Petershill Partners

Operated by Goldman Sachs Asset Management

2021 PRELIMINARY RESULTS

For the period from 24 March 2021 to 31 December 2021

STRONG PERFORMANCE IN MAIDEN RESULTS WITH GOOD MOMENTUM AND A POSITIVE OUTLOOK FOR 2022

Key Company Highlights[1]

- Maiden results ahead of expectations at IPO, underlining high quality recurring revenue model
- For the period from 24 March 2021 to 31 December 2021:
  - IFRS profit after tax of $248m equating to 21 cents Proforma EPS[2]
  - APM Revenues from Partner-firms[2] of $122m and Adjusted EBIT[2] of $106m with an Adjusted EBIT margin[2] of 87%
  - IFRS Investments at fair value of $6.0 billion (gross) and APM basis $5.5 billion (net)[2]
  - Book value per share[2] of 458 cents (339 pence equivalent[3]) at 31 December 2021
  - Raised $720m (net of share issue costs) in IPO

- Capital returns to shareholders
  - Board will propose a final dividend of 2.6 cents per share, in-line with guidance
  - Intend to launch a share buyback programme of up to $50m

- Successful delivery of M&A strategy since IPO
  - Five acquisitions completed worth a combined $458m adding $20 billion of Aggregate Partner-firm AUM
  - Expectation that investments will be 9% accretive to consensus earnings forecast by 2023

Key Partner-firm Highlights[4]

- Strong Partner-firm performance and growth for the full year 2021
  - Partner Distributable Earnings of $382m, up 57% compared to the prior year
  - Partner Fee Related Earnings (FRE) of $211m, up 35% over prior year
  - Partner Realised Performance Revenues (PRE) of $129m, up 153% over prior year
  - Aggregate Partner-firm AuM up 56% year-on-year to $234 billion

- Continued positive momentum carried into 2022
  - Strong start to 2022 fundraising activity for Partner-firms in nuanced fundraising environment
  - Updated guidance to $40-45 billion of gross fee paying asset raise at Partner-firms in 2022 on an organic basis

1. 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 report provides full-year results 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. The methodology applied here is consistent with that used in the Petershill Partners IPO Prospectus published by the Company on September 28, 2021.

2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on APMs on page 43.

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

4. Partner-firm results are key operating metrics presented on a full year basis or for Q4 2021 and are not financial results of the Company. Refer to the glossary on page 40 for additional information.

Naguib Kheraj, Chairman, commented:

“We have delivered a strong set of maiden results and achieved a great deal during our first quarter as a public company, surpassing expectations set at the time of our IPO. IFRS profit after tax was $248m during this period. The exceptional quality of our Partner-firms has driven a 57% increase in full year Partner Distributable Earnings with highly visible and dependable Fee-Related Earnings at the core of our operating income, underlining our ability to generate sustainable returns for our investors.

Despite the current geopolitical uncertainty and the expectation of rising interest rates, the operating environment for our business remains positive and we are confident that our Partner-firms are well-placed to grow. We have no direct exposure to Ukraine or Russia. Our Partner-firms, their funds, AuM and strategies are mostly focused on North America. We expect in excess of $40 billion of fee-paying AuM to be raised by our Partner-firms in the private capital markets during 2022.

In light of our strong performance in 2021, the visibility we have over fee-related income and our updated guidance for organic AuM growth, we look to the future with confidence and are pleased to propose a maiden dividend as well as the launch a share buyback programme of up to $50m alongside our continued acquisition strategy."

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**

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 43

3. Partner-firm key operating metrics. Refer to the glossary on page 40 for additional information.

Key Partner-firm Metrics[1,2]

		Q4			FY 2021		
		2021	2020	(Δ%)	**2021**	2020	(Δ%)
Aggregate Partner-firm AuM (as at Dec 31)	$bn	**234**	150	56%	**234**	150	56%
Aggregate Fee-paying Partner-firm AuM (as at 31 Dec)	$bn	**158**	133	19%	**158**	133	19%
Average Aggregate Fee-paying Partner-firm Fee AuM*	$bn	**141**	117	20%	**141**	117	20%
Partner Blended Net Management Fee Rate	%	**1.59%**	1.50%	+9 bps	**1.54%**	1.38%	+16 bps
Partner FRE margin	%	**60%**	69%	-9 pts	**69%**	69%	0 pts
Implied Blended Partner-firm FRE Ownership	%	**14.3%**	13.7%	+62 bps	**14.2%**	14.0%	+17 bps
Partner Fee Related Earnings (FRE)	$m	**52**	47	12%	**211**	156	35%
Partner Realised PRE as a % of Partner Revenue	%	**40%**	21%	+20 pts	**27%**	16%	+11 pts
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 (total income[3])	$m	**122**	104	18%	**382**	243	57%
Weighted Average Capital Duration	years	**8.1**					

* 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 between 31 Dec 2020 and 31 Dec 2021.

1. Partner-firm results are key operating metrics presented on a full year basis or for Q4 2021 and are not financial results of the Company. Refer to the glossary on page 40 for additional information.

2. Numbers and %s may not tie due to rounding.

Key Company Metrics

		For the period ended 31 December 2021
Total income[3]	$m	**122.3**
Adjusted EBIT[3]	$m	**106.4**
Adjusted EBIT margin[3]	%	**87%**
Adjusted profit after tax[3]	$m	**98.4**
Adjusted tax & tax related expense rate[3]	%	**3.3%**
IFRS profit after tax	$m	**247.9**
Adjusted EPS[3]	cents	**8.5**
Proforma EPS[3]	cents	**21.4**
Dividend per share[4]	cents	**2.6**
Book value per share[3]	cents	**458**
Book value per share[5]	pence	**339**

3. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 43

4. The Company will propose a dividend to shareholders at the Annual General Meeting on 24 May 2022.

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

Details of results presentation

There will be a call for investors and analysts at 9.00am BST today, 20 April 2022, hosted by Ali Raissi, Robert Hamilton Kelly and Christian von Schimmelmann to discuss these results, followed by a Q&A session.

All interested parties are invited to participate via telephone or the audio webcast. Please click here to access the webcast.

Conference Call Information:

Domestic: +44(0)330-165-3645
International: +1-646-828-8097
Conference ID: 5302516

All participants are asked to dial in approximately 10-15 minutes prior to the call, referencing "Petershill Partners" when prompted.

Replay Information:

An archived replay of the call will be available on the webcast link.

Please direct any questions regarding obtaining access to the conference call to Petershill Partners Investor Relations, via e-mail, at PHP-Investor-Enquiries@gs.com

Analyst / Investor enquiries:

Ayesha Parra	+1-212-902-1000
Nigel Beslee	+44 (0) 207 774 1000

Media enquiries:

Finsbury Glover Hering	
Faeth Birch / Michael Turner / Sam Moodie	+44 (0) 207 251 3801

About Petershill Partners

Petershill Partners plc (the “Company” or “Petershill Partners”) and its Subsidiaries (the “Group”) is a diversified, global alternatives 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 completed its initial acquisition of the portfolio of Partner-firms on 28 September 2021 and was admitted to listing and trading on the London Stock Exchange on 1 October 2021 (ticker: PHLL). 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 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 the typical 8+ year lifecycles of such funds. We believe our approach is aligned with the founders and managers 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.

For more information, visit https://www.petershillpartners.com/homepage.html. Information on the website is not incorporated by reference into this press release and is provided merely for convenience.

Chairman's statement

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[2] of 21 cents. The Company's Adjusted EBIT[2] for the period was $106m, resulting in an Adjusted EBIT margin[2] 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)[2], and the Book Value per Share[2] was 458 cents (339 pence equivalent)[1].

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. 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.

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

2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 43

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 locked up funds now representing 87% of our Partner-firms Total AuM, with a Weighted Average Capital Duration of 8.1 years. In addition, the Company maintains structured non-control investment protections that allow Petershill Partners to have visibility over, and realise stable recurring cashflows 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 carries 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, on average 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 rate 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. Today's 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 cashflow from our existing investments over time and our goal and responsibility is to be good long-term stewards of your capital.

The Operator’s Report

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”), 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 40.

Results and the Operating Metrics provided in this initial preliminary results announcement 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.

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. Of these three, management fee income in particular provides stable recurring profits. The management fee income APM basis[2] for the period was $52m, performance fee income APM basis[2] $62m, and investment income APM basis[2] $8m.

The IFRS Profit and total comprehensive income for the period after tax was $248m equating to an Proforma EPS[2] 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[2] was $98m. The Company’s Adjusted EBIT[2] for the period was $106m, resulting in an Adjusted EBIT margin[2] 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 24 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.

1. The methodology applied here is consistent with that used in the Petershill Partners IPO Prospectus published by the Company on September 28, 2021.

2 Financial measure defined as Alternative Performance Measure, or (“APM”). Further information on page 43

APM basis investments at fair value through profit and loss

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[1]	**5,524**

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 28 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 Issuers 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 note 11 and 12 in the Notes to the Consolidated Financial Statements on page 33.

Tax receivable agreement

The Company entered into tax receivable 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 20 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.

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 Director's 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 33 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.

[1] Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 43

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 21 for additional information on deferred payment obligations.

Capital

On 28 September 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 Receivable Agreement with a fair value of $160m and Notes payable of $350m.

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

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

Shareholders' equity was $5,296m at 31 December 2021. Company' share capital is comprised 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 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 specializing 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 43

Partner-firm 4Q and full year performance (continuing Operator's Report)

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 with 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 over 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 programs amounts to between $5 to $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[1]

as of Dec-2021

		Q4			FY 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	**($m)**	**122**	104	18%	**382**	243	57%
Partner FRE Margin	(%)	**60%**	69%	-9 pts	**69%**	69%	-0 pts
Partner Distributable Earnings Margin	(%)	**79%**	83%	-5 pts	**80%**	78%	+2 pts
Partner Realised PRE as a percentage Partner Revenue	(%)	**40%**	21%	+20 pts	**27%**	16%	+11 pts
Partner Realised PRE over Average Performance Fee Eligible AuM*	(bps)	**3.4 bps**	1.9 bps	+1 bps	**7.7 bps**	4.6 bps	+3 bps
Additional Metrics[2]:							
Partner Private Markets Accrued Carried Interest	($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.

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

Petershill Partners Operating Metrics (Appendix) ***

as of Dec-2021

(US$m, unless otherwise indicated)		Dec-31-2021	Sep-30-2021	Jun-30-2021	Mar-31-2021	Dec-31-2020	Q4 Q-on-Q (Δ%)	FY 2021** (Δ%)
Aggregate Partner-firm AuM	($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 the average between 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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)	**(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 19 to 39 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

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		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
Other equity	13	5,036.3
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 accompanying notes on pages 19 to 39 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 24 March 2021 to 31 December 2021

	Note	Share capital $m	Other equity $m	Retained earnings $m	Total $m
Opening net assets attributable to Shareholders		–	–	–	**–**
Issue of share capital	13	11.6	5,068.5	–	**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**	**5,036.3**	**247.9**	**5,295.8**

The accompanying notes on pages 19 to 39 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

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		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 19 to 39 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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”). The financial statements are presented to the nearest million United States Dollar ($m), the functional and reporting currency of the Company.

These preliminary results for the period ended 31 December 2021 are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the period ended 31 December 2021 have not yet been delivered to the Registrar of Companies.

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.

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 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 other equity. 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 other equity, such that the aggregate of the amount recognised in share capital and other equity is equal to the fair value of the financial assets and liabilities transferred to the Group.

Incremental costs directly attributable to the issue of new shares ("Share issue costs") are shown as a deduction against proceeds from other equity. 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 year 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 ("FRE")* 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* ("PRE") 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.

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 other equity 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 realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at year 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.

The consolidated financial statements of the Group include the accounts of the Company and its subsidiaries 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	**
Delta Epsilon Delaware Inc[1]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Held indirectly			
Delta Epsilon GP Sub (Ph II) Series LLC[2,3]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Delta Epsilon GP Sub (PH PE) Series LLC[2,3]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Delta Epsilon GP Sub (VF VII) Series LLC[2,3]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Delta Epsilon GP Sub (Co-Invest) Series LLC[2,3]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Cook Holdings Series LLC[4, 5]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Knight Holdings Series LLC[4, 5]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**
Lyndhurst Holdings LP[4, 5]	One Nexus Way, Camana Bay, KY1-9005, Cayman Islands	Investment holding company	**
Plum Holdings LP[4, 5]	One Nexus Way, Camana Bay, KY1-9005, Cayman Islands	Investment holding company	**
Peasy Holdings LP[4, 5]	One Nexus Way, Camana Bay, KY1-9005, Cayman Islands	Investment holding company	**
PH Offshore GP Aggregator[6, 8]	C/O Wilmington Trust National Association Rodney Square North, 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Offshore IM Aggregator[6, 8]	C/O Wilmington Trust National Association Rodney Square North, 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Onshore GP Aggregator[6, 8]	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Onshore IM Aggregator[6, 8]	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Offshore GP Issuer[7, 8]	C/O Wilmington Trust National Association Rodney Square North, 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Offshore IM Issuer [7, 8]	C/O Wilmington Trust National Association Rodney Square North, 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Onshore GP Issuer[7, 8]	C/O Wilmington Trust National Association Rodney Square North, 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##
PH Onshore IM Issuer[7, 8]	C/O Wilmington Trust National Association Rodney Square North, 1100 North Market Street Wilmington, DE 19890, United States of America	Special purpose vehicle	##

** subsidiaries that are wholly owned

subsidiaries owned alongside Petershill Funds and consolidated under the definition of control.

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.

	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.

Vi 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.

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 10 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 1.

VII. 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 year.

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:

Note 2 – 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.

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 Receivable Agreement	$166.7	Discount Rate	18%	3%	$29.9m	$(23.0)m

In arriving at the Liability for Tax Receivable 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 Receivable 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.

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 year 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 unrecognized 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 Receivable 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 48 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

Date	Issued and fully paid	Number of shares issued	Share capital $m	Other equity $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	4,323.4	4,333.4
1 October 2021	Capital raise – Ordinary -$0.01	156,696,028[3]	1.6	745.1	746.7
28 September 2021	Less share issue costs	–	–	(32.2)	(32.2)
		1,156,696,029	**11.6**	**5,036.3**	**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 Receivable 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.

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 + / - USD 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 per cent of the Group's financial assets, were money market fund investments and cash balances held on deposit with several AA- or higher rated banks.

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

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.

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 $453.1m 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 Receivable 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.

Transactions with Goldman Sachs International

Goldman Sachs International ("GSI") is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group. GSI acted as joint global coordinator and joint book runner for the Offer transaction. The Company paid fees of $5,957K and expenses of $106K to GSI. The fees and expenses have been recorded as part of Issuance Costs.

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 20 April 2022, the date that the unaudited 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.

Glossary

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.

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-Dec-21

Balance Sheet	Alternative performance measurement basis (APM) $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**

	Alternative performance measurement basis (APM)	Adjustments	IFRS basis
Equity			
Share capital	11.6	–	11.6
Other equity	5,036.3	–	5,036.3
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 (APM) $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
Deferred divestment fee payable	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	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 year

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 $m
Total Shareholders' equity ($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 nonrecurring 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 deferred divestment fee, deferred income tax on unrealised gains and losses and nonrecurring charges related to the IPO

	2021 $m
Total income APM basis	122.3
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 nonrecurring 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**

Share Information

Share price	Market price at 31 Dec 2021
Total shares	Ordinary shares outstanding at the end of the period
Market capitalization	Market cap at 31 December 2021
LSE Ticker	PHLL

This results announcement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The results announcement should not be relied on by any other party or for any other purpose.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. Any securities of Petershill Partners plc referred to herein have not been and will not be registered under the US Investment Company Act of 1940, as amended, and may not be offered or sold in the United States or to "U.S. persons" (as defined in Regulation S under the US Securities Act of 1933, as amended) other than to "qualified purchasers" as defined in the US Investment Company Act of 1940, as amended. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "target," "estimate," "intend," "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology. You should read statements that contain these words carefully because they discuss our plans, strategies, prospects and expectations concerning the business, operating results, financial condition and other similar matters. These statements represent the Company's belief regarding future events that, by their nature, are uncertain and outside of the Company's control. There are likely to be events in the future, however, that we are not able to predict accurately or control. Any forward-looking statement made by us in this press release is based upon information known to the Company on the date of this press release and speaks only as of such date. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.