings

The Company's Investments in Subsidiary undertakings, without a readily determinable fair value, are generally valued at the most recent NAV per unit or capital account information available from the general partners of such vehicles. For the period ended 31 December 2021, the Investments in Subsidiary undertakings were valued at the most recent NAV per unit which represents the fair value of these investments.

Unlisted investments held by the Subsidiary undertakings are held at fair value through profit and loss, further details can be found in note 4 of the Consolidated Financial Statements.

## 3. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less.

## 4. Audit fees

The Auditor's remuneration for audit services and other audit-related services is disclosed in note 6 to the Consolidated Financial Statements.

## 5. Investments held at fair value through profit or loss

### Non-current investments

The Company's non-current investments comprise of investments in Subsidiaries.

| | 31 December 2021 $m |
|---|---|
| Opening balance | – |
| Additions | 4,576.9 |
| Unrealised movement in investments in Subsidiaries | 253.1 |
| | 4,830.0 |

## 5. Investments held at fair value through profit or loss *continued*

### Current investments

The Company invests its overnight cash balance in money market funds representing a collective investment scheme promoted by an affiliate of the Operator. The Company holds these investments for cash management purposes with the intent to manage excess cash and ensure these can be readily liquidated to meet the Company's investment commitments. These investments are redeemable at short notice and have been classified as debt investments. The Company will bear its proportionate share of all fees and expenses paid by the Money Market Funds. As at 31 December 2021, the Company held investments in Money Market Funds of $453m and during the period earned interest of $29 thousand.

### Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input.

that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Group. The Board of Directors consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the assets and liabilities (by class) measured at fair value:

| | For the period from 24 March 2021 to 31 December 2021 | | | |
|---|---|---|---|---|
| | Level 1 $m | Level 2 $m | Level 3 $m | Total $m |
| **Assets** | | | | |
| Investment in money market funds | – | 453.1 | – | 453.1 |
| Investments in Subsidiaries | – | – | 4,830.0 | 4,830.0 |
| Total | **–** | **453.1** | **4,830.0** | **5,283.1** |

Due to the nature of the Company's investments in its Subsidiaries, they are always expected to be classified as level 3. There have been no transfers between levels during the period. Any transfers between the levels would be accounted for on the last day of each financial period.

### Quantitative information of significant unobservable inputs – Level 3 – Investments

The Board of Directors believe that it is appropriate to measure the Investments at their net asset value which has taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates.

### Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

Significant unobservable inputs are used in the fair value measurement categorised within Level 3 of the fair value hierarchy. If the fair value of the investments in Subsidiaries was to increase or decrease by 10% then the fair value of investments would increase or decrease by $483.0m respectively.

As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

## 6. Investments in subsidiary undertakings

| Name of subsidiary undertaking | Activity | Holding | Registered Office |
|---|---|---|---|
| **Held directly** | | | |
| Delta Epsilon Delaware Inc. | Investment company | 100% | 251 Little Falls Drive Wilmington, DE 19808 |
| Delta Epsilon Cayman Ltd | Investment company | 100% | One Nexus Way Camana Bay, KY1-9005 Cayman Islands |

Refer to note 2(xvi) to the Consolidated Financial Statements for a full list of the Company's related subsidiary undertakings.

## 7. Trade and other receivables

| | 31 December 2021 $m |
|---|---|
| Amounts receivable from investments | 8.2 |
| | **8.2** |

## 8. Trade and other payables

| | 31 December 2021 $m |
|---|---|
| Other payables | 7.7 |
| Share issue costs payable | 5.7 |
| | **13.4** |

## 9. Share capital and other reserve

| Date | Issued and fully paid | Number of shares issued | Share capital $m | Share premium $m | Other reserve $m | Total $m |
|---|---|---|---|---|---|---|
| Shares at inception | | – | – | – | – | – |
| 24 March 2021 | Incorporation – Ordinary -$0.01 | 1[3] | – | – | – | – |
| 28 September 2021 | Capital raise – Ordinary -$0.01 | 1,000,000,000[1] | 10.0 | 2,633.8 | 1,689.6 | **4,333.4** |
| 1 October 2021 | Capital raise – Ordinary -$0.01 | 156,696,028[2] | 1.6 | 745.1 | – | **746.7** |
| 1 October 2021 | Less share issue costs | – | – | (32.2) | – | **(32.2)** |
| | | **1,156,696,029** | **11.6** | **3,346.7** | **1,689.6** | **5,047.9** |

1. Represents the Ordinary Shares issued to Petershill Funds in return for Investments in Subsidiary undertakings.
2. Represents Ordinary Shares issued to the public as part of the IPO process
3. To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 24 March 2021, 1 Ordinary Share of US$0.01 was issued.

Other payables in note 8 include an amount of $0.1m in relation to 50,000 Redeemable Deferred Shares of £1 issued by the Company on 5 August 2021. The Redeemable Deferred Shares confer no right on the Redeemable Shareholders to receive notice of, or to attend or vote at, any general meeting of the Company, but confer on each holder thereof a right to receive notice of and to attend and to vote at any separate class meeting of the holders of Redeemable Deferred Shares. As disclosed in note 2 (ix) to the Consolidated Financial Statements, the Company's Redeemable Deferred Shares are classified as financial liabilities.

As at 31 December 2021, the Company's issued share capital comprised 1,156,696,029 Ordinary Shares and 50,000 Redeemable Deferred Shares of £1 each. Ordinary Shareholders are entitled to all dividends paid by the Company. Refer to note 2(ix) to the Consolidated Financial Statements for further details.

## 10. Critical accounting estimates and judgements

The Board of Directors has made judgements and estimates with respect to those items that have the most significant effect on the carrying amounts of the assets and liabilities in the financial statements. The Board of Directors has concluded that the key judgements and estimates in the Company financial statements are in relation to the carrying value of the Company's investments in its subsidiaries which are held at their Net Asset Value.

## 11. Financial instruments risk

In the normal course of business, the Company uses certain financial instruments including cash, trade and other receivables and investments. The Company is exposed to a number of risks through the performance of its normal operations. Refer to note 17 to the Consolidated Financial Statements for further details.

| | 31 December 2021 $m |
|---|---|
| **Financial assets** | |
| *Investment at fair value through profit or loss:* | |
| Investments in Subsidiary undertakings | 4,830.0 |
| *Other financial assets:* | |
| Investments in money market at fair value through profit or loss | 453.1 |
| Cash and cash equivalents | 17.9 |
| Trade and other receivables | 8.2 |
| | |
| **Financial liabilities** | |
| *Current liabilities:* | |
| **Trade and other payables** | 13.4 |

### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to Shareholders. The Board of Directors monitor the level of dividend distributions to Shareholders. The Company may purchase its own shares within the limits defined by the Board of Directors subject to restrictions imposed by applicable laws.

The capital structure of the Company consists of issued share capital, retained earnings and other distributable reserves, as stated in the Statement of Financial Position.

### Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

#### a) Price risk

The investments held by the Company present a potential risk of loss of capital to the Company. Price risk arises from uncertainty about future prices of underlying financial investments held by the Company. As at 31 December 2021, the fair value of Investments in Subsidiary undertakings was $4,830.0m and a 5% increase / (decrease) in the price of investments with all other variables held constant would result in a change to the fair value of investments of +/– $241.5m. A change in interest rates could have an impact on the price risk associated with the underlying investee companies, which is factored into the fair value of investments. Please refer to note 5 for quantitative information about the fair value measurements of the Company's Level 3 investments.

The Company is exposed to a variety of risks which may have an impact on the carrying value of the Company's investments. The Company's risk factors are set out in (a)(i) to (a)(iii) below.

**(i) Not actively traded**

The Company's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The Company investments vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Operator.

**(ii) Concentration**

The Company invests in the alternative asset sector, with a particular focus on asset classes such as private equity, private credit, private real assets and absolute return strategies. This means that the Company is exposed to the concentration risk of only making investments in the alternative asset sector, which concentration risk may further relate to sub-sector, geography, and the relative size of an investment or other factors. While the Company is subject to the investment and diversification restrictions in its investment policy, within those limits, material concentrations of investments may arise.

The Board of Directors and the Operator monitor the concentration of the investments on a quarterly basis to ensure compliance with the investment policy.

**(iii) Liquidity**

The Company's liquidity risk lies with the amount of cash invested in the investments as it is dynamic in nature. The Company will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents, which may be invested on a temporary basis in line with the cash management policy as agreed by the Board of Directors from time to time.

As at 31 December 2021, $471.0m, or 8.9% of the Company's financial assets, were money market fixed deposits and cash balances held on deposit with several AA- or higher rated banks.

### b) Foreign currency risk

The Company transacts in currencies other than United States Dollars. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the US Dollar. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following table sets out, in US Dollars, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

| As at 31 December 2021 | US$ $m | GBP£ $m | Total $m |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments at fair value through profit or loss | 4,830.0 | – | 4,830.0 |
| **Total non-current assets** | **4,830.0** | **–** | **4,830.0** |
| | | | |
| **Current assets** | | | |
| Investments in money market at fair value through profit or loss | 453.1 | – | 453.1 |
| Cash and cash equivalents | 2.0 | 15.9 | 17.9 |
| Trade and other receivables | 8.2 | – | 8.2 |
| **Total current assets** | **463.3** | **15.9** | **479.2** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | (4.1) | (9.3) | (13.4) |
| **Total current liabilities** | **(4.1)** | **(9.3)** | **(13.4)** |
| | | | |
| **Total net assets** | **5,289.2** | **6.6** | **5,295.8** |

## 12. Related party transactions

The details of each individual Director's remuneration, as set out in the tables contained in the Directors' Remuneration Report on pages 66 to 69 form part of these financial statements.

### Subsidiaries

The Company entered into a consultancy agreement ("Consultancy Agreement") with the Subsidiaries where the Company will provide services including but not limited to acquisition advice and review, and advice on strategy setting. An amount of $8.2m was earned by the Company under this arrangement of which $6.6m was charged to Delta Epsilon Delaware Inc. and $1.6m was charged to Delta Epsilon Cayman Ltd for the period ended 31 December 2021 of which $8.2m was outstanding at period end.

Please refer to note 18 to the Consolidated Financial Statements for further details on related party transactions.

## 13. Subsequent events

The Company has evaluated activity through 26 April 2022, the date that the audited financial statements were available to be issued.

On 28 February 2022, Delta Epsilon Cayman Ltd declared a dividend of $54.6m payable to the Company.

Please refer to note 20 to the Consolidated Financial Statements for other post balance sheet events.

# GLOSSARY OF CAPITALISED DEFINED TERMS

**Acquisition Strategy and Investment Policy** means the Company's acquisition strategy and investment policy as detailed on page 19 of the Strategic Report

**Administrator** means Ocorian Administration (UK) Limited

**Admission** means admission of all of the Ordinary Shares issued and to be issued in connection with the Offer to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

**AGM** means Annual General Meeting

**AIC** means the Association of Investment Companies

**AIC Code** means the AIC's Code of Corporate Governance, as amended from time to time

**AIFM** means alternative investment fund manager, within the meaning of the EU AIFMD and the UK AIFMR

**Annual Report** means the Company's report and financial statements for the period from incorporation on 24 March 2021 to 31 December 2021

**Articles of Association** means the articles of association of the Company from time to time

**Auditors** means PricewaterhouseCoopers LLP or PwC and its affiliates

**BEIS** means the Department for Business, Energy and Industrial Strategy of the UK Government

**Board of Directors** means the Board of Directors of the Company

**CA or Companies Act** means the Companies Act 2006 which forms the primary source of UK company law

**Capital Amount** means the amount of gross proceeds of the IPO, plus the net proceeds of any future issues of Ordinary Shares, less any amounts expended by the Company on share repurchases and redemptions or, following a Realisation Election, attributable to Realisation Shares

**Closed-ended Investment Fund** means closed-ended investment fund as per the FCA's definition

**Company** means Petershill Partners Plc

**Delta Blockers** means the Delta Epsilon Cayman Ltd wholly owned subsidiaries comprising Delta Epsilon GP Sub (Ph II) Series LLC, Delta Epsilon GP Sub (PH PE) Series LLC, Delta Epsilon GP Sub (VF VII) Series LLC, and Delta Epsilon GP Sub (Co-Invest) Series LLC

**Delta Holding Companies** refers to the entities held by Delta Blockers and Delta Epsilon Delaware Inc comprised of Cook Holdings Series LLC, Knight Holdings Series LLC, Lyndhurst Holdings LP, Plum Holdings LP and Peasy Holdings LP

**Delta Subsidiaries** means the Petershill Partners Plc's wholly owned subsidiaries comprising Delta Epsilon Cayman Ltd and Delta Epsilon Delaware

**Directors** means the Directors of the Company[1]

**DTR** means the Disclosure Guidance and Transparency Rules sourcebook issued by the Financial Conduct Authority

**ESG** means Environmental, Social and Governance

**EU AIFMD** means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010 as supplemented by the AIFMD Delegated Regulation and, where applicable, as transposed (i) in Ireland by the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) and (ii) in any other European Economic Area member state by the corresponding national implementing measures

**Existing Petershill Group** means the current and historic Petershill funds being Petershill I, Petershill II, Petershill III, Petershill PE Seeding, Petershill IV and Vintage VII, as well as certain co-investment vehicles and GSAM

**FCA or UK FCA** means the UK Financial Conduct Authority (or its successor bodies)

**Goldman Sachs or Goldman Sachs group** means Goldman Sachs Group, Inc. and its subsidiaries and subsidiary undertakings

**GP** means general partner

**GP Services** means the assistance provided to Partner-firms by the Operator through the GP Services Team including in the following areas: (a) Human Capital, (b) Operational Consulting & Digital Transformation, (c) Investment Portfolio Services, (d) Capital Formation, (e) Strategy, Corporate Finance and M&A, (f) Product Development & Peer Benchmarking, (g) Environment, Social & Governance, (h) Legal, Tax & Regulatory, and (i) Portfolio Monitoring, Reporting & Communication

**Group or Petershill Partners Group** means the Company together with its subsidiaries and its indirect subsidiaries

**IFRS** means the International Financial Reporting Standards, being the accounting standards issued by the International Accounting Standards Board (IASB). The Company's consolidated financial statements have been prepared in accordance with IFRS, as endorsed by the UK

**Initial Acquisition** means the acquisition that occurred prior to Admission, which saw the transfer of a portfolio of assets from the Petershill Funds to the Group

**Investment Advisor** means Goldman Sachs Asset Management, L.P.

**Investment Manager** means Goldman Sachs Asset Management International

**IPEV Valuation Guidelines** means the International Private Equity and Venture Capital Valuation Guidelines

**Listing Rules** means the listing rules made by the UK Listing Authority under section 73A of the Financial Services and Markets Act 2000

**London Stock Exchange or LSE** means London Stock Exchange plc

**Main Market** means the main market of the London Stock Exchange

**Money Market Funds** means open-ended mutual funds, that the Operator may or may not manage, which invest in cash and cash-equivalent securities

**NAV or Net Asset Value** means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in US dollars

**Offer or IPO** means the offer of the new Ordinary Shares by the Company and existing Ordinary Shares by the Selling Shareholders

**Official List** means the official list maintained by the FCA

**Operator** means Goldman Sachs Asset Management Fund Services Limited

**Operator Agreement** means the Operator Agreement entered into between the Operator and the Company

**Ordinary Shares** means Ordinary Shares of $0.01 in the capital of the Company issued and designated as "Ordinary Shares" and having the rights, restrictions and entitlements set out in the Company's articles of incorporation

**Partner-firms** means the alternative asset managers in which the Group holds, from time to time, investments representing minority ownership positions and rights to certain revenue streams of the alternative asset managers

**Premium Listing Segment** means the Premium Listing Segment of the London Stock Exchange's main market

**Profit Sharing Charge** means the profit-sharing charge payable to the Operator pursuant to the Operator Agreement, as described in the Notes to the Consolidated Financial Statements

**Profit Sharing Required Investment Return** means the investment return required in respect of certain investments in order for the Profit Sharing Charge to become chargeable, as described in the Notes to the Consolidated Financial Statements

**Recurring Operating Charges** means the recurring operating charges payable to the Operator pursuant to the Operator Agreement, as described in the Notes to the Consolidated Financial Statements

**Redeemable Deferred Shares** means redeemable deferred shares having a nominal value of £1.00 each in the capital of the Company

**Redeemable Shareholders** means the holders of the Redeemable Deferred Shares

**SFDR** means Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector

**Shareholders** means the holders of the Ordinary Shares

**Subsidiary or Subsidiaries** means: Delta Epsilon Cayman Ltd; Delta Epsilon Delaware Inc; Delta Epsilon GP Sub (PH II) Series LLC; Delta Epsilon GP Sub (PH PE) Series LLC; Delta Epsilon GP Sub (VF VII) Series LLC; Delta Epsilon GP Sub (Co-Invest) Series LLC; Cook Holdings Series LLC; Knight Holdings Series LLC; Lyndhurst Holdings LP; Plum Holdings LP; Peasy Holdings LP; PH Offshore GP Aggregator; PH Offshore GP Issuer; PH Offshore IM Aggregator; PH Offshore IM Issuer; PH Onshore GP Aggregator; PH Onshore GP Issuer; PH Onshore IM Aggregator; and PH Onshore IM Issuer

**Tax Receivables Agreement or TRA** means the tax receivables agreement to be entered into prior to Admission between Delta Epsilon Delaware Inc. and various subsidiaries of the Petershill Funds

**TCFD** means the Task Force on Climate-Related Financial Disclosures issued by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders

**Transfer Vehicles** means the transfer vehicles established by the Petershill Funds to transfer a portfolio of assets to the Petershill Partners Group pursuant to the Initial Acquisition

**UK AIFMR** means the Alternative Investment Fund Managers Regulation 2013 (as amended) and supplemental measures relating thereto, including rules contained in the FCA's Handbook

**UK Code** means the UK Corporate Governance Code issued by the FRC

**United Kingdom or UK** means the United Kingdom of Great Britain and Northern Ireland

**United States or US** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia

# THE PETERSHILL PARTNERS GROUP'S ASSETS

**Accel-KKR**
Accel-KKR is a technology-focused investment firm that focuses on middle-market software and IT-enabled companies and provides a broad range of capital solutions including buyout capital, minority-growth investments and credit alternatives across its buyout, growth capital and credit investment strategies. Accel-KKR has invested in more than 250 companies over the last 20 years. On 27 April 2017, the Existing Petershill Group acquired an equity stake in Accel-KKR. The investment was structured as a primary commitment and no capital was distributed to Accel-KKR principals as part of the transaction. The investment is being used by Accel-KKR to increase its capital commitments to current strategies and to support potential new initiatives in the future. On 31 October 2017, the Existing Petershill Group acquired an additional minority equity stake in Accel-KKR.

**ArcLight Capital Partners**
Founded in 2001, ArcLight Capital Partners ("ArcLight") is a Boston-based energy-and-infrastructure-focused private equity manager that currently manages a single fund family and primarily invests in the midstream, infrastructure and power sectors. ArcLight helped pioneer an asset-based private equity approach to investing in the dynamic energy sector, targeting midstream power and production. It has invested approximately US$23 billion in 110 transactions since inception and completed 69 exits across diverse market cycles. On 23 December 2016, the Existing Petershill Group acquired an equity stake in ArcLight. The investment is being used by ArcLight to fund current and future general partner commitments to ArcLight funds, as well as to facilitate leadership succession at the firm.

**Arlington Capital Partners**
Arlington Capital Partners is a North American middle-market private equity firm focused on investing in regulated industries and their adjacent markets. Arlington was founded in 1999 and is headquartered in Washington, DC.

**Arsenal Capital Parters**
Arsenal Capital Partners is a North American private equity firm specialising in buyout and growth investments in middle-market industrials and healthcare companies. Arsenal was founded in 2000 and is headquartered in New York, NY.

**Caxton Associates**
Founded in 1983, Caxton Associates is a New-York-based trading and investment management firm specialising in global macro hedge fund strategies across a variety of global markets and instruments, with offices in New York, London, Princeton and Singapore. On 30 September 2014, the Existing Petershill Group acquired an equity stake in Caxton Associates. The investment provided secondary proceeds and facilitated generational succession.

**Clearlake**
Clearlake is a Santa Monica, California-based buyout and distressed debt investment firm founded in 2006. Clearlake's core sectors of focus are energy, industrials, and TMT. The firm targets investments in private equity, special situations and credit in the middle-market under three product platforms: Clearlake Capital Partners, Clearlake Opportunities Partners and Clearlake Credit Partners. On 25 May 2018, the Existing Petershill Group acquired a passive minority equity stake in Clearlake. The primary portion of the investment is being used by Clearlake as strategic capital to further invest in the business and fund future development initiatives.

**Fort Investment Management**
Founded in 1993, Fort Investment Management ("Fort") is a systematic investment management firm. Fort implements three proprietary trading programmes in managing funds and accounts: (i) Global Contrarian, a trend-anticipating trading programme; (ii) Global Diversified, a combination of a managed futures strategy and an equity-market-neutral strategy and (iii) Equity Market Neutral, an equity-market-neutral trading programme. On 6 January 2016, the Existing Petershill Group closed on the acquisition of an equity stake to simplify Fort's capital structure.

**Francisco Partners**
Francisco Partners is a San Francisco, California-based middle-market technology buyout investment firm founded in 1999. Francisco Partners' core sectors include healthcare, IT, communications, security, software and fintech, with a focus on providing transformational capital for North American, European and Israeli technology companies under two product platforms: Francisco Partners Private Equity and Agility. Francisco Partners targets businesses ranging from US$20m to more than US$3 billion across a wide range of transaction types and has raised US$24 billion since inception and invested in more than 110 companies with more than 175 follow-on acquisitions. On 9 July 2018, the Existing Petershill Group acquired a minority equity stake in Francisco Partners, with proceeds being used by Francisco Partners to further increase its capital commitments to current and future funds as well as future development initiatives.

**General Catalyst**
General Catalyst is a Cambridge, Massachusetts-based growth and venture capital firm founded in 2000. General Catalyst has additional offices in New York, Palo Alto and San Francisco and is managed by the two founding partners as well as Hemant Taneja and Ken Chenault. General Catalyst targets early stage venture and growth investments in technology or tech-enabled businesses. On 21 November 2018, the Existing Petershill Group acquired a passive minority revenue share in General Catalyst. The investment is being used by General Catalyst to fund future GP commitments and facilitate the continued growth of the General Catalyst platform.

### Harvest Partners
Harvest Partners ("Harvest") is a New-York-based middle-market leveraged buyout firm founded in 1981. Harvest is focused on the industrials, business services, healthcare, manufacturing and distribution and consumer sectors. Harvest targets control and non-controlling investments in the middle-market under two product platforms: Harvest Partners and the Harvest Partners Structured Capital Fund. On 12 October 2018, the Existing Petershill Group acquired a passive minority equity stake in Harvest. The investment is being used by Harvest to fund future GP commitments and facilitate the continued growth of the Harvest platform.

### Industry Ventures
Industry Ventures is a venture capital investment firm that focuses on investing in companies and venture capital partnerships directly and via secondary transactions, from early stage to growth stage, and seeks to address inefficiencies in venture capital with flexible solutions for entrepreneurs, venture funds and limited partners. Industry Ventures was founded in 1999 and is headquartered in San Francisco, CA, with additional offices in Washington, DC and London.

### Kayne Anderson Real Estate
Kayne Anderson Real Estate (KARE) was founded in 2007 and is a US real estate asset management platform, focusing on opportunistic, core equity and debt investments in alternative sectors, including medical office, senior housing, multi-family housing, student housing and self-storage. KARE currently has more than 60 employees across its business. KARE targets investments ranging from US$30m to US$500m, with an aim to enhance value through asset consolidation and the creation of geographically diverse portfolios. On 17 January 2020, the Existing Petershill Group acquired a minority interest in KARE. The investment is being used by KARE to fund GP commitments and facilitate employee retention through equalisation and long-term commitments to the business.

### Knighthead Capital Management
Founded in 2008, Knighthead Capital Management ("Knighthead") is a New-York-based hedge fund specialising in long/short event-driven, distressed credit and other special situations across a broad array of industries. On 6 January 2014, the Existing Petershill Group acquired an equity stake in Knighthead, with the proceeds being used by Knighthead to simplify Knighthead's capital structure.

### Lakewood
Founded in 2007, Lakewood is a value-oriented equity long / short investment firm. It employs a broad investment strategy with the flexibility to capitalise on opportunities in all parts of the capital structure and across geographies, market capitalisations and industries. Lakewood makes investments in long equity, short equity and fixed income. Its long equity strategy comprises a concentrated portfolio of companies with attractive long-term appreciation potential with a minimised risk of capital loss. The short equity strategy seeks to generate profits in all market environments through a focus on a prudently diversified portfolio of significantly overvalued securities. The Existing Petershill Group acquired an equity stake in Lakewood on 27 June 2017, which provided necessary capital to transition out an existing minority partner while also increasing the Lakewood partner's capital commitment to the investment fund.

### Littlejohn & Co.
Founded in 1996, Littlejohn & Co. is a Greenwich, Connecticut-based mid-market private equity manager. Littlejohn & Co.'s flagship private equity programme is focused on investing in middle-market companies that are undergoing a fundamental change in capital structure, strategy, operations or growth that can benefit from its operational and strategic approach. In addition, Littlejohn & Co. has built out a distressed credit product and a performing credit platform. On 8 August 2016, the Existing Petershill Group acquired an equity stake in Littlejohn & Co. The investment was structured as a primary capital contribution to build a balance sheet that enables Littlejohn & Co. to grow its private equity and credit strategies, including funding GP commitments and CLO equity retention tranches.

### LMR Partners
LMR Partners is a global multi-strategy asset manager founded in 2009 with offices in London, Hong Kong and New York. LMR Partners predominantly focuses on relative value and event-driven multi-manager strategies across four distinct products. On 14 August 2018, the Existing Petershill Group acquired a passive minority equity stake in LMR Partners. Proceeds of the investment were used partly to reorganise LMR Partners' capital structure and partly to reinvest in its funds.

### Pelham Capital
Founded in 2007, Pelham Capital is a London-based European equity long / short hedge fund that invests across a range of sectors and specialises in event-driven distressed credit and special situation opportunity funds. On 2 January 2014, the Existing Petershill Group acquired an equity stake in Pelham Capital. The investment was used by Pelham Capital for investment in its business or its funds.

### Piney Lake Partners
Piney Lake Partners, a Greenwich, Connecticut firm, is an opportunistic private credit manager and focuses on lending capital to middle-market business, primarily in North America, that are either stressed or in a period of transition. On 21 June 2018, the Existing Petershill Group acquired a revenue share in Piney Lake Partners, with capital provided to help fund its initial credit portfolio.

### Riverstone Holdings LLC
Riverstone Holdings LLC ("Riverstone"), founded in 2000, is one of the world's largest energy-focused private equity firms. Riverstone manages a portfolio of more than 200 energy, natural resources and renewables companies in 15 countries across a diversified product platform including private equity funds, private credit funds and permanent capital vehicles. On 4 May 2017, the Existing Petershill Group acquired a passive minority revenue interest in Riverstone. The investment provides Riverstone with strategic capital to further invest in the business, fund business development and address certain capital commitments. In addition, the transaction served as a catalyst to broaden ownership across the firm.

**Slate Asset Management**

Slate Asset Management ("Slate"), founded in 2005 with offices in Toronto, Chicago, Frankfurt and London, is a real-estate-focused alternative investment platform. Slate is a value-oriented manager across private and publicly traded investment vehicles, investing across Canada, the United States and Europe, through multiple vehicles, including co-investments with global institutional partners, private equity funds and publicly traded Real Estate Investment Trusts. On 26 September 2019, the Existing Petershill Group acquired a minority interest in Slate. The investment is being used by Slate as balance sheet capital to simplify its capital structure and fund current and future GP commitments to facilitate development of the Slate platform.

**Symphony Technology Group**

Symphony Technology Group is a North American, technology-focused private equity buyout firm, focusing on investments in middle-market enterprise software companies. Symphony Technology Group targets opportunities in the value-focused enterprise software market. Symphony Technology Group was founded in 2002 and is headquartered in Menlo Park, CA.

**Westbrook Partners**

Westbrook Partners ("Westbrook") is a value-added global real estate investment platform with 11 global offices. Westbrook's strategy is focused on value-added investments in global gateway cities, investing across property types and the capital structure. On 5 October 2018, the Existing Petershill Group acquired a passive minority stake in Westbrook. The investment is being used by Westbrook to fund future GP commitments and facilitate the further institutionalisation of the Westbrook platform.

**Wind Point Partners**

Wind Point Partners is a North American private equity firm focusing on buyout investments in middle-market consumer products, industrial products and business services companies. Wind Point was founded in 1984 and is headquartered in Chicago, IL.

# GLOSSARY OF KEY OPERATING METRICS

This document contains certain key operating metrics that are not defined or recognised under IFRS.

The Operator and the Directors use these key operating metrics to help evaluate trends, assess the performance of the Partner-firms and the Company, analyse and test dividends received from the Partner- firms and inform operating, budgeting and re-investment decisions. The Directors believe that these metrics, which present certain operating and other information in respect of the Partner-firms, provide an enhanced understanding of the underlying portfolios and performance of the Partner-firms and are therefore essential to assessing the investments and performance of the Company.

The key operating metrics described in this section are derived from financial and other information reported to the Operator by the Partner-firms. The Operator, with the assistance of an independent accounting firm, performs due diligence procedures on the information provided by the Partner-firms. It should be noted, however, that these due diligence procedures do not constitute an audit.

In addition, each Partner-firm may account for and define certain financial and other information differently from one another. For example, each Partner-firm may calculate its fee-paying AuM differently, the result of which being that the inputs of the Company's Aggregate FP AuM are not consistently calculated.

Whilst the operating metrics described in this section are similar to those used by other alternative asset managers, there are no generally accepted principles governing their calculation, and the criteria upon which these metrics are based can vary from firm to firm. These metrics, by themselves, do not provide a sufficient basis to compare the Partner-firms' or the Company's performance with that of other companies.

None of Partner Distributable Earnings, Partner FRE, Partner Realised Performance Revenues or Partner Realised Investment Income are measures of or provide any indication of profits available for the purpose of a distribution by the Company within the meaning of section 830 of the Companies Act 2006, or of any Partner-firm in accordance with the equivalent applicable rules.

**Aggregate Partner-firm AuM**
Aggregate Partner-firm AuM is defined as the sum of (a) the net asset value of the Partner-firms' underlying funds and investment vehicles, and in most cases includes co-investment vehicles, GP commitments and other non-fee paying investment vehicles and (b) uncalled commitments from these entities, as reported by the Partner-firms to the Operator from time to time and aggregated by the Operator without material adjustment. This is an aggregated figure across all Partner-firms and includes Partner-firm AuM outside of the Company's ownership interest in the Partner-firms.

The Operator and the Directors consider Aggregate Partner-firm AuM to be a meaningful measure of the size, scope and composition of the Partner-firms, as well as of their capital raising activities. The Operator uses Aggregate Partner-firm AuM to inform operating, budgeting and re-investment decisions.

**Aggregate Fee-paying AuM**
Aggregate Fee-paying AuM is defined as the portion of Aggregate Partner-firm AuM for which Partner-firms are entitled to receive management fees, as reported by the Partner-firms to the Operator. The principal difference between Aggregate FP AuM and Aggregate Partner-firm AuM is that Aggregate FP AuM typically excludes co- investment on which Partner-firms generally do not charge fees and, to a lesser extent, fund commitments in Partner-firm funds (i) on which fees are only earned on investment, rather than from the point of commitment and (ii) where capital has been raised but fees have not yet been activated. This may also include legacy assets where fees are no longer being charged.

The Operator and the Directors consider Aggregate Fee-paying AuM to be a meaningful measure of the Partner-firms' capital base upon which they earn management fees and use the measure in assessing the management fee- related performance of the Partner-firms and to inform operating, budgeting and re-investment decisions.

**Aggregate Performance Fee Eligible Partner-firm AuM**
The amount of Aggregate Partner-firm AuM that is eligible for carried interest.

**Issuer SPVs**
Issuer SPVs is comprised of the following entities – PH Offshore GP Issuer, PH Offshore IM Issuer, PH Onshore GP Issuer, PH Onshore IM Issuer

**Intermediary Entities**
Intermediary Entities is comprised of the following entities – PH Offshore GP Aggregator, PH Offshore IM Aggregator, PH Onshore GP Aggregator, PH Onshore IM Aggregator

**Ownership weighted AuM**
Ownership weighted AuM represents Petershill's ownership stake of each Partner-firms' Aggregate Partner-firm AuM.

**Partner Blended Net Management Fee Rate**
Partner Blended Net Management Fee Rate is defined as Partner Net Management and Advisory Fees for the period divided by the average Aggregate Fee-paying AuM weighted for the Company's ownership interests in each Partner-firm. The average Aggregate Fee-paying AuM is calculated as the mean of the Aggregate Fee-paying AuM at the start and the end of the reporting period. Excludes new acquisitions where the Company has not yet started to receive or have only received partial period amounts of Partner Net Management and Advisory Fees.

The Operator and the Directors consider Partner Blended Net Management Fee Rate to be a key metric in assessing the Company's overall management fee-related performance.

### Implied Blended Partner-firm FRE Ownership

Implied Blended Partner-firm FRE Ownership is defined as the weighted average of the Company's ownership stake in the Partner-firms' management fee-related earnings and is calculated based on the contribution of average Aggregate FP AuM from Partner-firms in each period. It will therefore be expected to change to some degree from period to period based on the contribution to average Aggregate FP AuM of each Partner-firm, even if the actual ownership of each underlying Partner-firm does not change. Excludes new acquisitions where Petershill has not yet started to receive or have only received partial period amounts of Partner Net Management and Advisory Fees.

The Operator and the Directors consider Implied Blended Partner-firm FRE Ownership to be a meaningful measure of the composition of the Company's investments.

### Partner Net Management and Advisory Fees

Partner Net Management and Advisory Fees is defined as the Company's aggregate proportionate share of the Partner-firms' net management fees (as reported by the Partner-firms to the Operator), including monitoring and advisory fees, payable by the Partner-firms' funds to their respective Partner-firms for the provision of investment management and advisory services.

The Operator and the Directors consider Partner Net Management and Advisory Fees to be a meaningful measure of the management fee-related performance of the Partner-firms, and the Operator uses this metric to analyse and test income received from the Partner-firms and to inform operating, budgeting and re-investment decisions.

### Partner Fee Related Earnings (FRE) and Partner FRE Margin

Partner FRE is defined as Partner Net Management and Advisory Fees, less the Partner-firms' operating expenses and fixed and bonus compensation (but not performance fee-related expenses) allocable to the Company's share of Partner Net Management and Advisory Fees, as reported by the Partner-firms to the Operator, and subject to applicable contractual margin protections in respect of certain Partner-firms. Partner FRE Margin is defined as Partner FRE divided by Partner Net Management and Advisory Fees.

The Operator and the Directors consider Partner FRE and Partner FRE Margin to be meaningful measures of the management fee-related earnings of the Partner-firms and key performance indicators of the Company's income from investments in management companies derived from management fee income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions.

### Partner Realised Performance Revenues

Partner Realised Performance Revenues is defined as the Company's aggregate proportionate share of the Partner-firms' realised carried interest allocations and incentive fees payable by the Partner-firms' funds to their respective Partner-firms, less any realised performance fee-related expenses of the Partner-firms allocable to the Company's share of performance fee-related revenues, as reported by the Partner-firms to the Operator.

The Company's share of the Partner-firms' performance fee-related earnings will be lower than its share of the Partner-firms' management fee-related earnings because the Company's ownership stake in the Partner-firms' performance fee-related earnings is lower than its ownership stake in the Partner-firms' management fee-related earnings.

The Operator and the Directors consider Partner Realised Performance Revenues to be a meaningful measure of the performance fee-related earnings of the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from performance fee income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions.

### Partner Realised Investment Income

Partner Realised Investment Income is defined as the Company's aggregate proportionate share of Partner-firm earnings resulting from the realised gains and losses or any distributed income from the investments held on Partner-firms' balance sheets, as reported by the Partner-firms to the Operator. Partner Realised Investment Income is also realised by the Company through a limited number of direct stakes in certain Partner-firms' funds. Realised Investment Income includes income that has been realised but not yet paid, as well as amounts that are realised and either fully or partially reinvested.

The Company's share of the Partner-firms' investment and balance sheet income will be lower than its share of the Partner-firms' management fee-related earnings because the Company's ownership stake in the Partner-firms' investment and balance sheet income is lower than its ownership stake in the Partner-firms' management fee-related earnings.

The Operator and the Directors consider Partner Realised Investment Income to be a meaningful measure of the investment performance of certain assets held by the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from investment income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions.

### Partner Distributable Earnings and Partner Distributable Earnings Margin

Partner Distributable Earnings is defined as the sum of Partner FRE, Partner Realised Performance Revenues and Partner Realised Investment Income. Partner Distributable Earnings Margin is defined as Partner Distributable Earnings divided by the sum of Partner Net Management and Advisory Fees, Partner Realised Performance Revenues and Partner Realised Investment Income.

The Operator and the Directors consider Partner Distributable Earnings and Partner Distributable Earnings Margin to be meaningful measures of the overall performance of the Partner-firms and key performance indicators of the Company's total income from investments in management companies. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions. These measures reflect any contractual margin protections or revenue share interests that the Company may have with the Partner-firms, which means that the Partner Distributable Earnings Margin may differ from the margins achieved by other shareholders or partners of the Partner-firms.

### Partner Revenues

Partner Revenues is defined as the sum of Partner Net Management and Advisory Fees, Partner Realised Performance Revenues and Partner Realised Investment Income.

The Operator and the Directors consider Partner Revenues to be a meaningful measure of the overall performance of the Partner-firms. The Operator uses this metric to inform operating, budgeting and re- investment decisions.

### Partner Private Markets Accrued Carried Interest

Partner Private Markets Accrued Carried Interest is defined as the Company's proportionate share of the Partner-firms' balance sheet accrued carry (as reported by the Partner-firms to the Operator) and represents the Company's proportionate share of the accumulated balance of unrealised profits from the Partner-firms' funds.

The Operator and the Company consider Partner Accrued Carried Interest to be a meaningful measure of the performance of the private markets Partner-firms and potential future private markets Partner Realised Performance Revenues. Absolute return performance fees are not accrued and are instead realised annually. The Operator uses Partner Accrued Carried Interest to assess future expected carried interest payments and inform operating, budgeting and re-investment decisions. This key operating metric reflects data reported to the Operator on a three-month lag.

### Petershill Funds

The Petershill Funds refers to the following entities: - Petershill II L.P. and Petershill II Offshore L.P., Petershill Private Equity L.P., Petershill Private Equity Offshore L.P., Vintage VII L.P. and related entities and certain co-investment vehicles.

### Weighted Average Capital Duration

Weighted Average Capital Duration is a key measure of the long term, locked-up capital of Aggregate Fee-paying Partner-firm AuM. It is defined as the average life of the underlying Partner-firm funds weighted based on Fee-Paying AuM. Assumes permanent capital as 20 years.

### Investment Capital

Investment Capital is defined as the sum of the reported value of the balance sheet investments from the Partner-firms. The Operator and the Directors consider Investment Capital to be a meaningful measure of the performance of the Partner-firms' balance sheet investments and potential future Partner Realised Investment Income. The Operator therefore uses Investment Capital to assess future expected Partner Realised Investment Income and inform operating, budgeting and re-investment decisions.

### AuM and associated data

The data presented in this document for the following key operating metrics reflects AuM data reported to the Operator on a three-month lag. This three-month data lag is due to the timing of the financial information received by the Operator from the Partner-firms, which generally require at least 90 days following each period end to present final financial information to the Operator. The key operating metrics reflected on a three-month lag are:

- Aggregate Partner-firm AuM
- Aggregate FP Partner-firm AuM
- Average Aggregate FP Partner-firm AuM
- Aggregate Performance Fee Eligible Partner-firm AuM
- Average Aggregate Performance Fee Eligible Partner-firm AuM
- Partner Blended Net Management Fee Rate
- Implied Blended Partner-firm FRE Ownership
- Investment Capital

In respect of Investment Capital, the data may be adjusted for any known valuation impacts following the reporting date of the information received from the Partner-firms.

# ALTERNATIVE PERFORMANCE MEASURES (“APMS”)

As part of the initial acquisition of the portfolio of Partner-firms on 28 September 2021, the Company acquired interests in several trusts (“Issuers”), which previously issued $350m of long term debt with a 5% coupon and a maturity date of 2039. The debt is secured by the rights to the cash flows of certain Partner-firm investments held by the Company and other investments held by the Petershill Funds.

Although the Company does not have rights to the cash flows of the collateral that is held by the Petershill Funds, under IFRS, the Company is required to consolidate them. This consolidation results in reflecting all of the assets and liabilities of these entities in the consolidated statement of financial position and all of the income, investment gain and finance cost in the consolidated statement of comprehensive income. However, shareholder returns are only affected by the interests that the Company owns.

The APM basis, which presents the financial information on a non IFRS basis, excluding the impact of the assets, liabilities, income, investment gain and finance cost which do not affect shareholder returns, aids shareholders in assessing their investment in the Company.

The IFRS and APM basis numbers discussed and presented below include significant ‘unrealised’ and non-cash items that include unrealised change in fair value of investments and it should be noted that while permitted, it is not the Company’s core strategy to exit or realise these investments. Therefore, management results are also presented excluding the unrealised change in fair value of investments at fair value through profit and loss and related unrealised divestment fee.

APMs are used by the Directors and the Operator to analyse the business and financial performance, track the Company’s progress and help develop long-term strategic plans and they also reflect more closely the cash flow of the Company.
The Directors believe that these APMs are used by investors, analysts and other interested parties as supplemental measures of performance and liquidity.

## Consolidated Statement of Financial Position APM Basis

As at 31 December 2021

| Balance Sheet | Alternative performance measurement basis (APMs) $m | Adjustments $m | IFRS basis $m |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments at fair value through profit or loss | **5,524.3** | 498.8 | **6,023.1** |
| | **5,524.3** | **498.8** | **6,023.1** |
| **Current assets** | | | |
| Investments in money market funds at fair value through profit or loss | **453.1** | – | **453.1** |
| Cash and cash equivalents | **68.7** | 56.1 | **124.8** |
| Trade and other receivables | **64.8** | 37.2 | **102.0** |
| | **586.6** | **93.3** | **679.9** |
| **Total assets** | **6,110.9** | **592.1** | **6,703.0** |
| **Non-current liabilities** | | | |
| Liability to Petershill Funds | **–** | 597.2 | **597.2** |
| Notes payable | **350.0** | (9.1) | **340.9** |
| Deferred Payment Obligations | **133.4** | – | **133.4** |
| Liability for Tax Receivables Agreement | **166.7** | – | **166.7** |
| Fee payable on Divestment of Investments | **45.2** | – | **45.2** |
| Deferred tax liability | **12.6** | – | **12.6** |
| | **707.9** | **588.1** | **1,296.0** |
| **Current liabilities** | | | |
| Trade and other payables | **28.3** | – | **28.3** |
| Deferred payment obligations | **74.8** | – | **74.8** |
| Interest payable | **4.1** | 4.0 | **8.1** |
| | **107.2** | **4.0** | **111.2** |
| **Total liabilities** | **815.1** | **592.1** | **1,407.2** |
| Equity | | | |
| Share capital | **11.6** | – | **11.6** |
| Share premium | **3,346.7** | – | **3,346.7** |
| Other reserve | **1,689.6** | – | **1,689.6** |
| Retained earnings | **247.9** | – | **247.9** |
| **Total Shareholders' equity** | **5,295.8** | | **5,295.8** |
| **Total liabilities and Shareholders' equity** | **6,110.9** | **592.1** | **6,703.0** |
| Number of Shares in issue at period end | **1,156,696,029** | | **1,156,696,029** |
| **Net assets per share (cents)** | **457.84** | | **457.84** |

## Consolidated Statement of Comprehensive Income APM Basis

For the period from 24 March 2021 to 31 December 2021

| Income Statement | Alternative performance measurement basis (APMs) $m | Adjustments $m | IFRS basis $m |
|---|---|---|---|
| **Income** | | | |
| Income from investments in Partner-firms derived from : | | | |
| Performance fee income | **62.3** | 17.0 | **79.3** |
| Management fee income | **52.3** | (3.0) | **49.3** |
| Investment income | **7.7** | 1.2 | **8.9** |
| **Total income** | **122.3** | **15.2** | **137.5** |
| | | | |
| **Movement in financial assets and liabilities held at fair value** | | | |
| Change in fair value of investments at fair value through profit or loss | **217.6** | 16.4 | **234.0** |
| | **217.6** | **16.4** | **234.0** |
| | | | |
| **Expenses** | | | |
| Board of Directors' fees and expenses | **(1.0)** | – | **(1.0)** |
| Operator charge | **(9.2)** | – | **(9.2)** |
| Other operating expenses | **(12.6)** | – | **(12.6)** |
| Unrealised divestment fee | **(45.2)** | – | **(45.2)** |
| **Total expenses** | **(68.0)** | **–** | **(68.0)** |
| | | | |
| **Operating profit for the period** | **271.9** | **31.6** | **303.5** |
| | | | |
| **Finance cost** | | | |
| Interest expense | **(4.6)** | – | **(4.6)** |
| Movement in liability to Petershill Funds | **–** | (31.6) | **(31.6)** |
| Change in liability for Tax Receivables Agreement | **(6.8)** | – | **(6.8)** |
| **Total finance cost** | **(11.4)** | **(31.6)** | **(43.0)** |
| | | | |
| **Profit for the period before tax** | **260.5** | **–** | **260.5** |
| | | | |
| Tax charge | **(12.6)** | – | **(12.6)** |
| | | | |
| **Profit for the period after tax** | **247.9** | **–** | **247.9** |
| | | | |
| **Profit and total comprehensive income for the period** | **247.9** | – | **247.9** |
| | | | |
| **Profit and total comprehensive income attributable to:** | | | |
| Equity holders of the Company | **247.9** | **–** | **247.9** |

## Consolidated Statement of Cash Flows APM Basis

For the period from 24 March 2021 to 31 December 2021

| | Alternative performance measurement basis (APMs) $m | Adjustments $m | IFRS basis $m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating profit for the period | **303.5** | – | **303.5** |
| Adjustments to reconcile operating profit for the financial period to net cash used in operating activities: | | | |
| Purchase of investments in money market funds | **(806.7)** | – | **(806.7)** |
| Sale of investments in money market funds | **353.6** | – | **353.6** |
| Reinvestment of Income from Investments in Partner-firms | **(8.1)** | – | **(8.1)** |
| Movement in fair value of investments | **(217.6)** | (16.4) | **(234.0)** |
| Movement in trade and other receivables | **(97.0)** | 40.9 | **(56.1)** |
| Increase in trade and other payables | **22.6** | – | **22.6** |
| Increase in liability to Petershill Funds | **–** | 31.6 | **31.6** |
| Movement in fee payable on divestment of investments | **45.2** | – | **45.2** |
| **Net cash outflow from operating activities** | **(404.5)** | **56.1** | **(348.4)** |
| **Cash flows from investing activities** | | | |
| Purchase of investments at fair value through profit or loss | **(247.0)** | – | **(247.0)** |
| **Net cash outflow from investing activities** | **(247.0)** | **–** | **(247.0)** |
| **Cash flows from financing activities** | | | |
| Issue of shares (net of Share issue costs deducted from proceeds) | **725.0** | – | **725.0** |
| Payment of issue costs | **(4.8)** | – | **(4.8)** |
| **Net cash inflow from financing activities** | **720.2** | **–** | **720.2** |
| Net increase in cash and cash equivalents during the period | **68.7** | 56.1 | **124.8** |
| Cash and cash equivalents at the beginning of the period | – | – | – |
| **Cash and cash equivalents at the end of the period** | **68.7** | **56.1** | **124.8** |

## Net Cash Position at End of Period

Cash and cash equivalents  APM basis plus investments in money markets less deferred payment obligations and long term debt.

| | 2021 $m |
|---|---|
| Cash and cash equivalents APM basis | 68.7 |
| Investments at fair value through profit or loss (money markets) | 453.1 |
| Notes payable (gross) | (350.0) |
| Deferred payment obligations | (208.2) |
| **Net cash position at end of year** | **(36.4)** |

## Book Value

Total Shareholders' equity.

| | 2021 $m |
|---|---|
| **Total Shareholders' equity** | **5,295.8** |

## Book Value Per Share

Total Shareholders' equity divided by Ordinary Shares Outstanding at the end of the period.

| | 2021 |
|---|---|
| Total Shareholders' equity ($m) | 5,295.8 |
| Number of Shares in issue at period end | 1,156,696,029 |
| **Book value per share (cents)** | **457.84** |

## Adjusted Earnings Before Interest and Tax (EBIT)

Sum of total income APM basis and expenses before net finance result and before income taxes, excluding expenses related to non-recurring IPO charges and unrealised divestment fee.

| | 2021 $m |
|---|---|
| Total income APM basis | 122.3 |
| Board of Directors' fees and expenses | (1.0) |
| Operator charge | (9.2) |
| Other operating expenses | (12.6) |
| Non-recurring charges related to the IPO | 6.9 |
| **Adjusted Earnings before interest and tax (EBIT)** | **106.4** |

## Adjusted EBIT Margin

Adjusted EBIT divided by APM basis total income.

| | 2021 $m |
|---|---|
| Total income APM basis | 122.3 |
| Adjusted EBIT | 106.4 |
| **Adjusted EBIT margin** | **87.0%** |

## Adjusted Earnings Before Tax (EBT)

Sum of total income APM basis and expense excluding unrealised divestment fee, deferred income tax on unrealised gains and losses and non-recurring charges related to the IPO.

| | 2021 $m |
|---|---|
| Total income APM basis | 122.3 |
| Board of Directors' fees and expenses | (1.0) |
| Operator charge | (9.2) |
| Other operating expenses | (12.6) |
| Interest expense | (4.6) |
| Non-recurring charges related to the IPO | 6.9 |
| **Adjusted Earnings before tax (EBT)** | **101.8** |

## Tax and Tax Related Expenses

The current tax resulting from total income APM basis plus the expected payment under the tax receivables agreement.

| | 2021 $m |
|---|---|
| Current tax | – |
| Expected payment under the tax receivables agreement | (3.4) |
| **Tax and tax related expenses** | **(3.4)** |

## Adjusted Tax and Tax Related Expense Rate

The tax and related expenses divided by the adjusted profit less tax and tax related expense.

| | 2021 $m |
|---|---|
| Tax and related expenses | (3.4) |
| Adjusted EBT and tax related expenses | 101.8 |
| **Adjusted tax and tax related expense rate** | **3.3%** |

## Adjusted Profit After Tax

Sum of total income APM basis and expense excluding unrealised divestment fee, deferred income tax on unrealised gains and losses and non-recurring charges related to the IPO and including tax and related expenses under TRA.

| | 2021 $m |
|---|---|
| Total income APM basis | 122.3 |
| Board of Directors' fees and expenses | (1.0) |
| Operator charge | (9.2) |
| Other operating expenses | (12.6) |
| Interest expense | (4.6) |
| Non-recurring charges related to the IPO | 6.9 |
| Tax and tax related expenses | (3.4) |
| **Adjusted profit after tax and tax related expenses** | **98.4** |

## Adjusted Earnings Per Share (EPS)

Adjusted profit after tax divided by Ordinary Shares in issue at 31 December 2021.

| | 2021 $m |
|---|---|
| Adjusted Profit after tax | 98.4 |
| Ordinary Shares in issue at 31 December 2021 | 1,156,696,029 |
| **Adjusted Earnings per Share (EPS) (cents)** | **8.5** |

## Proforma Earnings Per Share (EPS)

Profit attributable to equity holders of the Company divided by Ordinary Shares in issue at 31 December 2021.

| | 2021 $m |
|---|---|
| Profit attributable to equity holders of the Company | 247.9 |
| Ordinary Shares in issue at 31 December 2021 | 1,156,696,029 |
| **Proforma Earnings per Share (EPS) (cents)** | **21.43** |

# COMPANY INFORMATION

## Board of Directors (all Non-Executive)

Andres Gonzalez (appointed on 24 March 2021 and resigned on 4 September 2021)

Chaim Langer (appointed on 5 August 2021 and resigned on 4 September 2021)

Ayesha Parra (appointed on 1 September 2021 and resigned on 4 September 2021)

Naguib Kheraj (Chairman) (appointed 4 September 2021)
Everard Barclay Simmons (appointed 4 September 2021)
Annemarie Durbin (appointed 4 September 2021)
Erica Handling (appointed 4 September 2021)
Mark Merson (appointed 4 September 2021)
All independent and of the registered office below.

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## Operator

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Republic of Ireland

## Investment Manager

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United Kingdom

## Investment Advisor

Goldman Sachs Asset Management, L.P.[1]
200 West Street
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United States

## Independent Auditor

PricewaterhouseCoopers LLP
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United Kingdom

## Company Secretary and Administrator

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## Registrar

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## Depositary

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Ticker PHLL
Sedol BL9ZF30
Registered Company Number 13289144

1. Wholly owned affiliates of the Goldman Sachs Group.

# CAUTIONARY STATEMENT

The Chairman's Statement and Operator's Report have been prepared solely to provide additional information for Shareholders to assess the Group's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Operator's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Board of Directors and the Operator, concerning, among other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Group's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Board of Directors and the Operator expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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