



**RESILIENCE
THROUGH
DIVERSIFICATION**

Petershill Partners

Operated by Goldman Sachs Asset Management

Annual Report 2022

Petershill Partners plc

Resilience Through Diversification

Petershill Partners plc (“Petershill Partners” or the “Company”) is a diversified, publicly listed, global alternatives investment group. Through our non-controlling stakes in carefully selected Partner-firms, we provide public market investors with access to the growth and profitability of the alternative asset management industry.

Our Shareholders benefit from the long-term stable cash flows generated by the fee income from over 200 funds, managed by our Partner-firms across multiple asset classes and investment strategies.

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Petershill Partners at a Glance

25

Partner-firms in our portfolio

Partnering alongside over 1,800 talented employees

Partner-firms



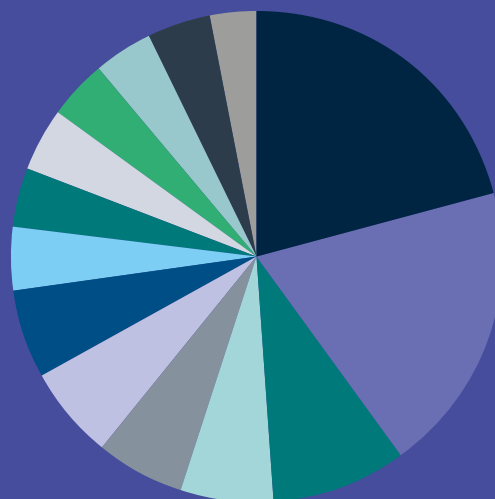
220

diverse funds under the management of our Partner-firms

Across 112 different strategies

Investment strategies

- Buyout _____ 21%
- Real estate _____ 19%
- Venture capital _____ 9%
- Direct lending _____ 6%
- Energy _____ 6%
- Growth _____ 6%
- Multi-strategy _____ 6%
- Distressed/special situations _____ 4%
- Equity long/short _____ 4%
- Global macro _____ 4%
- Infrastructure _____ 4%
- Secondaries _____ 4%
- Systematic _____ 4%
- Other _____ 3%

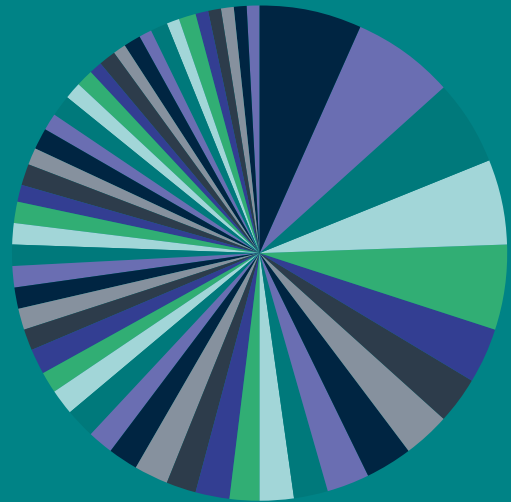


\$283bn¹

Aggregate Partner-firm Assets under Management (“AuM”)

Partner-firms raised \$60 billion in 2022

Largest Partner-firm fund of \$13.9bn represents less than 5% of total Partner-firm AuM



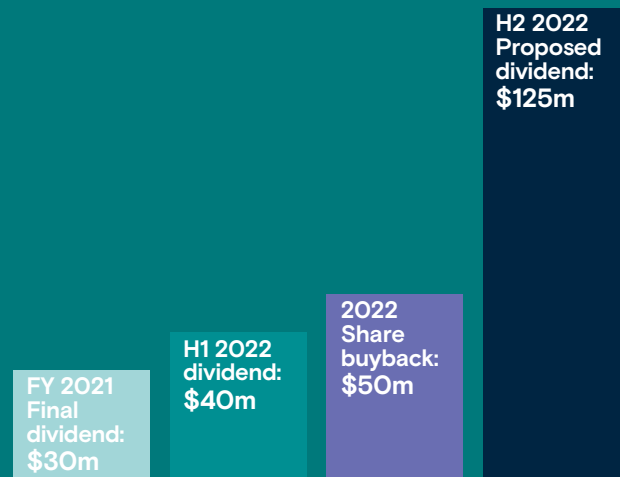
1. Implied ownership-weighted AuM is 13.5% of total Partner-firm AuM.

\$245m

\$245m total capital return declared to Shareholders

since the Company's IPO

Capital Returned to Shareholders (\$m)



All data is at 31 December 2022. All AuM figures are based on a one-period (three-month) lag due to the timing of the financial information received by the Operator from the Partner-firms.

Petershill Partners in Numbers

Petershill Partners invests in a diverse mix of Partner-firms, which themselves manage investments predominately in the private markets industry. The Partner-firms earn fees and other income from this activity, which forms the basis of earnings for the Company.

The metrics below provide insight into the strength and earnings power of the Company's investments.

Profit (Loss) Before Tax IFRS

\$(505)m

(2021: \$261m)

Adjusted Earnings Before Interest and Tax ("EBIT") APM KPI

\$336m

(2021: \$106m)

Investments in Partner-firms at Fair Value IFRS

\$5.0bn

(2021: \$6.0bn)¹

Adjusted EBIT Margin APM

89%

(2021: 87%)

Per Share Metrics

Book Value Per Share APM

At 31 Dec 2022

415.7¢

(2021: 457.8¢)

Earnings Per Share IFRS

(39.4)¢

(2021: 64.1¢)

Proposed Ordinary Dividend Per Share H2 2022 IFRS

11.0¢

(2021: 2.6¢)

Partner-firm highlights

Note: These metrics do not relate to Company financials. See pages 131 to 133 for more details.

Profitability KPI

Partner Fee-Related Earnings ("FRE")

\$213m

(2021: \$211m)

Partner FRE Margin

62%

(2021: 69%)

Partner Distributable Earnings ("DE")²

\$370m

(2021: \$382m)

Growth KPI

Aggregate Partner-firm total AuM³

\$283bn

(2021: \$234bn)

Aggregate Fee-paying AuM³

\$194bn

(2021: \$158bn)

Fee-eligible assets raised³

\$60bn

(2021: \$21bn)

Quality of earnings KPI

Weighted average capital duration

8.9 years

(2021: 8.1 years)

Key

- APM Alternative Performance Measure
- IFRS International Financial Reporting Standard
- KPI Key Performance Indicator

[READ MORE ON PAGES 134 TO 140](#)

Pages 134 to 140 include definitions of the APMs and reconciliation to relevant IFRS measures.

FY 2021 (24 March 2021 to 31 December 2021).

¢ Refers to US Dollar cents.

- This balance includes interests owned by other Petershill funds which were required to be consolidated under IFRS at 31 December 2021. See page 26 for further details.
- Partner Distributable Earnings as referred to throughout this Annual Report do not represent an indication of profits available for the purpose of distribution within the meaning of Section 830 of the Companies Act 2006. Refer to the Glossary of Key Operating Metrics on page 131 for more information on this Operating Metric.
- All data is as at 31 December 2022, unless otherwise stated. AuM figures are based on a one-period (three-month) lag due to the timing of the financial information received by the Operator from the Partner-firms.

A Resilient Business Model

Proven Resilience

Our business model was designed to be durable and effective across economic and market cycles, and to offer four key benefits:

- 1 To be a growing company in a growing industry
- 2 To offer attractive risk-adjusted returns
- 3 To generate fees and free cash flow with long-term visibility
- 4 To be capital efficient

This resilience has been proven in 2022, which has seen challenging market conditions, not least as a result of the conflict in Ukraine and its effects on energy prices and inflation.

Growth

Our Partner-firms raised \$60 billion of fee eligible AuM this year compared to \$21 billion raised in 2021, an increase of 186%. This was in a market where fundraising declined by around 11% according to Preqin. Group Aggregate Partner-firm AuM stood at \$283 billion at the end of 2022.

In the long term, the value of global AuM managed by the alternative asset management industry is forecast to grow from \$13.7 trillion in 2021 to \$23.3 trillion in 2027, a compound annual growth rate of 9.3%. We maintain our target of \$100 million to \$300 million of annual acquisitions across three-to-six transactions a year in the medium term.

FRE grew 1% in 2022, from \$211 million to \$213 million, while Partner Realised Performance Revenues (PRE) rose 2%, from \$129 million to \$132 million despite the challenging environment. Partner FRE Margin fell from 69% to 62% due to increased costs across all our Partner-firms. Partner Realised Investment Income was down 40%, from \$42 million to \$25 million, leading to an overall decline in Partner Distributable Earnings of 3% year on year to \$370 million. We are pleased with the resilience of our Partner-firms in 2022 and, with the additional \$60 billion of fee eligible AuM raised in 2022, we are confident that they will continue to grow revenues in 2023.

FRE grew 1% in 2022

Profitability

We achieved an Adjusted profit after tax of \$273 million in 2022. There was an IFRS loss after tax of \$(453) million. Included in the IFRS loss after tax was an unrealised loss of \$(807) million as a result of the change in fair value of investments. The fair value of investments represents an estimate of the price that could be received on the sale of an asset. Since Petershill Partners does not generally intend to sell its investments, we believe the Adjusted profit after tax is a more meaningful measure of profitability for Shareholders. The decline in the fair value of the investments during the year primarily reflects the impact of higher interest rates on discounted cash flow valuations and the decline in valuation multiples of comparable businesses. See page 27 for further details. Income from investments in Partner-firms derived from management fee income was \$213 million, representing

1. Source: Preqin Special Report Future of Alternatives in 2027.

approximately 78% of Adjusted profit after tax. Performance fee income APM basis was \$132 million, representing approximately 48% of Adjusted profit after tax.

Whilst we are proud of this achievement, and see it as evidence of our strength through diversification, we continue to be cautious as we look ahead into 2023. Performance fee income is inherently less predictable than management fee income.

Adjusted EBIT margin reached 89%

Cash Flow

Our business continues to be strongly cash-generative, with cash flow from management fees locked in for an average of 8.9 years. We had a cash balance, including investments in money market funds, of \$581 million at 31 December 2022 and 76% of our Adjusted EBIT represents free cash flow on an APM basis. The Adjusted net cash flow from operating activities generated in 2022 was \$256.9 million, compared with \$56.7 million in 2021.

Strongly cash-generative

Capital Management

Continuing capital efficiency is demonstrated by our raising of \$500 million senior unsecured debt via private placement across tenures ranging from seven to 20 years and reflecting both a higher A rating and a lower spread relative to the \$350 million of paper that it replaced. This transaction extended the weighted average duration of our debt to 11.2 years and demonstrates the confidence that the credit market has in our model. With a weighted average fixed funding cost of 5.65%, this financing gives us more flexible, long-term, low-cost capital at a time of rising interest rates.

Our high cash generation has enabled us to return capital to investors both through progressive dividends and share buybacks. Since our IPO, we have declared and proposed a total capital return to Shareholders of \$245 million, comprised of \$195 million in dividends and \$50 million in share buybacks.

The Board has proposed a final dividend of 11 cents per share for 2022. Shareholders' equity ended at \$4.7 billion, compared with \$5.3 billion in 2021.

Looking Forward

Our business is designed for diversification and we believe our Partner-firms are well positioned for an inflationary environment. Private market fundraising and investing activity have continued even amidst uncertainty and we are pleased with the progress our Partner-firms have made this year, performing in line with our latest guidance.

Our model, based on long-term fee-related earnings, provides resilience against challenges to realisations for performance and gives visibility to the majority of our revenues. Diversification across strong Partner-firms means we are not dependent on a single fund raise. Our largest underlying fund continues to represent less than 5% of Aggregate Partner-firm AuM.

We believe that the Company is robust and well-placed to face a changing fundraising and operating environment.

Well positioned for an inflationary environment

220 Alternative Investment Funds

with broad coverage of the alternatives universe

25 Partner-firms

Private Capital firms generating stable revenue from a blend of fee income and investment appreciation

Management fees

69%

Performance fees

26%

Investment income

5%

Petershill Partners

We deliver diversified, highly visible, risk-adjusted returns for our Shareholders by participating in the fee income from more than 200 funds managed by our Partner-firms across multiple asset classes and investment strategies.

Operated by
Goldman Sachs Asset Management

A global, broad and deep platform with diversified capabilities across public and private asset classes.

Shareholder returns

Our purpose is to provide Shareholders with best-in-class diversified access to the growth and profitability of the alternatives industry, focusing on the quality of recurring cash-based earnings.

In a very challenging year for markets, our portfolio was resilient. The very strong increase in net new AuM provides the underpinning for future growth in fee related earnings.

Naguib Kheraj
Chairman



Dear Shareholders

2022 was our first full year as a public listed company. In the context of a volatile market backdrop which saw significant declines in equity and bond markets and a sharp reduction in the valuations of asset management businesses, the underlying operating performance of our Partner-firms was encouraging. Partner FRE growth continued and our Partner-firms in aggregate have outperformed the industry by raising \$60 billion of new gross fee-eligible AuM. This growth in AuM provides a platform for further growth in FRE in 2023.

Our overall Partner Distributable Earnings were held back as market conditions impacted the level of Partner Realised Investment Income. We marked down the carrying value of our investments in Partner-firms, reflecting the impact of higher interest rates on discounted cash flow valuations and the decline in valuation multiples of comparable businesses. The change in the accounting fair value of assets resulted in an IFRS loss and a reduction in Net Assets, but had no impact on cash flow. As our intention is to continue to hold these investments for the longer term, our focus is on the cash flow generated by these investments and so we focus more attention on Adjusted Profit After Tax which excludes the change in fair value of assets and more closely approximates free cash flow available over time to return capital to Shareholders or acquire new investments.

The business generated substantial cash flows, which provide the basis for funding the return of capital to Shareholders through dividends and buybacks as well as new acquisitions to grow the portfolio.

Taking into consideration the strong cash flows of the business and the valuation of the Company's own shares, we completed a buyback of \$50 million of our own shares. We are recommending a final dividend of 11 cents per share, which would make the full year dividend 14.5 cents per share. Dividends and buybacks therefore would amount to \$215 million for the year whilst we invested \$180 million in acquisitions in the form of both paid and deferred consideration.

The management of capital is a critical function of the Board and was a significant focus in 2022. The Company inherited a complex debt structure at the time of IPO. This created a security interest for lenders in the cash flows generated by our Partner-firm interests, and resulted in an accounting gross up of assets and liabilities. In 2022 we were able to repay the existing debt by issuing \$500 million of simple, more flexible, unsecured loan notes. These are at fixed interest rates and range in maturity from seven to 20 years. Subsequent to the year end, we also closed on a \$100 million three-year revolving credit facility. As a result, we believe the Company has a strong and sound debt capital structure appropriate for a substantial public company, which will facilitate the funding of future growth. Our accounting disclosures will also become less complex going forward.

The Board evaluates the deployment of capital over the long term and considers prospective Shareholder value creation from applying additional capital to new and existing Partner-firm investments, buybacks and dividends. The Board also considers the level of leverage in the capital structure in this context to optimise returns to Shareholders. We expect that debt capacity will grow over time as our Partner-firms grow and new acquisitions are accretive to earnings.

Our strategy, of accessing growth and profitability through diverse ownership in quality businesses, has proven to be resilient throughout 2022. There has been limited direct impact from the challenges brought about by the conflict in Ukraine, with increases in the price of energy and the disruption to supply chains. Our Partner-firms are largely located in North America. We benefit from diversification across our Partner-firms and their funds through multiple asset classes, sectors, strategies and vintages. We believe this delivers the Company and our investors the potential for strong risk adjusted earnings across economic cycles and macro environments.

We continue to pursue a strategy of growing the business through further acquisitions but moderated the pace of this investment significantly in 2022 as we took stock of the change in market conditions and outlook, as well as the impact of higher interest rates on the cost of equity. We acquired interests in two new Partner-firms during the year – SLR Capital Partners, a boutique asset manager focused on direct lending, and LLR Partners, a private equity firm investing in technology and healthcare companies. We also acquired an additional interest in Kayne Anderson Real Estate, strengthening the existing partnership between us.

We expect to see ongoing opportunities to deploy capital into first class Partner-firms at attractive valuations through the network of Goldman Sachs' relationships and are confident in the sourcing, due diligence and execution capability of the Operator team that manage this process for the Company. As always when there is a market correction, it can take some time for the expectations of sellers to adjust and we will be patient to ensure that acquisitions are made at valuations which are appropriate.

Our first full year as a public company has involved considerable efforts on the part of the Board, the Operator, and our other external service providers, including our Administrator and Company Secretary Ocorian, to firmly establish and operationalise our ongoing requirements for good governance and appropriate reporting and controls. In response to feedback from the Board, significant resources were added to the team at the Operator and Administrator in order to ensure that the Company has the appropriate level of support. We held 11 Board meetings during the year, supplemented by 12 meetings of Board Committees covering Audit and Risk, Remuneration, Nomination and Management Engagement.

The expertise of the Operator in selecting and managing investments on behalf of the Company was evidenced by the relative and absolute performance of our Partner-firms in 2022, especially in relation to their success in fund raising. The Operator was also effective in securing a strong credit rating in the A category and implementing a new debt capital structure which puts the Company in a strong financial position with flexible and long-term debt to support its future growth. The Operator continues to develop its approach to Environmental, Social and Governance ("ESG") matters and keeps the Board informed on its process as an integral part of its asset management mandate.

\$638m

Total amount invested across eight acquisitions since IPO

\$500m

Issued new A rated fixed rate private placement debt

\$165m

The combined interim and final ordinary dividends for 2022

\$50m

Amount purchased through the share buyback programme in 2022

Whilst we are disappointed that the share price of the Company remains well below the IPO price, we believe this is largely a reflection of the stock market performance of the asset management industry. We would hope that, over time, the underlying operating cashflow and our responsible management of capital will be reflected in the way in which our shares are valued.

The Board remains positive about the medium-term prospects of the Company, due to the quality of our Partner-firms, the diversification they represent, and the significant value added by our Operator. The economic and market environment continues to be volatile and may affect related performance fee earnings in the near term, but the combination of strong growth in AuM and diversification in our portfolio of Partner-firms gives us confidence that we should see good growth in Partner FRE in the coming year. We will continue to be selective about new acquisitions and expect to use our strong cash flow to drive dividends to Shareholders and support another \$50 million buyback programme in 2023.



Naguib Kheraj
Chairman

5 April 2023

A Diversified Business

It is an important tenet of our strategy to be well diversified in order to deliver across market cycles and to be able to seize opportunities when they arise. We achieve this in several ways.



Partner-firms

A wide range of Partner-firms

We make non-controlling investments across a wide range of Partner-firms – 25 at the end of 2022 and set to increase year by year. Each of these represents an individual engine of growth; each is financially independent; and each has its own investment team. The combination of these individual Partner-firms inherently reduces overall volatility.

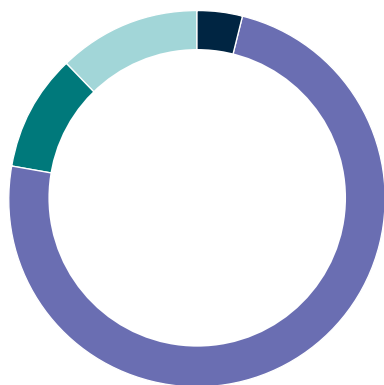
Asset Classes

Four asset classes

Our Partner-firms are grouped into four main classes according to the principal assets they manage:

- Private equity**
 Private equity asset managers typically acquire either controlling, co-controlling or influential minority stakes in developing or developed unlisted companies.
- Private credit**
 Private credit asset managers typically invest in unlisted credit assets with strategies addressing different parts of the credit spectrum, ranging from less risky senior debt to opportunistic distressed investments.

AuM by Duration¹



● Permanent	4%
● 8+ years	74%
● 3 – 8 years	10%
● 0 – 3 years	12%

AuM by Strategy



● Buyout	49%	● Global macro	5%
● Other	10%	● Venture capital	5%
● Real estate	8%	● CLO	4%
● Growth	7%	● Infrastructure	4%
● Energy	5%	● Multi-strategy	3%

AuM by Sector



● Technology	39%	● Healthcare	4%
● Diversified	26%	● Industrials	3%
● Real estate	10%	● Infrastructure	3%
● Credit	8%	● Aerospace & defence	2%
● Energy	5%		

▪ **Private real assets**

Private real assets include private real estate, private infrastructure and private natural resources. Real estate assets include residential or commercial developments with varying risk profiles. Infrastructure includes assets such as power plants, roads or airports and companies which own and operate infrastructure, such as utility or fibre companies. Natural resources include energy (production, storage, distribution and/or retail), agriculture, metals and mining, timberland and water related assets.

▪ **Absolute return**

Absolute return asset managers typically invest in liquid securities, such as debt and equity, in addition to derivative instruments such as futures, options, short selling, arbitrage, leverage and other unconventional assets aimed at achieving positive returns in both rising and falling market conditions.

This spread seeks to mitigate factors that may negatively affect any individual asset class and we benefit from being able to take advantage of positive developments wherever they may occur across the whole unquoted sector.

Multiple Strategies & Sectors

Across asset classes, fund managers have a wide range of investment strategies to choose from. These include: buyout; long or short equity; real estate; energy; infrastructure; and credit. We diversify further by spreading our investments across multiple strategies – 112 at the end of 2022. These strategies are themselves diversified across funds.

Our representation across a broad spread of sectors leads to a low correlation of outcomes and a reduced “netting” risk across firms.

Multiple Funds

Each of our Partner-firms has multiple funds, giving us access to the returns from a large selection of the top performing funds across the alternatives industry.

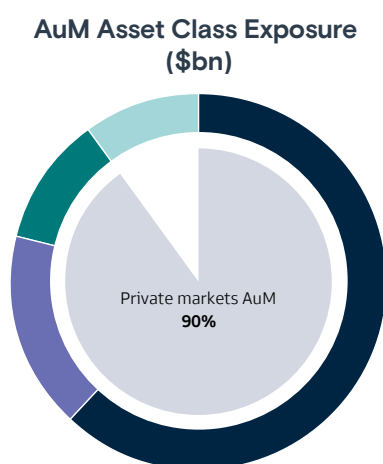
Multiple Vintages

Partner-firms typically raise funds every two-to-three years and the year in which the fund closes is known as its vintage. Each vintage will be subject to different economic conditions during the lifetime of the fund, so a mix of vintages creates additional diversification.

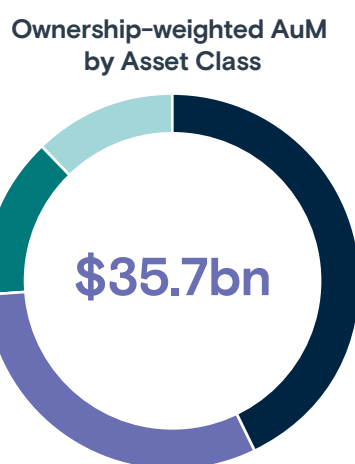
As the Operator has been active in the minority investing business in alternative asset management for 16 years, we have investments in Partner-firms spanning many vintages, enabling us to better withstand some of the pressures faced by those with a shorter track record.

Geography

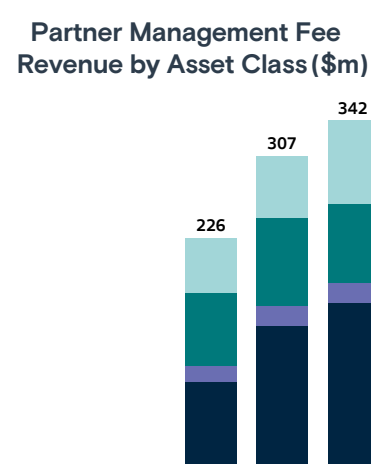
Our portfolio is consciously concentrated in the US as this is the largest market for alternative investments, with the greatest depth and number of investment opportunities. We regard the US as a more robust economy with a robust currency, protecting our investments to some extent from global geopolitical forces. However, whilst our Partner-firms themselves may be headquartered in the US, the larger firms are diversifying internationally and we will continue to evaluate investments in the rest of the world where appropriate.



Private equity	62%
Private real assets	17%
Private credit	11%
Absolute return	10%



Private equity	43%
Private real assets	31%
Absolute return	14%
Private credit	12%



Private equity	84	139	162
Private credit	16	20	20
Private real assets	72	87	78
Absolute return	54	61	82

1. Weighted average duration of Aggregate Partner-firm total AuM.

2. Other includes Systematic, Credit, Direct lending, Secondaries, Distressed / Special Situations, Fixed Income, Equity long/short and Mezzanine.

Our Partner-firms

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

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

A Proven Approach

Petershill Partners is operated by Goldman Sachs Asset Management (the “Operator”). The Petershill business within the Operator was founded in 2007, giving them one of the longest General Partner (“GP”) investing track records in private markets and an experienced team across multiple market cycles.

The value-added services we offer to Partner-firms, provided by the sizeable GP Services team and platform within the Operator, include:

Firm infrastructure and operations

- Legal, tax and regulatory overviews
- ESG consultancy
- Human capital optimisation
- Operational consulting and digital transformation

Capital and product development

- Capital formation
- Strategy, corporate finance and M&A advice
- Product development and peer benchmarking

Investment portfolio and reporting

- Investment portfolio services
- Portfolio monitoring, reporting and communication

The Operator leverages the extensive experience, insight and relationships of the wider Goldman Sachs Group to identify prospective Partner-firms, with such a vast network giving us greater reach than our competitors.

Rigorous Underwriting and Thorough Due Diligence

The Operator then carries out rigorous underwriting and thorough due diligence prior to investing. The experience and expertise of the Operator give us greater insight into the specialist segments that are likely to succeed, as well as access to the top investment managers within those segments. We invest only in sectors that we believe will outperform and contribute to a diverse business mix, and only in firms that we consider capable of outperforming within those sectors.

Over the past 16 years, the Operator has made 48 investments across the private funds it manages, having undertaken detailed due diligence on more than 380 investment opportunities and deployed over \$7 billion of capital.

Partnering on Beneficial Terms

The Operator’s investment approach is to take a non-controlling stake in each Partner-firm, which aligns the interests of the firms’ principals with ours. These investments then lock in positive cash flows for many years, with all partners equally incentivised to maximise performance.

Once firms have become Partner-firms, the Operator collaborates with them to help them scale and institutionalise their businesses. They provide balance-sheet capital and offer them a wide range of guidance and value-added services to improve their infrastructure, performance and earnings profile.

The economic and geopolitical headwinds impacting markets during the year have made the value of our support even greater.

In 2022 our Partner-firms raised about 4% of the new funds across the whole private equity market, although they represent only about 2% of that market.

This is one of the best indicators of our ability to pick great partners. We carried out over 300 GP service engagements during the year, illustrating the value that Partner-firms place on our strategic partnership.

Alignment with Partner-firms and Investors

The Operator fee structure aligns its long-term interests with those of the Company and its Shareholders, so that all parties are similarly incentivised for success. See page 60 in the Corporate Governance Report for additional information on the Operator’s fee structure and alignment.

The operating team is aligned to the Company’s share price through direct and indirect share ownership, and their carried interest participation in Petershill II and III. Together these funds own 76% of the shares in Petershill Partners plc and therefore their performance and carry realisation is driven predominantly by the Petershill Partners plc share price.

Low-cost Capital Provides a Significant Advantage

Through the Operator, the Company has access to the extensive network and track record of Goldman Sachs, which assisted us in raising \$500 million of debt comprised of tenors ranging from seven to 20 years maturity via private placement in 2022. Our notes are rated A, with a weighted average fixed funding cost of 5.65% and an effective interest rate of 6.2%. In an environment of rising interest rates, this fixed low-cost capital provides a significant advantage for the Company.

We believe the expertise in fundraising and sector understanding we are able to offer has given our Partner-firms a significant advantage, allowing them to raise a significantly higher share of new funds relative to market size.

Our Values

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

- Client Services
- Excellence
- Integrity
- Partnership

Q&A with our Operator



Ali Raissi-Dehkordy
Partner
Goldman Sachs Asset
Management
Co-Head of
Goldman Sachs
Petershill Group



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



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

What would you say differentiates you from your competitors?

Ali

Our business model from the outset has been to invest in ambitious mid-market firms with their best days ahead of them – that's where we've always found attractive growth and value creation.

Given many of our listed peers focus on the larger end of the market, we believe Petershill Partners is differentiated as it provides investors with access to an attractive part of the industry that isn't generally accessible to public investors.

Christian

We've always felt that we can buy faster-growing, higher quality firms at more compelling value in the mid-market than at the larger end of the market - this is attractive from a risk reward basis. Importantly our partners are not seeking an "exit" as would be the case in the larger part of the market, but rather a partner to accelerate the value creation on the controlling ownership that management continues to retain.

We provide access to an attractive part of the private alternatives market that is largely privately held

Rob

On top of the mid-market focus, there's also our diversification, which has been another deliberate part of our strategy from the start. By investing assets across multiple Partner-firms, we have many opportunities to generate income from management and performance fees. Our success does not depend on any single firm, but rather the results across the whole portfolio. Even if a few are disappointing because of market conditions, netting out can still lead to a positive result overall.

Christian

Our business selection has been active, and driven by quality with a focus on detailed, bottom up underwriting. We avoid concentrating in any single sector. There are some sectors we find more attractive than others, but we aim for good diversification across sectors - this is a capital allocation consideration that we are constantly reviewing.

Diversification has been a deliberate part of our strategy from the start

Was this year's strong fundraising result a surprise given the macro uncertainty during the year?

Christian

I wouldn't say it was directionally a surprise, because we guided the market to expect \$40 billion to \$45 billion – already a meaningful increase over 2021 at \$21 billion. But, as evidence of their quality, our Partner-firms ended up raising even more than our initial and revised guidance with \$60 billion.

We believe this is a nuanced fundraising environment, and while private market investors and Limited Partners ("LPs") have a strong understanding of their priority GPs, that nuance is creating surprises in the public market as some struggle to raise their targets on time.

Rob

The very successful fundraising year in 2022 really sets the stage for earnings, not just next year, but for many years ahead given the long-term lockup nature of the capital raised. But we should also recognise that this raise was widely dispersed across nine firms, and that this capital will need to be deployed before firms raise again – so fundraising may well be lower in 2023, although we still expect it to strengthen over time.

Ali

Fund managers schedule fundraising years ahead. It happens that many schedules among our Partner-firms coincided in 2022, and that is unlikely to be repeated next year. Having said that, the medium-term outlook remains strong, reflecting the growth of high quality mid-market firms and continued expected industry growth.

The medium-term outlook for fundraising remains strong

How is Petershill Partners positioned to perform in the face of a more negative economic outlook? Has the strategic focus of the Company changed as a result of the market environment?

Rob

If we look at the last year, which was a challenging period, we've had very strong double-digit year-on-year growth for AuM. We believe that is driven in part from the quality of our Partner-firms and in part from our business model. This approach has been something refined over the 16 year history of the Operator, with a focus on creating resiliency across market cycles.

Ali

Our strategy has not changed in this market, but that's because we can be more nimble than a traditional listed asset manager given we can pivot and drive capital to new and existing areas of growth faster than many can buy the equivalent exposure in control deals.

We have a very dynamic approach to adding more Partner-firms to the process and can pivot more easily because of all the M&A opportunities. For example, SLR – a private credit firm we acquired an interest in this year – we believe is well positioned in the current credit environment.

Higher interest rates, higher yield portfolios and more dislocation of the syndicated credit markets mean more opportunity and better terms for them. That's a good example of a deal with a firm that might not have appetite to relinquish control to an incumbent.

Christian

Although our Partner-firm PRE increased in 2022 compared to 2021, this was driven by strength in the absolute return asset class. Private markets realisations slowed down in 2022 leaving us cautious on performance fee revenues going into next year. This slowdown is because some exits have been delayed until markets stabilise. Nevertheless, other areas have seen a pickup in performance fees and our diversification means that we still expect to perform relatively well.

Rob

We believe that challenging environments also highlight our position as a value-added partner. Our GP services offering plays an even more important role when the markets are challenging and our Partner-firms can call on us to roll our sleeves up and collaborate with them to take advantage of opportunities and enhance their operations.

The capital we raise is locked in for the long term, creating stability in uncertain times



Francisco Partners

Francisco Partners is a leading global investment firm specialising in technology and technology-enabled businesses. The firm has invested in or acquired more than 400 technology companies and has been repeatedly recognised for market-leading performance.

In 2022, Francisco Partners closed on nearly \$17 billion in capital commitments across two funds, both of which exceeded targets and were oversubscribed.

Invested in or acquired

400+

technology companies

Closed on nearly

\$17bn

in capital commitments
across two funds

F|P
FRANCISCO
PARTNERS

Trends and Evolving Opportunity Drivers

The strong and sustained growth of the alternative investments industry has been underpinned by a number of secular trends that we expect will continue to benefit the Company. We believe the Company's diversification, and the long-duration capital of our Partner-firms, position the Company to be resilient across cycles.

Increasing Institutional Capital

The growth in long-term investing has been driven mainly by the rise of global institutional wealth from pension funds, insurance companies and sovereign wealth funds. Global institutional wealth has increased rapidly over the past 15 years, with sovereign wealth funds growing at a Compound Annual Growth Rate ("CAGR") of around 10%. Investor demand for alternative assets has driven AuM in our industry over the last decade, with further growth expected to result in industry AuM CAGR of 9.3% between 2021 and 2027. Asset raising declined year on year by around 11% in 2022, partially reflecting the "denominator effect" with a disproportionate decline in public market securities resulting in a technical portfolio-overweighting towards alternatives. This came following a record year in 2021. 2022 total asset raising at around \$1.4 trillion was more nuanced, with established and strong performing firms having performed particularly well in terms of asset raising, with turbulent public markets sparking a flight to quality.

Our Partner-firms manage \$283 billion, across a host of strategies, sectors and geographies, predominantly in longer-duration strategies, with private capital comprising 90% of AuM. We believe that given the strength of their performance, with over 76% of Partner-firm funds exceeding their benchmarks, our Partner-firms are well positioned to benefit from ongoing investor demand for alternatives.¹

Impact of Rising Rates

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

While global growth was spurred by the low interest rate environment between 2019 and 2021, we also observed resilient demand for alternative asset management products during the rising rate environment in 2022. This is partly explained by the gap between private capital return expectations – in the mid-to-low teens – against 4.75% US Federal Reserve interest rate.

Given the Company's diversification and exposure to high-quality Partner-firms, we expect industry growth to provide a baseline to our aggregated Partner-firm AuM growth, which has historically averaged over 20% CAGR (including acquisitions).

Rising rates have also created issues for the leveraged capital structures of private-equity-owned assets. However, we have seen little in terms of bankruptcies or restructuring during 2021 and 2022. To put this into context, bankruptcy rates in 2009 and 2010 were 9.9% and 3.0% for speculative debt. In comparison, bankruptcy rates were 1.7% in 2021 and 2022.² This can partly be explained by the use of covenants in debt markets, with private debt lenders replacing the more regulated and constrained bank lenders. For this same reason, although not immune to the impact of rising rates, leveraged firms are not expected to show the same level of sensitivity to rising interest rates as they have in prior periods.

Although interest rates have risen across the globe during 2022, our Partner-firms' capital raising has remained strong, and the firms owned by the funds they manage have remained largely stable. If rates continue to rise, it could impact returns along with realisation multiples, and private market firms that rely on some element of multiple expansion, driven by falling interest rates, may find that this is not available to them in the near term.

Rising rates may even create attractive "entry points" for firms acquiring new assets. However, we expect to see a slowdown or end to the rate raising cycle, potentially reducing uncertainty across markets.

1. Private markets performance based on realised net IRR quartiling based on percentage of Aggregate Partner-firm AuM and absolute return by Aggregate Partner-firm AuM over 10 years relative to HFRX Absolute Return Index. Private markets weighted at 90% and absolute return at 10% in line with Dec-22 Aggregate Partner-firm AuM split.

2. S&P Global Ratings Credit Research & Insights, 2023.



Impact of Inflation

In addition to credit firms, we also expect real asset and absolute return firms to potentially benefit from increases in rates and inflation, as these asset classes have historically provided a hedge to rising rates and inflation. At 31 December 2022, real asset and absolute return firms made up 27% of our Total Partner-firm AuM at \$75 billion.

Given the challenge of rising costs, inflation may complicate the ability of firms to enhance operating margins, potentially impacting profitability. We believe the diversification of Petershill Partners and the expense protections we have implemented may help mitigate some of these concerns. The majority of our Partner-firms' activity is based in North America and we believe that global challenges might present themselves more outside the mid-market private equity landscape, with larger assets that operate across multiple markets.

We believe that the diversification of Petershill Partners, through vintages, sectors, funds and teams, positions the Company for long-term resilience, by reducing reliance on the returns of any one fund, strategy or sector.

Increasing Demand for Alternative Investments from Institutional Investors

Institutional investors have been increasing allocations to alternative investments in lieu of investments such as equity and fixed-income securities. The asset allocation to alternative investments by pension funds has increased significantly, from approximately 7% to 22% between 2000 and 2022, according to Preqin.

Around 94% of institutional investors tracked by Preqin now invest in at least one alternative asset class, and around 49% invest in at least three. While competition for assets, valuations, and rising interest rates top the list of investor concerns, on average more than 70% plan to invest more or the same amount in private capital over the next 12 months.

Increasing Demand for Alternative Investments from Retail Investors

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

Consistent Outperformance of Private Markets Investments over Public Markets

Private markets investments have a track record of higher absolute and risk-adjusted returns in comparison to both public equity and fixed-income markets. In addition to seeking superior risk-adjusted returns, institutional investors have been increasing their allocations to private market investments to achieve diversification, macro hedges, stable income and low volatility relative to “traditional” public markets investments. Additionally, in times of volatility, declining valuations may present attractive opportunities for those investors with capital to invest.

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

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

Increasing International Growth

The Company expects international markets, led by the stronger, more stable economies, to become a source of scalable and long-term capital for private markets fundraising. In addition, we expect our investment opportunity set to expand as more firms outside of North America begin to recognise the potential benefits of entering into a strategic partnership with a company like Petershill Partners.

Increasing Demand for Sophisticated Analytics and Transparency

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

As a result, investors are increasingly seeking to partner with firms that not only have a proven track record of investing across asset classes and strategies but are also highly sophisticated in their non-investment functions such as portfolio monitoring, reporting, accounting, legal, compliance, operations and data analysis.

Greater Focus on Sustainability and ESG

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

In response to these trends, asset management firms are increasingly emphasising sustainability and are increasingly focused on communicating transparently on ESG topics with stakeholders, including investors. Firms are seeking to move beyond simply incorporating sustainability into their investment approach and are looking to embed sustainability into their cultural framework, taking a more holistic view. According to Preqin, 48% of private equity investors have an active ESG policy in place, with another 26% expected to put one in place in the next 12 months. In addition, 82% of private equity investors believe that fund managers are adopting ESG policies because of pressure from LPs that are supportive of ESG inclusion.

Investment funds with an approach that considers ESG factors in portfolio selection and management are growing in popularity and size. According to Preqin, 71% of investors indicated an increase in the interest in/demand for their organisations' ESG capabilities or strategies over the past 12 months.

You can find more information on the Operator's approach to ESG on pages 38 and 39.

Clearlake

Clearlake is an investment firm operating integrated businesses across private equity, credit and related strategies. Clearlake provides patient, long-term capital to dynamic businesses that can benefit from its operational improvement approach.

In 2022, a consortium led by Clearlake completed the acquisition of Chelsea Football Club. Together, the consortium will invest in key sporting infrastructure, including the redevelopment of Stamford Bridge.

The consortium will invest in key sporting infrastructure, including the redevelopment of Stamford Bridge.



How the Operator Sources and Evaluates New Partner-firms

Petershill Partners offers distinct advantages to Partner-firms. The highest-quality alternative asset managers typically seek partnership and continuity in the ownership of their business. Our strategy focuses on empowering partnerships over the long term, and the Company's target profile for Partner-firms is consistent and precise.

Disciplined Focus

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

- **Performance** – category leaders with proven track records of generating attractive risk-adjusted returns for clients that have performed in the top or second quartile across multiple vintages
- **Sector** – firms operating in sectors benefiting from positive sustainable tailwinds with capacity to develop over time
- **Opportunity** – firms with potential, an opportunity set and the ability to develop in a sustainable way with attractive prospects
- **Culture** – strong culture and cohesiveness of team and partnership, often with a focus on generational development and an apprenticeship culture
- **Alignment** – firms defined by their entrepreneurial spirit and majority-employee ownership, and with a high degree of alignment with LPs and other stakeholders
- **Stability** – high-quality, stable and diversified capital bases with an emphasis on building enduring client relationships across the platform
- **Financials** – attractive recurring earnings-based businesses with strong profitability and cash conversion
- **Goals and responsibilities** – firms with a focus on building an enduring, diverse platform and instilling best practices of corporate responsibility, ethics and transparency throughout their portfolio companies
- **ESG engagement** – firms who are committed to socially responsible investing and actively work to elevate ESG issues as focal points
- **Leadership** – highly capable management teams with a proven ability to manage and develop their platforms

Increasingly, the Company's focus is on real assets, private credit and private equity firms focussed on specific sectors, such as healthcare, which we feel demonstrate potential for accelerated growth.

Our key strategic drivers for growth are clear:

- 1 Support and assist our Partner-firm development
- 2 Continue to identify and enter attractive growth markets through acquisitions
- 3 Drive capital efficiency and total shareholder returns

Healthy Acquisition Pipeline

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

Private markets expansion creates organic growth and M&A opportunity. The alternatives industry is forecast to continue to expand, with alternative asset managers expected to manage over \$23.3 trillion of aggregate AuM by 2027, representing 9.3% CAGR between 2021 and 2027*. Our Operator has a robust, repeatable evaluation process that leverages significant proprietary data and processes – and benefits from the depth and rigour available in a private diligence process.

* Source: Preqin Special Report: Future of Alternatives in 2027.

Highly Experienced Operator Team

Ali Raissi-Dehkordy
Partner



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

Christian von Schimmelmann
Managing Director



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

Robert Hamilton Kelly
Managing Director



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

Our Acquisition Strategy and Investment Policy

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

The Company seeks to invest in Alternative Asset Manager Stakes primarily across the following four asset classes: private equity, private real assets (including real estate, infrastructure and natural resources), absolute return strategies invested principally in publicly-traded securities, and private credit (the "Segments"). The Company may also invest in adjacent businesses that involve investment management, including traditional asset management firms, wealth managers and insurance businesses. As part of partnering with the Partner-firms, the Company may be required, or choose, to invest in funds and products that are

managed by Partner-firms in which it holds an Alternative Asset Manager Stake. The amount the Company invests in the Partner-firms' funds and products will typically be significantly less than the amounts the Company invests in Alternative Asset Manager Stakes. The investment restrictions set out in this policy support the Company's objective of spreading investment risk by limiting the Company's ability to invest in individual Partner-firms and in the funds and products that are managed by those Partner-firms in which the Company has an Alternative Asset Manager Stake.

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

The Company will seek to spread Alternative Asset Manager Stake investments by segment in order to ensure it has a diverse portfolio.

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

From time to time a portion of the Company's assets may be held in the form of cash. Pending the identification of new investment opportunities by the Operator, and the application of some or all of that cash as part of any such investment or for working capital purposes, it may be invested in cash deposits, cash equivalents or investments including, but not limited to, gilts, money market funds, government securities and/or other investment grade securities. Investment ratings shall be "AA" rated or higher and the duration of any investment shall not exceed two years at the time of purchase. There is no limit on the amount of cash that the Company may, from time to time, hold in cash, cash deposits and/or cash equivalents and investments. No more than 20% of the Company's gross assets will be invested in any single money market fund or deposited in any single bank. Excluding US Government investments, investments in money markets and investments in Partner-firms, no more than 5% of the Company's gross assets will be invested in the funds, products or securities of any single issuer at the time of purchase.

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

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

Investment Restrictions

Investments will be selected with a view to diversifying risk. In addition, the Company will invest and manage its assets in compliance with the restrictions set out below, also with the object of spreading investment risk:

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

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

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

Co-Investment and Co-Financing

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

Borrowing Policy and Gearing

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

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

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

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

EU Alternative Investment Fund Managers Directive ("AIFMD") Leverage Limit

In accordance with its risk management function and the investment objectives of the Company, the Operator has set a maximum level of leverage which the Operator may employ on behalf of the Company. For the avoidance of doubt, this maximum level of leverage only applies at the level of the Company (including, where applicable, financial or legal structures involving third parties controlled by the Company and specifically set up to directly or indirectly increase leverage at the level of the Company). The methods used for the determination of the maximum level of leverage of the Company and the circumstances in which borrowings are treated as leverage for these purposes, are prescribed under EU AIFMD and are the gross method (as such term is defined in article 7 of the AIFMD Delegated Regulation) and the commitment method (as such term is defined in article 8 of the AIFMD Delegated Regulation).

The Operator has determined that leverage, for this purpose and calculated in this manner, will not exceed 1,500% (expressed as percentage and calculated using the gross method of calculation) and 1,500% (expressed as percentage and calculated using the commitment method of calculation), other than if and to the extent that leverage for these purposes results from borrowings under revolving credit facilities on a short term basis to make investments pending the drawdown of (and covered by) capital commitments of Shareholders ("Subscription Facility Borrowings") which, due to the way in which such borrowings can impact the calculation of leverage for the purposes of the EU AIFMD, may be unlimited. Such limits should not be viewed as indicative of the amount of leverage that will be employed on behalf of the Company or as a target for the Company, and it may be that such leverage will be significantly lower in practice. Shareholders should note that in exceptional circumstances, the CBI may impose limits on the level of leverage (calculated in this manner) that the Operator is entitled to employ or other restrictions on the management of the Operator with respect to the Company.

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

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

For the risks related to the Petershill Partners Group's incurrence of leverage, please see the risk factor entitled "The Operator may cause the Petershill Partners Group to incur indebtedness pursuant to the Acquisition Strategy and Investment Policy" in Part 1 (Risk Factors) of the Prospectus.

Changes to Investment Policy

The Company must at all times comply with its published investment policy. Whilst the Ordinary Shares are listed on the premium listing segment of the Official List of the Financial Conduct Authority (the "FCA"), no material change may be made to the Company's investment policy other than with the prior approval of both the Company's Shareholders and the FCA in accordance with the Listing Rules.



Kayne Anderson Real Estate

Kayne Anderson's strategic approach helps it to deliver market-leading returns and actively manage risk.

In May 2022, the real estate investment arm of Kayne Anderson announced its debt platform had closed its fourth flagship debt fund with \$1.875 billion of committed capital, significantly surpassing its original target. The fund will continue to invest in opportunities in Freddie Mac-structured products, direct loan originations and purchases across targeted sectors.

Closed its fourth flagship
debt fund with

\$1.875bn

of committed capital

Kayne Anderson
Real Estate

Financial and Operating Review

The Company's purpose is to give investors the opportunity to participate in the growth of the alternative asset management industry. Despite the industry's reputation for complexity, the Company's model is simple. Investors share in the fees generated by first-class Partner-firms that manage alternative investments predominantly in private markets and other unquoted assets. In a higher inflation environment, which tends to lower real returns, alternative investments can be particularly attractive.

To assist readers, we refer throughout this section to adjusted measures which the Company considers to be Alternative Performance Measures or APMs and Operating Metrics. APMs are non-IFRS measures that analyse our performance, using a variety of measures that are not specifically defined under IFRS; while Operating Metrics are non-IFRS measures that are based on the performance of the Partner-firms.

APMs and Operating Metrics 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 and Operating Metrics are useful to investors, analysts and other interested parties as supplemental measures of performance and liquidity.

Definitions of APMs and Operating Metrics, along with reconciliations to the IFRS measure, where appropriate, can be found in the Glossary of Key Operating Metrics on pages 131 to 133 and Alternative Performance Measures on pages 134 to 140.

A simple business model

Technical Note

As part of the initial acquisition of the portfolio of Partner-firms on 28 September 2021, the Company acquired interest in several trusts, which previously issued \$350 million of long term debt with a 5% coupon and a maturity date of 2039. The debt was secured by the rights to the cash flows of certain Partner-firm interests held by the Company and other interests held by the Petershill Funds. The debt was retired and the interests owned by the Petershill Funds securing that debt was released when the Company raised \$500 million of new, unsecured long term debt. However, under IFRS the Company was required to consolidate these interests at 31 December 2021 and to 19 December 2022. This consolidation resulted in all of the assets and liabilities of these trusts appearing in the Consolidated Statement of Financial Position and all of the income, investment gain and finance costs appearing in the Consolidated Statement of Comprehensive Income during the period. However, shareholder returns were only affected by the interests that the Company owned.

Since these interests were de-consolidated at 19 December 2022, they are not included in the consolidated statement of financial position at 31 December 2022. The consolidated statement of comprehensive income does reflect the effects of consolidation for the period from 1 January 2022 to 19 December 2022.

The APM basis 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. It can therefore aid 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.

Management Results

	Year Ended 31 December 2022 \$m	Period Ended 31 December 2021 \$m
Income		
Partner Fee Related Earnings ¹	213.2	52.3
Partner Realised Performance Revenues ¹	131.6	62.3
Partner Realised Investment Income ¹	25.4	7.7
Total Partner Distributable Earnings¹	370.2	122.3
Interest income from investments in money market funds	8.6	-
Total income (APM basis)²	378.8	122.3
Operating costs		
Board of Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses ³	(13.2)	(5.7)
Total operating costs	(42.5)	(15.9)
Adjusted Earnings Before Interest and Tax (EBIT)²	336.3	106.4
Finance cost ⁴	(28.3)	(4.6)
Adjusted Earnings Before Tax (EBT)²	308.0	101.8
Tax & tax related expenses ²	(35.4)	(3.4)
Adjusted Profit After Tax²	272.6	
Reconciliation of Adjusted Profit After Tax to IFRS Loss After Tax		
Adjusted Profit After Tax ²	272.6	98.4
▪ APM basis movement in Financial Assets and Liabilities Held at Fair Value ²	(776.5)	217.6
▪ Unrealised divestment fee	0.9	(45.2)
▪ Non-recurring expenses ⁵	(18.5)	(6.9)
▪ Change in liability for Tax Receivables Agreement	(19.0)	(6.8)
▪ Adjustment for tax and tax related expenses	87.6	(9.2)
IFRS Loss After Tax	(452.9)	247.9

1. Partner-firm key operating metrics. Refer to the glossary on page 131 for additional information.

2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 134.

3. Excludes non-recurring expenses of \$1.2m in connection with the IPO (2021: \$6.9m).

4. Excludes non-recurring finance cost of \$17.3m related to the retirement of Notes payable and issuance of Unsecured Notes.

5. Includes the non recurring expense of \$1.2m and finance cost of \$17.3m noted above (2021: \$6.9m).

Company Performance

The Company performed well in 2022, despite the challenging environment. Aggregate Partner-firm AuM grew 21% and Aggregate Fee-paying AuM grew 23% for the year. FRE increased 1% and PRE increased 2% over the prior year. Lower Partner Realised Investment Income in 2022 contributed to an overall decline in Partner Distributable Earnings of 3% over the prior year.

The \$60 billion fee eligible AuM raise in 2022 – a significant outperformance of the market – is attributable to the high quality of our Partner-firms and the diversification of our portfolio.

The Company's results for 2021 represent the period it was in operation from 24 March 2021 (date of incorporation) through 31 December 2022. As a result, the 2021 comparable amounts reflected are not for the same period as 2022 (1 January 2022 through 31 December 2022), which was the Company's first full year of operations.

Double-digit growth for AuM, stable management fee income and strong performance revenues

The Company's revenue model combines three types of income from Partner-firms: management fee income, performance fee income and investment income. Of these three, management fee income in particular provides stable, recurring profits. Although FRE Margin fell from 69% to 62%, the management fee income APM basis for the year was \$213 million (2021: \$52 million), performance fee income APM basis \$132 million (2021: \$62 million), and investment income APM basis \$25 million (2021: \$8 million).

The IFRS Loss and total comprehensive loss for the period after tax was \$(453) million (2021: profit of \$248 million) equating to an Earnings Per Share (EPS) of (39.4) cents (2021: 64.1 cents). This includes an APM basis decrease in financial assets and liabilities held at fair value of \$(777) million (2021: \$218 million increase), an Unrealised Divestment Fee of \$(1) million (2021: \$45 million), non-recurring expenses of \$18.5 million (2021: \$7 million), change in liability towards Tax Receivables Agreement of \$19 million (2021: \$7 million), a reduction in deferred tax of \$56.4 million (2021: \$13 million increase) and excludes an expected payment towards the Tax Receivables Agreement of \$31.2 million (2021: \$3 million).

The Company's Adjusted Profit after tax was \$273 million (2021: \$98 million), aided by the new and follow on investments in Partner-firms. The Company's Adjusted EBIT for the year was \$336 million (2021: \$106 million), resulting in an Adjusted EBIT margin of 89% (2021: 87%). 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 Adjusted EBIT margin and significant cash flow.

Dividends

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

Based on the financial results for the year, the Board has proposed a dividend of \$125 million or 11 cents per Ordinary Share to be approved by Shareholders at the AGM on 24 May 2023. This dividend, when combined with the interim dividend declared of 3.5 cents per Ordinary Share, totals 14.5 cents per Ordinary Share for 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 have the option to elect for payment in either GBP or EUR.

Progressive dividend policy

APM Basis Investments at Fair Value through Profit and Loss

	2022 \$m	2021 \$m
At beginning of year/period	5,524	–
Initial acquisition at 28 September 2021	–	4,843
Investments (includes new, follow on, and prior commitments, net of disposals)	212	463
Change in fair value of investments through profit and loss APM basis	(777)	218
At end of year/period	4,959	5,524

The fair value of the Company's investments in Partner-firms APM basis at 31 December 2022 was \$4,959 million (2021: \$5,524 million). 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 approaches. In valuing the investments, key assumptions include estimates of future AuM growth, expected management and performance fee 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 \$(777) million for the year ended 31 December 2022 (2021: \$218 million). The reduction in fair value was primarily due to the impact of higher interest rates on discounted cash flow valuations and the decline in valuation multiples of comparable businesses. See Note 4 in the Notes to the Consolidated Financial Statements on page 98 for additional information.

Investments in Money Market Funds

The Company had \$483 million invested in money market funds at 31 December 2022 (2021: \$453 million) with a AAA credit rating.

Deferred Payment Obligations and Notes

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 has \$500 million of long-term, unsecured debt with an effective interest rate of 6.2% and a range of maturities between seven and 20 years. This debt was issued in 2022 and the proceeds were used to retire \$350 million of notes outstanding at the time. The finance cost for the year ended 31 December 2022 was \$46 million (2021: \$5 million), which included \$17 million in non-recurring costs resulting from the retirement of \$350 million of debt. Refer to note 2.xvi on page 92 and notes 11 and 12 on page 105 in the Notes to the Consolidated Financial Statements.

Tax Receivables Agreement

The Company entered into a Tax Receivables Agreement as part of the Initial Acquisition on 28 September 2021. The agreement provides 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, and the taxes due had there been no step-up in tax basis from the Initial Acquisition. The Company expects these payments to arise over a period of 15 years. The value of these estimated payments is \$186 million (2021: \$167 million) assuming a 18% discount rate and using the Company's most recent projections relating to the estimated timing of the payments. The change in liability for the Tax Receivables Agreement was \$19 million (2021: \$7 million). The expected payment for 2022 related to the Tax Receivables Agreement is approximately \$31 million. Refer to note 3 in the Notes to the Consolidated Financial Statements on page 97 for additional information.

Operating Expenses

Operating expenses were \$42.8 million (2021: \$68 million). Included in the operating expenses for 2022 was a non-recurring amount of \$1.2 million related to the IPO and a \$1 million credit related to the Fee payable on the divestment of investments.

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. At 31 December 2022, the Fee payable on divestment of investments was \$44 million (31 December 2021: \$45 million). No payment was made in 2022.

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 year was \$28 million (2021: \$9 million).

The Directors' fees for the year were \$1.5 million (2021: \$1.0 million).

The Adjusted EBIT margin for 2022 was 89% (2021: 87%) reflecting the relatively low cost to operate the Company.

Finance Cost

Finance cost was \$46 million (2021: \$5 million). Included in the finance cost for 2022 is an amount of \$5.5 million (31 December 2021: \$0.2 million) of imputed interest relating to deferred payment obligations and a non-recurring charge of approximately \$17 million resulting from the retirement of \$350 million of debt. On 28 September 2021 the Company acquired \$350 million of private placement debt with a fixed rate of 5% and a maturity of 2039 as part of the Initial Acquisition. This was replaced with \$500 million of private placement unsecured loan notes during 2022, at an effective interest rate of 6.2% and maturities between seven and 20 years. Refer to notes 11 and 12 in the Notes to the Consolidated Financial Statements on page 105 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

	2022 \$m	2021 \$m
<i>Analysis of tax on profit</i>		
Current tax	4.2	–
Corporate tax	–	–
Deferred taxation	(56.4)	12.6
Current year	–	–
Tax (credit)/expense	(52.2)	12.6

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 year ended 31 December 2022 was \$31 million (2021: \$3 million).

The tax and related expenses for the year were \$35 million (2021: \$3 million) and the Adjusted tax and tax related expense rate was 11.5% (2021: 3.3%). These amounts represent current taxes payable in addition to any expected payments under the Tax Receivables Agreement for the year 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 and Investment Policy. There was \$483 million invested in money market funds (31 December 2021: \$453 million) and \$98 million of cash and cash equivalents at 31 December 2022 (31 December 2021: \$69 million APM basis).

Capital

As at 31 December 2022, the Company's issued share capital comprised of 1,135,399,597 Ordinary Shares (31 December 2021: 1,156,696,028).

Total Shareholders' funds was \$4,719 million at 31 December 2022 (31 December 2021: \$5,296 million). At 31 December 2022, there was a retained loss of \$(329) million (31 December 2021: \$248 million profit). This retained loss primarily resulted from the change in fair value of investments for the year of \$(807) million and does not have an impact on the realised profits.

In 2022, the Company paid dividends totalling \$70 million and bought back Ordinary Shares totalling \$50 million resulting in a reduction to capital of \$120 million in the form of a capital return to Shareholders.

Approximately 76% of Petershill Partners shares are held by long dated private funds managed by Goldman Sachs Asset Management. Goldman Sachs Asset Management is the manager of these shares and exercises discretion over how and when they could be sold in the future, on behalf of the investors in those funds.

Petershill Partners 2022 New Acquisitions

Partner-firm	Committed	Aggregate Partner-firm AuM	Aggregate Fee-paying AuM
LLR Partners	\$40m	\$5bn	\$3bn
SLR Capital Partners	\$40m	\$3bn	\$3bn
Total	\$80m	\$8bn	\$6bn

M&A and Overview of Acquisitions made in 2022

In 2022, the Company completed three acquisitions of interests in private equity firms. These included a "follow-on" investment of additional equity in Kayne Anderson Real Estate, plus two new Partner-firms that were also acquired in the Petershill IV private fund. These acquisitions, combined, contributed \$8 billion to Aggregate Partner-firm AuM and \$6 billion to Aggregate Fee-paying AuM. The three acquisitions by the Company relate to the following Partner-firms:

Kayne Anderson Real Estate was founded in 2007 and is based in Boca Raton, USA.

LLR Partners is a lower middle market private equity firm investing in technology and healthcare businesses. LLR was founded in 1999 and is based in Philadelphia, USA.

SLR Capital Partners LLC is an independent boutique asset manager focused on direct lending with expertise across a range of primarily senior secured financing solutions for U.S. middle market companies. SLR was founded in 2006 and is based in New York, USA.

Partner-firm Full Year Performance

Key Operating Metrics

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

In 2022, fundraising momentum accelerated across the Company's Partner-firms with aggregate Partner-firm AuM growing 21% year-on-year to \$283 billion. Aggregate Fee-paying AuM rose by 23% year-on-year to \$194 billion. Ownership weighted AuM at 31 December 2022 amounted to \$36 billion (31 December 2021: \$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 full year Partner Distributable Earnings of \$370 million, despite the challenging environment.

Petershill Partners is not reliant on any one firm, one fund-raising, one track record, or one brand. Our approach is to invest in a range of high quality, high performing alternative asset management firms, who manage a diverse range of funds, giving the Company stable, high quality, recurring earnings.

Our total AuM at year-end comprised over 200 funds, spanning private equity, absolute return and other private capital funds, each with an average life cycle of 8+ years. That means their capital is locked in for an average duration of 8.9 years, generating recurring management fees and the opportunity for meaningful profit participation throughout this time. We believe our long-term approach differentiates us and provides for enhanced alignment with the key principals at each Partner-firm and, as a result, allows the Company to participate in their 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 1% year-over-year to \$213 million (2021: \$211 million), reflecting a 62% partner FRE margin (2021: 69%) on \$342 million of partner net management and advisory fees (2021: \$307 million). Higher costs due to Partner-firm fundraising and team expansions contributed to the reduction in the Partner FRE margin year over year. Despite the challenging environment, we are pleased with the performance of the Partner-firms. In 2022, the Partner Blended Net Management Fee Rate was 1.41% (2021: 1.54%).

Partner Realised Performance Revenues (PRE)

PRE, which represents direct participation in the upside performance of Partner-firms' funds and products rose year-over-year to \$132 million for 2022 (2021: \$129 million) in difficult market conditions and despite a relatively unattractive realisation environment. This was largely due to the strong investment performance of our absolute return strategies. Overall, approximately 26% of the partner revenue in 2022 came from PRE (2021: 27%), highlighting the diverse nature of the Company's financial profile.

Partner-firms manage a variety of 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 an expected 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.

We feel that Partner Private Markets Accrued Carried Interest is an important indicator of future PRE. Partner Private Markets Accrued Carried Interest was \$611 million at 31 December 2022.

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. This totalled \$25 million in 2022, declining 40% from \$42 million, reflecting the more difficult 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 2022, there were record levels of activity, bringing year-to-date interactions to 314 projects and interactions with Partner-firms.

Petershill Partners Operating Metrics

		31 December		
		2022	2021	Δ
Aggregate Partner-firm AuM	(\$bn)	283	234	21%
Aggregate Fee-paying Partner-firm AuM	(\$bn)	194	158	23%
Partner Blended Net Management Fee Rate	(%)	1.41%	1.54%	-13 bps
Implied Blended Partner-firm FRE Ownership	(%)	13.5%	14.2%	-70 bps
Partner Net Management and Advisory Fees	(\$m)	342	307	11%
Management Fees	(\$m)	337	292	15%
Fee Offsets	(\$m)	(16)	(25)	(36)%
Transaction and Advisory Fees	(\$m)	21	40	(48)%
Partner Fee Related Expenses	(\$m)	(129)	(95)	36%
Partner FRE	(\$m)	213	211	1%
Partner Realised Performance Revenues (PRE)	(\$m)	132	129	2%
Partner Realised Investment Income	(\$m)	25	42	(40)%
Partner Distributable Earnings	(\$m)	370	382	(3)%
Partner FRE Margin	(%)	62%	69%	-7 pts
Partner Distributable Earnings Margin	(%)	74%	80%	-6 pts
Partner Realised PRE as a percentage of Partner Revenue	(%)	26%	27%	-1 pt
Partner Realised PRE over Average Aggregate Performance Fee Eligible Partner-firm AuM*	(bps)	5.6 bps	7.7 bps	-2.1 bps

* Realised Performance Fee Revenues for the period divided by the Average Aggregate Performance Fee Eligible Partner-firm AuM. The Average Aggregate Performance Fee Eligible Partner-firm AuM represents the average of the beginning and ending period stated.

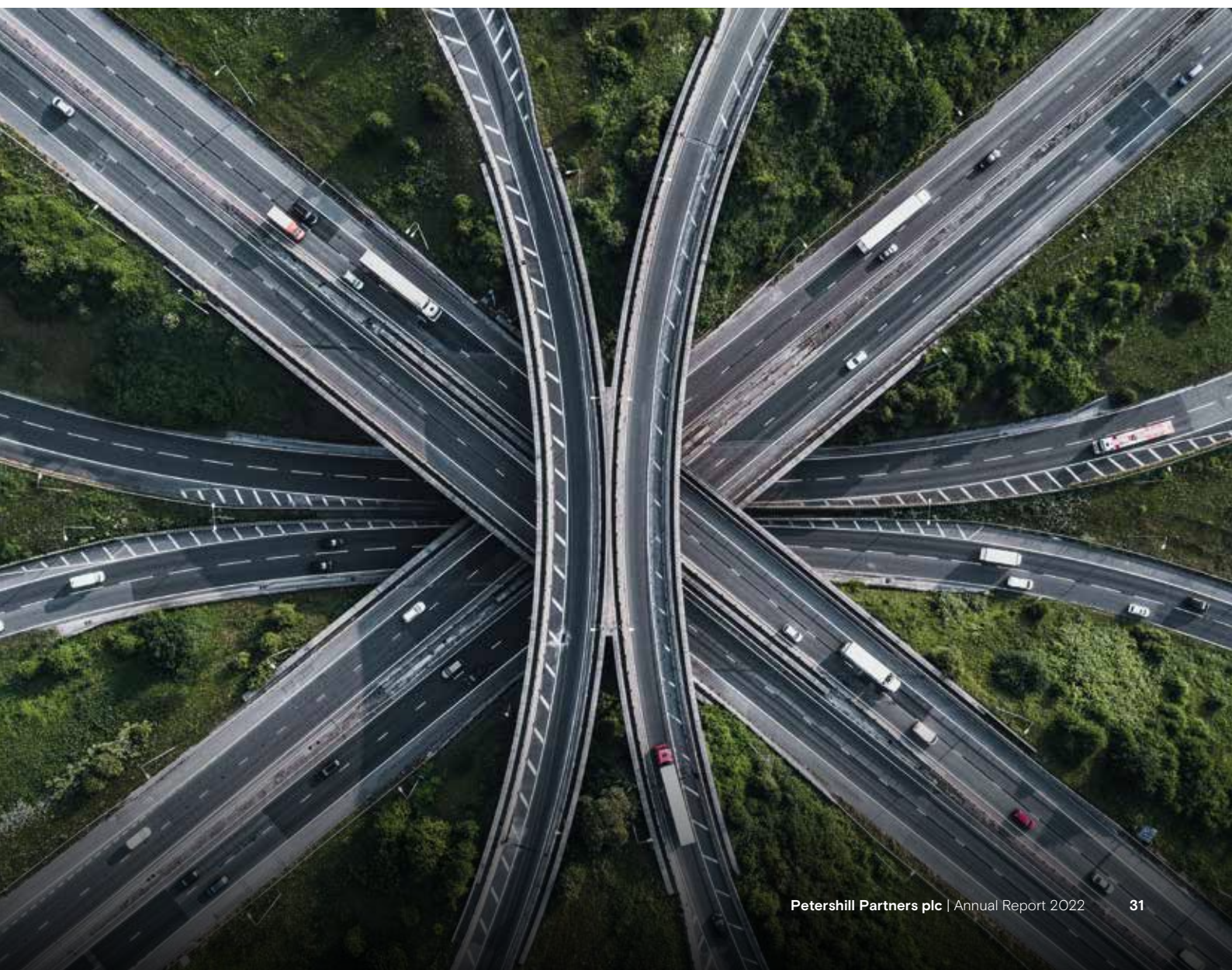
Petershill Partners Operating Metrics***

		31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	FY 2022** Δ
Aggregate Partner-firm AuM	(\$bn)	283	282	266	266	234	21%
Aggregate Fee-paying Partner-firm AuM	(\$bn)	194	189	184	184	158	23%
Average Aggregate Fee-paying Partner-firm AuM*	(\$bn)	178	169	159	153	142	25%
Aggregate Performance Fee Eligible Partner-firm AuM	(\$bn)	259	256	241	241	208	25%
Average Aggregate Performance Fee Eligible Partner-firm AuM*	(\$bn)	236	220	204	187	167	41%
Additional metrics:							
Partner Private Markets Accrued Carried Interest	(\$m)	611	644	700	710	649	(6)%
Investment Capital	(\$m)	383	398	395	369	369	4%

* Average Aggregate AuM figures represent the twelve month mean and use the start and each quarter end of the reporting period adjusted for acquisitions and dispositions where applicable.

** Percentage change relative to 31 December 2021.

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



Tracking Our Progress

Petershill Partners uses several key performance indicators or Operating Metrics to measure the progress and performance of the Company over time. The Operator and Company use these key Operating Metrics and APMs to help evaluate trends and assess the performance of our Partner-firms and the Company.

At the start of our second financial year, we began the process of benchmarking our KPIs to targets.

Growth

Aggregate Partner-firm AuM OM
At 31 Dec 2022

2022	\$283bn
2021	\$234bn
2020	\$150bn

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

Aggregate Fee-paying Partner-firm AuM OM
At 31 Dec 2022

2022	\$194bn
2021	\$158bn
2020	\$133bn

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

2022 Acquisitions IFRS OM

\$180m
(2021: \$458m)

The Company's organic Partner-firm growth prospects are complemented by inorganic growth opportunities through the acquisitions of additional Partner-firm interests. 2022 guidance for acquisitions was \$100-300 million across three to six transactions, and we met this target.

Investments in Partner-firms at Fair Value IFRS
At 31 Dec 2022

\$5.0bn
(2021: \$6.0bn) APM

The fair value of the investments in Partner-firms represents the current value of the Company's investments. The net value is attributable to Shareholders. For 2021 this was on an APM basis, see page 134 for explanation.

Profitability

Adjusted EBIT APM
At 31 Dec 2022

\$336m
(2021: \$106m)

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

Profit (Loss) Before Tax IFRS
At 31 Dec 2022

\$(505)m
(2021: \$261m)

The profit before tax is a measure of profitability of the Company and a KPI.

Partner FRE OM
Full year 2022

2022	\$213m
2021	\$211m
2020	\$156m

Partner FRE is a meaningful measure of the management fee-related earnings of the Partner-firms.

Comparative period figure is full year 2021.

Partner Distributable Earnings OM
Full year 2022

2022	\$370m
2021	\$382m
2020	\$243m

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

Diversification

Number of Partner-firms ^{OM}
At 31 Dec 2022

25
(2021: 23)
(at IPO: 19)

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

Partner-firm Funds ^{OM}
At 31 Dec 2022

220

2022	220
2021	212
2020	174

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

Partner FRE Concentration by Largest Fund ^{OM}
At 31 Dec 2022

8.6%
(2021: 7.0%)

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

Quality of Partner-firm Earnings

Weighted Average Capital Duration ^{OM}
At 31 Dec 2022

8.9 years
(2021: 8.1 years)

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

Partner Realised PRE as a Percentage of Partner Revenue ^{OM}
Full year 2022

26%
(2021: 27%)

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

Key

- ^{APM} Alternative Performance Measure
- ^{IFRS} International Financial Reporting Standard
- ^{OM} Operating Metric

The Glossary of Capitalised Defined Terms on pages 126 to 127 and Glossary of Key Operating Metrics on pages 131 to 133 includes definitions of the APMs and reconciliation to the relevant IFRS measures.

The 2021 comparative period is 24 March 2021-31 December 2021.

Stakeholder Engagement

The Company's stakeholders are key to our long-term success. The importance of each key stakeholder and the Board's engagement with them are described below. Highlights of some of the principal decisions that have been made as a result of this engagement can be found within the section 172 statement as outlined on pages 36 and 37. Given the Company has no employees and the Directors have all been appointed on a Non-Executive basis, it must rely upon the Operator to perform certain executive functions and other third-party service providers, including the Administrator, to perform other administrative and operational functions.

Stakeholder	How the Board engages
Shareholders, prospective Shareholders and lenders support critical to our success	<ul style="list-style-type: none"> receives updates from the Operator at every Board meeting on investor relations, with a comprehensive report delivered twice a year engages regularly with the Company's corporate brokers, and receives frequent market and trading updates communicates with Shareholders and lenders through the Operator; with financial reporting and updates published on the Company's website meets Shareholders through general meetings the Chairman has met with and continues to be available to meet with Shareholders holds strategy meetings to ensure the Board is acting in Shareholders' and lenders' best interests
Goldman Sachs Asset Management (the Operator) fundamental to the business model and overall strategy	<ul style="list-style-type: none"> oversees the performance of investment management services that are integral to the Company's operations and financial performance active dialogue and regular meetings with the Operator open, respectful, and clear communication, with constructive challenge and a strong partnership ethos detailed monitoring of the Partner-firms and investment process strategic planning with the common goal of helping the Company fulfil its purpose visits the Operator's offices requests ad-hoc meetings and updates as necessary works with the Operator to evolve Board reports and share insights
Community full support of ESG as integral to the Company's success	<ul style="list-style-type: none"> addresses service providers' ESG policies and initiatives <p>For additional information on the impact of the Company's operations on the community and the environment, please refer to pages 38 and 39.</p>
Partner-firms effective relations to facilitate growth	<ul style="list-style-type: none"> maintains regular dialogue with the Operator on partnerships receives formal Partner-firm performance review from the Operator
Service providers effective relations to foster compliant and efficient operations	<ul style="list-style-type: none"> maintains regular interaction as part of the provision of services receives reports from core service providers at Board meetings formal performance review conducted annually receives updates from the Operator on dialogue with lenders and service providers
Regulators effective relations to comply with all regulations	<ul style="list-style-type: none"> engages with regulators in a transparent manner, completing required filings and other submissions and acts responsively and thoughtfully in relation to any inbound queries

Engagement with Shareholders

The Company reports to Shareholders in a number of formal ways, including its Annual Report, interim report and regulatory news releases, all of which are approved by the Board. The AGM, detailed below, is used as a forum for the Board and Operator to communicate Company performance and future plans and prospects. It is expected that all members of the Board will be in attendance and will be available to answer any Shareholder questions. The Company's website contains comprehensive information for Shareholders and provides regular market commentary at www.petershillpartners.com.

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

Employees, Social, Human Rights, Environment and Community Issues

The Board has a responsibility to help protect, preserve and promote human rights around the world. The Board supports statements made by the Operator's parent company, The Goldman Sachs Group, Inc., on human rights, modern slavery, and human trafficking. As the Company has outsourced operations to third parties, there are no significant greenhouse gas emissions or other environmental matters to report in relation to the operation of the Company. The Board encourages all service providers associated with the Company to consider matters of ESG, including diversity and inclusion, and report on progress to the Board annually.

Acquisition Strategy and Investment Policy

The Company seeks to achieve its investment objective through acquiring stakes in alternative asset managers, via direct investments representing a non-controlling ownership position. The Operator adopts a responsible investing approach which takes into account the Company's ESG principles and strategy, as outlined on pages 38 and 39. The Board has reviewed and approved the Acquisition Strategy and Investment Policy pages 22 to 24. The Company reports to Shareholders through regulatory news releases, using the London Stock Exchange Regulatory News Service and interim and annual reports. Significant new investments are announced promptly, and portfolio updates, realisations, valuation updates and distribution announcements are all communicated in a timely manner through these means.

Dividend Policy

The Board has reviewed the Company's dividend policy, as set out on page 27, during the year and agreed that it remained appropriate. The Board proposes a final dividend of 11 cents per share to be approved by Shareholders at the AGM on 24 May 2023, delivering a full year dividend of 14.5 cents per share to the Company's Shareholders.

2023 Dividend Timetable	
Dividend Announcement	Tuesday, 28 March 2023
Ex-Dividend Date	Thursday, 11 May 2023
Record Date	Friday, 12 May 2023
Currency election	Friday, 26 May 2023
Payment Date	Friday, 16 June 2023

Board Committees

The Audit and Risk Committee, Nomination Committee, Remuneration Committee and Management Engagement Committee were formed in order to establish a good corporate governance framework for the Company. The Chairperson of each Committee attends the AGM to answer any questions on their Committee's activities. More information on the Committees' activities can be found on pages 54 to 56.

AGM

The AGM of the Company will be held at 1.00 pm (BST) on Wednesday, 24 May 2023 at the Goldman Sachs London office. Details of the resolutions to be proposed at the AGM, together with explanations, appear in the notice of meeting available on the Company's website www.petershillpartners.com. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the AGM.

Employees and Officers of the Company

The Company does not have any employees and therefore employee policies are not required and it is not possible to provide a breakdown of the split between employees and senior managers. The Directors of the Company are detailed on pages 48 and 49. As at the date of this report, the Board comprises three men and two women, all of whom are Non-Executive Directors who are considered to be independent of the Operator and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Directors’ Responsibilities Pursuant to Section 172 of the Companies Act 2006

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

Details of the Company's key stakeholders are set out on page 34. In particular, the Directors recognise the importance of acting in a way that promotes the long-term success of the Company for the benefit of its members as a whole.

Key decisions are those that are material or of strategic importance to the Company or are significant to any of the Company's key stakeholders, as described on page 34. The below key decisions were made or approved by the Directors during the year, with the overall aim of promoting the long-term success of the Company for the benefit of its members as a whole, while considering the impact on its members, stakeholders and the wider society. For more information on the approach to ESG please see pages 38 to 39.

Key decisions made by the Board in 2022	Considerations of factors set out in section 172(1) in the decision-making process	Outcomes as a result of these considerations
Capital structure: Share capital	<p>In considering proposals put forward by the Operator, the Board considered the complexity of the existing capital structure and how simplifying it would contribute to the Company's long-term strategy, while having regard to its Shareholders, the Operator, Partner-firms, regulators, and other service providers.</p> <p>The Board was mindful of the regulatory requirements involved and engaged advisors such as corporate brokers, external legal counsel, and other service providers to provide advice and support throughout the process.</p> <p>The first step in simplifying the Company's structure was to redeem the Company's 50,000 deferred shares, leaving Ordinary Shares only, which was completed on 24 May 2022.</p> <p>The Board received assurances from the Operator by way of generally positive market feedback and reflected on 2023 voting guidance from proxy advisory firms, which satisfied the Board that such events were common across the market and were a positive demonstration of capital efficiency.</p>	<p>The primary outcome was the creation of an optimal capital structure that gives the Company more flexibility to deliver value to Shareholders.</p> <p>The Company's capital structure is now simpler and more closely mirrors its peers, contributing to the long-term success of the Company.</p> <p>MORE INFORMATION ON THE DELIVERY OF OUR STRATEGY AND OUR BUSINESS MODEL CAN BE FOUND ON PAGE 6.</p>
Capital structure: Debt refinancing	<p>The Board received reports from the Operator's lending team to ensure the Directors were adequately apprised of the technical complexities of refinancing debt. They were mindful of the regulatory requirements involved and engaged advisors such as corporate bankers, external legal counsel and other service providers to provide advice and support throughout the process.</p> <p>In making their decisions, the Directors considered the Company's investors and the wider stakeholder base, and the benefits of restructuring the existing debt to increase the Company's borrowing power and financial flexibility.</p> <p>With the support of the Board, the Company (through its wholly owned subsidiary Petershill Partners, Inc.) successfully placed \$500 million private placement senior unsecured loan notes with a group of institutional investors. The majority of the net proceeds were used to repay \$350 million in existing secured indebtedness, increasing flexibility and extending the maturity profile of the Group's debt.</p>	<p>Enhancing the capital structure was beneficial as the credit rating and debt capital structure increased flexibility and enabled enhanced access to bank financing and improved financial leverage as well as providing additional finance options for new acquisitions.</p> <p>MORE INFORMATION CONCERNING THE PLACEMENT CAN BE FOUND ON PAGE 28.</p>

Key decisions made by the Board in 2022	Considerations of factors set out in section 172(1) in the decision-making process	Outcomes as a result of these considerations
<p>ESG: Framework</p>	<p>ESG is an important area of focus for the Company and the Board considers it important to ensure that steps taken are sensible and proportionate in order to ensure compliance and competitiveness of the Company and to avoid green washing. With this in mind the Operator engaged an external provider to advise on, and help formulate, an appropriate ESG framework for the Company.</p> <p>An independent gap analysis was conducted which looked at applicable regulations across the UK, US and EU, as well as relevant guidelines, standards and frameworks that the Company could consider developing alignment to on a voluntary basis.</p> <p>As a Shareholder value focused Company, the Board is interested in understanding how a broader ESG strategy could fit into its unique operating model. Transparency and integrity in reporting is a top priority for the Board, for the benefit of investors and the wider stakeholder base. The Board is interested in the indirect impact of the Company's operations and has discussed minimum standards expected of our partners and suppliers, and as such applicable changes will be made to the Company's onboarding processes.</p> <p>The Company intends to stay ahead of the ever-changing regulatory environment, with the view that this readiness will ensure a smooth transition into compliance or early adoption in future. As such, ESG continues to be an important standing agenda item for the Board.</p>	<p>The current primary outcome, taking the long-term aspirations of the Board into consideration, was embedding ESG as a strategic objective.</p> <p>As part of the ongoing project, the Board, with the support of the Company Secretary, is introducing an ESG specific training programme for Board members, to encourage a progressive and continuing appreciation of the ESG agenda.</p> <p>The desired outcome is to manage a considerate and low impact Company, attracting the discerning investor through a best practice approach to ESG.</p> <p>MORE INFORMATION CONCERNING ESG CAN BE FOUND ON PAGES 38 AND 39.</p>
<p>ESG: Diversity and inclusion</p>	<p>During the year, the FCA's new disclosure rules in relation to positive diversity targets (contained in Listing Rule 9.8.6R(9)) took effect. The Board, in assessing the Company's responsibilities, considered the challenges posed by the Company's unique structure. The Board has acknowledged that, as set out on page 56, whilst the Company does not yet meet the target in relation to senior board positions, such targets were not specifically designed for companies without executive directors. Nonetheless, planning is underway to ensure that clear parameters are set for future recruitment as part of succession planning.</p> <p>The Board has also sought assurance from the Operator, Administrator and Company Secretary concerning their approach to diversity and inclusion. It is important to the Board that they engage with providers that share its outlook and make commitments to improve where necessary and deliver on those promises.</p>	<p>The Board approved a Company specific diversity policy drawing on the FCA's new diversity reporting targets and the future aspirations of the Board, which will be reviewed at least once a year.</p> <p>MORE INFORMATION CONCERNING DIVERSITY AND INCLUSION CAN BE FOUND ON PAGE 56.</p>
<p>Dividend policy and payments</p>	<p>The Board reviewed the Company's dividend policy during the year and agreed that it remained appropriate.</p> <p>In determining the appropriateness of the dividend policy, the Board considered the interests of all its stakeholders, ensuring a balance between the short-term expectation of returns to Shareholders and the longer-term growth opportunities and capital needs of the Company.</p>	<p>The Board continues to maintain a progressive dividend policy which will reflect earnings growth over time. The Board proposes a final dividend of 11 cents per share to be approved by Shareholders at the AGM on 24 May 2023.</p> <p>MORE INFORMATION ON THE DIVIDEND POLICY CAN BE FOUND ON PAGE 27.</p>

Environmental, Social and Governance (“ESG”) at Petershill Partners

At Petershill Partners, we recognise that there is a global focus on ESG and sustainability. Consumers are increasingly incorporating sustainability into their purchasing decisions; corporations are publicly committing to become carbon neutral; employees are insisting on corporate leadership on ESG topics; and investors are driving growth in ESG-oriented investment products. We understand that considering the ESG characteristics and long-term sustainability of assets can reduce investment risk and enhance long-term returns. The global shift towards ESG and sustainability means that the asset management industry must also change the way it operates and makes investment decisions.

As an investment company without employees or physical operations, Petershill Partners does not itself engage in operations that directly impact the environment or the community. It is not subject to requirements to make climate-related financial disclosures under the Listing Rules, Companies Act 2006 or the EU Sustainable Finance Disclosure Regulation ((EU) 2019/2088) (“SFDR”). However, the Board has recognised that it can reflect an acknowledgement or a commitment to sustainability in its choice of certain vendors or service providers who act on its behalf.

ESG Integration into the investment process

The Board of Petershill Partners believes that businesses which promote and embrace ESG will be more successful over time, and therefore support the Operator in its effort to incorporate an ESG strategy into the investment process.

The investment team considers ESG risks and opportunities as part of the acquisition due diligence process. All investment proposals submitted to the Petershill Investment Committee for consideration include an assessment of ESG among many factors and, where appropriate, are also assessed against an internal five factor ESG framework to derive a blended ESG score. This includes the following factors:

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

Goldman Sachs’ and Goldman Sachs Asset Management’s Partnerships and Affiliations

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

The Operator’s Approach to ESG at Petershill Partners

The Operator focuses on sustainability throughout its business



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



- ESG-focused modules are produced by our General Partner Services team, which is focused on value creation
- Sharing of industry best practices through diagnostic exercises which help identify potential development opportunities
- Development of a framework for collecting information on ESG practices at our Partner-firms, to incorporate this into our ongoing monitoring of investment performance

Further to the above five factors, the investment committee may reflect diversity, equity, and inclusion (“DEI”) considerations in its investment process where appropriate, applicable and such information is reliably available.

In addition, pursuant to the Operator Agreement, the Operator from time to time consults with the Petershill Investment Committee, who abide by regulations set forth in the Operator’s broader Goldman Sachs policies. For example, Goldman Sachs’ Firmwide Reputational Risk Committee (“FRRC”) maintains a List of Prohibited Transactions, which sets forth transactions that are prohibited by Goldman Sachs. The FRRC is also responsible for maintaining an Escalation Criteria Grid (the “Grid”), which sets forth the types of transactions that would need to be escalated to the FRRC. The List of Prohibited Transactions and the Grid are constantly monitored and may be amended from time to time.

Ongoing Partner–firm Engagement on ESG

After an investment has been made, management teams at our Partner-firms can request the support of the Petershill GP Services team on a range of issues. These could include support with ESG matters such as the integration of best-practice ESG policies, processes and systems within their business. The integral relationship the Operator has with Goldman Sachs provides access to extensive resources in addressing this important topic.

The Operator is actively developing a framework for collecting information on ESG practices at our Partner-firms, with the aim of incorporating this into its ongoing monitoring of investment performance.

Please note that the Petershill Partners portfolio does not promote environmental or social characteristics and does not have sustainable investment as its investment objective. It does not commit to environmental or social targets and does not score or assess its portfolio assets with reference to any sustainability themes including environmental or social factors. For the purposes of the EU Sustainable Finance Disclosure Regulation disclosure is made with reference only to the integration of sustainability risk in the investment decision making process. The above information should be read in this context.

ArcLight

ArcLight Capital Partners is a leading private equity firm focused on providing decarbonising energy solutions with a strong ESG focus.

In August 2022, ArcLight announced that it had entered into an agreement to acquire five windfarms in Pennsylvania and West Virginia, with an operating capacity of 185MW: enough energy to power over 30,000 homes in the US.

Acquired

5 windfarms

in Pennsylvania and West Virginia

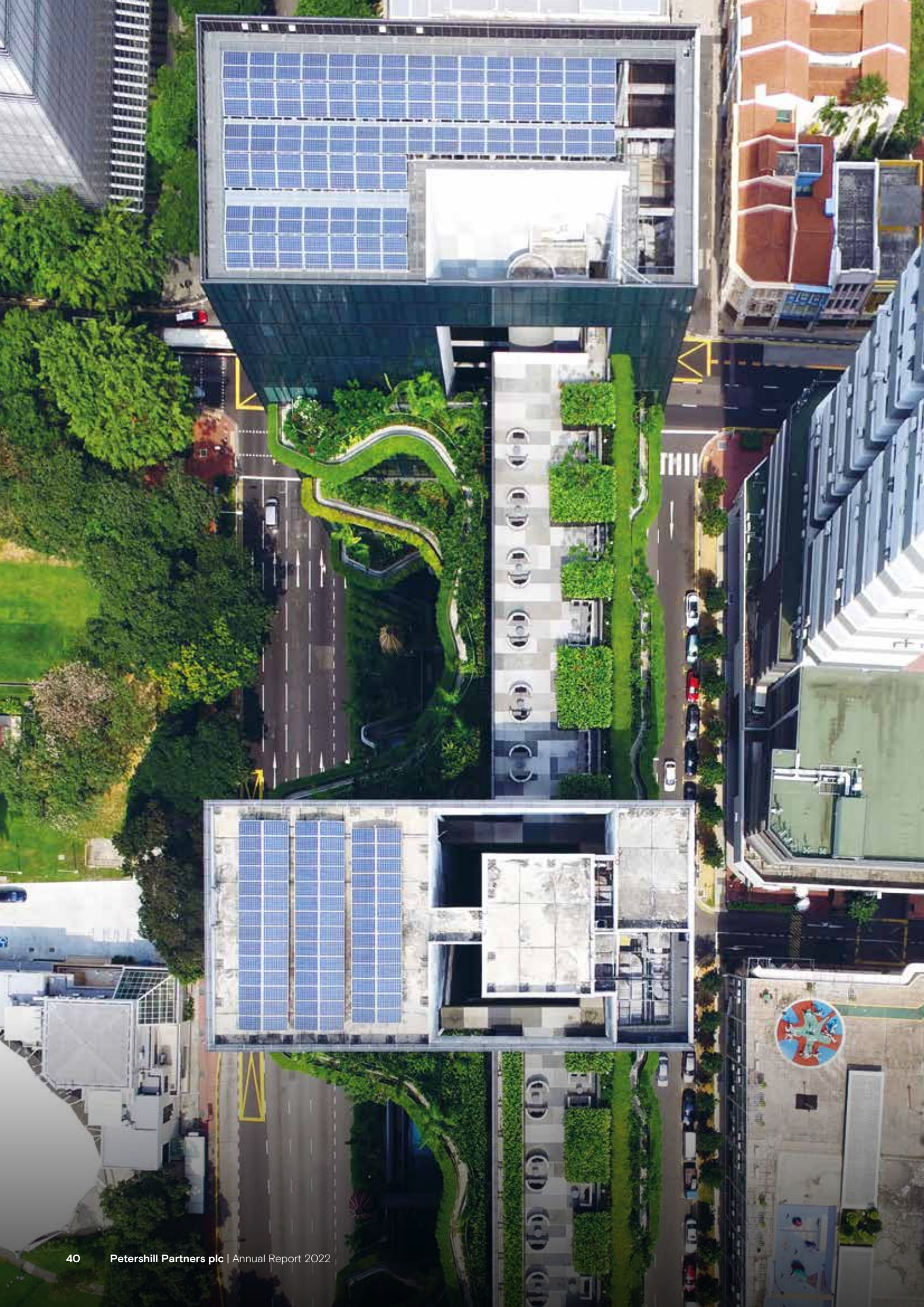
An operating capacity of

185MW

enough energy to power
over 30,000 homes in the US

ARCLIGHT





Principal Risks and Uncertainties

Risk Management

Our Risk Management Approach

The Board believes a good risk culture enables effective management of risk. An open and transparent environment which encourages the Operator and the Company's other service providers to embrace risk management is critical to the achievement of the Company's strategic objectives. Our cultural framework is set out on page 61.

On behalf of the Board, the Audit and Risk Committee reviews the effectiveness of the Group's risk management processes, focusing on the assessment of current identified principal risks and the process to identify emerging risks. The Audit and Risk Committee, with support from the Operator, carries out a robust assessment of the principal and emerging risks facing the Group by providing a risk matrix to the Board for review and discussion, on an annual basis, and also as and when it is thought necessary by the Audit and Risk Committee and the Board. The Operator prepares the risk matrix, which sets out the key risks faced by the Group, their likelihood and impact, and the associated control procedures and mitigating measures. This is primarily achieved through the Risk and Control Self-Assessment ("RCSA") process. The Audit and Risk Committee reviews the risk matrix, providing an independent assessment, oversight and challenge of the risks identified. The Audit and Risk Committee also monitors and reviews the adequacy and effectiveness of internal control and risk management systems and advises the Board on the Group's overall risk appetite.

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

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

Principal Risks and Uncertainties







The Company's underlying investments are high-risk and illiquid assets within the alternative investment industry. Its principal risks are therefore related to revenue generated by the alternative asset managers in which the Company invests and the performance of the Partner-firms, their funds, and the products they manage. The Operator seeks to mitigate these risks through active engagement and action as outlined in the Acquisition Strategy and Investment Policy (pages 22 to 24) and by carrying out due diligence work on potential targets before entering into any investments. The Company's business model involves the acquisition of non-controlling investments in independent Partner-firms, and, although the Company has certain controls as part of contractual rights, the Company does not control the risk tolerance of the underlying Partner-firms.







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

For each risk, the likelihood and impact are identified, management controls and frequency of monitoring are confirmed, and results are reported to and discussed by the Audit and Risk Committee on at least an annual basis. The Audit and Risk Committee has reviewed the Group's risk management process and has evaluated the principal and emerging risks, which are discussed on pages 42 to 45.

Principal Risks and Uncertainties *continued*

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

Strategy / Investment Risk	Description/Impact	Mitigating Measures	Residual Risk	Trend
1. Alternative Assets Industry Risk	The alternative investments industry may not grow at the same rate as it has in the past, in line with forecasts or at all. If the alternative investments industry does not grow sufficiently, whether as a result of evolving laws and regulation or any other risk, the Company's investments may not produce attractive returns and the Operator may not be able to identify additional investment targets on suitable terms or at all. In addition, industry dynamics could negatively impact the fee rates that managers in the alternative investments industry are able to charge, which could negatively impact the Company's income from Partner-firms derived from management fees.	The Company's revenue streams are diverse and are composed substantially of income from Partner-firms derived from management fee income on contractually committed, long-dated assets, therefore minimising the concentration of risk. Investments in Partner-firms span multiple asset classes providing diversification within the alternative asset industry. The Company has limits on how much any new investment may represent as a percentage of Partner FRE or the Company's gross assets. Board approval is required when proposed acquisitions exceed 12% of the Company's market capitalisation. The Company monitors its exposure to the different asset classes which it is exposed to.		
2. Partner-firm Revenue Risk	The Company's revenue is largely dependent on the management fees generated by the Partner-firms in which the Company invests. The Company's revenue is also largely dependent on the performance of their funds and the products they manage, as well as the growth and profitability of their businesses. The Company is therefore exposed to the risk that the Partner-firms may not be able to generate adequate management fees and performance fee related earnings. Additionally, the investments made by the Partner-firms include high-risk, illiquid assets. The Partner-firms may not be able to sell or otherwise dispose of investments in their funds when they desire and therefore may not be able to realise the full value of such investments, resulting in impact to performance related fees.	While Partner-firm specific revenue risk cannot be eliminated, it can be reduced by diversifying the Company's investments across different Partner-firms. The Operator monitors the concentration of revenue quarterly. A significant amount of the Company's revenues are derived from a capital base that is long-term. The Company has limits on how much any new investment may represent as a percentage of Partner FRE or the Company's gross assets. Board approval is required when proposed acquisitions exceed 12% of the Company's market capitalisation. The Company monitors its exposure to the different asset classes which it is exposed to.		
3. Investment Diligence Risk	The due diligence process that the Operator undertakes in connection with investments may not reveal all facts that may be relevant in connection with an acquisition. Any shortcomings in the due diligence process in respect of the Company's investments, including as a result of fraud by the seller or target, could result in diminished returns or losses on the acquisitions by the Company compared to the financial projections used when evaluating such partnership.	Investment decisions are underpinned by an established and rigorous investment due diligence process to determine the feasibility and attractiveness of an investment. The Operator has a track record of evaluating and undertaking due diligence exercises on non-controlling stakes in alternative asset managers, and also extensive expertise in negotiating and structuring bilateral contracts which govern the minority investor rights. For each potential acquisition, the Operator conducts due diligence of the following types: Partner-firm, product, asset-level, operational, legal and audit and tax.		

Key		
Residual risk	Trend	
 Low	 Medium	 High
	 Increased	 No change
		 Decreased

Strategy / Investment Risk	Description/Impact	Mitigating Measures	Residual Risk	Trend
4. Macroeconomic Risk	<p>Macroeconomic uncertainty on a global basis due to rising inflation and interest rates that may result in increased costs to the Partner-firms. The possibility of softer fundraising assumptions and portfolio realisations for individual Partner-firms can lead to lower expectations of future income from Partner-firms. In addition, volatility and disruption in the equity and credit markets can adversely affect the underlying earnings of the Partner-firms and the value of their earnings, and therefore the Company's balance sheet and income.</p> <p>Rising interest rates may result in reduced Partner-firm Performance related Earnings both in frequency as assets are held for longer, and in quantum as multiples of realisation are lower. The impact of inflation on returns may challenge the ability of Partner-firms to enhance operating margins given the challenges of rising costs and may potentially impact profitability. The Company uses leverage as part of its overall operating strategy, which may be impacted by changes in interest rates.</p>	<p>The Company's revenue streams are diverse and are composed substantially of contractually committed, high and stable income derived from Partner-firms' management fee income on long-dated assets. Additionally, there is a rigorous investment due diligence process which includes detailed financial and valuation analysis and stress testing to ensure an investment is resilient across varying factors and outcomes.</p> <p>The Company monitors its ongoing risks to interest rates and foreign exchange. The Company's long-term debt is at fixed rates.</p> <p>Partner-firms operating within the private credit, private real assets, credit and some absolute return asset classes may potentially benefit from increases in rates and inflation, as these asset classes have historically presented a hedge to rising rates and inflation.</p>	●	↑
5. Regulatory Risk	<p>The Company and the Operator are subject to extensive laws and regulations in various jurisdictions. These laws and regulations (and the interpretations thereof) may change, and the imposition of stricter laws and regulations could result in increased compliance costs for the Partner-firms and the Operator or could limit their operational flexibility and efficiency. The Company is also subject to Listing Rules and UK-Adopted International Accounting Standards.</p> <p>Moreover, governmental policy changes and regulatory or tax reform (for example, in relation to prevailing tax rates, the treatment of a foreign corporation as such, or the treatment of carried interest) could also have a material effect on the Operator and/or the Partner-firms and their funds and the products they manage.</p>	<p>The Operator, Board, Administrator and Company Secretary have established policies, procedures and oversight functions to ensure compliance with applicable laws and regulations. Changes to the regulatory framework, as well as compliance with all reporting, notifications and filing requirements are closely monitored. The Operator also leverages the expertise of its external tax and legal counsel and other advisors as needed to analyse the impact of potential governmental policy changes and regulatory or tax reform.</p>	○	↔
6. Key Persons Risk	<p>The Operator relies on highly skilled qualified investment professionals. Because the Operator will perform investment management services that are integral to the Company's operations and financial performance, a failure by the Operator to retain its senior leadership or to recruit and retain additional qualified investment, sales and other professionals could have a material adverse effect on the Company's investment performance and, as a result, its business, financial condition, results and the value of its assets.</p>	<p>The Operator benefits from the global footprint of Goldman Sachs, whose professional employees possess a combination of deep industry knowledge, financial expertise and operating capabilities. The Board believes that the Operator has appropriate experience and expertise to implement the Company's investment policy and strategies successfully. A strong culture of excellence is essential to attract and retain the best talent. The Operator's strategy for its human resources is focused on attracting individuals with drive and values aligned with its wider team and retaining and rewarding those individuals who make an exceptional contribution to the team.</p>	○	↔

Principal Risks and Uncertainties *continued*

Strategy / Investment Risk	Description/Impact	Mitigating Measures	Residual Risk	Trend
7. Operator, Administrator and Service Provider Resiliency and Performance Risk	The Company has no employees and relies on the Operator, Administrator, and other service providers. Failure by the Operator or other third-party service providers to the Operator, the Administrator and other service providers to carry out their obligations could have a material adverse effect on the Company's performance.	The Company has entered into detailed agreements with the Operator, Administrator and other service providers and the performance of all service providers is formally reviewed annually. The Board believes this risk is mitigated by the fact that the Operator and the Administrator are well-established and resourced companies with robust track records. Both have robust business continuity plans in place, which are updated and tested on an ongoing basis, to ensure the continued ability to service the Company in the event there are disruptions of normal operations.		
8. Partner-firm Reporting Risk	The Operator depends on the continuation of its relationships with Partner-firms in order to maintain current data on its investments and private market activity. Restrictions on the Operator's ability to use the data it obtains for its reporting and monitoring processes could adversely affect its ability to provide the same level of disclosure for the Company, which could have a material adverse effect on the Company.	The Operator has contractual information rights in place for all Partner-firms, which all specify timing in relation to communicating information, to provide the Company with sufficient information for its regulatory reporting requirements. The Operator has implemented processes to review certain financial and other information reported by the Partner-firms and assess for reasonableness.		
9. Cyber / Information Security Risk	Cyber and security risks could adversely affect the Operator and the Company. The Operator and the Company rely on its information technology infrastructure to conduct daily business operations, and any cybersecurity attacks or threats to this infrastructure could result in business disruption and the breach of confidential and proprietary information.	The Operator is committed to implementing the highest standards of information security to protect the privacy and confidentiality of information related to its activities. The Operator has implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and cyber intrusions, including maintaining physical, electronic and procedural safeguards to protect the information against loss, misuse, damage or modification and unauthorised access or disclosure. Additionally, the Operator has a dedicated Security Incident Response Team which handles information security threats and incidents that may have an impact on the confidentiality, integrity or availability of the Operator's information and technology environment.		
10. Liquidity Risk	The risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an excessive cost.	To protect the Company, the Operator monitors its liquidity needs including those under stressed conditions. The liquidity is monitored to ensure there are sufficient liquid assets at all times to cover cash flow movements and fluctuations in funding and enable the Company to meet all financial obligations and to support anticipated growth. Liquidity conditions under stressed conditions are considered as part of the Guidelines on liquidity stress testing in UCITS and AIFS by the European Securities and Markets Authority ("ESMA").		

Emerging Risks

Emerging risks are risks to which the Group is exposed and are uncertain in terms of their impact and timelines. These risks have the potential to become principal risks but are not yet considered to be so. The Audit and Risk Committee is responsible for carrying out an assessment of the emerging risks, and overseeing procedures for identifying emerging risks as well as procedures for managing these risks. The Audit and Risk Committee, as part of its responsibilities, identifies and assesses emerging risks to be referred to the Board for review. This process includes monitoring the external environment for global trends or potential changes that may impact the drivers of growth and performance of the Company. Emerging risks may also arise from internal factors. Monitoring pressure points on operational processes, personnel and third-party vendors is another avenue for identifying emerging risks. The monitoring and management of emerging risks include ongoing assessments of the time horizon in which an emerging risk may potentially become a principal risk and the level of impact to the Group if it were to become a principal risk. Since the IPO, the Company has witnessed significant geopolitical turbulence and the continuing effects of the COVID-19 pandemic, as well as a broader market sell-off in the alternative asset management sector and a rotation out of higher-growth stocks as markets anticipated further rises in interest rates.

The Board, via the Audit and Risk Committee, has discussed several emerging risks through the year, which include geopolitical risks, elevated levels of inflation, higher interest rates and implications of the UK Government's audit reform.

Viability Statement

In accordance with the UK Corporate Governance Code (the "UK Code") and the Association of Investment Companies Code of Corporate Governance (the "AIC Code"), the Board has assessed the viability of the Company. The Board has considered the Group's strategic plan as well as the Group's principal risks in its assessment. The Board has chosen a period of three years to 31 December 2025 for its formal assessment of viability on the basis that assumptions made during this period are the most reliable due to the visibility of earnings from investments in Partner-firms. The Board is satisfied that this forward-looking assessment of the Group is sufficient to enable a reasonable statement of viability.

The assessment reflects on the Group's Acquisition Strategy and Investment Policy as outlined on pages 22 to 24. Key considerations in the assessment are:

- The investments in Partner-firms are long-term investments with no plan to exit;
- The amount and timing of returns from investments in Partner-firms comprised management fee income, performance fee income and investment income;
- The fixed operational costs of the Group are low relative to its recurring revenues; and
- The Operator charge is variable based on the income from investments in Partner-firms.

The assessment of viability requires the Board to consider the principal risks to the Group, which appear on pages 42 to 44. While all of the risks outlined may have an impact on the Group's performance, there are certain risks that are more likely to have a greater impact on the future solvency and liquidity of the Group in the three-year period considered:

- Partner-firm revenue risk – the risk that Partner-firms are unable to generate adequate fees, which would result in lower-than-expected revenue for the Group; and

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

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

The income from management fees is therefore stable and recurring. Income derived from performance fee income and investment income from Partner-firms is dependent on underlying fund and underlying investment performance of the Partner-firms.

The Group has a low, and relatively stable, cost structure. The Operator charge is variable and based on the income earned by the Group from its investments in Partner-firms. The other operating expenses and finance costs are considerably lower than the income derived from management fee income. The Group has a strong balance sheet with substantial funding headroom in place. The Group's unsecured loan notes are long-term in duration and the interest rates are fixed. The Board reviewed the key risks and considered options available to the Group to mitigate these risks and to ensure the viability of the Group.

Stress testing has been performed, which considers the impact of the Group's key risks over the three-year period to 31 December 2025. A severe but plausible downside scenario was assessed, which includes:

- A 90% reduction in income from Partner-firms derived from performance fee income and investment income because of underlying fund and underlying investment performance risk of the Partner-firms. This translates to a substantial reduction in overall income from Partner-firms over the three years. Such a reduction might be a result of Partner-firm revenue and macroeconomic risks;
- A 20% decline in the fee-paying AuM held by absolute return funds, while private market funds AuM remains relatively stable. This would have a slight impact on the management fee income;
- The Operator charge is based on the amount of income from Partner-firms and therefore changes commensurate with the change in income from Partner-firms;
- While there is the possibility of higher interest rates in the future, this would not have a material negative effect since the Group's long-term debt has fixed interest rates; and
- Any reduction in the valuation of investments at fair value through profit and loss would not impact free cash flow, debt covenants or leverage limitations.

The severe but plausible downside scenario also applied the following actions which could be reassessed, if the circumstances determined this to be necessary:

- maintaining the Group's dividend policy
- putting a hold on additional investments in Partner-firms

Principal Risks and Uncertainties *continued*

The Group's ability to pay its expenses, including the Operator charge, can continue under the severe but plausible downside scenario. The Group would remain in compliance with its financial covenants, satisfy the requirements under ESMA's liquidity stress tests guidelines for alternative investment funds and continue to conform to the leverage limits prescribed in the Acquisition Strategy and Investment Policy.

The Board has concluded that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, for the three years to 31 December 2025. The Board's assessment has been made with reference to the Group's current position, the Group's outlook, its strategy and the Group's principal risks.

Given the above, the Board also considered it appropriate to prepare the financial statements on the going concern basis as set out on pages 95 and 96.

Going Concern Statement

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

The Group's business activities are set out in the Strategic Report on pages 2 to 25. The financial position of the Group is described in the Operator's Report on pages 26 to 31. The Board has taken into account the Group's risk management process set out on page 41. The Board has made an assessment of going concern, which takes into account the current performance and the Group's outlook, using information that is available as of the date of these financial statements.

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

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

As at 31 December 2022 there was \$483 million invested in money market investments and \$98 million of cash and cash equivalents on an APM basis. There were liabilities related to Notes payable of \$500 million at 31 December 2022.

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

The Board acknowledges its responsibilities related to the financial statements. After making an assessment of going concern, the Board has concluded that the preparation of the financial statements on a going concern basis for at least 12 months from the date of the approval of the financial statements is appropriate.

The 2022 Annual Report and Financial Statements for Petershill Partners incorporates:

- The Strategic Report;
- The Report of the Directors;
- The Corporate Governance Report;
- The Directors' Remuneration Report; and
- The Consolidated Financial Statements.

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

Naguib Kheraj
Chairman

5 April 2023

Governance Report

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An Experienced and Independent Board

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



R N ME

Naguib Kheraj
Chairman of the Board

Appointed 4 September 2021

Mr Kheraj began his career at Salomon Brothers in 1986 and went on to hold senior positions at a number of leading financial institutions. Over the course of 12 years at Barclays, Mr Kheraj served as Group Finance Director and Vice-Chair and in various business leadership positions in wealth management, institutional asset management and investment banking. He also served as Chief Executive Officer of JP Morgan Cazenove. Mr Kheraj was also Deputy Chairman of Standard Chartered plc, a major international bank. During his tenure of over 8 years at Standard Chartered he served as Chairman of the Board Risk Committee and the Board Audit Committee and as Senior Independent Director.

Mr Kheraj is Chairman of Rothesay Life, a specialist pensions insurer. Mr Kheraj is a Senior Adviser to the Aga Khan Development Network; he serves on the boards of a number of entities within its network and chairs its

Endowment Committee. He has also been an advisor to the Queensway Group Ltd since 2010. Mr Kheraj is a member of the Finance Committee of the University of Cambridge and a Member of the Board of Gavi, The Vaccine Alliance where he chairs the Audit and Finance Committee.

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

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



A R N ME

Everard Barclay Simmons
Senior Independent Director

Appointed 4 September 2021

Mr Simmons began his career as a commercial litigation attorney in Bermuda in 1997 before moving to the United States for business school and joining Goldman Sachs as an investment banker in 2004. Returning to Bermuda, he became Managing Partner/Chief Executive Officer of a reinsurance law firm for 14 years. Mr Simmons is currently Chair and Chief Executive Officer of Rose Investment Limited, a Bermuda-based advisory business focused on financial services and corporate restructuring.

Mr Simmons has a vast array of board experience. He was Lead Director and then Chair of the Board of the Bank of N.T. Butterfield & Son Limited, where he served from 2011 to 2017 during its ownership by private equity to after its listing on the NYSE, having led a co-investment in the bank alongside Carlyle and CIBC. Mr Simmons served on the board of Bermuda's financial services regulator, the Bermuda Monetary Authority, for 10 years. He also previously served as a Director at FIL Limited and currently serves as a Director at Eight Roads, the international public and private investing platforms of Fidelity.

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

Mr Simmons is Chair of the Public Funds Investment Committee, responsible for the investment of Bermuda's pension funds, where he has spent 16 years as a member of the Board. He currently leads the Pension Fund Reform Committee established to address the underfunded status of Bermuda's pension funds, serves as an advisor to Bermuda's Minister of Finance and sits on the Board of Argus Group, a Bermuda multiline insurer. Mr Simmons was appointed as a Director to the Ivy UK Co-Invest Vehicle II Limited and Ivy Re II Limited in April 2022.

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

Committee Membership

- A Audit and Risk Committee
- R Remuneration Committee
- N Nomination Committee
- ME Management Engagement Committee
- Chair



A R N ME

Annemarie Durbin Non-Executive Director

Appointed 4 September 2021

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

Ms Durbin has served on public company boards since 2012 and is a non-executive director and Chair of the Remuneration Committee at Persimmon Plc. She is currently the Senior Ringfence Bank director and

Remuneration Committee Chair on the board of Santander UK PLC and Chair of Cater Allen Private Bank.

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

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



A R N ME

Erica Handling Non-Executive Director

Appointed 4 September 2021

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

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

Ms Handling also spends time working with various charities in the criminal justice sector and is currently Deputy Chair of St Giles Trust, as well as Chair of Spark Inside. Ms Handling was formerly a trustee of the charity Working Chance, which she resigned from in June 2022.

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



A R N ME

Mark Merson Non-Executive Director

Appointed 4 September 2021

Mr Merson began his career in the financial services division of Arthur Andersen in London in 1989, becoming a partner in 1999. He provided audit and advisory services to banking and investment businesses throughout Europe before moving to Tokyo as steward of Andersen's investment into its financial services business in Japan. He subsequently returned to London to become a partner in Deloitte Business Consulting.

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

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

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

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

Report of the Directors

The Directors present their Annual Report and Audited Financial Statements of the Group for the year ended 31 December 2022. The Corporate Governance Report on pages 53 to 61 forms part of this report.

Throughout the financial year, the Board was comprised of five Non-Executive Directors, whose details can be found on pages 48 and 49.

Capital Structure

The Company is incorporated and registered in England and Wales under the Companies Act 2006 with registered number 13289144 as a public limited company under the name Petershill Partners plc.

As at 31 December 2022 the Company's issued share capital comprised 1,135,399,597 Ordinary Shares (2021: 1,156,696,029). No shares were allotted during the year.

Authority to Purchase Own Shares

At the AGM held on 31 May 2022, the Company was generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its Ordinary Shares of \$0.01 each in the capital of the Company, subject to the following conditions:

- i. the maximum number of Ordinary Shares authorised to be purchased is 115,669,602, representing 10% of the Company's issued Ordinary Share capital as at 26 April 2022;
- ii. the minimum price (excluding expenses) which may be paid for an Ordinary Share is \$0.01;
- iii. the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of: (i) an amount equal to 105% of the average of the middle-market quotations of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;
- iv. the authority shall expire at the close of the AGM of the Company held in 2023 or 30 June 2023, whichever is earlier; and
- v. a contract to purchase Ordinary Shares under the authority may be made before the expiry of the authority (as per paragraph iv above), and concluded in whole or in part after the expiry of the authority (as per paragraph iv above).

During the year, 21,296,432 shares were purchased for a total cash consideration of \$50 million with 19,221,152 purchased under the above authority and 2,075,280 purchased under authority existing from the time of the Company's IPO. The buyback programme concluded on 9 November 2022. More information may be found in note 14 on pages 106 and 107.

Major Interests in Shares

Significant shareholdings as at 31 December 2022 are detailed below.

	Ordinary Shares held % 31 December 2022
Petershill Funds	76.0%
Blacksheep Fund Management	2.2%

The Company has not been notified of any changes to the significant shareholdings detailed above between 31 December 2022 and the date of this report.

Shares held by Goldman Sachs Asset Management's Private Funds

Approximately 76% of Petershill Partners shares are held by the Petershill Funds' private funds and funds managed for certain co-investors. Teams within Goldman Sachs Asset Management manage these shares and exercise discretion over how and when they could be sold in future, on behalf of the investors in the Petershill Funds.

The following table provides further details on the holdings of the Petershill Funds as at 31 December 2022.

	As at 31 December 2022	
	Amount	%
PH II GP Aggregator LP	108,330,412	9.5%
PH II IM Aggregator LP	128,249,969	11.3%
PH PE GP Aggregator LP	143,267,721	12.6%
PH PE IM Aggregator LP	273,135,529	24.1%
VF VII GP Aggregator LP	43,906,398	3.9%
VF VII IM Aggregator LP	84,910,220	7.5%
Co-Invest GP Aggregator LP	27,347,968	2.4%
Co-Invest IM Aggregator LP	54,938,496	4.8%

The Petershill II fund complex holds shares in Petershill Partners through PH II GP Aggregator LP and PH II IM Aggregator LP, the Petershill PE or Petershill III fund complex holds shares in Petershill Partners through PH PE GP Aggregator LP and PH PE IM Aggregator LP, the Vintage VII fund complex holds shares in Petershill Partners through VF VII GP Aggregator LP and VF VII IM Aggregator LP and certain co-investor structures hold shares in Petershill Partners through Co-Invest GP Aggregator LP and Co-Invest IM Aggregator LP. In addition, co-investors are able to withdraw their shares from within the pertinent management structures at any time, subject to notice, lock-up and other customary requirements.

The interests of the Petershill II fund complex, the Petershill PE fund complexes and the co-investor structures, on the one hand, and the interests of the Vintage VII fund complex, on the other hand, are managed on a day-to-day basis by distinct teams within the larger Goldman Sachs Asset Management platform. In addition, co-investors are able to withdraw their shares from within the pertinent management structures at any time, subject to notice, lock-up and other customary requirements.

Vintage VII Funds (VF VII)

While the management structure of each of the Vintage VII Funds is slightly distinct due to the difference in jurisdiction of incorporation and applicable legal requirements, Goldman Sachs Asset Management, L.P., which forms part of Goldman Sachs Asset Management, has the role of an investment manager/ investment advisor, as applicable.

Within Goldman Sachs Asset Management, L.P., there is (a) a specific team ("Vintage Team") responsible for day-to-day management of investments to pursue the investment objective of Vintage VII Funds and (b) a specific investment committee responsible for oversight and final say on investments. These teams are distinct from those responsible for the Petershill family of funds.

With respect to co-investments with the Petershill Funds, including holdings in the Company, the Vintage Team seeks input from (and may give weight to the views of) the Petershill team within the Operator but does not delegate decision making to such team.

For FTSE purposes, we believe that this setup is analogous to more conventional equity funds managed by a single asset management institution but with distinct and different portfolio managers.

Companies Act 2006 Disclosures

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

- the Company's capital structure is detailed in note 14 to the Consolidated Financial Statements. Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company. On a show of hands, every holder of Ordinary Shares in the capital of the Company who is present in person shall have one vote and, on a poll, every holder of Ordinary Shares present in person or by proxy shall have one vote per Ordinary Share. All Ordinary Shares are non-redeemable;
- there are no restrictions on voting rights and the Company is not aware of any agreement between holders of securities that would result in restrictions on the transfer of securities or on voting rights;

- other than as described below, there are no restrictions on the transfer of securities of the Company, subject to applicable law and regulation and contractual lock-ups for certain Shareholders;
- the Board may, in its absolute discretion, decline to transfer, convert or register any transfer of Ordinary Shares to any person: (i) whose ownership of Ordinary Shares may cause the Company's assets to be deemed "plan assets" for the purposes of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the US Internal Revenue Code of 1986, as amended ("the US Tax Code"); (ii) whose ownership of Ordinary Shares may cause the Company to be required to register as an "investment company" under the US Investment Company Act of 1940, as amended ("the US Investment Company Act") or to lose an exemption or a status thereunder to which it might otherwise be entitled (including because the holder of Ordinary Shares is not a "qualified purchaser" as defined in the US Investment Company Act); (iii) whose ownership of Ordinary Shares may cause the Company to be required to register under the US Exchange Act of 1934, as amended ("the US Exchange Act") or any similar legislation; (iv) whose ownership of Ordinary Shares may cause the Company to be a "controlled foreign corporation" for the purposes of the US Tax Code or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the US Tax Code); (v) whose ownership of Ordinary Shares may cause the Company to cease to be considered a "foreign private issuer" for the purposes of the US Securities Act of 1933, as amended or the US Exchange Act; or (vi) whose ownership of Ordinary Shares would or might result in the Company not being able to satisfy its obligations on the Common Reporting Standard developed by the Organisation for Economic Co-Operation and Development, the Foreign Account Tax Compliance Act or such similar reporting obligations on account of, inter alia, non-compliance by such person with any information request made by the Company (each person described in (i) to (vi) above, being a "Non-Qualified Holder"). Under the Company's Articles of Association, the Directors have the power to require the sale or transfer of Ordinary Shares, or refuse to register a transfer of Ordinary Shares, in respect of any Non-Qualified Holder;
- subject to consultation with the Operator and within certain restrictions, the Directors may determine changes to the Company's capital structure, including any reduction of capital, share buybacks (including the use of treasury shares) or issue of shares or other securities (subject to the existing shareholder authority granted on 31 May 2022 and which the Company will seek to renew at its forthcoming AGM);
- there exist no securities carrying special rights with regard to the control of the Company;
- the Company does not have an employees' share scheme;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006;
- there are no provisions in the Company's Articles of Association relating to amendments to the Articles of Association; there exist no agreements to which the Company is party that may affect its control following a takeover bid;
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid;
- the Directors' responsibilities pursuant to section 172 of the Companies Act 2006 are as detailed in the Strategic Report on pages 36 and 37; and
- no political or charitable donations have been made during the year.

Business Review and Diversity

A business review is detailed in the Operator's Report on pages 26 to 31, and the Company's policy on diversity is detailed in the Corporate Governance Report on page 56.

Directors' Indemnity

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

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

Global Greenhouse Gas Emissions

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

Stakeholder Engagement

The stakeholders of the Company comprise its Shareholders and prospective Shareholders, lenders, the Operator, the Administrator, the Company Secretary, other Service Providers, Partner-firms, regulators and the community, and the Board recognises and values these stakeholders and gives regular consideration to the need to foster the Company's business relationships with them. As a public limited company with no employees, trade suppliers or customers, the Company's relationship with its service providers is of particular importance. The effect of this consideration upon the key decisions taken by the Company during the year is set out in further detail in the Strategic Report on pages 36 and 37.

Risks and Risk Management

The Group is exposed to financial risks such as price risk, interest rate risk, credit risk and liquidity risk, and the management and monitoring of these risks are detailed in note 18 to the Consolidated Financial Statements.

Strategic Report

A review of the business and future outlook, the going concern statement and the principal risks and uncertainties of the Group have not been included in this report as they are disclosed in the Strategic Report on pages 2 to 46. In accordance with section 414C (11) of the Companies Act 2006, the Company has chosen to include in its Strategic Report the following information, which would otherwise be disclosed in this Report of the Directors:

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

Independent Auditor

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

At the time that this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the independent auditor is unaware; and
- each Director has taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the independent auditor is aware of that information.

Annual Report

After due consideration, the Directors believe that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and therefore are of the opinion that the Annual Report provides the information necessary for Shareholders to assess the position, performance, strategy and business model of the Group and Company.

The Board recommends that the Annual Report, the Report of the Directors and the Independent Auditors' Report for the year ended 31 December 2022 are received and adopted by the Shareholders and a resolution concerning this will be proposed at the AGM.

Dividend

The Board has recommended a final dividend of \$125 million, equivalent to 11 cents per share, with respect to the year ended 31 December 2022. For more information on the Company's dividend policy see page 27.

Subsequent Events

Significant subsequent events have been disclosed in note 21 to the Consolidated Financial Statements.

On behalf of the Board

Naguib Kheraj
Chairman

5 April 2023

Corporate Governance Report

This Corporate Governance Report forms part of the Report of the Directors as disclosed on pages 50 to 52. The Board operates under a framework for corporate governance which is appropriate for closed-ended investment funds. This report describes how the Company has applied the principles identified in the AIC Code during the year ended 31 December 2022.

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

The Company became a member of the AIC with effect from 1 October 2021 and has therefore put in place arrangements to comply with the AIC Code.

The AIC Code and the related AIC Guide are available on the AIC's website, www.theaic.co.uk. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the recommendations and relevant principles and provisions of the AIC Code, where applicable. However, the Company did not comply with one provision during the year for the reasons described below.

Principle	Provision
AIC Code provision 18	<p>The Board should monitor and evaluate other service providers (besides the Operator). The Board should establish procedures by which other service providers should report back and the methods by which these providers are monitored and evaluated.</p> <p>The Directors felt that, as it was the first full year of operation, a formal evaluation should be completed post the year end.</p>

The Company has complied with the recommendations of the UK Code, except those relating to:

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

The Board considers these provisions are not relevant to the position of the Company, being an externally managed company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The Board receives updates and assurance from its service providers that requisite standards are met concerning these provisions and that appropriate systems are in place to continuously monitor their application.

The Board

The Company is led and controlled by a Board of Directors, who are collectively responsible for the long-term success of the Company. It does this by creating and preserving value and has acting in the interests of Shareholders, other stakeholders and wider society as its foremost principle. The importance of the Board's role to the delivery of the Company's purpose, values and strategy is further outlined within the Strategic Report, in the Chairman's Statement (pages 8 and 9) and in our Business Model (pages 6 and 7).

The Company believes that the composition of the Board will be a fundamental driver of its success, as the Board must provide strong and effective leadership of the Company. The Directors, as their biographies on pages 48 and 49 illustrate, bring a breadth of knowledge, skills and business experience to the Company. The Non-Executive Directors provide independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective.

The Company has no employees, and all five Directors, who were appointed on a Non-Executive basis on 4 September 2021, are independent of the Company's Operator and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The AIC Code requires that Directors be subject to an annual re-election by Shareholders, and the Directors comply with this requirement. All of the Directors, including the Chairman, shall offer themselves for re-election at the forthcoming AGM. Having considered their effectiveness, demonstration of commitment to the role, length of service, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all of the Directors at the forthcoming AGM.

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

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

The responsibilities of the Chairman are available on the Company's website.

The Board has regular planned formal meetings at least four times during a full year and holds such additional ad-hoc meetings as are necessary to fulfil its duties. See page 58 for a full list of meetings that have taken place during the year. Directors are given access to the information necessary to assist them in the performance of their duties. An agenda and Board papers are circulated to the Directors in advance of Board meetings to allow them adequate opportunity for review and preparation for Board meetings. The primary focus at Board meetings is a review of investment performance and associated matters such as asset allocation, share price discount/premium management, investor relations, acquisitions, acquisition policies, peer group information, capital structure, industry issues and principal risks and uncertainties – in particular those identified in the Strategic Report on pages 41 to 45.

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

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

The Company has adopted a code of securities dealings based on the requirements of the UK Market Abuse Regulation. The Directors are responsible for taking all proper and reasonable steps to ensure compliance with this code.

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

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

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

Senior Independent Director

The Company has appointed Everard Barclay Simmons as Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman, serves as an intermediary for the other Directors and Shareholders, and leads the annual review of the Chairman's performance. The responsibilities of the Senior Independent Director are available on the Company's website.

Board Committees

The Company has established an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Management Engagement Committee, each of which have formally delegated duties and responsibilities and written terms of reference that have been approved by the Board. The terms of reference for each Committee are available on the Company's website and reviewed on an annual basis.

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

All Committee members are provided with appropriate induction on joining their respective Committees, as well as ongoing access to training. Minutes of all meetings of the Committees are made available to all Directors, and feedback from each of the Committees is provided to the Board by the respective Committee Chairs at the next Board meeting. The Chair of each Committee attends the AGM to answer any questions on their Committee's activities.

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

Audit and Risk Committee

The members of the Audit and Risk Committee are Mark Merson (Chair), Everard Barclay Simmons, Annemarie Durbin and Erica Handling. The Audit and Risk Committee, the Operator, the Administrator and the independent auditor have held discussions regarding the audit approach and identified risks.

The independent auditor attends Audit and Risk Committee meetings, and private meetings are held routinely with the independent auditor to afford the opportunity of discussions without the presence of the Operator and the Administrator. Advisors and department heads from the Operator are invited to attend meetings from time to time, and the Chairman of the Board attends meetings in an advisory capacity. The activities of the Audit and Risk Committee are contained in the Audit and Risk Committee Report on pages 62 to 64.

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

Remuneration Committee

The members of the Remuneration Committee are Annemarie Durbin (Chair), Naguib Kheraj, Everard Barclay Simmons, Erica Handling and Mark Merson. In accordance with the recommendations of the AIC Code, all members of the Remuneration Committee are Non-Executive Directors, and the Chair of the Remuneration Committee has the relevant experience and understanding of the Company. Given the small size of the Board, all members of the Board are members of the Remuneration Committee. The Remuneration Committee meets at least once a year pursuant to its terms of reference.

Whilst the Board is ultimately responsible for setting the Directors' remuneration, the Remuneration Committee is responsible for determining the appropriateness of the Chairman's remuneration and making recommendations to the Board accordingly. Any remuneration consists only of fees and expenses. The Committee is also responsible for reviewing the ongoing appropriateness and relevance of remuneration levels for the Board as a whole, and appointing external remuneration consultants. Directors do not set their own levels of remuneration and are expected to recuse themselves from discussions pertaining to their fees. The Committee is responsible for recommending the Remuneration Policy for approval by Shareholders, and approval of the annual disclosures in relation to the implementation of the Remuneration Policy. FIT Remuneration Consultants LLP remain as advisors to the Committee on remuneration matters.

Nomination Committee

The members of the Nomination Committee are Naguib Kheraj (Chair), Everard Barclay Simmons, Annemarie Durbin, Erica Handling and Mark Merson. Given the small size of the Board, all members of the Board are members of the Nomination Committee. The Nomination Committee meets at least once a year pursuant to its terms of reference.

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

Management Engagement Committee

The members of the Management Engagement Committee are Naguib Kheraj (Chair), Everard Barclay Simmons, Annemarie Durbin, Erica Handling and Mark Merson. Given the small size of the Board, all members of the Board are members of the Management Engagement Committee. The Management Engagement Committee meets at least once a year pursuant to its terms of reference.

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

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

The Management Engagement Committee is responsible for reviewing the terms of the Operator Agreement and monitoring and evaluating the performance of the Operator and its compliance with the Operator Agreement.

During the year, on an informal basis, the Board held private sessions without service providers present to discuss performance. Whilst improvement points have been noted and an action plan is underway, the Board concluded that their performance had been satisfactory. Furthermore, the Board evaluation process produced specific action points for the Operator, Administrator and Company Secretary to enhance their support to the Board in contribution to the improvement of the Board's effectiveness. More information about the Board evaluation can be found on page 58.

The Management Engagement Committee formally reviewed the performance of the other key service providers in Q1 2023 following the completion of the Company's first full-year of operation. No material issues were raised and all key service providers continue to deliver in line with the terms of their engagements. The Performance of the Operator and Administrator will be kept under review with a deep dive scheduled for the second half of 2023.

Diversity Policy

The Board acknowledges the importance of all aspects of diversity for the effective functioning of the Board and commits to supporting diversity in the boardroom. During the year, the Board approved a Company specific diversity policy which will be reviewed at least once a year. It is the Board's ongoing aspiration to have a diverse Board, and the Board broadly complies with gender and ethnicity guidelines currently. Appointments to the Board are based on merit and objective criteria and within this context promote diversity of gender, of social and ethnic background and of cognitive and personal strengths. The Board also values diversity of business skills and experience because Directors with diverse skill sets, capabilities and experience gained from different geographical backgrounds, enhance the Board by bringing a wide range of perspectives to the Company.

The Board is cognisant that the positions of Chairman and Senior Independent Director are both currently occupied by men, which does not yet meet the FCA's targets on board diversity set out at Listing Rule 9.8.6R(9)(a)(ii). However, the Board notes that such requirements were not specifically designed with companies listed under Chapter 15 (which may not have any executive directors) in mind, which is specifically acknowledged by the FCA in Listing Rule 15.4.29AR. The Board further notes that, notwithstanding this, the Company has met, or exceeded, the targets contained in Listing Rule 9.8.6R(9)(a)(i) and (iii). The Board has committed to setting criteria for future appointments and in considering succession planning to ensure that the targets contained in Listing Rule 9.8.6R(9)(a)(ii) are met in future but, given the short tenure of the Board and in the interest of continuity, they cannot reasonably be met at this time.

As at the date of this report, and as explained above, the composition of the Board is as follows (for the purposes of Listing Rule 9.8.6R(10)):

	Number of Board members in scope	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)*
Men	3	60%	2
Women	2	40%	0
Not specified/prefer not to say	0	0%	0

* The positions of CEO and CFO are not applicable to the Company as an externally managed investment fund. Senior Board positions will continue to be reviewed.

	Number of Board members in scope	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)*
White British or other White (including minority-white groups)	3	60%	0
Mixed/Multiple Ethnic Groups	1	20%	Chairman
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	1	20%	Senior Independent Director
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

* The positions of CEO and CFO are not applicable to the Company as an externally managed investment fund.

The Operator has a diverse employee base and continues to dedicate recruiting resources to increasing diversity across all positions and levels. The Operator recognises that diversity at senior management level is an area for improvement, particularly female representation at executive level.

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

Board Tenure and Re-Election

As the Company was incorporated on 24 March 2021 and all Directors were appointed on 4 September 2021, no issues have arisen to be considered by the Board with respect to long tenure. In accordance with the AIC Code, in the event that any Director shall have been in office (or on re-election would have been in office at the end of that term of office) for more than nine years, the Directors will consider further whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service. In accordance with the AIC Code, the Board recognises that Directors serving nine years or more may appear to have their independence impaired. However, the Board may nonetheless consider Directors to remain independent beyond nine years' tenure and in such circumstances would provide a clear explanation within future annual report and financial statements as to its reasoning.

The Board approved the Chair Tenure Policy in November 2022. The Company's policy on Chair tenure is that the Chair should normally serve no longer than nine years as a Director and Chair but, where it is in the best interests of the Company, its Shareholders and stakeholders, the Chair may serve for a limited time beyond that. In such circumstances, the independence of the other Directors will ensure that the Board as a whole remains independent. The Board's view is that the continuity and experience of its Directors is important and that a suitable balance needs to be struck with the need for independence and the refreshing of the skills and expertise of the Board. The Directors believe that some limited flexibility in its approach to Chair tenure will enable it to manage succession planning more effectively.

The Board considers its composition and succession planning on an ongoing basis. All Directors will stand for re-election at the Company's AGM on 24 May 2023. A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

See page 55 for a description of the Board appointment process.

Following a full review of the effectiveness of the Board, its Committees and each Director, the Board considers that each Director continues to make an effective contribution to the running of the Company and therefore recommends that Shareholders vote in favour of the re-election of all Directors at the forthcoming AGM.

Duties and Responsibilities

The Directors have adopted a formal schedule of matters specifically reserved for Board approval, which are set out on the Company's website. The Board has overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy. The Directors also review and supervise the Company's advisors and service providers, including the Operator. The Board continues to dedicate a considerable amount of time and effort to embedding the procedures for the Company.

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

The Board is required to meet formally at least four times a year and holds such additional ad-hoc meetings as are necessary to fulfil its duties. Between meetings there is regular contact with the Operator and the Administrator. The Board is supplied with information by the Operator, the Administrator and other advisors in a form appropriate to enable it to discharge its duties.

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

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

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

What the Board focused on in 2022

The Board considered a number of topics during the year as detailed below. This list is by no means exhaustive, but provides an overview of the key subjects covered:

- Capital allocation, share buybacks, dividend and debt restructuring;
- financial disclosures by way of trading statements, financial statements, and the Company's tax statement, based on the recommendations of the Audit and Risk Committee;
- the governance framework and the application of the AIC Code of Corporate Governance, policy, terms of reference, and the structure and conduct of meetings including the quality of reporting to the Board;
- the identification of risk, risk management, internal controls and oversight;
- monitoring and reviewing the performance of Partner-firms;
- investor relations and how we communicate with stakeholders; and
- procedures which the Operator undertakes in relation to ESG.

Looking forwards into 2023, the Board intends to continue to focus on the above important matters, to ensure new initiatives are embedded and, taking the macroeconomic backdrop into consideration, that they remain relevant and proportionate to the activities of the Company. The Board expects the Operator and Administrator to continue to raise any matters pertinent to the success of the Company as a whole.

Directors' Attendance at Board and Committee Meetings

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

The Board formally met 11 times during the year ended 31 December 2022.

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

The number of meetings of the full Board and Committees during the year ended 31 December 2022 and attendance by each Director are set out below:

Director	Board Meetings (min 4)		Remuneration Committee Meetings (min 1)		Audit and Risk Committee Meetings (min 4)		Nomination Committee Meetings (min 1)		Management Engagement Committee Meetings (min 1)		Tenure as at 31 December 2022
	A	B	A	B	A	B	A	B	A	B	
Naguib Kheraj	11	11	1	1	9	9	1	1	1	1	16 months
Everard Barclay Simmons	11	11	1	1	9	9	1	1	1	1	16 months
Annemarie Durbin	11	11	1	1	9	9	1	1	1	1	16 months
Erica Handling	11	11	1	1	9	9	1	1	1	1	16 months
Mark Merson	11	11	1	1	9	9	1	1	1	1	16 months

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

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

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

Naguib Kheraj is not a member of the Audit and Risk Committee but attends as an observer and offers advice.

Board Performance and Evaluation

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

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

Whilst this is the first full year of the Board's operation it was felt appropriate to carry out an externally facilitated evaluation of the Board, its Committees and Directors. The evaluation was facilitated by Intelligent Governance Limited, which has been engaged to provide governance advice to the Board. The evaluation commenced in October 2022 and included interviews with Directors and regular attendees of Board and Committee meetings to inform the report. The Chairman also conducted interviews with the Directors to understand their views on the Board's strengths and weaknesses, and the Senior Independent Director collated feedback on the Chairman's performance for the year.

The results were considered by the Board at its meeting in November 2022. The review concluded that, while the Board and its Committees were operating effectively, there were a number of areas in which performance could be improved. The Board considered the recommendations on the work of the Board and its Committees in relation to each of these areas (i) Governance and Succession; (ii) Performance and Strategy; (iii) Risk and Controls; and (iv) the structure and delivery of adequate information to the Board at meetings.

An action plan covering the recommendations was approved by the Board in January 2023 and its implementation will be monitored during 2023.

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

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

Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatements or loss. However, the Board's objective is to ensure that the Group has appropriate systems in place for the identification and management of risks. The Directors carry out a robust assessment of the Group's principal and emerging risks, including events or circumstances that might threaten its business model, future performance, solvency or liquidity and reputation. As further explained in the Audit and Risk Committee Report, the principal risks and uncertainties in relation to the Group are outlined in a risk matrix set out on pages 41 to 45 of the Strategic Report.

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

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

- the Board has delegated the oversight of internal controls and financial reporting to the Operator and relies on the Operator to perform such functions;
- the Board has delegated the day-to-day operations of the Company to the Administrator, Company Secretary and Operator; however, it retains accountability for all functions it delegates. Each contract was entered into after detailed consideration of the quality and cost of services provided;
- the Board clearly defines the duties and responsibilities of the Company's advisors and service providers and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such advisors and service providers and will continue to do so through the Management Engagement Committee;

- the Operator Agreement details defined duties and responsibilities with lines of control and reporting. There is a formal structure in place to review the Operator through the Management Engagement Committee which then makes recommendations to the Board. The Board is also given updates on developments arising from the operations and strategic direction of the underlying investee companies;
- the Administrator provides administration services to the Company and maintains a system of internal control on which it reports to the Board;
- the Audit and Risk Committee monitors risks, including those of the Administrator and Operator.

The Board, via the Audit and Risk Committee, has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Operator, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investments and the Company's assets, is maintained. The Board has also considered that the Operator leverages the risk management framework of Goldman Sachs, which includes an internal audit function responsible for independently assessing and validating the effectiveness of key controls undertaken by the Operator. During the year, the Operator's internal audit function engaged directly with the Directors providing assurance reports which were discussed at the Company's Audit and Risk Committee meetings held in September and November 2022. Additional information on the risk framework of Goldman Sachs is set out on page 41.

An internal audit function specific to the Company is therefore considered unnecessary.

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

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

Operator Agreement

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

Authority of the Operator

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

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

The Operator may delegate certain of its functions, powers and duties under the Operator Agreement to any affiliate of the Operator. The Operator has exercised this power and has delegated its portfolio management functions to Goldman Sachs Asset Management International Ltd. which has further delegated the provision of portfolio management services to Goldman Sachs Asset Management International, LP as the Investment Advisor. The Operator has also established an investment committee to oversee portfolio construction and monitoring. Currently, the members of the investment committee are senior executives of Goldman Sachs selected by the Operator and serve without compensation for their services.

The Operator is liable for the acts or omissions of any person to whom any of its functions, powers and duties may be delegated to the extent that it would itself have been liable for such acts or omissions.

Term and Termination

The Operator Agreement has an initial term of seven years until 2026, after which it will automatically renew on an annual basis until terminated in accordance with its terms.

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

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

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

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

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

During the year, the Board as a whole reviewed the Company's compliance with the UK Code, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Operator prior to the IPO, as outlined under the roles and responsibilities of the Management Engagement Committee on pages 55 to 56, in the opinion of the Directors the continuing appointment of the Operator on the terms agreed is in the interests of Shareholders as a whole.

Operator Charges and Alignment

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

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

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

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

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

Our Culture

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

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

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

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

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

Relations with Shareholders

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

The Company reports formally to Shareholders in a number of ways, including regulatory news releases through the London Stock Exchange's Regulatory News Service and announcements in response to events or routine reporting obligations, including interim and annual reports outlining performance to 30 June and 31 December respectively, are made available on the Company's website. In addition, the Company's website contains comprehensive information, including Company notifications, share information, financial reports, Acquisition Strategy and Investment Policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering on the website.

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

Engagement with Other Stakeholders

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

More information on stakeholder engagement may be found on pages 34 and 35 of this report.

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

Whistleblowing

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

By order of the Board

Naguib Kheraj
Chairman

5 April 2023

Audit and Risk Committee Report

The Audit and Risk Committee, chaired by Mark Merson, operates within clearly defined terms of reference which are available on the Company's website and include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code. Its other members are Everard Barclay Simmons, Annemarie Durbin and Erica Handling. In line with corporate governance best practice, the Chairman of the Board is not a member of the Committee but attends in an advisory capacity.

Members of the Audit and Risk Committee must be, and are, independent of the Company's independent auditor and Operator. The Audit and Risk Committee meet no less than four times in a year at appropriate points in the reporting and auditing cycle and at such other times as the Audit and Risk Committee Chair shall require. The Audit and Risk Committee meets the independent auditor at least once a year without the presence of the Operator or the Administrator.

The Committee members have considerable financial and business experience, and the Board has determined that the membership as a whole has sufficient recent and relevant sector and financial experience to discharge its responsibilities and that at least one member has competence in accounting or auditing. The biographies of each member of the Committee, detailing their relevant qualifications and experience, are on pages 48 and 49.

Responsibilities

The main duties of the Audit and Risk Committee are:

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

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

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

The Statutory Auditor was invited to attend all Audit and Risk Committee meetings during the year and has the opportunity to meet with the Committee without representatives of the Operator or Administrator being present at least once per year.

Financial Reporting

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

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

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

Meetings

During the year, the Audit and Risk Committee met nine times, and there was ongoing liaison and discussion between the independent auditor and the Audit and Risk Committee Chair with regard to the audit approach and the identified risks. The matters discussed at those meetings included:

- review of the terms of reference of the Audit and Risk Committee, for approval by the Board;
- review of the accounting policies, content and format of the financial statements;
- review and approval of the budget and other financial projections and estimates;
- review and approval of the Company's tax strategy;
- consideration of the independent auditors' audit report on the 2021 financial statements and review of the 2022 Interim Report;
- review and approval of the independent auditors' audit plan;
- review of the internal audit plan of the Operator's internal audit function;
- review of the results of the work of the Operator's internal audit function as it pertains to the Company;
- consideration of the fee for the external audit;
- governance and compliance responsibilities of the Company;
- assessment of the independence of the independent auditor;
- requirement for climate-related financial disclosures;
- assessment of the effectiveness of the external audit process as described below;
- review of the Group's key risks and internal controls, including reports from the Operator's control functions and internal audit function; and
- implications of the UK Government's audit reform.

After the year ended 31 December 2022, the Audit and Risk Committee met on 19 January 2023 and 27 March 2023 to consider the significant areas of judgement, estimates and assumptions, and to review the results of the external audit and to consider and approve the preliminary results announcement and the Annual Report.

Significant Areas of Judgement Considered by the Audit and Risk Committee

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

The revenue recognition and valuations were discussed with the Operator and with the independent auditor at the Audit and Risk Committee meetings held on 17 November 2022 and 27 March 2023. The value of investments and other financial assets and liabilities of the Company is determined periodically by the Operator, with the assistance of Goldman Sachs & Co. acting as Valuer, and is subject to review by the Valuation Committee of the Operator.

The independent auditor has explained the results of its audit work on valuations in the Independent Auditors' Report on pages 72 to 81. There were no adjustments proposed and uncorrected that were material in the context of the Annual Report and Financial Statements as a whole.

Risk Management

On behalf of the Board, the Audit and Risk Committee has carried out a robust assessment of the principal and emerging risks facing the Group, including those threatening its business model, future earnings potential, and operational resilience. It has also reviewed the Group's risk assessment process, the way in which significant business risks are managed and the overall effectiveness of the Group's risk management processes. The Audit and Risk Committee received reports from the Operator on the Group's risk evaluation process and reviewed changes to significant risks identified. The work of the Audit and Risk Committee was driven primarily by the Board's assessment of its principal risks and uncertainties as set out on pages 41 to 45 of the Strategic Report.

Internal Audit

The Audit and Risk Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit and Risk Committee does not consider there to be a need for an internal audit function. There are no employees in the Company and all outsourced functions are with service providers who have their own internal controls and procedures. The Operator is subject to internal audit by the Goldman Sachs internal audit function; and the Audit and Risk Committee has reviewed reports from the Goldman Sachs internal audit function on the work of the Operator, including in relation to the operation of the outsourced functions. The Audit and Risk Committee reviewed and approved the audit plan and received assurance reports and updates from the Goldman Sachs internal audit function. During the year, the Audit and Risk Committee was apprised of the methods and systems in place at the Operator and how they apply to the Company. The Audit and Risk Committee was satisfied that the systems in place were robust and that the team was qualified to perform adequate monitoring and oversight activities. The Operator's internal audit function is aware of the Audit and Risk Committee's responsibilities and will bring all matters requiring its consideration to its attention.

Independent Audit

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

Audit and Risk Committee report *continued*

Notwithstanding such services, the Audit and Risk Committee considers PricewaterhouseCoopers LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the independent auditor from becoming compromised, the Audit and Risk Committee is aware of the cap on fees that may be charged by a company's independent auditor for non-audit services at 70% of the average statutory audit fees for the previous three years. This cap will become applicable to the Group for the year ending 31 December 2024 onwards. PricewaterhouseCoopers LLP will be precluded from providing, and does not provide, certain services such as valuation work or accounting services. There is also a presumption that PricewaterhouseCoopers LLP should only be engaged for non-audit services where it is best placed to provide those services; for example engagement as Reporting Accountant prior to the Company's listing and a review of the Interim Report. Note 6 details services provided by PricewaterhouseCoopers LLP during the year. Fees payable for audit services for the year excluding VAT were: £1,085k (including £161k for additional 2021 fees) (2021: £808k excluding VAT). Fees payable for non-audit services for the year excluding VAT were: £99k (2021: £868k excluding VAT).

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

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

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

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

The Audit and Risk Committee is satisfied with PricewaterhouseCoopers LLP's effectiveness and independence as independent auditor, having considered the degree of diligence and professional scepticism demonstrated. Having carried out the review described above and having satisfied itself that the independent auditor remains independent and effective, the Audit and Risk Committee has recommended to the Board that PricewaterhouseCoopers LLP be reappointed as independent auditor for the year ending 31 December 2023. Accordingly, a resolution proposing the reappointment of PricewaterhouseCoopers LLP as our independent auditor will be put to Shareholders at the AGM.

On behalf of the Audit and Risk Committee

Mark Merson

Audit and Risk Committee Chair

5 April 2023

Directors' Remuneration Report

Chair's Statement

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

We were pleased with the support given for the remuneration resolutions passed at the Company's AGM on 31 May 2022, with almost 100% of votes in favour approving both the Directors' Remuneration Report for the period ended 31 December 2021 and the ongoing Directors' Remuneration Policy.

This Directors' Remuneration Report covers the year ended 31 December 2022. As a reminder, the Company does not have any executive directors, management or employees, so this report relates solely to the Chairman and other Non-Executive Directors.

This Directors' Remuneration Report consists of three parts:

- the Directors' Remuneration Policy (the "Policy") which sets out the remuneration framework that applies to the Chairman and the other Non-Executive Directors. This was approved by Shareholders at the Company's AGM on 31 May 2022;
- the Annual Report on Remuneration. This explains how the Directors have been paid in the financial year and will be subject to an advisory vote at the Company's forthcoming AGM; and
- the Annual Statement, which summarises the Remuneration Committee's activities, including our approach to remuneration, key decisions made and the context for those decisions.

The Context of Remuneration Decisions

The Board's remuneration remains consistent with the disclosures contained in the Company's Prospectus dated 28 September 2021.

The Non-Executive Directors were selected through a targeted search process with the assistance of a leading international search firm Spencer Stuart. The objective was to assemble a high-quality and diverse Board with significant experience in financial services, together with the knowledge and standing to be able to oversee and manage the relationship with the Operator. The fees set out in the remainder of this report reflect the scale and complexity of the Company and its intended growth strategy, as well as the alternative opportunities that otherwise would have been available to the Non-Executive Directors, based on their skills and experience. Spencer Stuart has no other connection with the Company and its only connection with its Non-Executive Directors is as advisor to other committees on which they may serve.

The original fees anticipated the time commitment which would be expected of the Chairman and Non-Executive Directors. Both in preparation for and subsequent to the Company's IPO, the time commitment continues to be higher than originally anticipated. However, it is expected that the time commitment will normalise as the Company matures. Whilst there is no proposal to revisit fees at this stage, in accordance with best practice, in Q1 2023, the Committee's remuneration advisor, FIT Remuneration Consultants LLP ("FIT"), presented on remuneration market trends, including benchmarking data for Chairmans' fees.

Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by Shareholders at the Company's AGM on 31 May 2022. When designing the Policy, the Remuneration Committee was mindful of the six factors listed in the UK Code: clarity, simplicity, risk, predictability, proportionality and alignment to culture. The Company has no employees and, therefore, the Policy relates solely to the fees which are payable to the Chairman and other Non-Executive Directors. No elements of the fees are linked to financial or other performance of the Company.

Implementing the Policy for FY 2023

There are no planned changes to the fee levels for 2023.

Conclusions

We will continue to engage with our Shareholders and other stakeholders on an ongoing basis. I welcome any feedback or comments on the Directors' Remuneration Report more generally.

Annemarie Durbin

Chair of the Remuneration Committee

5 April 2023

Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by Shareholders at the Company's AGM on 31 May 2022. The Remuneration Committee intends that the Policy will operate for three years and will next be submitted for approval by Shareholders at the Company's 2025 AGM.

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

Fees Policy for Chairman and Non-Executive Directors

The following table summarises the fees policy for the Chairman and the Non-Executive Directors.

Element of pay	Purpose/link to strategy	Operation/performance	Maximum
Fees	To provide a competitive fee to attract Non-Executive Directors who have the requisite skills and experience to oversee the implementation of the Company's strategy.	<p>Fees for the Chairman are set by the Committee. Fees for the other Non-Executive Directors are set by the Chairman.</p> <p>Fees are reviewed, but not necessarily increased, annually.</p> <p>Fee levels are determined based on expected time commitments for each role and by reference to comparable fee levels in other similar-sized companies.</p> <p>Additional fees are payable to the Senior Independent Director and Chairs of Board Committees to reflect their additional responsibilities.</p> <p>Additional fees may be paid for other responsibilities which include a higher time commitment than normal.</p>	The overall aggregate annual limit for fees payable to the Chairman and Non-Executive Directors is £2 million.
Expenses	To facilitate the performance of their duties.	Reasonable business expenses (including any tax thereon) will be reimbursed.	
Variable pay	Bonuses, shares and long-term incentives.	There is no provision for the payment of variable pay. The Chair and Non-Executive Directors do not receive bonuses or LTIP awards from the Company. Therefore, there are no recoupment (malus or clawback) provisions relating to variable pay. There is no minimum shareholding requirement. Actual shareholdings are shown on page 68.	

Statement of Consideration of Shareholder Views

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

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

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

Recruitment Policy

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

Non-Executive Directors' Terms of Appointment

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment. The date of appointment and length of service for each Non-Executive Director up to the year end are shown in the table below:

	Date of appointment	Length of service
Naguib Kheraj (Chairman)	4 September 2021	16 months
Everard Barclay Simmons	4 September 2021	16 months
Annemarie Durbin	4 September 2021	16 months
Erica Handling	4 September 2021	16 months
Mark Merson	4 September 2021	16 months

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

Annual Report on Remuneration

Single Total Figure of Remuneration (Audited)

	For the year ended 31 December 2022					For the period 4 September 2021 to 31 December 2021		
	2022 Fees (£'000)	2022 Fees ¹ % change	Taxable ² Benefits (£'000)	Taxable ¹ Benefits % change	Total 2022 (£'000)	(£'000)	Taxable ² Benefits (£'000)	Total ³ (£'000)
Naguib Kheraj	475	-	-	-	475	154	-	154
Everard Barclay Simmons	175	-	9	(69.0)%	184	57	29	86
Annemarie Durbin	155	-	-	-	155	50	-	50
Erica Handling	150	-	-	-	150	49	-	49
Mark Merson	170	-	-	-	170	55	-	55
Total	1,125		9		1,134	365	29	394

Notes to Single Total Figure of Remuneration Table

- FY22 is the first year that Directors have been paid in accordance with the annual fee agreement. For the purposes of calculating the percentage change in fees or taxable benefits paid to each Director from the prior period, the amounts paid in the prior period have been annualised. Whilst this is not a true year-on-year comparison, the difference is included for information.
- Taxable benefits relate to reimbursement of travel and accommodation expenses to attend Board meetings, together with associated taxes.
- In the prior period, no Director received any inducement or performance-related pay on joining the Board. In addition to fees from formal appointment, fees were accrued from the date on which each Director became substantively involved in the extensive work to prepare the Company for listing.

Fees

The Company is operationally complex and in the absence of any employees, the expectation on the Company's Board members is considerably greater when compared to traditional investment companies. This is reflected in the fees paid to the Chairman and other Non-Executive Directors. The Board's skills matrix reflects the balance of the knowledge, skills, qualifications, and experience required to discharge its duty of stewardship over the Group.

The Chairman and Non-Executive Director fees remain unchanged from 2021 as set out below:

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

There are no proposed changes for 2023.

Expenses

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

Annual Statement on the Role and Activities of the Remuneration Committee

Role and Responsibilities of the Remuneration Committee

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

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

Advisors

The Committee appointed FIT Remuneration Consultants LLP as its independent advisor early in 2022. FIT is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. Fees charged for time incurred in respect of the year ended 31 December 2022 amounted to £11,508 (\$13,925) (2021: nil). FIT has no other connection with the Company and its only connection with its Non-Executive Directors is as advisor to other remuneration committees on which they may serve.

Key Activities During the Year

The Committee held a meeting on 19 April 2022 in which the Remuneration Policy was discussed and approved for presentation to the Shareholders at the Company's AGM on 31 May 2022. At that same meeting the Committee reviewed the Committee terms of reference, which were recommended for approval by the Board.

Other Statutory Requirements

Share Interests (Audited)

There is no requirement for Directors to hold shares in the Company. The Directors who held office during the year and had interests in the Ordinary Shares of the Company as at 31 December 2022 are set out below.

	Shares owned 31 December 2022	Shares owned 31 December 2021
Naguib Kheraj*	550,000	375,000
Everard Barclay Simmons	-	-
Annemarie Durbin	-	-
Erica Handling	85,714	85,714
Mark Merson	114,285	114,285

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

As Independent Non-Executive Directors, no Director participates in any form of incentives. The Company's mid-market share price at the close of business on 31 December 2022 was 169p (2021: 175p) and the range of the mid-market price during the year was 165p to 286p (from IPO to year-end 2021: 249p to 352p).

Total Shareholder Return Performance

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

Total Shareholder Return

Value of a 100 unit investment made at Admission



Relative Importance of Spend on Pay

The table below shows amounts paid to the Company's Non-Executive Directors compared to amounts distributed to Shareholders by way of dividends and share buybacks.

	Non-Executive Director Fees £m	Distributions by way of dividends and share buybacks £m
For the year ended 31 December 2022	1.1	120.3
For the period from appointment on 4 September 2021 to 31 December 2021 ¹	1.1	-
Percentage change	-	n/a

1. Amount paid to Non-Executive Directors in 2021 represents an annualised figure rather than the amount actually received. There were no dividends paid to Shareholders or share buybacks in the period from IPO to 31 December 2021.

CEO Pay Ratio

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

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

No payments for loss of office, nor payments to former Directors, were made during the year.

On behalf of the Remuneration Committee

Annemarie Durbin

Chair of the Remuneration Committee

5 April 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

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

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

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

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

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

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

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

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

Website Publication

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

Directors' Responsibilities Pursuant to DTR4

The Directors confirm that to the best of their knowledge:

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

On behalf of the Board

Naguib Kheraj
Chairman

5 April 2023



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Independent Auditors' Report to the Members of Petershill Partners plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Context

In planning for our audit of Petershill Partners plc and its subsidiaries (the "Group"), we met with the Audit and Risk Committee, the Board of Directors and the Operator to discuss and confirm our understanding of significant business activities during the year, and to understand their perspectives on associated business risks. We used this insight when forming our own views regarding the business, as part of developing our audit plan and when scoping and performing our audit procedures. The Group was formed with the objective of investing in Partner-firms to achieve capital growth and to generate income. Given the complexity and judgements required in determining the value of investments we considered this a significant risk to both the Group and the Company. Income from investments in Partner-firms derived from management fee income, performance fee income and investment income is based on contractual terms in place with the Partner-firms, and are a significant proportion of the Group's income and therefore considered a key audit matter. We have considered the carrying value of the liability for the Tax Receivables Agreement, which arose on the initial acquisition of the stakes in the Partner-firms on 28 September 2021 to remain a significant risk to the Group, due to the complexity of the underlying tax laws and the magnitude of the balance.

Overview

Audit scope

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

Key audit matters

- Valuation of investments at fair value through profit and loss (Group)
- Valuation of liability for Tax Receivables Agreement (Group)
- Valuation of investment in subsidiary undertakings (Company)
- Income from Investments in Partner-firms (Group)

Materiality

- Overall Group materiality: US\$47.2m (2021: US\$53.0m) based on 1% of Net assets.
- Overall Company materiality: US\$44.8m (2021: US\$50.3m) based on 1% of Net assets, capped at 95% of Group materiality.
- Performance materiality: US\$35.4m (2021: US\$39.7m) (Group) and US\$33.6m (2021: US\$37.7m) (Company).

The scope of our audit

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

Key audit matters

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

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

Income from Investments in Partner-firms (Group) is a new key audit matter this year. Valuation of shares issued in exchange for transfer of assets and liabilities (Group and Company), which was a key audit matter last year, is no longer included because the initial acquisition was in 2021, which is a non-recurring transaction. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

Valuation of investments at fair value through profit and loss (Group)

Refer to the Audit and Risk Committee Report, Notes to the consolidated financial statements – Note 2 (Basis of preparation and significant accounting policies), Note 3 (Critical accounting judgements, estimates and assumptions) and Note 4 (Investments at fair value through profit or loss).

The investments at fair value through profit or loss for the Group were \$4,958.9 million as at 31 December 2022. 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 such as the market approach or income approach. A third party valuation advisor ("Valuer") is engaged to assist the Operator in the preparation of the fair valuation of a selection of investments. In valuing the investments, key assumptions include estimates around future fundraise timing and sizes, expected management and performance fee rates, margins of the Partner-firms, expected current and future fund returns and timing of realisations. The inputs in the market approach include observable data, such as market multiples of comparable companies to the relevant Partner-firms, and unobservable data, such as forecast earnings for the Partner-firms. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant Partner-firms and the discount rates applied. The valuation of the Group investments at fair value through profit and loss was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each investment and the expected future cash flows. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual investment valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.

We understood and evaluated the valuation methodologies applied, by reference to industry practice and applicable accounting standards, and tested the techniques used by management in determining the fair value of the investments. We performed the following over the fair value of investments as at 31 December 2022:

- Discussed and challenged the Operator and Valuer's approach to valuations and significant estimates;
- Undertook further investigations by holding further discussions with the Operator and Valuer and obtained evidence to support explanations received where assumptions were outside the expected range or showed unexpected movements based on our knowledge;
- Observed that alternative assumptions had been considered and evaluated by the Operator and the Valuer before determining the final valuation. Challenged management about the rationale of any non-observable inputs or significant estimates used in valuations and obtained corroborative evidence such as past performance of the Partner-firms or data provided by the Partner-firm. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence;
- Obtained confirmations directly from the Partner-firms to corroborate ownership and other interests held;
- Performed recalculations of valuation workings to ensure mathematical accuracy;
- Agreed data inputs in the valuation model, such as fee rates and assets under management, to supporting documentation on a sample basis; and
- Agreed the amounts per the valuation reports to the accounting records and the financial statements.

In addition, given the inherent subjectivity involved in the valuation of the investments, and therefore the need for specialised market knowledge when determining the most appropriate assumptions and the technicalities of the valuation methodology, we engaged our internal valuation experts to assist us in our audit of this area. The experts performed the following procedures:

- Reviewed the appropriateness of valuation methodology;
- Reviewed key valuation inputs and estimates used, such as comparable company multiples and discount rates at 31 December 2022 for a sample of investments; and
- Reported their findings and conclusions to the Group audit team for overall consideration and conclusions.

We considered the appropriateness and adequacy of the disclosures around the estimation uncertainty and sensitivities on the accounting estimates.

Our testing did not identify any evidence of material misstatement.

Valuation of liability for Tax Receivables Agreement (Group)

Refer to the Notes to the consolidated financial statements – Note 2 (Basis of preparation and significant accounting policies) and Note 3 (Critical accounting judgements, estimates and assumptions).

The Group recorded a Liability for the Tax Receivables Agreement ("TRA") of \$185.7m as at 31 December 2022. The Operator, with the support of an external tax specialist, has estimated the step-up tax basis of the acquired assets based on tax information provided by the Partner-firms, projected the amortisation of the step-up tax basis to occur over 15 years, applied an effective interest rate of 18% and utilised the current effective tax rate of Petershill Partners Inc in calculating the future tax benefits and resulting payments under the TRA. The valuation of the Liability for Tax Receivables Agreement is identified as a key audit matter due to the complexity of the underlying tax laws and the magnitude of the balance.

We understood and evaluated the calculation and methodologies applied, by reference to industry practice and relevant tax laws, and tested the techniques used by management in determining the liability for the TRA.

We obtained management's computations and workings relating to the amounts recognised for the liability of the TRA as at 31 December 2022. We performed the following procedures:

- Checked the mathematical accuracy of management's calculation;
- On a sample basis agreed the inputs used in the computations to supporting documentation;
- Challenged management about the rationale of assumptions used in the calculation and obtained corroborative evidence;
- Confirmed management had appropriately reflected US federal and state tax rates in the calculations; and
- Agreed the disclosures made in the financial statements back to supporting documentation.

Given the complexity of tax laws, and therefore the need for specialised market knowledge when determining the most appropriate assumptions and the technicalities, we engaged our internal tax experts to assist us in our audit of this area.

Our testing did not identify any evidence of material misstatement.

Valuation of investment in subsidiary undertakings (Company)

Refer to the Notes to the Company financial statements – Note 1 (Basis of preparation), Note 2 (Investments in subsidiary undertakings) and Note 5 (Investments held at fair value through profit or loss).

The investments in subsidiary undertakings relate to the direct ownerships in Petershill Partners Inc., Petershill Partners Ltd and Petershill Partners II Ltd. These entities hold either directly or indirectly interests in stakes in the Partner-firms. The investments in subsidiary undertakings are held at fair value which is their net asset value. The valuation of the investments in subsidiary undertakings was identified as a key audit matter given the components of the underlying valuation such as investments in Partner-firms are inherently subjective as noted in the key audit matter above.

We obtained management's calculations of the fair value of the investments in subsidiary undertakings. We performed the following procedures:

- Agreed inputs to supporting documentation and other audit work performed over areas such as the valuation of investments at fair value through profit and loss as noted in the key audit matter above;
- Tested the mathematical accuracy of the calculation; and
- Agreed ownership to supporting documentation.

Our testing did not identify any evidence of material misstatement.

Key audit matter	How our audit addressed the key audit matter
<p>Income from Investments in Partner-firms (Group)</p> <p>Refer to the Audit and Risk Committee Report, Notes to the consolidated financial statements – Note 2x (Income from investments in Partner-firms).</p> <p>The income from investments in Partner-firms for the Group was US\$385.0m and is based on contractual terms in place with the Partner-firms, and are a significant proportion of the Group's income.</p>	<ul style="list-style-type: none"> ▪ We confirmed our understanding of and evaluated the accounting policies relating to recognition and measurement of the income from investments in Partner-firms, as well as confirmed our understanding of the nature of each principal income stream on a disaggregated basis; ▪ We understood and evaluated the design of the relevant controls over income recognition; ▪ We performed the following procedures over income from investments in Partner-firms: <ul style="list-style-type: none"> ▪ Reviewed the contracts of the Group with each Partner-firm to ensure that income receivable from the Partner-firms is recognised in line with the contractual terms; ▪ Tested a sample of journals to supporting documentation, focusing on period end adjustments and unusual account combinations; ▪ Agreed the income from the Partner-firms booked by the Group for the reporting year, to confirmations received directly from the Partner-firms. We supplemented our procedures with back-testing to evaluate the reliability and accuracy of the reported numbers by the Partner-firms, through agreeing management fee income and performance fee income to the audited financial statements of the Partner-firms, where available; ▪ Agreed the settlement of income received during the reporting year to the distribution notices and bank statements. Confirmed the year-end balance of income receivable to confirmations received directly from the Partner-firms; ▪ Tested post year-end settlements of the income receivable to the bank statements; and ▪ Challenged the Operator on the appropriateness of the assumptions used in the computation of the expected credit losses on the amounts receivable from the Partner-firms. <p style="text-align: right;">Our testing did not identify any evidence of material misstatement.</p>

How we tailored the audit scope

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

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

The Impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. In particular, we understood management's consideration of the impact of climate change in the valuation of investments in so far as they are able. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality

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

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

	Financial statements – Group	Financial statements – Company
Overall materiality	US\$47.2m (2021: US\$53.0m).	US\$44.8m (2021: US\$50.3m).
How we determined it	1% of Net assets	1% of Net assets, capped at 95% of Group materiality
Rationale for benchmark applied	Given the objective of the Group is to hold stakes in Partner-firms, which will then generate returns, the primary focus of financial statements was the fair value of investments at fair value through profit or loss. Therefore we consider that the net assets of the Group is the appropriate benchmark for calculating overall materiality.	Consistent with the Group's objective to hold stakes in Partner-firms, which will then generate returns, the primary focus for the financial statements was the valuation of the investments in subsidiary undertakings. Therefore we consider that the net assets of the Company is the appropriate benchmark for calculating overall materiality. This was restricted to 95% of the Group's total materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to US\$35.4m (2021: US\$39.7m) for the Group financial statements and US\$33.6m (2021: US\$37.7m) for the Company financial statements.

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

In addition to overall Group materiality, a specific materiality was also applied to the Consolidated Statement of Comprehensive Income line items that impact Adjusted EBIT, namely Income from investments in Partner-firms; Interest Income; Board of Directors' fees and expenses; Operator charge; Other operating expenses; and Finance Cost. We set a specific materiality level of US\$13.5m (2021: US\$5.5m). In arriving at this judgement, we considered the fact that Adjusted EBIT is a secondary financial indicator of the Group.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above US\$2.36m (Group audit) (2021: US\$2.6m) and US\$2.24m (Company audit) (2021: US\$2.52m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Financial Conduct Authority's Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, as well as US State and Federal Tax rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the

financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates such as the valuation of investments and the carrying value of liability for the Tax Receivables Agreement. Audit procedures performed by the engagement team included:

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

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

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

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

Use of this Report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the Directors on 4 August 2021 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the period ended 31 December 2021 to 31 December 2022.

Other matter

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

Richard McGuire (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 April 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Income			
Income from investments in Partner-firms derived from:	2(x)		
Management fee income		213.0	49.3
Performance fee income		139.4	79.3
Investment income		32.6	8.9
		385.0	137.5
Interest income from investments in money market funds	2(x)	8.6	–
		393.6	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	2(vi),4	(806.7)	234.0
		(806.7)	234.0
Expenses			
Board of Directors' fees and expenses		(1.5)	(1.0)
Operator charge	5	(27.8)	(9.2)
Other operating expenses		(14.4)	(12.6)
Unrealised divestment fee credit/(expense)	5	0.9	(45.2)
Total expenses		(42.8)	(68.0)
Operating (loss)/profit for the year/period		(455.9)	303.5
Finance income /(expense)			
Finance cost	11,12	(45.6)	(4.6)
Movement in liability to Petershill Funds	13	15.4	(31.6)
Change in liability for tax receivables agreement	2(v),3	(19.0)	(6.8)
Total finance expense		(49.2)	(43.0)
(Loss)/profit for the year/period before tax		(505.1)	260.5
Tax credit/(expense)	7	52.2	(12.6)
(Loss)/profit for the year/period after tax		(452.9)	247.9
(Loss)/profit and total comprehensive (expense)/income for the year/period		(452.9)	247.9
(Loss)/profit and total comprehensive (expense)/income attributable to:			
Equity holders of the Company		(452.9)	247.9
Earnings per share			
Basic and diluted earnings per Share (cents)	8	(39.36)	64.12

The accompanying notes on pages 86 to 114 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 \$m	31 December 2021 \$m
Non-current assets			
Investments at fair value through profit or loss	4	4,958.9	6,023.1
Deferred tax asset	7	44.0	–
		5,002.9	6,023.1
Current assets			
Investments in money market funds at fair value through profit or loss	4	483.4	453.1
Cash and cash equivalents	2(xii)	97.6	124.8
Trade and other receivables	9	138.2	102.0
		719.2	679.9
Total assets		5,722.1	6,703.0
Non-current liabilities			
Liability to Petershill Funds	13	–	597.2
Unsecured Notes payable	12	493.2	–
Notes payable	11	–	340.9
Deferred payment obligations	2(vi)	50.0	133.4
Liability for Tax Receivables Agreement	2(v)	150.6	166.7
Fee payable on divestment of investments	5	44.3	45.2
Deferred tax liability	7	–	12.6
		738.1	1,296.0
Current liabilities			
Trade and other payables	10	29.7	28.3
Deferred payment obligations	2(vi)	189.9	74.8
Interest payable		10.0	8.1
Liability for Tax Receivables Agreement	2(v)	35.1	–
		264.7	111.2
Total liabilities		1,002.8	1,407.2
Net assets		4,719.3	5,295.8
Equity			
Share capital	2(ix), 14	11.4	11.6
Share premium	2(ix), 14	3,346.7	3,346.7
Other reserve	2(ix), 14	1,689.6	1,689.6
Capital redemption reserve	2(ix), 14	0.3	–
Retained earnings	15	(328.7)	247.9
Total shareholders' funds		4,719.3	5,295.8
Number of Ordinary Shares in issue at year/period end		1,135,399,597	1,156,696,029
Net assets per share (cents)	16	415.65	457.84

The financial statements of the Group were approved and authorised for issue by the Board of Directors on 5 April 2023 and signed on its behalf by:

Naguib Kheraj
Chairman

Mark Merson
Director

The accompanying notes on pages 86 to 114 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Retained earnings \$m	Total \$m
Opening net assets attributable to Shareholders at 1 January 2022		11.6	3,346.7	1,689.6	–	247.9	5,295.8
Issue of share capital	14	–	–	–	–	–	–
Share issue costs	14	–	–	–	–	–	–
Repurchase and cancellation of Ordinary Shares	14	(0.2)	–	–	0.2	(53.3)	(53.3)
Redemption and cancellation of Redeemable Shares	14	–	–	–	0.1	(0.1)	–
Dividends paid in the year	17	–	–	–	–	(70.3)	(70.3)
Loss and total comprehensive expense for the year		–	–	–	–	(452.9)	(452.9)
Closing net assets attributable to Shareholders at 31 December 2022		11.4	3,346.7	1,689.6	0.3	(328.7)	4,719.3

For the period from 24 March 2021 to 31 December 2021

	Note	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Retained earnings \$m	Total \$m
Opening net assets attributable to Shareholders at 24 March 2021		–	–	–	–	–	–
Issue of share capital	14	11.6	3,378.9	1,689.6	–	–	5,080.1
Share issue costs	14	–	(32.2)	–	–	–	(32.2)
Profit and total comprehensive income for the period		–	–	–	–	247.9	247.9
Closing net assets attributable to Shareholders at 31 December 2021		11.6	3,346.7	1,689.6	–	247.9	5,295.8

The accompanying notes on pages 86 to 114 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Cash flows from operating activities			
(Loss)/profit for the year/period before tax		(505.1)	260.5
Adjustments to reconcile operating loss for the financial period to net cash flows from operating activities:			
Finance expense		49.2	43.0
Purchase of investments in money market funds	4	(1,051.4)	(806.7)
Sale of investments in money market funds	4	1,021.1	353.6
Reinvestment of income from investments in Partner-firms		(42.6)	(8.1)
Movement in financial assets and liabilities held at fair value through profit and loss	4	806.7	(234.0)
Movement in trade and other receivables		(59.1)	(56.1)
Movement in trade and other payables		3.8	22.6
Movement in fee payable on divestment of investments	5	(0.9)	45.2
Movement in liability to Petershill Funds		-	31.6
Taxes paid		(4.4)	-
Net cash flows from operating activities		217.3	(348.4)
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss	4	(149.7)	(247.0)
Capital proceeds received	4	6.7	-
Net cash flows from investing activities		(143.0)	(247.0)
Cash flows from financing activities			
Issue of shares (net of Share issue costs deducted from proceeds)	14	-	725.0
Payment of share issue costs		(5.7)	(4.8)
Share repurchases	14	(50.0)	-
Dividends paid	17	(70.3)	-
Proceeds from Unsecured Notes	12	500.0	-
Repayment of Notes payable	11	(350.0)	-
Payment of transaction costs related to debt issuance and repayment		(8.1)	-
Interest expense payments		(27.8)	-
Extinguishment of liability to Petershill funds	13	(89.6)	-
Net cash flows from financing activities		(101.5)	720.2
Net (decrease)/increase in cash and cash equivalents during the year/period		(27.2)	124.8
Cash and cash equivalents at the beginning of the year/period		124.8	-
Cash and cash equivalents at the end of the year/period		97.6	124.8
Non-cash investing and financing activities			
In kind distribution of investments in Partner-firms and Trade and other receivables held at Issuer SPVs to Petershill Funds	13	492.2	-
Acquisition of Partner-firms stakes by issuing 1,000,000,000 of Ordinary Shares, liability towards Tax Receivables agreement and assumption of Notes payable	2(ix)	-	4,843.3

The accompanying notes on pages 86 to 114 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

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 year ended 31 December 2022 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 and 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 in accordance with UK-adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are presented to the nearest million United States Dollar (\$m), the functional and reporting currency of the Company.

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

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

The principal accounting policies are set out below.

ii. Segmental reporting

The Operator serves as the Group's alternative investment fund manager for purposes of the UK AIFMR and EU AIFMD, which 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 derived 89% (2021: 89%) of its current income from North America and the remaining 11% (2021: 11%) from Europe. 92% (31 December 2021: 89%) of the Group's non-current assets are located in North America and the remaining 8% (31 December 2021: 11%) are located in Europe.

iii. Functional currency and foreign currency transactions

The Board has determined that the functional currency of the Company and its subsidiaries is United States Dollar (US\$), as this is the currency of the primary economic environment in which the Company and its subsidiaries operates and is the currency of the majority of the Group's Investments 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\$. Expenses (including the Operator charge) are denominated and paid mostly in US\$.

Transactions in currencies other than US\$ during the period, including income and expenses, are translated into US\$ at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ 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\$ 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\$ 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 general approach to measuring the loss allowance as required by IFRS 9 – Financials Instruments. A 12-month ECL is recognised for all financial assets within stage 1 of the Group's impairment model and lifetime ECL for all other financial assets. Expected credit loss allowances for those receivables measured at amortised cost is deducted from the gross carrying value of the receivables.

The Group considers a financial asset to have experienced a significant increase in credit risk based on delinquency status and through fair value determination in respect of the investment in the underlying Partner-firm from which they arise. The Group's financial assets measured at amortised cost were substantially all classified within stage 1 of the Group's impairment model, namely, they were not credit-impaired on initial recognition and there has been no significant increase in credit risk since then. In assessing whether the risk of default has increased significantly since initial recognition, the Group considers both qualitative and quantitative information, and the analysis is based on the Group's historical experience of credit default including forward looking information.

The following key factors were considered in determining the appropriate ECL to be recorded for these balances:

- Any indication of significant increase in credit risk in the investments in Partner-firms would be identified when determining the fair value of the investments in Partner-firms. The process of determining the fair value of the investments in the Partner-firms includes estimates around future fundraise timing and size, expected management and performance fee rates and margins of the Partner-firms, expected current and future fund returns and timing of realisations.
- Any history of default committed by the Partner-firms. To the extent a default had occurred, this would be a factor in the process of determining the fair value of investments in Partner-firms as it would impact the cash flow projections used in determining the fair value.
- Any overdue balances included in these receivables. The Group monitors the aging of its receivable balances while considering the timing obligations the Partner-firms have with respect to making income payments to the Group.

The ECL is determined by projecting the Probability of Default (PD) and Loss Given Default (LGD) for each individual exposure. This forms the basis of calculating ECL. The PD represents the likelihood of a Partner-firm defaulting on its receivables and the LGD is the Group's expectation of the extent of loss on the default exposure.

The calculated ECL based on these receivables from Partner firms based on the above is not material as a result of a low PD and LGD. Therefore, no ECL has been recorded in these consolidated financial statements.

The Group writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery. The Group may seek to recover amounts it is legally owed in full, but which have been wholly or partially written off due to no reasonable expectation of full recovery.

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 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. 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 investments. 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.

The carrying amounts of assets comprised of cash and cash equivalents and Trade and other receivables are held at amortised cost. The carrying amounts of liabilities comprised of Unsecured Notes payable, 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 except Unsecured Notes payable held at amortised cost listed here approximates fair value as these do not contain any significant financing components. The fair value of the Unsecured Notes payable is estimated at \$463.0 million based on interest rates at 31 December 2022.

v. Significant accounting policies

i. Notes payable and interest expense

Unsecured Notes payable and 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 drawdown, 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 Petershill Partners, Inc. (formerly Delta Epsilon Delaware, Inc.) (the "Delaware Subsidiary"), 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, the Delaware Subsidiary entered into a Tax Receivables Agreement (the "Tax Receivables Agreement" or "TRA") with certain Petershill Funds and their subsidiaries, which will require the Delaware Subsidiary to pay 75% of the amount of cash tax savings, if any, in US federal, state and local income tax that the Delaware Subsidiary realises. The computation of the tax savings is based on the actual US federal tax savings realised on the tax returns of the Delaware Subsidiary over the amount that would have been paid if the increase in tax basis had not occurred. State and local income tax savings are based on the assumption that the state and local tax rate is 6% of the reduction in federal taxable income due to the increased tax basis. In addition, any such savings that the Delaware Subsidiary 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, are assumed to result in additional increases in tax basis that will result in future tax benefits. 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 estimated the future tax savings payable under the TRA based on information that has been provided by the underlying Partner-firms as to the amount of the step up in tax basis and future expected amortisation. To the extent that a step up did not result in a future amortisation deduction it has been assumed that no tax benefit will be payable under the TRA agreement. In addition, the Group has assumed that any amortisation will result in an immediate tax benefit in the year of the amortisation. The Group has recorded a liability of \$185.7 million (31 December 2021: \$166.7 million), 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 for the TRA was initially recognised at fair value of the expected liability. Any changes to the carrying value of the expected liability are recognised in the Consolidated Statement of Comprehensive Income at each reporting date. Refer to note 3 for detailed discussion of the TRA.

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

In addition, the TRA provides for the payment on the TRA to become due on the original due date of the US federal income tax return. As the information to prepare the income tax returns may not be available until after this due date, the TRA provides that interest is payable on the final payment from the due date of the return until actual payment is made. This interest is accrued in the period from the due date of the returns until actual payment is made for that year and is treated as period cost and recognised in the Consolidated Statement of Comprehensive Income at each reporting date.

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 carried at amortised cost. As at 31 December 2022, the amortised cost of Deferred payment obligations of \$239.9 million (31 December 2021: \$208.2 million) reported on the Consolidated Statement of Financial Position is imputed at an effective interest rate of 2.5% (31 December 2021: 1.9%).

Any difference between the initially recorded deferred payment obligations 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 year ended 31 December 2022, an amount of \$5.5 million (31 December 2021: \$0.2 million) relating to deferred payment obligations is included in Finance cost 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. The net amount is reported in the Consolidated 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 in making financial or operational decisions. 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 or its key management personnel, including Directors and officers of the Operator. In considering related party relationships, attention is directed to the substance of the relationship and not merely the legal form.

ix. Share capital

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

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

Under Section 612 of the Companies Act, where an issuing company has secured at least 90% equity holding of another company in return for shares of the issuing company, then merger relief shall be applied requiring the premium, with respect to the shares issued, to be recorded to other reserve as merger relief. The acquisition of Petershill Partners Ltd (formerly Delta Epsilon Cayman Ltd) ("the Cayman Subsidiary") by the Company fell under the ambit of Section 612 of the Companies Act and hence merger relief was applied to the excess over the nominal value of shares. Refer to note 14 for more information.

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

The cost of repurchasing Ordinary Shares including the related stamp duty and transactions costs is charged to Retained earnings and dealt with in the Consolidated Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital and Redeemable Deferred Shares repurchased and cancelled is transferred out of 'Share capital' and into the 'Capital redemption reserve'.

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 money market funds is accounted for on an accrual basis. 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 comprises 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 in 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 Group to a set percentage share of the net management fee revenue earned by the underlying Partner-firm and are recognised on an accrual basis. Depending on the nature of the operations of the underlying Partner-firm, income arising will be accounted for on an accrual 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 in 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 Group to a set percentage share of the performance fee revenue earned by the underlying investee and are recognised on an accrual basis. Depending on the nature of the operations of the underlying Partner-firm, income arising will be accounted for on an accrual 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 in 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 an accrual basis only when the right to receive payment has been established under the terms of the agreement with the Partner-firms.

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 Consolidated Statement of Comprehensive Income at each valuation point.

xi. Expenses

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

Operator fees, other expenses, divestment fees and professional fees incurred are recognised on an accrual basis and expensed to the Consolidated 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 Consolidated Statement of Comprehensive Income as an expense.

xii. Cash and cash equivalents

Cash and cash equivalents include 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.

The 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 exemption and earnings related to subsidiaries where the temporary differences will not reverse in the foreseeable future and the Group has 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 expected to be realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or 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 determination as to if it is probable that a deferred income tax asset will be recognisable is dependent on a number of factors including the expectations of future taxable income in the period the deferred income tax asset is realised. Further, in certain jurisdictions the character of the loss or deduction as either ordinary or capital may impact the ability to offset future income. As such, significant judgements may be required in determining the Group's ability to realise the future tax assets.

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 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 2023 or later periods. The following are the new or amended accounting standards or interpretations applicable to the Group.

- Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) – Classification of liabilities as current or non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies (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
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 – Reference to the Conceptual Framework

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

xv. Assessment of investment entity

The Board 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 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 that deals with exit strategies, stipulates that an entity's investment plans 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. Given 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 consolidates the subsidiaries that it controls as discussed in the next section.

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 wholly owned subsidiaries listed below.

Name of Subsidiary	Registered office	Purpose	Interest as at 31 December 2022	Interest as at 31 December 2021
Held directly				
Petershill Partners Ltd (formerly Delta Epsilon Cayman Ltd) ¹	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	100%	100%
Petershill Partners II Ltd (formerly Delta Epsilon Cayman II Ltd) ^{1,8}	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	100%	N/A
Petershill Partners, Inc. (formerly Delta Epsilon Delaware, Inc.) ¹	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Held indirectly				
Petershill Partners GP Sub I Series LLC (formerly Delta Epsilon GP Sub (Co-Invest) Series LLC) ^{2,3}	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%

Name of Subsidiary	Registered office	Purpose	Interest as at 31 December 2022	Interest as at 31 December 2021
Petershill Partners GP Sub II Series LLC (formerly Delta Epsilon GP Sub (PH II) Series LLC) ^{2,3}	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Petershill Partners GP Sub III Series LLC (formerly Delta Epsilon GP Sub (PH PE) Series LLC) ^{2,3}	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Petershill Partners GP Sub IV Series LLC (formerly Delta Epsilon GP Sub (VF VII) Series LLC) ^{2,3}	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Cook Holdings Series LLC ^{4,5}	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Knight Holdings Series LLC ^{4,5}	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	100%	100%
Lyndhurst Holdings LP ^{4,5}	One Nexus Way, Camana Bay, KY1-9005 Cayman Islands	Investment holding company	100%	100%
Plum Holdings LP ^{4,5}	One Nexus Way, Camana Bay, KY1-9005 Cayman Islands	Investment holding company	100%	100%
Peasy Holdings LP ^{4,5}	One Nexus Way, Camana Bay, KY1-9005 Cayman Islands	Investment holding company	100%	100%
PH Offshore GP Aggregator ^{6,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	48%
PH Offshore IM Aggregator ^{6,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	89%
PH Onshore GP Aggregator ^{6,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	50%
PH Onshore IM Aggregator ^{6,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	87%
PH Offshore GP Issuer ^{7,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	48%
PH Offshore IM Issuer ^{7,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	89%
PH Onshore GP Issuer ^{7,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	50%
PH Onshore IM Issuer ^{7,9}	C/O Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890, United States of America	Investment holding company	–	87%

1. Referred to as Petershill Subsidiaries.

2. Held through Petershill Partners Ltd.

3. Referred to as Petershill Blockers.

4. Held through the Petershill Blockers and Petershill Partners Inc.

5. Referred to as Petershill holding companies.

6. Referred to as Intermediary Entities and held through Petershill Blockers, Petershill holding companies and Petershill Partners Inc.

7. Referred to as Issuer SPVs and held through Intermediary Entities.

8. Incorporated and acquired by the Group on 28 April 2022.

9. The Issuer SPVs and Intermediary Entities were dissolved on 19 December 2022 and have been consolidated in preparing these accounts till their date of dissolution. 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 were consolidated on the basis that the Company and its Subsidiaries were exposed to 100% of the expenses and 100% of the debt related to these entities.

The Petershill Subsidiaries, Petershill Blockers, Petershill holding companies, Intermediary Entities and Issuer SPVs are collectively referred to as the Subsidiaries.

I. Consolidation of Petershill Subsidiaries and Petershill Blockers

The Company wholly owns the issued interests of the Petershill Subsidiaries and is able to exercise control and power over the Petershill Subsidiaries. Petershill Partners Ltd wholly owns the shares of the Petershill Blockers listed above. The financial statements of the Petershill Subsidiaries and Petershill Blockers are consolidated in preparing the financial statements of the Group.

II. Consolidation of Petershill holding companies

The Company has consolidated its investment in series and classes of assets that it wholly owns and controls in the Petershill 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 were wholly borne by the Company and its Subsidiaries. The Petershill Funds continued to have an interest in the Issuer SPVs and Intermediary Entities and hence a liability was 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 were 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 did 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.

On 20 September 2022, the Notes were repaid out of proceeds raised from the issue of Unsecured Notes and the Transferred Interest held as collateral was released back to the Petershill Funds and the Subsidiaries of the Company. Other assets comprised of income receivable from Partner-firms held at the Issuer SPVs were also distributed to the Petershill Funds and the Subsidiaries of the Company. Cash left at the Issuer SPVs was distributed in December post which the Issuer SPVs and the Intermediary Entities were dissolved on 19 December 2022. As a result, the Petershill Funds ceased to have any exposure to the Issuer SPVs effective this date.

Pursuant to above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements for the period from 24 March 2021 to 31 December 2021 and for the period from 1 January 2022 to 19 December 2022, the date these Issuer SPVs and the Intermediary Entities were dissolved. While the Company did not have entitlement to 100% of the interest in the cash flows of the Intermediary Entities and the Issuer SPVs, it had all the exposure to the Notes held at the Issuer SPVs and the Intermediary Entities. Hence, it was required to consolidate them under the definition of control. This resulted in reflecting all of the assets and liabilities of these entities in the Consolidated Statement of Financial Position at 31 December 2021 and all of the income, investment gain and finance cost in the Consolidated Statement of Comprehensive Income for the period of consolidation. 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 of the Issuer SPVs was not required under IFRS 10. Refer to note 13 for more information.

As of 31 December 2022, the Issuer SPVs and the Intermediary Entities have distributed all their assets to the Petershill Funds and the Subsidiaries of the Company and were dissolved on 19 December 2022.

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 as at 31 December 2022 and 31 December 2021.

	31 December 2022 \$m	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 unamortised debt issuance costs of \$9.1m.

The table below summarises the components of Consolidated Statement of Comprehensive Income attributable to the Petershill Funds that have been consolidated in preparing these financial statements due to the requirements detailed above.

	For the year ended 31 December 2022 ¹ \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Income		
Income from investments in Partner-firms	14.8	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	(30.2)	16.4
Finance income /(expense)		
Movement in liability to Petershill Funds	15.4	(31.6)

1. Consolidated up to 19 December 2022, the day on which the Issuer SPVs and Intermediary Entities were dissolved.

IV. Accounting for investments in Partner-firms

The Group's investments 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 and IFRS 9 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

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

The Board has made an assessment of going concern, which takes into account the current performance and the Group's outlook, including future projections of profitability and cash flows as well as a downside scenario using information that is available as of the date of these financial statements.

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

As at 31 December 2022, the Group had \$97.6 million (31 December 2021: \$124.8 million) of cash and cash equivalents along with \$483.4 million (31 December 2021: \$453.1 million) of investments in money market instruments, reflecting a strong liquidity position to meet operating costs.

Notes to the Consolidated Financial Statements *continued*

The Board acknowledges its responsibilities related to the financial statements. Based on the analysis outlined above, the Board is comfortable that the Group has sufficient cash to support its ongoing operations and meet its liquidity requirements in the downside scenario.

The Board has assessed the viability of the Group for a chosen period of three years to 31 December 2025 and this includes the next 12 months following the issuance of these financial statements. As discussed in the Viability Statement on page 45 of the Annual Report, 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 the below scenarios:

- A 90% reduction in income from Partner-firms derived from performance fee income and investment income. This translates to a substantial reduction in overall income from Partner-firms over the three years and includes the period under consideration. Such a reduction might be a result of Partner-firm revenue and macroeconomic risks;
- A 20% decline in the fee-paying AuM held by absolute return funds, while private market funds AuM remains relatively stable. This would have a slight impact on the management fee income;
- The Operator charge is based on the amount of income from Partner-firms and therefore changes commensurate with the change in income from Partner-firms;
- While there is the possibility of higher interest rates in the future, this would not have a material negative effect since the Group's long-term debt has fixed interest rates; and
- Any reduction in the valuation of investments at fair value through profit and loss would not impact free cash flow, debt covenants or leverage limitations.

The Group's ability to pay its expenses, including the Operator charge, can continue under the severe but plausible downside scenario. The Board's assessment has been made with reference to the Group's current position, the Group's outlook, its strategy and the Group's principal risks.

Given the above, the Board considers it appropriate to prepare the financial statements of the Company and Group on a going concern basis 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

Climate change and other ESG-related issues may affect the Partner-firms in a variety of ways. The impacts can include items such as fundraising demand, which may have either headwinds or tailwinds depending on the strategy of the fund. The diversity of investments in Partner-firms, and related underlying funds, mitigates the risk to the Group if any, that climate change may have on any one underlying investment made by a Partner-firm.

In preparing the financial statements, the Operator considers the impact of climate change in the valuation of investments, insofar as they are reasonably able. For the year ended 31 December 2022, in determining the fair value of the investments in Partner-firms, based on inputs provided by the third-party valuation advisor and discussions with Partner-firms, the Operator concluded that the impact of climate change to valuations is not material at this time and did hence not use climate change as an input for valuations.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Operator 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 Operator 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 in the following note:

Assessment as an investment entity

The Board 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 has determined that the Company and its Subsidiaries do not have an exit strategy as required by IFRS 10 and fail to meet one of the essential criteria to be treated as an Investment Entity. 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. Refer to Note 2(xv) for detailed discussion.

Estimates and assumptions

The Group makes estimates and assumptions, which are reviewed by the Board, 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 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 participates 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 are determined with the assistance of a third-party valuation advisor engaged by the Operator.

The models used to determine fair values, which are individually bespoke and have individual assumptions applied to them, are the responsibility of the Operator and are validated and periodically reviewed by appropriately skilled and functionally independent teams within 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 multiple models include observable data, such as earnings multiples of companies comparable to the relevant Partner-firms, and unobservable data, such as forecast earnings for the Partner-firms. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant Partner-firms and the risk premium for liquidity and credit risk that are incorporated into the discount rate. 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.

Liability for Tax Receivables Agreement

This estimate assumes that the Delaware Subsidiary would have current 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. To the extent that the stepped-up tax basis is amortisable the Group has projected the amortisation of the step-up tax basis to occur over 15 years. To the extent that the step-up tax basis is not amortisable, the realisation of a benefit is outside of the Group's control and would only occur if the Partner-firm disposes of or otherwise realises a taxable gain or loss on the sale of the asset, and therefore the Group has estimated there would be no tax benefit in computing the payment obligation under the Tax Receivables Agreement with respect to that stepped-up tax basis. The Group applied a discount rate of 18%.

It should be noted that in certain circumstances if the Delaware Subsidiary disposes of an underlying investment, it is possible that the Delaware Subsidiary will not be obligated to make payments under the Tax Receivables Agreement. The likelihood of such an event has been considered in estimating the amount of the liability under the Tax Receivables Agreement.

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 Petershill Partners, Inc. for any payments previously made under the Tax Receivables Agreement if the related 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.

In arriving at the Liability for Tax Receivable Agreement, the Operator has assumed the applicable US federal and state combined tax rate to be 25.7% (31 December 2021: 26%) and considers the same as a significant estimate used in accruing the liability. For every increase in tax rate by 5%, the liability under the Tax Receivable Agreement would increase by \$36.6 million (31 December 2021: \$32.5 million).

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 hold a diversified portfolio of investments in private equity, absolute return, private credit and private real assets.

	For the year-ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Opening balance	6,023.1	–
Additions	230.7	5,789.1
Proceeds from redemptions and return of capital	(18.9)	–
In kind distribution of Investments in Partner-firms to Petershill Funds ¹	(469.3)	–
Change in fair value of investments at fair value through profit or loss	(806.7)	234.0
	4,958.9	6,023.1

1. Represents the fair value of Transferred Interest held as collateral that were released back to the Petershill Funds. Refer to note 13 for a detailed discussion.

As discussed in note 2(xvi), in preparing these consolidated financial statements for the year ended 31 December 2022 and period ended 31 December 2021, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities till the date of their dissolution on 19 December 2022. The balance of the Group's investments for the period ended 31 December 2021 above is shown gross of liability to Petershill Funds, as further described in note 13.

Current investments

The Group invests its overnight cash balance in Money Market Funds representing a collective investment scheme promoted by an affiliate of the Operator. The Money Market Funds are AAA rated and 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. As at 31 December 2022, the Group held investments in Money Market Funds of \$483.4 million (31 December 2021: \$453.1 million) and during the year ended 31 December 2022 earned interest of \$8.6 million (period ended 31 December 2021: \$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 three 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 considers 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:

31 December 2022	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Investment in money market funds	–	483.4	–	483.4
Investments in Partner-firms	–	–	4,958.9	4,958.9
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.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

Key assumptions including the future fund raises by Partner-firms, future performance of funds managed by the Partner-firms, the timing of exits of investments managed by Partner-firms and margins of the Partner-firms are estimates made by the Operator and are not certain. The choice of discount rate or market multiple is somewhat correlated to the growth and return assumptions made above. The discount rates and multiples are therefore considered to be the significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy. These, together with a quantitative sensitivity analysis as at 31 December 2022 and 31 December 2021 are as shown below:

Level 3 investments	Market value as of 31 December 2022	Significant unobservable inputs by valuation technique ¹	Range of significant unobservable inputs as of 31 December 2022	Weighted average	Reasonable shift ⁴	Valuation sensitivity		
Investments in Management Companies: Private Markets	Market Approach:				-/+	-	+	
	\$1,119.7	Profit Multiple – FRE ²	8.6x – 22.0x	13.3x	0.9x	\$(103.1)	\$58.4	
	353.7	Asset Based Multiple	1.0x	1.0x	10.0%	(35.4)	35.4	
	Income Approach:							
	1,592.7	Terminal Multiple – FRE ²	4.7x – 16.5x	12.8x	0.7x	(58.3)	25.5	
		Discount Rate – FRE	10.5% – 21.3%	13.3%	1.0%	(139.6)	68.8	
	1,297.7	Terminal Multiple – PRE ³	2.8x – 10.0x	5.5x	0.8x	(44.1)	20.3	
		Discount Rate – PRE	13.0% – 42.0%	25.2%	2.0%	(146.1)	74.1	
	Investments in Management Companies: Absolute Return	Market Approach:				-/+	-	+
		188.1	Profit Multiple – FRE ²	7.4x – 8.3x	7.8x	1.7x	\$(16.9)	\$16.9
75.1		Profit Multiple – PRE ³	4.7x – 5.7x	5.2x	1.1x	(7.2)	7.2	
30.1		Asset Based Multiple	1.0x	1.0x	10.0%	(3.0)	3.0	
Income Approach:								
226.8		Terminal Multiple – FRE ²	6.3x – 7.5x	7.4x	1.1x	(16.1)	21.3	
		Discount Rate – FRE	13.4% – 16.0%	13.5%	2.0%	(16.3)	21.6	
75.0		Terminal Multiple – PRE ³	3.4x – 5.8x	4.9x	0.7x	(5.6)	7.4	
		Discount Rate – PRE	17.4% – 29.5%	21.1%	3.1%	(5.3)	7.0	

1. The fair value of any one instrument may be determined using multiple valuation techniques. For example, market comparable and discounted cash flows may be used 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 and may represent historical or forward-looking multiples.
3. The range consists of multiples on performance related earnings 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 shift.

Notes to the Consolidated Financial Statements *continued*

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

- 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.
- The range consists of multiples on management fee related earnings and may represent historical or forward-looking multiples.
- The range consists of multiples on performance related earnings and may represent historical or forward-looking multiples.
- 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 shift.
- 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 consider this disclosure to be 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 year-ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Assets		
Opening balance	6,023.1	-
Additions	230.7	5,789.1
Proceeds from redemptions and return of capital	(18.9)	-
In kind distribution of Investments in Partner-firms to Petershill Funds ²	(469.3)	-
Change in fair value of investments at fair value through profit or loss ¹	(806.7)	234.0
	4,958.9	6,023.1

- Of the above, an amount of \$(788.8) million (31 December 2021: \$234.0 million) relates unrealised (loss)/gain on fair value of investments held at year end.
- Represents the fair value of Transferred Interest held as collateral that were released back to the Petershill Funds. Refer to note 13 for a detailed discussion.

5. Operator charges

Recurring operating charges

Under the Operator Agreement, the Operator is entitled to recurring operating charges on a quarterly basis, such as 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 in 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 year ended 31 December 2022, the income attributable to assets owned by the Group on which Recurring Operator charge was earned amounted to \$370.1 million (31 December 2021: \$122.3 million).

Amounts recorded as Operating Charges during the year ended 31 December 2022 were \$27.8 million (period ended 31 December 2021: \$9.2 million), of which \$21.0 million (31 December 2021: \$9.2 million) was outstanding as at 31 December 2022. 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% of the total dividend income from each new investment ("New Investment") made by the Group 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% 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 Partner Profit Sharing Charges during the year ended 31 December 2022 were \$Nil (period ended 31 December 2021: \$Nil).

Divestment fee

The Operator is entitled to a divestment fee ("Divestment Fee") calculated at 20% 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 divestments 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 2022 accounts representing an amount that would be payable if the Group were to exit all of its investments at the fair value reflected on these financial statements. As at 31 December 2022, an amount of \$44.3 million (31 December 2021: \$45.2 million) 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 Auditor and its affiliates, which can be analysed as follows:

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Fees to the Company's Auditor		
for audit of the statutory financial statements of £1.3m (2021: £1.0m) (including VAT)*	1.6	1.3
for audit-related assurance services of £0.1m (including VAT)	0.1	–
	1.7	1.3

* The audit fee of £1.3m includes an amount of £161 thousand (excluding VAT) or £0.2 million (including VAT) relating to additional billing for audit of the 2021 period end financial statements and £0.9 million (excluding VAT) or £1.1 million (including VAT) for the 2022 audit.

For the year ended 31 December 2022, the Company's Auditor was paid £0.1 million in relation to its review of the Group's condensed consolidated interim financial statements and the same is included under audit related assurance services. For the period from 24 March 2021 to 31 December 2021, the Company's Auditor was paid £0.9 million (\$1.1 million) in relation to work on the listing of the Company which was included in share issue costs.

7. Tax

The Group's income tax expense can be analysed as follows:

Amounts recognised in profit and loss	For the year ended 31 December 2022	For the period from 24 March 2021 to 31 December 2021
	\$m	\$m
Current tax expense:		
Adjustments for current tax of prior periods	1.2	–
Tax charge at standard UK corporation tax rate	3.0	–
Total current tax expense	4.2	–
Deferred tax expense:		
Origination and reversal of temporary differences	(50.2)	37.5
Adjustments for deferred tax of prior periods	(2.0)	–
Movements in unrecognised tax benefits	(3.5)	(24.9)
Effect of changes in tax rates	(0.7)	–
Total deferred tax (credit)/expense	(56.4)	12.6
Total income tax (credit)/expense	(52.2)	12.6

The differences in 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 year ended 31 December 2022 \$m	%
Profit/(loss) before tax	(327.1)	(354.0)	176.0	(505.1)	–
Tax charge at standard UK corporation tax rate	(62.1)	(67.3)	33.4	(96.0)	19.0%
Foreign rate differential	(6.5)	–	(36.2)	(42.7)	8.5%
Liability to Petershill Funds	–	–	2.8	2.8	(0.6)%
Income not taxable	–	(50.7)	–	(50.7)	10.0%
State & Local taxes	(7.0)	–	–	(7.0)	1.4%
Expenses not deductible for tax purposes	27.3	118.8	–	146.1	(28.9)%
Other	(0.9)	(0.4)	0.2	(1.1)	0.2%
Movements in unrecognised deferred tax	(3.6)	–	–	(3.6)	0.7%
Total income tax credit	(52.8)	0.4	0.2	(52.2)	10.3%

	US \$m	UK \$m	Other \$m	For the period from 24 March 2021 to 31 December 2021 \$m	%
Reconciliation of effective tax rate					
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	19.0%
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 Tax Receivables Agreement, 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. The deferred tax assets and liabilities in the UK as at 31 December 2022 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 2022 have been calculated based on the US federal statutory rate of 21% (31 December 2021: 21%) and estimated effective state tax rate of 4.29% (31 December 2021: 4.29%).

Deferred tax

Movement in deferred tax balances

	Net balance 1 January 2022 \$m	Recognised in profit or loss \$m	Recognised in OCI/equity \$m	Foreign exchange \$m	Net balance 31 December 2022 \$m	Deferred tax assets \$m	Deferred tax liabilities \$m
Investment in Partner-firms	(36.4)	54.8	–	–	18.4	18.4	–
Tax Receivable Agreement	12.3	5.0	–	–	17.3	17.3	–
Deferred payment obligations	(0.6)	–	–	–	(0.6)	–	(0.6)
Other	6.2	1.7	–	–	7.9	7.9	–
Losses	5.9	(4.9)	–	–	1.0	1.0	–
	(12.6)	56.6	–	–	44.0	44.6	(0.6)

	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 obligations	–	(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 on the Consolidated Statement of Financial Position.

Notes to the Consolidated Financial Statements *continued*

Loss carry forwards at 31 December 2022 will expire as follows:

	U.S. \$m	U.K. \$m	Total \$m
2023	-	-	-
2024 and onwards	-	-	-
Unlimited	-	2.5	2.5
	-	2.5	2.5

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 deductible temporary differences and unused tax losses

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2022 \$m	31 December 2021 \$m
Deductible temporary differences (no expiry)	-	-
Tax losses	0.4	0.6
	0.4	0.6

Unrecognised taxable temporary differences associated with investments and interests in Subsidiaries

As at 31 December 2022, 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.

Unrecognised taxable temporary differences associated with investments and interests in Partner-firms

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 Investments in Partner-firms as well as the impact of the Tax Receivables Agreement, temporary differences arose on the acquisition. Under the Initial Recognition Exemption under paragraphs 15 and 23 of IAS 12, these temporary differences were not recognised at the time of the original purchase. As such tax benefits or expenses related to the unrecognised amounts were also not recognised in the financial statements.

Further, as of 31 December 2022, to the extent that the Group has recognised unrealised losses with respect to the investments and interests in Partner-firms, such losses may result in a deferred tax asset to the extent that the unrealised losses are not currently deductible for income tax purposes. To the extent the recovery of these deferred tax assets will only result in future losses that may offset a future capital gain, the Group has not recognised the associated deferred tax assets as it is not probable that there will be sufficient income of the appropriate character in the future to utilise the associated tax benefits.

Uncertainty over income tax treatments

The Company has not identified any reserves related to uncertainty over income tax treatments as of 31 December 2022 and 31 December 2021.

8. Earnings per share

Earnings per share

	For the Year ended 31 December 2022	For the period from 24 March 2021 to 31 December 2021
(Loss)/profit attributable to equity holders of the Company – \$m	(452.9)	247.9
Weighted average number of Ordinary Shares in issue	1,150,241,568	386,629,098
Basic and diluted earnings per share from continuing operations in the period (cents)	(39.36)	64.12

The weighted average number of shares for the year ended 31 December 2022 and period ended 31 December 2021 is calculated on a time weighted basis based on the timing of issue and redemption of Ordinary Shares. There are no dilutive shares in issue.

9. Trade and other receivables

	31 December 2022 \$m	31 December 2021 \$m
Amounts receivable from Investments	135.9	102.0
Prepayments and other receivables	2.1	–
Tax payments recoverable	0.2	–
	138.2	102.0

10. Trade and other payables

	31 December 2022 \$m	31 December 2021 \$m
Other payables	29.7	22.6
Share issue costs payable	–	5.7
	29.7	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"), prior to the Group's acquisition of the investments in Partner-firms, 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 \$350 million. 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 20 September 2022, the Notes were repaid by the Company out of proceeds raised from the issue of the Unsecured Notes. The Issuer SPVs were also subject to a Make-Whole Amount (as defined in the Indenture) of \$7 million upon redemption of the Notes in accordance with the provisions of the Indenture.

For the year ended 31 December 2022, an amount of \$28.7 million (31 December 2021: \$4.4 million) has been recorded as Finance cost relating to the Notes payable on the Consolidated Statement of Comprehensive Income which includes \$21.7 million (31 December 2021: \$4.4 million) in relation to interest on the Notes and \$7.0 million (31 December 2021: \$nil) relating to Make-Whole Amount.

12. Unsecured Notes payable

On 24 August 2022, the Delaware Subsidiary issued US private placement senior unsecured notes (the "Unsecured Notes") to a group of institutional investors. The Unsecured Notes issued by the Delaware Subsidiary are guaranteed by the Company.

The Notes are comprised of five tranches:

Notes	Notional (US\$)	Tenor (years)	Maturity	Fixed Coupon
Series A	125,000,000	7	2029	5.51%
Series B	175,000,000	10	2032	5.54%
Series C	80,000,000	12	2034	5.69%
Series D	80,000,000	15	2037	5.84%
Series E	40,000,000	20	2042	6.14%

The Delaware Subsidiary may be subject to pay a Make-Whole Amount (as contained in the Note Purchase Agreement) contingent upon certain principal repayment, prepayment or redemption of the Unsecured Notes in accordance with the provisions of the Note Purchase Agreement. Absent an intent by the Group to prepay the Unsecured Notes, no accrual for such Make-Whole Amount has been made as at 31 December 2022.

As of 31 December 2022, the outstanding amount of the Unsecured Notes was \$500 million. The carrying value of the Unsecured Notes was reported at amortised cost and was net of unamortised debt issuance costs of \$6.8 million in an amount of \$493.2 million. For the year ended 31 December 2022, the effective interest rate on the Unsecured Notes was 6.2% per annum.

For the year ended 31 December 2022, an amount of \$16.9 million (31 December 2021: \$0.2 million) has been recorded as Finance cost on the Consolidated Statement of Comprehensive Income which includes \$10.2 million in relation to interest on the Unsecured Notes, \$1.2 million in relation to expenses incurred on repayment and issue of Notes and Unsecured Notes and \$5.5 million (31 December 2021: \$0.2 million) in relation to interest on the deferred payment obligations.

13. Liability to Petershill Funds

For the period from 24 March 2021 to 31 December 2021 and for the period from 1 January 2022 to 19 December 2022, the date on which the Issuer SPVs and Intermediary Entities were dissolved, the Petershill Funds had an interest in the Issuer SPVs and Intermediary entities. The Petershill Funds did 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 have been used to service the Notes and its obligations. All the distribution payments received by the Issuer SPVs as it related to the Participation Interest owned by the Petershill Funds were fully distributed to them without any reduction for fees, interest and expenses relating to the Notes, Issuer SPVs and the Intermediary Entities.

Pursuant to above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements for the period from 24 March 2021 to 31 December 2021 and for the period from 1 January 2022 to 19 December 2022, the date the Issuer SPVs and Intermediary Entities were dissolved. While the Company did not have entitlement to 100% of the interest in the cash flows of the Intermediary Entities and the Issuer SPVs, it had all the exposure to the Notes held at the Issuer SPVs and the Intermediary Entities. Hence, it was required to consolidate them under the definition of control. This resulted 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. 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.

On 20 September 2022, the Transferred Interest held as collateral were released back to the Petershill Funds and the Subsidiaries of the Company. Other assets, liabilities and cash held at the Issuer SPVs were also distributed to the Petershill Funds and the Subsidiaries of the Company. Further, the Issuer SPVs and Intermediary Entities were dissolved on 19 December 2022. As a result, the Petershill Funds ceased to have any exposure to the Issuer SPVs effective this date and the Liability to Petershill Funds has been extinguished.

As at 31 December 2021, the Group had recorded an amount of \$597.2 million 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 year ended 31 December 2022, an amount of \$(15.4) million (31 December 2021: \$31.6 million) has been included in Interest expense representing Petershill Funds' interest in the Issuer SPVs.

14. Share capital and other reserve

For the year ended 31 December 2022

Date	Issued and fully paid	Number of Ordinary Shares	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Total \$m
Shares at 1 January 2022		1,156,696,029	11.6	3,346.7	1,689.6	-	5,047.9
	Redemption and cancellation of Redeemable Shares	-	-	-	-	0.1	0.1
	Repurchase and cancellation of Ordinary Shares - \$0.01	(21,296,432)	(0.2)	-	-	0.2	-
Closing balance as at 31 December 2022		1,135,399,597	11.4	3,346.7	1,689.6	0.3	5,048.0

For the period from 24 March 2021 to December 2021

Date	Issued and fully paid	Number of shares issued	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Total \$m
Shares at inception							
24 March 2021	Incorporation- Ordinary - \$0.01	1 ¹	-	-	-	-	-
28 September 2021	Capital raise- Ordinary - \$0.01	1,000,000,000 ²	10.0	2,633.8	1,689.6	-	4,333.4
1 October 2021	Capital raise- Ordinary - \$0.01	156,696,028 ³	1.6	745.1	-	-	746.7
28 September 2021	Less share issue costs	-	-	(32.2)	-	-	(32.2)
		1,156,696,029	11.6	3,346.7	1,689.6	-	5,047.9

- 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.
- Represents the Ordinary Shares issued to Petershill Funds. See table below for details.
- Represents Ordinary Shares issued to the public as part of the IPO process.

During the year, the Group repurchased and cancelled 21,296,432 Ordinary Shares as part of its buyback programme for a total consideration of \$53.3 million including transaction costs. The Group also purchased and cancelled 50,000 Redeemable Deferred Shares for a consideration of \$68k.

As at 31 December 2022, the Company's issued share capital comprised 1,135,399,597 of Ordinary Shares (31 December 2021: 1,156,696,029) of \$0.01 each and Nil Redeemable Deferred Shares (31 December 2021 – 50,000 Redeemable Deferred Shares) of £1 each. Ordinary Shareholders are entitled to all dividends paid by the Company.

The table below summarises the assets and liabilities acquired by the Group from Petershill funds in return for issue of Ordinary Shares of the Company in the period from 24 March 2021 to 31 December 2021.

	31 December 2021 \$m
Assets acquired	
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 for 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

For the period ended 31 December 2021, Other payables in note 10 include an amount of \$0.1 million 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 were classified as financial liabilities.

15. Retained earnings

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Opening balance	247.9	–
(Loss)/Profit and total comprehensive (expense)/income in the period	(452.9)	247.9
Dividends paid	(70.3)	–
Repurchase and cancellation of ordinary shares	(53.3)	–
Transfer of cancelled Redeemable Shares to Capital redemption reserve	(0.1)	–
	(328.7)	247.9

16. Net assets per share

	31 December 2022	31 December 2021
Net Assets (\$m)	4,719.3	5,295.8
Number of Ordinary Shares issued	1,135,399,597	1,156,696,029
Net assets per share (cents)	415.65	457.84

17. Dividends declared and paid

Dividends declared and paid	Paid on	Dividend per share cents	Total dividend \$m
Final dividend with respect to the period ended 31 December 2021	14 June 2022	2.6	30.1
Interim dividend with respect to the year ended 31 December 2022	24 October 2022	3.5	40.2
Total		6.1	70.3

No dividends were declared and paid by the Company from 24 March 2021 to 31 December 2021.

18. 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 investments in order to generate returns in accordance with its Acquisition Strategy and Investment Policy.

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 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.

Categories of financial instruments

	31 December 2022 \$m	31 December 2021 \$m
Financial assets		
<i>Investment at fair value through profit or loss:</i>		
Investment in the Partner-firms	4,958.9	6,023.1
<i>Other financial assets:</i>		
Investments in money market funds at fair value through profit or loss	483.4	453.1
Cash and cash equivalents	97.6	124.8
Trade and other receivables excluding prepayments	136.1	102.0
Financial liabilities		
<i>Current liabilities:</i>		
Trade and other payables	(29.7)	(28.3)
Deferred payment obligations	(189.9)	(74.8)
Interest payable	(10.0)	(8.1)
Liability for Tax Receivables Agreement	(35.1)	-
<i>Non-current liabilities:</i>		
Liability to Petershill Funds	-	(597.2)
Unsecured notes payable	(493.2)	-
Notes payable	-	(340.9)
Deferred payment obligations	(50.0)	(133.4)
Liability for Tax Receivables Agreement	(150.6)	(166.7)
Fee payable on divestment of investments	(44.3)	(45.2)

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, share premium, other reserve, capital redemption reserve and retained earnings as stated in the Consolidated Statement of Financial Position.

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

a) Price risk

The investments in Partner-firms held by the Group present a potential risk of loss of capital to the Group. Price risk arises from changes in fair value of the investments in Partner-firms held by the Group. As discussed in note 3, the fair value of these investments is determined using valuation techniques including earnings multiples, discounted cash flows and recent comparable transactions. 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. Periodically, VOG presents the valuation proposals and their independent price verification review results to 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. As new information surfaces on these key assumptions, the valuation techniques may be adjusted causing the fair value of these investments to change.

As at 31 December 2022, the fair value of investments was \$4,958.9 million (31 December 2021: \$6,023.1 million). As presented in the Sensitivity analysis to significant changes in unobservable inputs table, the valuation of these investments could vary from \$(597.0) million to \$366.9 million (31 December 2021: \$(788.9) million to \$405.5 million) depending on the valuation techniques used while keeping the key assumptions constant.

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 and the relative size of an investment or other factors.

The Board 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 arises from its investment commitments to Partner-firms and the flexibility for the Partner-firms to call capital as needed. 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.

For the year ended 31 December 2022, \$581.0 million (31 December 2021: \$577.9 million) of the Group's financial assets were held in money market instruments and cash balances held on deposit with several A-1+ or higher rated banks.

b) Foreign currency risk

The Group transacts in currencies other than US\$. 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\$. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

Notes to the Consolidated Financial Statements *continued*

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 2022	US\$ \$m	CAD\$ \$m	GBP£ \$m	Total \$m
Non-current assets				
Investments at fair value through profit or loss	4,849.2	109.7	–	4,958.9
Total non-current assets	4,849.2	109.7	–	4,958.9
Current assets				
Investments in money market funds at fair value through profit or loss	483.4	–	–	483.4
Cash and cash equivalents	95.2	–	2.4	97.6
Trade and other receivables	136.1	–	–	136.1
Total current assets	714.7	–	2.4	717.1
Current liabilities				
Trade and other payables	(27.7)	–	(2.0)	(29.7)
Deferred payment obligations	(189.9)	–	–	(189.9)
Interest payable	(10.0)	–	–	(10.0)
Liability for Tax Receivables Agreement	(35.1)	–	–	(35.1)
Total current liabilities	(262.7)	–	(2.0)	(264.7)
Non-current liabilities				
Unsecured notes payable	(493.2)	–	–	(493.2)
Deferred payment obligations	(50.0)	–	–	(50.0)
Fee payable on divestment of investments	(44.3)	–	–	(44.3)
Liability for Tax Receivables Agreement	(150.6)	–	–	(150.6)
Total non-current liabilities	(738.1)	–	–	(738.1)
As at 31 December 2021				
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	–	15.9	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 does 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 Consolidated Statement of Financial Position, the majority of the Group's cash and cash equivalents were held in 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 \$4.8 million (31 December 2021: \$4.5 million) for the Group.

The Unsecured Notes carry a fixed rate of interest through their maturity and are not subject to interest rate risk. The Notes issued by the Issuer SPVs carried a fixed rate of interest as stipulated in the Indenture and were not subject to interest rate risk. The Notes were paid off in 2022.

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 on its findings on a regular basis and highlights any risks from a liquidity management perspective.

The following tables detail the Group's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts:

As at 31 December 2022	Less than 1 year \$m	1-5 years \$m	5+ years \$m	Total \$m
Assets				
Investments (Note 4)	-	-	4,958.9	4,958.9
Investments in Money Market Funds (Note 4)	483.4	-	-	483.4
Cash and cash equivalents	97.6	-	-	97.6
Trade and other receivables	136.1	-	-	136.1
Liabilities				
Trade and other payables (Note 10)	(29.7)	-	-	(29.7)
Deferred payment obligations	(193.1)	(55.5)	-	(248.6)
Unsecured Notes payable (Note 12)	(28.3)	(113.1)	(677.9)	(819.3)
Liability for Tax Receivables Agreement	(39.7)	(129.3)	(412.0)	(581.0)
Fee payable on divestment of Investments	-	-	(44.3)	(44.3)

Notes to the Consolidated Financial Statements *continued*

As at 31 December 2021	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 Funds (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, 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 2022 \$m	31 December 2021 \$m
Interest bearing		
Investments in money market funds	483.4	453.1
Cash and cash equivalents	97.6	124.8
Non-interest bearing		
Trade and other receivables	136.1	102.0

The table below shows the cash balances and the credit rating for each counterparty:

Counterparty	Location	Rating	31 December 2022 \$m	31 December 2021 \$m
State Street Bank and Trust Company	USA	A-1+	97.6	124.8
US\$ Treasury Liquid Reserves Fund - Institutional Shares	USA	AAA	21.6	–
Financial SquareSM Government Fund – Institutional Shares	USA	AAA	103.3	99.7
Financial SquareSM Treasury Instruments Fund – Institutional Shares	USA	AAA	358.5	353.4

The Group's maximum exposure to loss of capital at the period end is shown below:

	31 December 2022 \$m	31 December 2021 \$m
Investments at fair value through profit or loss	4,958.9	6,023.1
Other financial assets excluding prepayments	717.1	679.9

19. Related party transactions

Board

The Company has five Non-Executive Directors. Directors' fees for the year ended 31 December 2022 amounted to \$1.5 million (31 December 2021: \$1.0 million), of which \$nil (31 December 2021: \$0.1 million) was outstanding at year end. Amounts paid to the Board as reimbursement of travel and other incidental expenses during the year amounted to \$38 thousand (31 December 2021: \$21 thousand), of which, \$nil (31 December 2021: \$nil) was outstanding at year end.

The Board held beneficial interests in 749,999 (31 December 2021: 574,999) Ordinary Shares in the Company. Refer to the Directors' Remuneration Report on pages 65 to 68.

Transactions with Goldman Sachs International

Goldman Sachs International ("GSI"), 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. For the period from 24 March 2021 to 31 December 2021, the Company paid fees of \$5.9 million and expenses of \$0.1 million to Goldman Sachs International for its services. For the year ended 31 December 2022, there were no transactions between the Group and GSI.

Money Market Funds

On 31 December 2022, the Group held an investment of \$483.4 million (31 December 2021: \$453.1 million) in money market funds that are managed by affiliates of the Operator. The Group earned interest income of \$8.6 million (31 December 2021: \$29 thousand) from investments held in such money market funds managed by affiliates of the Operator.

Transactions with Petershill Funds

During the period from 24 March to 31 December 2021, the Group acquired from the Petershill Funds investments in Partner-firms with a fair value of \$4,843.3 million, Notes payable of \$350 million and a payable towards Tax Receivable Agreement of \$159.9 million netting to \$4,333.4 million in return for 1 billion Ordinary Shares in the Company.

As at 31 December 2022, the Petershill Funds, managed by wholly owned subsidiaries of the Goldman Sachs Group acting as the investment manager, owned approximately 76.1% (31 December 2021 – 74.7%) of the Company.

Liability to Petershill Funds

As discussed in Note 2(xvi) and Note 13, on 20 September 2022, the Transferred Interest valued at \$469.3 million held as collateral was released back to the Petershill Funds. Other assets amounting to \$22.9 million and cash of \$89.6 million held at the Issuer SPVs were also distributed to the Petershill Funds. During the year, the Group recorded an interest charge of \$(15.4) million in relation to its Liability to Petershill Funds. As of 31 December 2022, the Group does not have any liability to Petershill Funds.

As of 31 December 2021, the Group had recorded a liability of \$597.2 million and an Interest expense of \$31.6 million 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 2022, the carrying amount of payables under the Tax Receivables Agreement was \$185.7 million (31 December 2021: \$166.7 million).

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. 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 2022, no amounts were owed by the Group to the Operator under this arrangement (31 December 2021: \$Nil).

Investment Advisor

The Investment Advisor is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group. For the year ended 31 December 2022, there were no transactions recorded between the Group and the Investment Advisor. For the period from 24 March 2021 to 31 December 2021, 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 the Delaware Subsidiary to the Company, for a consideration of \$1.00, of which \$nil was outstanding at period end.

Transactions with Goldman Sachs & Co. LLC

Goldman Sachs & Co. LLC ("GSCO") is an affiliate and wholly owned subsidiary of the Goldman Sachs Group. For the year ended 31 December 2022, GSCO acted as the joint placement agent in the issue of the Unsecured Notes and was paid a compensation of \$2.5 million for its services.

20. Ultimate controlling party

The Board has reviewed the Shareholders of the Company and has concluded that there is no ultimate controlling party. The Company has a diversified investor base that does not cede control to any single investor or a group of investors. Although the Petershill Funds own 76.1% (31 December 2021: 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 2022.

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 their capacity as an agent for the Equity Shareholders of the Company and such a relationship does not give rise to controlling ownership.

21. Subsequent events

The Group has evaluated activity to 5 April 2023, the date that the audited financial statements were available to be issued.

On 6 January 2023, the Group together with the Delaware Subsidiary entered into a \$100 million revolving credit facility with a syndicate of banks.

On 10 March 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The Group has no bank accounts or any relationship with SVB. From our enquiries, we understand that the Partner-firms do not have material exposure to SVB either directly or indirectly through the funds they managed. The Group will continue to monitor the impact on global markets and macroeconomic conditions.

On 12 March 2023, Signature Bank was closed by the New York State Department of Financial Services, which appointed the FDIC as receiver. The Group has no bank accounts or any relationship with Signature Bank. From our enquiries, we understand that the Partner-firms do not have material exposure to Signature Bank either directly or indirectly through the funds they managed. The Group will continue to monitor the impact on global markets and macroeconomic conditions.

The Group concluded that no other events took place that would require material adjustments to the amounts recognised in these consolidated financial statements.

Company Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 \$m	31 December 2021 \$m
Non-current assets			
Investments in Subsidiary undertakings	5	4,125.9	4,830.0
Intercompany note receivable	5	84.1	–
		4,210.0	4,830.0
Current assets			
Investments in money market funds at fair value through profit or loss		414.2	453.1
Trade and other receivables	6	21.7	8.2
Cash and cash equivalents		83.9	17.9
		519.8	479.2
Total assets		4,729.8	5,309.2
Current liabilities			
Trade and other payables	7	10.5	13.4
		10.5	13.4
Total liabilities		10.5	13.4
Net assets		4,719.3	5,295.8
Equity			
Share capital	8	11.4	11.6
Share premium	8	3,346.7	3,346.7
Other reserve	8	1,689.6	1,689.6
Capital redemption reserve	8	0.3	–
Retained earnings		(328.7)	247.9
Total Shareholders' funds		4,719.3	5,295.8
Number of Ordinary Shares in issue at year/period end	8	1,135,399,597	1,156,696,029
Net assets per share (cents)		415.65	457.84

The Board of Directors has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented a Statement of Comprehensive Income for the Company. The Company's (loss)/profit for the year ended 31 December 2022 was \$(452.9) million (31 December 2021: \$247.9 million).

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 4 April 2023 and signed on its behalf by:

Naguib Kheraj
Chairman

Mark Merson
Director

The accompanying notes on pages 118 to 125 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Retained earnings \$m	Total \$m
For the year ended 31 December 2022							
Opening net assets attributable to Shareholders		11.6	3,346.7	1,689.6	–	247.9	5,295.8
Repurchase and cancellation of Ordinary Shares	8	(0.2)	–	–	0.2	(53.3)	(53.3)
Redemption and cancellation of Redeemable Shares	8	–	–	–	0.1	(0.1)	–
Dividends paid in year	9	–	–	–	–	(70.3)	(70.3)
Loss and total comprehensive expense for the year		–	–	–	–	(452.9)	(452.9)
Closing net assets attributable to Shareholders		11.4	3,346.7	1,689.6	0.3	(328.7)	4,719.3

For the period from 24 March 2021 to 31 December 2021

	Note	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Retained earnings \$m	Total \$m
Opening net assets attributable to Shareholders		–	–	–	–	–	–
Issue of share capital	8	11.6	3,378.9	1,689.6	–	–	5,080.1
Share issue costs	8	–	(32.2)	–	–	–	(32.2)
Profit and total comprehensive income for the period		–	–	–	–	247.9	247.9
Closing net assets attributable to Shareholders		11.6	3,346.7	1,689.6	–	247.9	5,295.8

Company Statement of Cash Flows

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 \$m	For the period ended 31 December 2021 \$m
Cash flows from operating activities			
(Loss)/Profit for the period before tax		(452.9)	247.9
Adjustments to reconcile operating loss for the financial period to net cash flows from operating activities:			
Finance cost		0.6	-
Movement of investments at fair value through profit or loss	5	724.1	(253.1)
Purchase of investments in money market funds	5	(292.5)	(806.7)
Sale of investments in money market funds	5	331.4	353.6
Movement in trade and other receivables		(13.5)	(8.2)
Movement in trade and other payables		(0.5)	7.7
Net cash flows from operating activities		296.7	(458.8)
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss		(20.0)	(243.5)
Issuance of Intercompany note receivable	5	(83.8)	-
Net cash flows from investing activities		(103.8)	(243.5)
Cash flows from financing activities			
Issue of shares (net of Share issue costs deducted from proceeds)		-	725.0
Payment of share issue costs		(5.7)	(4.8)
Repurchase of Ordinary Shares	8	(50.0)	-
Dividends paid	9	(70.3)	-
Finance costs		(0.9)	-
Net cash flows from financing activities		(126.9)	720.2
Net increase in cash and cash equivalents during the year/period		66.0	17.9
Cash and cash equivalents at the beginning of the year/period		17.9	-
Cash and cash equivalents at the end of the year/period		83.9	17.9
Non-cash investing and financing activities			
1,000,000 Ordinary Shares issued to Petershill Funds in return for Investments in Subsidiary undertakings		-	4,333.4

The accompanying notes on pages 118 to 125 form an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 31 December 2022

1. Basis of preparation

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

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. The preparation of the financial statements requires estimates and assumptions to be made that may affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from the estimates included in the financial statements herein. It also requires judgement to be exercised in the process of applying the accounting policies.

The significant accounting policies and basis of preparation of the annual financial statements of the Company follow those as disclosed for the Group in note 2 of the Consolidated Financial Statements unless otherwise described below.

2. Investments in subsidiary undertakings

The Company measures its investments in subsidiaries 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. 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.

For the year ended 31 December 2022 and the period ended 31 December 2021, the Investments in subsidiary undertakings were valued at the most recent NAV per unit which represents the fair value of these investments. The Board of Directors believes that it is appropriate to measure the Investments in Subsidiaries at their net asset value which has taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates.

Investments in Partner-firms held by the subsidiary undertakings are held at fair value through profit and loss, further details can be found in note 4 of the Consolidated Financial Statements.

3. Cash and cash equivalents

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

4. Audit fees

The auditors' remuneration for audit services and other audit-related services is disclosed in note 6 to the Consolidated Financial Statements.

5. Investments held at fair value through profit or loss

Non-current investments

Investments in Subsidiary undertakings

The Company's non-current investments comprise investments in Subsidiaries.

	31 December 2022 \$m	31 December 2021 \$m
Opening balance	4,830.0	–
Additions	20.0	4,576.9
Unrealised movement in investments in Subsidiaries	(724.1)	253.1
	4,125.9	4,830.0

The Company's investments in Subsidiaries are comprised of the below entities.

Name of subsidiary undertaking	Activity	Holding 2022	Holding 2021	Registered Office
Petershill Partners Inc. (formerly Delta Epsilon Delaware Inc.)	Investment company	100%	100%	251 Little Falls Drive Wilmington, DE 19808
Petershill Partners Ltd (formerly Delta Epsilon Cayman Ltd)	Investment company	100%	100%	One Nexus Way Camana Bay, KY1-9005 Cayman Islands
Petershill Partners II Ltd (formerly Delta Epsilon Cayman II Ltd) ¹	Investment company	100%	N/A	One Nexus Way Camana Bay, KY1-9005, Cayman Islands

1. Incorporated and acquired by the Company on 28 April 2022.

Refer to note 2(xvi) of the Consolidated Financial Statements for a full list of the Company's related subsidiary undertakings.

Intercompany note receivable

The Company and the Cayman Subsidiary have entered into a loan agreement ("Intercompany Note") with a maturity date of 9 November 2031 under which the Company shall provide loans to the Cayman Subsidiary. The Intercompany Note shall carry an annual interest rate of 3% to be paid at the end of every month. Any unpaid interest shall be capitalised and added to the amount of principal outstanding.

As of 31 December 2022, an amount of \$84.1 million (31 December 2021: \$nil) is due from the Cayman Subsidiary to the Company including capitalised interest of \$0.3 million.

Current investments

The Company invests its overnight cash balance in Money Market Funds representing a collective investment scheme promoted by an affiliate of the Operator. The Company holds these investments for cash management purposes with the intent to manage excess cash and ensure these can be readily liquidated to meet the Company's investment commitments. These investments are redeemable at short notice and have been classified as debt investments. As at 31 December 2022, the Company held investments in Money Market Funds of \$414.2 million (31 December 2021: \$453.1 million) and earned interest of \$6.8 million (31 December 2021: \$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 considers 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.

Notes to the Company Financial Statements *continued*

The following tables analyse within the fair value hierarchy the assets and liabilities (by class) measured at fair value:

	31 December 2022			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Investment in Money Market Funds	–	414.2	–	414.2
Investments in Subsidiaries	–	–	4,125.9	4,125.9
Total	–	414.2	4,125.9	4,540.1

	31 December 2021			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Investment in Money Market Funds	–	453.1	–	453.1
Investments in Subsidiaries	–	–	4,830.0	4,830.0
Total	–	453.1	4,830.0	5,283.1

Due to the nature of the Company's investments in its Subsidiaries, they are always expected to be classified as Level 3. There have been no transfers between levels during the year/period. Any transfers between the levels would be accounted for on the last day of each financial year/period.

Quantitative information of significant unobservable inputs – Level 3 – Investments

The Board of Directors believes that it is appropriate to measure the Investments in Subsidiaries at their net asset value which has taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

Significant unobservable inputs are used in the fair value measurement categorised within Level 3 of the fair value hierarchy. If the fair value of the investments in Subsidiaries was to increase or decrease by 10% then the fair value of investments would increase or decrease by \$412.6 million respectively (31 December 2021: \$483.0 million).

As the Company's investments are not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

6. Trade and other receivables

	31 December 2022 \$m	31 December 2021 \$m
Amounts receivable from investments	19.8	8.2
Prepayments and other receivables	1.7	–
Tax recoverable	0.2	–
	21.7	8.2

7. Trade and other payables

	31 December 2022 \$m	31 December 2021 \$m
Other payables	10.5	7.7
Share issue costs payable	–	5.7
	10.5	13.4

8. Share capital and other reserve

For the year ended 31 December 2022

Issued and fully paid	Number of shares issued	Share capital \$m	Share premium \$m	Other reserve \$m	Capital redemption reserve \$m	Total \$m
Shares at 1 January 2022	1,156,696,029	11.6	3,346.7	1,689.6	–	5,047.9
Redemption and cancellation of Redeemable Shares	–	–	–	–	0.1	0.1
Repurchase and cancellation of Ordinary Shares – \$0.01	(21,296,432)	(0.2)	–	–	0.2	–
	1,135,399,597	11.4	3,346.7	1,689.6	0.3	5,048.0

For the period from 24 March 2021 to December 2021

Date	Issued and fully paid	Number of shares issued	Share capital \$m	Share premium \$m	Other reserve \$m	Total \$m
Shares at inception		–	–	–	–	–
24 March 2021	Incorporation – Ordinary –\$0.01	1 ³	–	–	–	–
28 September 2021	Capital raise – Ordinary –\$0.01	1,000,000,000 ¹	10.0	2,633.8	1,689.6	4,333.4
1 October 2021	Capital raise – Ordinary –\$0.01	156,696,028 ²	1.6	745.1	–	746.7
28 September 2021	Less share issue costs	–	–	(32.2)	–	(32.2)
		1,156,696,029	11.6	3,346.7	1,689.6	5,047.9

During the year, the Company repurchased and cancelled 21,296,432 Ordinary Shares as part of its buyback programme for a total consideration of \$53.3 million including transaction costs. The Company also purchased and cancelled 50,000 Redeemable Deferred Shares for a consideration of \$68k.

1. Represents the Ordinary Shares issued to Petershill Funds in return for Investments in Subsidiary undertakings.
2. Represents Ordinary Shares issued to the public as part of the IPO process.
3. To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 24 March 2021, 1 Ordinary Share of US\$0.01 was issued.

For the period ended 31 December 2021, Other payables in note 7 include an amount of \$0.1 million in relation to 50,000 Redeemable Deferred Shares of £1 issued by the Company on 5 August 2021. The Redeemable Deferred Shares conferred no right on the Redeemable Shareholders to receive notice of, or to attend or vote at, any general meeting of the Company, but conferred on each holder thereof a right to receive notice of and to attend and to vote at any separate class meeting of the holders of Redeemable Deferred Shares. As disclosed in note 2(ix) to the Consolidated Financial Statements, the Company's Redeemable Deferred Shares are classified as financial liabilities. On 6 June 2022 the Redeemable Shares were fully redeemed.

As at 31 December 2022, the Company's issued share capital comprised 1,135,399,597 of Ordinary Shares (31 December 2021: 1,156,696,029) and nil Redeemable Deferred Shares (31 December 2021: 50,000). Ordinary Shareholders are entitled to all dividends paid by the Company. Refer to note 2(ix) to the Consolidated Financial Statements for further details.

9. Dividends declared and paid

Dividends declared and paid	Paid on	Dividend per share cents	Total dividend \$m
Final dividend with respect to the period ended 31 December 2021	14 June 2022	2.6	30.1
Interim dividend with respect to the year ended 31 December 2022	24 October 2022	3.5	40.2
Total		6.1	70.3

10. Critical accounting estimates and judgements

The Board of Directors has made judgements and estimates with respect to those items that have the most significant effect on the carrying amounts of the assets and liabilities in the financial statements. The Board of Directors has concluded that in arriving at the Net Asset Value of the Subsidiaries, significant judgement is required in estimating the fair value of investments held by the Subsidiaries in Partner-firms as discussed in note 2.

11. Financial instruments risk

In the normal course of business, the Company uses certain financial instruments including cash, trade and other receivables and investments. The Company is exposed to a number of risks through the performance of its normal operations. Refer to note 18 to the Consolidated Financial Statements for further details.

	31 December 2022	31 December 2021
Financial assets		
<i>Investment at fair value through profit or loss:</i>		
Investments in Subsidiary undertakings	4,125.9	4,830.0
Intercompany note receivable	84.1	–
Other financial assets:		
Investments in money market at fair value through profit or loss	414.2	453.1
Cash and cash equivalents	83.9	17.9
Trade and other receivables (excluding prepayments)	20.0	8.2
Financial liabilities		
Current liabilities:		
Trade and other payables	10.5	13.4

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to Shareholders. The Board of Directors recommends to Shareholders the level of dividend distributions to Shareholders. The Company may purchase its own shares within the limits defined by the Board of Directors subject to restrictions imposed by applicable laws.

The capital structure of the Company consists of issued share capital, share premium, other reserve, capital redemption reserve and retained earnings as stated in the Company Statement of Financial Position.

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

Price risk

The investments held by the Company's Subsidiaries in Partner-firms present a potential risk of loss of capital to the Company. Price risk arises from changes in fair value of the investments in Partner-firms held by the Group. As discussed in note 3 of the Consolidated financial statements, the fair value of these investments are determined using valuation techniques including earnings multiples, discounted cash flows and recent comparable transactions. 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 etc. Such valuations are reviewed and approved semi-annually by committees and working groups functionally independent of the Operator prior to being incorporated into the Group's net assets. As new information surfaces on these key assumptions, the valuation techniques may be adjusted causing the fair value of these investments to change.

As at 31 December 2022, the fair value of investments in Partner-firms held by the subsidiaries was \$4,958.9 million (31 December 2021: \$6,023.1 million). As presented in the Sensitivity analysis to significant changes in unobservable inputs table in the Consolidated Financial Statements, the valuation of these investments could vary from \$(597.0) million to \$366.9 million (31 December 2021: \$(788.9) million) to \$405.5 million) depending on the valuation techniques used while keeping the key assumptions constant.

The Company is exposed to a variety of risks which may have an impact on the carrying value of the Company's investments. The Company's risk factors are set out below.

(i) Not actively traded

The Company's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The investments held by the Company's subsidiaries vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty. Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Operator.

(ii) Concentration

The Company invests in the alternative asset sector, with a particular focus on asset classes such as private equity, private credit, private real assets, and absolute return strategies. This means that the Company is exposed to the concentration risk of only making investments in the alternative asset sector, which concentration risk may further relate to sub-sector, geography, and the relative size of an investment or other factors. While the Company is subject to the investment and diversification restrictions in its investment policy, within those limits, material concentrations of investments may arise.

The Board of Directors and the Operator monitor the concentration of the investments on a quarterly basis to ensure compliance with the investment policy.

(iii) Liquidity

The Group's liquidity risk arises from its investment commitments to Partner-firms and the flexibility for the Partner-firms to call capital as required. 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 2022, \$498.1 million or 10.6% (31 December 2021: \$471.0 million or 8.9%) of the Company's financial assets, were investments in Money Market Funds and cash balances held on deposit with a AA- rated bank.

(b) Foreign currency risk

The Company transacts in currencies other than US\$. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the US\$. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following table sets out, in US\$, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

As at 31 December 2022	US\$ \$m	GBPE \$m	Total \$m
Non-current assets			
Investments at fair value through profit or loss	4,125.9	–	4,125.9
Intercompany note receivable	84.1	–	84.1
Total non-current assets	4,210.0	–	4,210.0
Current assets			
Investments in money market at fair value through profit or loss	414.2	–	414.2
Cash and cash equivalents	81.5	2.4	83.9
Trade and other receivables	20.0	–	20.0
Total current assets	515.7	2.4	518.1
Current liabilities			
Trade and other payables	(8.4)	(2.1)	(10.5)
Total current liabilities	(8.4)	(2.1)	(10.5)

Notes to the Company Financial Statements *continued*

As at 31 December 2021	US\$ \$m	GBP£ \$m	Total \$m
Non-current assets			
Investments at fair value through profit or loss	4,830.0	–	4,830.0
Total non-current assets	4,830.0	–	4,830.0
Current assets			
Investments in money market at fair value through profit or loss	453.1	–	453.1
Cash and cash equivalents	2.0	15.9	17.9
Trade and other receivables	8.2	–	8.2
Total current assets	463.3	15.9	479.2
Current liabilities			
Trade and other payables	(4.1)	(9.3)	(13.4)
Total current liabilities	(4.1)	(9.3)	(13.4)
Total net assets	5,289.2	6.6	5,295.8

b) Interest rate risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents and money market investments. The Company 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 Company's cash and cash equivalents were held on interest bearing fixed deposit accounts.

The Company'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 \$4.1 million (31 December 2021: 4.5 million) for the Company.

The Intercompany note agreement entered into with the Cayman Subsidiary carries a fixed rate of interest and is not subject to interest rate risk.

In addition, the Company has indirect exposure to interest rates through changes to the financial performance and the valuation of investments in Partner-firms caused by rate fluctuations held through the Subsidiaries.

12. Related party transactions

The details of each individual Director's remuneration, as set out in the tables contained in the Directors' Remuneration Report on pages 65 to 68, form part of these financial statements.

Subsidiaries

The Company entered into a consultancy agreement ("Consultancy Agreement") with the Subsidiaries whereby the Company will provide services including but not limited to acquisition advice and review, and advice on strategy setting. An amount of \$11.3 million (31 December 2021: \$8.2 million) was earned by the Company under this arrangement of which \$9.1million (31 December 2021: \$6.6 million) was charged to Petershill Partners and \$2.2 million (31 December 2021: \$1.6 million) was charged to Petershill Partners Ltd for the year ended 31 December 2022. \$19.5 million (31 December 2021: \$8.2 million) was outstanding at year end.

On 24 August 2022, the Delaware Subsidiary issued US private placement senior unsecured notes (the "Unsecured Notes") to a group of institutional investors in the amount of \$500 million and the Unsecured Notes are guaranteed by the Company. These contracts are accounted for under IFRS 9 and no liability has been recognised in respect of these guarantees on the basis of materiality. The likelihood of these guarantees being called upon is considered remote. Refer to note 12 of the Consolidated Financial Statements for further information.

The Company and the Cayman Subsidiary have entered into an Intercompany Note agreement with a maturity date of 9 November 2031 under which the Company shall provide loans to the Cayman Subsidiary. Refer to note 5 for additional details.

Please refer to note 18 to the Consolidated Financial Statements for further details on related party transactions.

13. Subsequent events

The Company has evaluated activity to 5 April 2023, the date that the audited financial statements were available to be issued.

On 6 January 2023 the Company together with the Delaware Subsidiary entered into a \$100 million revolving credit facility with a syndicate of banks.

On 10 March 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. The Group has no bank accounts or any relationship with SVB. From our enquiries, we understand that the Partner-firms do not have material exposure to SVB either directly or indirectly through the funds they managed. However, the Group will continue to monitor the impact on global markets and macroeconomic conditions.

On 12 March 2023, Signature Bank was closed by the New York State Department of Financial Services, which appointed the FDIC as receiver. The Group has no bank accounts or any relationship with Signature Bank. From our enquiries, we understand that the Partner-firms do not have material exposure to Signature Bank either directly or indirectly through the funds they managed. However, the Group will continue to monitor the impact on global markets and macroeconomic conditions.

Please refer to note 21 to the Consolidated Financial Statements for other post balance sheet events.

Glossary of Capitalised Defined Terms

Acquisition Strategy and Investment Policy means the Company's acquisition strategy and investment policy as detailed on pages 22 to 24 of the Strategic Report

Administrator means Ocorian Administration (UK) Limited

Admission means admission of all of the Ordinary Shares issued and to be issued in connection with the Offer to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

AGM means Annual General Meeting

AIC means the Association of Investment Companies

AIC Code means the AIC's Code of Corporate Governance, as amended from time to time

AIFM means alternative investment fund manager, within the meaning of the EU AIFMD and the UK AIFMR

Annual Report means the Company's report and financial statements for the period from 1 January 2022 to 31 December 2022

Articles of Association means the articles of association of the Company from time to time

Auditor means PricewaterhouseCoopers LLP or PwC and its affiliates

BEIS means the Department for Business, Energy and Industrial Strategy of the UK Government

Board means the Board of Directors of the Company

Companies Act means the Companies Act 2006 which forms the primary source of UK company law

Capital Amount means the amount of gross proceeds of the IPO, plus the net proceeds of any future issues of Ordinary Shares, less any amounts expended by the Company on share repurchases and redemptions or, following a Realisation Election, attributable to Realisation Shares

Closed-ended Investment Fund means closed-ended investment fund as per the Financial Conduct Authority's definition

Company means Petershill Partners Plc

Company Secretary means Ocorian Administration (UK) Limited

Directors means the Directors of the Company

DTR means the Disclosure Guidance and Transparency Rules sourcebook issued by the Financial Conduct Authority

ESG means Environmental, Social and Governance

EU AIFMD means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010 as supplemented by the AIFMD Delegated Regulation and, where applicable, as transposed (i) in Ireland by the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) and (ii) in any other European Economic Area member state by the corresponding national implementing measures

Existing Petershill Group means the current and historic Petershill Funds being Petershill I, Petershill II, Petershill III, Petershill PE Seeding, Petershill IV and Vintage VII, as well as certain co-investment vehicles and GSAM

FCA or means the UK Financial Conduct Authority (or its successor bodies)

Goldman Sachs or Goldman Sachs group means Goldman Sachs Group, Inc. and its subsidiaries and subsidiary undertakings

GP means general partner

GP Services means the assistance provided to Partner-firms by the Operator through the GP Services Team including in the following areas: (a) Human Capital, (b) Operational Consulting & Digital Transformation, (c) Investment Portfolio Services, (d) Capital Formation, (e) Strategy, Corporate Finance and M&A, (f) Product Development & Peer Benchmarking, (g) Environment, Social & Governance, (h) Legal, Tax & Regulatory, and (i) Portfolio Monitoring, Reporting & Communication

Group or Petershill Partners Group means the Company together with its subsidiaries and its indirect subsidiaries

IFRS means the International Financial Reporting Standards, being the accounting standards issued by the International Accounting Standards Board (IASB). The Company's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards

Initial Acquisition means the acquisition that occurred prior to Admission, which saw the transfer of a portfolio of assets from the Petershill Funds to the Group

Investment Advisor means Goldman Sachs Asset Management, L.P.

Investment Manager means Goldman Sachs Asset Management International

IPEV Valuation Guidelines means the International Private Equity and Venture Capital Valuation Guidelines

Listing Rules means the listing rules made by the UK Listing Authority under section 73A of the Financial Services and Markets Act 2000

London Stock Exchange means London Stock Exchange plc

Main Market means the main market of the London Stock Exchange

Money Market Funds means open-ended mutual funds, that the Operator may or may not manage, which invest in cash and cash-equivalent securities

NAV or Net Asset Value means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in US dollars

Offer or IPO means the offer of the new Ordinary Shares by the Company and existing Ordinary Shares by the Selling Shareholders

Official List means the official list maintained by the FCA

Operator means Goldman Sachs Asset Management Fund Services Limited

Operator Agreement means the Operator Agreement entered into between the Operator and the Company

Ordinary Shares means Ordinary Shares of \$0.01 in the capital of the Company issued and designated as "Ordinary Shares" and having the rights, restrictions and entitlements set out in the Company's articles of incorporation

Partner-firms means the alternative asset managers in which the Group holds, from time to time, investments representing minority ownership positions and rights to certain revenue streams of the alternative asset managers

Premium Listing Segment means the Premium Listing Segment of the London Stock Exchange's main market

Profit Sharing Charge means the profit-sharing charge payable to the Operator pursuant to the Operator Agreement, as described in the Notes to the Consolidated Financial Statements

Profit Sharing Required Investment Return means the investment return required in respect of certain investments in order for the Profit Sharing Charge to become chargeable, as described in the Notes to the Consolidated Financial Statements

Recurring Operating Charges means the recurring operating charges payable to the Operator pursuant to the Operator Agreement, as described in the Notes to the Consolidated Financial Statements

Redeemable Deferred Shares means redeemable deferred shares having a nominal value of £1.00 each in the capital of the Company

Redeemable Shareholders means the holders of the Redeemable Deferred Shares

SFDR means Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector

Shareholders means the holders of the Ordinary Shares

Tax Receivables Agreement or TRA means the tax receivables agreement entered into prior to Admission between Delta Epsilon Delaware Inc. and various subsidiaries of the Petershill Funds

TCFD means the Task Force on Climate-related Financial Disclosures issued by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders

Transfer Vehicles means the transfer vehicles established by the Petershill Funds to transfer a portfolio of assets to the Petershill Partners Group pursuant to the Initial Acquisition

UK AIFMR means the Alternative Investment Fund Managers Regulation 2013 (as amended) and supplemental measures relating thereto, including rules contained in the FCA's Handbook

UK Code means the UK Corporate Governance Code issued by the Financial Reporting Council

United Kingdom or UK means the United Kingdom of Great Britain and Northern Ireland

United States or US means the United States of America, its territories and possessions, any state of the United States and the District of Columbia

The Petershill Partners Group's Assets

Accel-KKR

Accel-KKR is a technology-focused investment firm that focuses on middle-market software and IT-enabled companies and provides a broad range of capital solutions including buyout capital, minority-growth investments and credit alternatives across its buyout, growth capital and credit investment strategies. Accel-KKR has invested in more than 250 companies over the last 20 years. On 27 April 2017, the Existing Petershill Group acquired an equity stake in Accel-KKR. The investment was structured as a primary commitment and no capital was distributed to Accel-KKR principals as part of the transaction. The investment is being used by Accel-KKR to increase its capital commitments to current strategies and to support potential new initiatives in the future.

ArcLight Capital Partners

Founded in 2001, ArcLight Capital Partners is a Boston-based energy-and-infrastructure-focused private equity manager that currently manages a single fund family and primarily invests in the midstream, infrastructure and power sectors. ArcLight helped pioneer an asset-based private equity approach to investing in the dynamic energy sector, targeting midstream power and production. It has invested approximately US\$23 billion in 110 transactions since inception and completed 69 exits across diverse market cycles. On 23 December 2016, the Existing Petershill Group acquired an equity stake in ArcLight. The investment was used by ArcLight to fund current and future general partner commitments to ArcLight funds, as well as to facilitate leadership succession at the firm.

Arlington Capital Partners

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

Arsenal Capital Partners

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

Caxton Associates

Founded in 1983, Caxton Associates is a New York-based trading and investment management firm specialising in global macro hedge fund strategies across a variety of global markets and instruments, with offices in New York, London, Princeton and Singapore. On 30 September 2014, the Existing Petershill Group acquired an equity stake in Caxton Associates. The investment provided secondary proceeds and facilitated generational succession.

Clearlake

Clearlake is a Santa Monica, California-based buyout and distressed debt investment firm founded in 2006. Clearlake's core sectors of focus are energy, industrials, and TMT. The firm targets investments in private equity, special situations and credit in the middle-market under three product platforms: Clearlake Capital Partners, Clearlake Opportunities Partners and Clearlake Credit Partners. On 25 May 2018, the Existing Petershill Group acquired a passive minority equity stake in Clearlake. The primary portion of the investment is being used by Clearlake as strategic capital to further invest in the business and fund future development initiatives.

Fort Investment Management

Founded in 1993, Fort Investment Management is a systematic investment management firm. Fort implements three proprietary trading programmes in managing funds and accounts: (i) Global Contrarian, a trend-anticipating trading programme; (ii) Global Diversified, a combination of a managed futures strategy and an equity-market-neutral strategy and (iii) Equity Market Neutral, an equity-market-neutral trading programme. On 6 January 2016, the Existing Petershill Group closed on the acquisition of an equity stake to simplify Fort's capital structure.

Francisco Partners

Francisco Partners is a San Francisco, California-based middle-market technology buyout investment firm founded in 1999. Francisco Partners' core sectors include healthcare, IT, communications, security, software and fintech, with a focus on providing transformational capital for North American, European and Israeli technology companies under two product platforms: Francisco Partners Private Equity and Agility. Francisco Partners targets businesses ranging from US\$20 million to more than US\$3 billion across a wide range of transaction types and has raised US\$24 billion since inception and invested in more than 110 companies with more than 175 follow-on acquisitions. On 9 July 2018, the Existing Petershill Group acquired a minority equity stake in Francisco Partners, with proceeds being used by Francisco Partners to further increase its capital commitments to current and future funds as well as future development initiatives.

General Catalyst

General Catalyst is a Cambridge, Massachusetts-based growth and venture capital firm founded in 2000. General Catalyst has additional offices in New York, Palo Alto and San Francisco and is managed by the two founding partners as well as Hemant Taneja and Ken Chenault. General Catalyst targets early stage venture and growth investments in technology or tech-enabled businesses. On 21 November 2018, the Existing Petershill Group acquired a passive minority revenue share in General Catalyst. The investment is being used by General Catalyst to fund future GP commitments and facilitate the continued growth of the General Catalyst platform.

Harvest Partners

Harvest Partners is a New York-based middle-market leveraged buyout firm founded in 1981. Harvest is focused on the industrials, business services, healthcare, manufacturing and distribution and consumer sectors. Harvest targets control and non-controlling investments in the middle-market under two product platforms: Harvest Partners and the Harvest Partners Structured Capital Fund. On 12 October 2018, the Existing Petershill Group acquired a passive minority equity stake in Harvest. The investment is being used by Harvest to fund future GP commitments and facilitate the continued growth of the Harvest platform.

Industry Ventures

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

Kayne Anderson Real Estate

Kayne Anderson Real Estate ("KARE") was founded in 2007 and is a US real estate asset management platform, focusing on opportunistic, core equity and debt investments in alternative sectors, including medical office, senior housing, multi-family housing, student housing and self-storage. KARE currently has more than 60 employees across its business. KARE targets investments ranging from US\$30 million to US\$500 million, with an aim to enhance value through asset consolidation and the creation of geographically diverse portfolios. On 17 January 2020, the Existing Petershill Group acquired a minority interest in KARE. The investment is being used by KARE to fund GP commitments and facilitate employee retention through equalisation and long-term commitments to the business.

Knighthood Capital Management

Founded in 2008, Knighthood Capital Management is a New York-based hedge fund specialising in long/short event-driven, distressed credit and other special situations across a broad array of industries. On 6 January 2014, the Existing Petershill Group acquired an equity stake in Knighthood, with the proceeds being used by Knighthood to simplify Knighthood's capital structure.

Lakewood

Founded in 2007, Lakewood is a value-oriented equity long/short investment firm. It employs a broad investment strategy with the flexibility to capitalise on opportunities in all parts of the capital structure and across geographies, market capitalisations and industries. Lakewood makes investments in long equity, short equity and fixed income. Its long equity strategy comprises a concentrated portfolio of companies with attractive long-term appreciation potential with a minimised risk of capital loss. The short equity strategy seeks to generate profits in all market environments through a focus on a prudently diversified portfolio of significantly overvalued securities. The Existing Petershill Group acquired an equity stake in Lakewood on 27 June 2017, which provided necessary capital to transition out an existing minority partner while also increasing the Lakewood partner's capital commitment to the investment fund.

Littlejohn & Co.

Founded in 1996, Littlejohn & Co. is a Greenwich, Connecticut-based mid-market private equity manager. Littlejohn & Co.'s flagship private equity programme is focused on investing in middle-market companies that are undergoing a fundamental change in capital structure, strategy, operations or growth that can benefit from its operational and strategic approach. In addition, Littlejohn & Co. has built out a distressed credit product and a performing credit platform. On 8 August 2016, the Existing Petershill Group acquired an equity stake in Littlejohn & Co. The investment was structured as a primary capital contribution to build a balance sheet that enables Littlejohn & Co. to grow its private equity and credit strategies, including funding GP commitments and CLO equity retention tranches.

LLR Partners

LLR Partners is a lower middle market private equity firm investing in technology and healthcare businesses. LLR was founded in 1999 and is based in Philadelphia, USA.

LMR Partners

LMR Partners is a global multi-strategy asset manager founded in 2009 with offices in London, Hong Kong and New York. LMR Partners predominantly focuses on relative value and event-driven multi-manager strategies across four distinct products. On 14 August 2018, the Existing Petershill Group acquired a passive minority equity stake in LMR Partners. Proceeds of the investment were used partly to reorganise LMR Partners' capital structure and partly to reinvest in its funds.

Pelham Capital

Founded in 2007, Pelham Capital is a London-based European equity long/short hedge fund that invests across a range of sectors and specialises in event-driven distressed credit and special situation opportunity funds. On 2 January 2014, the Existing Petershill Group acquired an equity stake in Pelham Capital. The investment was used by Pelham Capital for investment in its business or its funds.

Piney Lake Partners

Piney Lake Partners, a Greenwich, Connecticut firm, is an opportunistic private credit manager and focuses on lending capital to middle-market business, primarily in North America, that are either stressed or in a period of transition. On 21 June 2018, the Existing Petershill Group acquired a revenue share in Piney Lake Partners, with capital provided to help fund its initial credit portfolio.

Riverstone Holdings LLC

Riverstone Holdings LLC, founded in 2000, is one of the world's largest energy-focused private equity firms. Riverstone manages a portfolio of more than 200 energy, natural resources and renewables companies in 15 countries across a diversified product platform including private equity funds, private credit funds and permanent capital vehicles. On 4 May 2017, the Existing Petershill Group acquired a passive minority revenue interest in Riverstone. The investment provided Riverstone with strategic capital to further invest in the business, fund business development and address certain capital commitments.

Slate Asset Management

Slate Asset Management, founded in 2005 with offices in Toronto, Chicago, Frankfurt and London, is a real-estate-focused alternative investment platform. Slate is a value-oriented manager across private and publicly traded investment vehicles, investing across Canada, the United States and Europe, through multiple vehicles, including co-investments with global institutional partners, private equity funds and publicly traded Real Estate Investment Trusts. On 26 September 2019, the Existing Petershill Group acquired a minority interest in Slate. The investment is being used by Slate as balance sheet capital to simplify its capital structure and fund current and future GP commitments to facilitate development of the Slate platform.

SLR Capital Partners

SLR Capital Partners LLC is an independent boutique asset manager focused on direct lending with expertise across a range of primarily senior secured financing solutions for US middle market companies. SLR was founded in 2006 and is based in New York, USA.

Symphony Technology Group

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

Westbrook Partners

Westbrook Partners is a value-added global real estate investment platform. Westbrook's strategy is focused on value-added investments in global gateway cities, investing across property types and the capital structure. On 5 October 2018, the Existing Petershill Group acquired a passive minority stake in Westbrook. The investment is being used by Westbrook to fund future GP commitments and facilitate the further institutionalisation of the Westbrook platform.

Wind Point Partners

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

Glossary of Key Operating Metrics

This document contains certain key operating metrics that are not defined or recognised under IFRS.

The Operator and the Directors use these key operating metrics to help evaluate trends, assess the performance of the Partner-firms and the Company, analyse and test dividends received from the Partner-firms and inform operating, budgeting and re-investment decisions. The Directors believe that these metrics, which present certain operating and other information in respect of the Partner-firms, provide an enhanced understanding of the underlying portfolios and performance of the Partner-firms and are therefore essential to assessing the investments and performance of the Company.

The key operating metrics described in this section are derived from financial and other information reported to the Operator by the Partner-firms. The Operator, with the assistance of an independent accounting firm, performs due diligence procedures on the information provided by the Partner-firms. It should be noted, however, that these due diligence procedures do not constitute an audit.

In addition, each Partner-firm may account for and define certain financial and other information differently from one another. For example, each Partner-firm may calculate its fee-paying AuM differently, the result of which being that the inputs of the Company's Aggregate Fee-paying 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 reinvestment 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 Fee-paying AuM and Aggregate Partner-firm AuM is that Aggregate Fee-paying 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 performance fees.

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 Fee-paying Partner-firm AuM
- Average Aggregate Fee-paying 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

Issuer SPVs

Issuer SPVs comprise the following entities – PH Offshore GP Issuer, PH Offshore IM Issuer, PH Onshore GP Issuer, PH Onshore IM Issuer

Intermediary Entities

Intermediary Entities comprise the following entities – PH Offshore GP Aggregator, PH Offshore IM Aggregator, PH Onshore GP Aggregator, PH Onshore IM Aggregator

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 reinvestment decisions.

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.

Ownership weighted AuM

Ownership weighted AuM represents the Company'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 and 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 Fee-paying 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 Fee-paying 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 and less any management fee offsets, payable by the Partner-firms' funds to their respective Partner-firms for the provision of investment management and advisory services.

Certain Partner-firms provide transaction and advisory services, as well as services to monitor ongoing operations of portfolio companies. Management fees paid to the Partner-firms may be subject to fee offsets, which are reductions to management fees and are based on a percentage of monitoring fees and transaction and advisory fees paid by portfolio companies to the Partner-firms.

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, fixed and bonus compensation, net interest income/(expense) and taxes (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 reinvestment 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 reinvestment 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 reinvestment 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.

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 (“Notes”) with a 5% coupon and a maturity date of 2039. The Notes were 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.

For the period ended 31 December 2021, under IFRS, the Company was required to consolidate them, although the Company did not have rights to the cash flows of the collateral that were held by the Petershill Funds. This consolidation resulted 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 were only affected by the interests that the Company owns.

For the year ended 31 December 2022, the Notes were repaid, and the collateral was released to the Petershill Funds and the Subsidiaries of the Company. Other assets comprised of income receivable and cash in the Issuer SPVs were distributed as well. The Issuer SPVs and the Intermediary Entities were dissolved on 19 December 2022. As a result, the Petershill Funds ceased to have any exposure to the Issuer SPVs effective this date.

Pursuant to the above, the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing these consolidated financial statements for the period of 1 January 2022 through 19 December 2022, the date these Issuer SPVs and the Intermediary Entities were dissolved.

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.

The Pro Forma EPS APM was removed this year since the Company has been in operation for the full year of 2022 and the IFRS EPS result and Adjusted EPS APM are more meaningful measures to use.

The Adjusted Earnings per share (EPS) measure was updated from the prior year to reflect the weighted average number of Ordinary Shares in issue for the period in the denominator, consistent with the approach required under IFRS when calculating earnings per share. For 2022, this is a more appropriate measure of per share results on an adjusted earnings basis. In 2021, the Company had 1 share outstanding from 24 March 2021 through 28 September 2021 and the Ordinary Shares in issue at the measurement date was a more appropriate indicator at that time.

A Free cash flow APM was added this year. This reflects the APM basis of Net cash flow from operating activities excluding certain investment activity and tax and related expenses as a percent of the Adjusted EBIT. This measure is useful in demonstrating the conversion of certain income to cash, which can be used by the Company. Certain Income from investments in Partner-firms derived from Performance fee income and Management fee income may be earned in the current period and paid following period end, which may result in a temporary difference in the Free cash flow.

Key

 New APM introduced 2022

Consolidated Statement of Comprehensive Income APM Basis

For the year ended 31 December 2022

	Year ended 31 December 2022			For the period from 24 March 2021 to 31 December 2021		
	Alternative performance measurement basis (APM) \$m	Adjustments \$m	IFRS basis \$m	Alternative performance measurement basis (APM) \$m	Adjustments \$m	IFRS basis \$m
Income						
Income from Investments in Partner-firms derived from:						
Management fee income	213.2	(0.2)	213.0	52.3	(3.0)	49.3
Performance fee income	131.6	7.8	139.4	62.3	17.0	79.3
Investment income	25.4	7.2	32.6	7.7	1.2	8.9
Interest income from investments in money market funds	8.6	-	8.6	-	-	-
Total income	378.8	14.8	393.6	122.3	15.2	137.5
Movement in financial assets held at fair value						
Change in fair value of investments at fair value through profit or loss	(776.5)	(30.2)	(806.7)	217.6	16.4	234.0
	(776.5)	(30.2)	(806.7)	217.6	16.4	234.0
Expenses						
Board of Directors' fees and expenses	(1.5)	-	(1.5)	(1.0)	-	(1.0)
Operator charge	(27.8)	-	(27.8)	(9.2)	-	(9.2)
Other operating expenses	(14.4)	-	(14.4)	(12.6)	-	(12.6)
Unrealised divestment fee credit/(expense)	0.9	-	0.9	(45.2)	-	(45.2)
Total expenses	42.8	-	42.8	(68.0)	-	(68.0)
Operating profit/(loss) for the year/period	(440.5)	(15.4)	(455.9)	271.9	31.6	303.5
Finance income/(expense)						
Finance cost	(45.6)	-	(45.6)	(4.6)	-	(4.6)
Movement in liability to Petershill Funds	-	15.4	15.4	-	(31.6)	(31.6)
Change in liability for tax receivables agreement	(19.0)	-	(19.0)	(6.8)	-	(6.8)
Total finance expense	(64.6)	15.4	(49.2)	(11.4)	(31.6)	(43.0)
(Loss)/profit for the year/period before tax	(505.1)	-	(505.1)	260.5	-	260.5
Tax credit/(expense)	52.2	-	52.2	(12.6)	-	(12.6)
(Loss)/profit for the year/period after tax	(452.9)	-	(452.9)	247.9	-	247.9
(Loss)/profit and total comprehensive (expense)/income for the year/period	(452.9)	-	(452.9)	247.9	-	247.9
(Loss)/profit and total comprehensive (expense)/income attributable to:						
Equity holders of the Company	(452.9)	-	(452.9)	247.9	-	247.9
Earnings per share						
Basic and diluted earnings per share (cents)	(39.36)	-	(39.36)	64.12	-	64.12

Consolidated Statement of Financial Position APM Basis

As at 31 December 2022

	31 December 2022			31 December 2021		
	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m
Non-current assets						
Investments at fair value through profit or loss	4,958.9	–	4,958.9	5,524.3	498.8	6,023.1
Deferred tax asset	44.0	–	44.0	–	–	–
	5,002.9	–	5,002.9	5,524.3	498.8	6,023.1
Current assets						
Investments in money market funds at fair value through profit or loss	483.4	–	483.4	453.1	–	453.1
Cash and cash equivalents	97.6	–	97.6	68.7	56.1	124.8
Trade and other receivables	138.2	–	138.2	64.8	37.2	102.0
	719.2	–	719.2	586.6	93.3	679.9
Total assets	5,722.1	–	5,722.1	6,110.9	592.1	6,703.0
Non-current liabilities						
Liability to Petershill Funds	–	–	–	–	597.2	597.2
Unsecured Notes payable	493.2	–	493.2	–	–	–
Notes payable	–	–	–	350.0	(9.1)	340.9
Deferred payment obligations	50.0	–	50.0	133.4	–	133.4
Liability for Tax Receivables Agreement	150.6	–	150.6	166.7	–	166.7
Fee payable on divestment of investments	44.3	–	44.3	45.2	–	45.2
Deferred tax liability	–	–	–	12.6	–	12.6
	738.1	–	738.1	707.9	588.1	1,296.0
Current liabilities						
Trade and other payables	29.7	–	29.7	28.3	–	28.3
Deferred payment obligations	189.9	–	189.9	74.8	–	74.8
Interest payable	10.0	–	10.0	4.1	4.0	8.1
Liability for Tax Receivables Agreement	35.1	–	35.1	–	–	–
	264.7	–	264.7	107.2	4.0	111.2
Total liabilities	1,002.8	–	1,002.8	815.1	592.1	1,407.2
Equity						
Share capital	11.4	–	11.4	11.6	–	11.6
Share premium	3,346.7	–	3,346.7	3,346.7	–	3,346.7
Other reserve	1,689.6	–	1,689.6	1,689.6	–	1,689.6
Capital redemption reserve	0.3	–	0.3	–	–	–
Retained earnings	(328.7)	–	(328.7)	247.9	–	247.9
Total Shareholders' funds	4,719.3	–	4,719.3	5,295.8	–	5,295.8
Number of Ordinary Shares in issue at year/period end	1,135,399,597		1,135,399,597	1,156,696,029		1,156,696,029
Net assets per share (cents)	415.65		415.65	457.84		457.84

Consolidated Statement of Cash Flows APM Basis

For the year ended 31 December 2022

	Year ended 31 December 2022			For the period from 24 March 2021 to 31 December 2021		
	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m	Alternative performance measurement basis (APMs) \$m	Adjustments \$m	IFRS basis \$m
Cash flows from operating activities						
(Loss)/profit for the year/period before tax	(505.1)	-	(505.1)	260.5	-	260.5
Adjustments to reconcile operating loss for the financial year to net cash used in operating activities:						
Finance expense	64.6	(15.4)	49.2	43.0	-	43.0
Purchase of investments in money market funds	(1,051.4)	-	(1,051.4)	(806.7)	-	(806.7)
Sale of investments in money market funds	1,021.1	-	1,021.1	353.6	-	353.6
Reinvestment of income from investments in Partner-firms	(42.4)	(0.2)	(42.6)	(8.1)	-	(8.1)
Movement in financial assets and liabilities held at fair value through profit and loss	776.5	30.2	806.7	(217.6)	(16.4)	(234.0)
Movement in trade and other receivables	(82.0)	22.9	(59.1)	(97.0)	40.9	(56.1)
Movement in trade and other payables	3.8	-	3.8	22.6	-	22.6
Movement in liability to Petershill Funds	-	-	-	-	31.6	31.6
Movement in fee payable on divestment of investments	(0.9)	-	(0.9)	45.2	-	45.2
Taxes paid	(4.4)	-	(4.4)	-	-	-
Net cash outflow from operating activities	179.8	37.5	217.3	(404.5)	56.1	(348.4)
Cash flows from investing activities						
Purchase of investments at fair value through profit or loss	(149.7)	-	(149.7)	(247.0)	-	(247.0)
Capital proceeds received	6.7	-	6.7	-	-	-
Net cash outflow from investing activities	(143.0)	-	(143.0)	(247.0)	-	(247.0)
Cash flows from financing activities						
Issue of shares (net of share issue costs deducted from proceeds)	-	-	-	725.0	-	725.0
Payment of share issue costs	(5.7)	-	(5.7)	(4.8)	-	(4.8)
Share repurchases	(50.0)	-	(50.0)	-	-	-
Dividends paid	(70.3)	-	(70.3)	-	-	-
Proceeds from Unsecured Notes	500.0	-	500.0	-	-	-
Repayment of Notes payable	(350.0)	-	(350.0)	-	-	-
Payment of transactions costs related to debt issuance and repayment	(8.1)	-	(8.1)	-	-	-
Interest expense payments	(23.8)	(4.0)	(27.8)	-	-	-
Extinguishment of liability to Petershill Funds	-	(89.6)	(89.6)	-	-	-
Net cash (outflow)/inflow from financing activities	(7.9)	(93.6)	(101.5)	720.2	-	720.2
Net (decrease)/increase in cash and cash equivalents during the year/period	28.9	(56.1)	(27.2)	68.7	56.1	124.8
Cash and cash equivalents at the beginning of the year	68.7	56.1	124.8	-	-	-
Cash and cash equivalents at the end of the year/period	97.6	-	97.6	68.7	56.1	124.8

Net cash position at end of year

Cash and cash equivalents APM basis plus investments in money market funds less deferred payment obligations and long term debt.

	31 December 2022 \$m	31 December 2021 \$m
Cash and cash equivalents ^{APM basis}	97.6	68.7
Investments in money market funds at fair value through profit or loss	483.4	453.1
Notes payable (gross)	-	(350.0)
Unsecured Notes payable (gross)	(500.0)	-
Deferred payment obligations	(239.9)	(208.2)
Net cash position at end of year/period	(158.9)	(36.4)

Free cash flow NThe Net cash flows from operating activities ^{APM basis} less Purchase of investments in money market funds, Sale of investments in money market funds, Reinvestment of income from investments in Partner-firms ^{APM basis} and Taxes paid as a percent of the Adjusted EBIT. This amount can differ year over year as the timing of settlement of certain income from investments in Partner-firms may vary.

	31 December 2022 \$m	31 December 2021 \$m
Net cash flows from operating activities ^{APM basis}	179.8	(404.5)
Purchase of investments in money market funds	1,051.4	806.7
Sale of investments in money market funds	(1,021.1)	(353.6)
Reinvestment of income from investments in Partner-firms ^{APM basis}	42.4	8.1
Taxes paid	4.4	-
Adjusted net cash flows from operating activities	256.9	56.7
Adjusted EBIT	336.3	106.4
Free cash flow	76%	53%

Book value

Total Shareholders' funds.

	31 December 2022 \$m	31 December 2021 \$m
Total Shareholders' funds	4,719.3	5,295.8

Book value per share

Total Shareholders' funds divided by the Number of Ordinary Shares in issue at year/period end.

	31 December 2022 \$m	31 December 2021 \$m
Total Shareholders' funds (\$m)	4,719.3	5,295.8
Number of Ordinary Shares in issue at year/period end	1,135,399,597	1,156,696,029
Book value per share (cents)	415.65	457.84

Adjusted Earnings Before Interest and Tax (EBIT)

Sum of total income ^{APM basis} and expenses excluding non-recurring charges before net finance result and before income taxes, change in fair value of investments at fair value through profit or loss ^{APM basis} and unrealised divestment fee.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income ^{APM basis}	378.8	122.3
Board of Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses	(14.4)	(12.6)
Non-recurring operating expenses	1.2	6.9
Adjusted Earnings Before Interest and Tax (EBIT)	336.3	106.4

Adjusted EBIT margin

Adjusted EBIT divided by APM basis total income.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income ^{APM basis}	378.8	122.3
Adjusted EBIT	336.3	106.4
Adjusted EBIT margin	88.8%	87.0%

Adjusted Earnings Before Tax (EBT)

Sum of total income ^{APM basis} and expenses excluding deferred divestment fee, income taxes, change in liability for tax receivables agreement, movement in liability to Petershill Funds, change in fair value of investments at fair value through profit or loss ^{APM basis} and non-recurring charges.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income ^{APM basis}	378.8	122.3
Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses	(14.4)	(12.6)
Finance cost	(45.6)	(4.6)
Non-recurring operating expenses	1.2	6.9
Non-recurring charges related to financing	17.3	-
Adjusted Earnings before tax (EBT)	308.0	101.8

Tax and tax related expenses

The current tax plus the expected payment under the tax receivables agreement for the current year.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Current tax	(4.2)	-
Expected payment under the tax receivables agreement	(31.2)	(3.4)
Tax and tax related expenses	(35.4)	(3.4)

Adjusted tax and tax related expense rate

The Tax and tax related expenses divided by the Adjusted EBT.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Tax and related expenses	35.4	3.4
Adjusted EBT and tax related expenses	308.0	101.8
Adjusted tax and tax related expense rate	11.5%	3.3%

Adjusted Profit After Tax

Sum of total income^{APM basis} and expense excluding unrealised divestment fee, income taxes, change in liability for tax receivables agreement, movement in liability to Petershill Funds, change in fair value of investments at fair value through profit or loss^{APM basis} and non-recurring charges and including tax and related expenses under the tax receivables agreement.

	For the year ended 31 December 2022 \$m	For the period from 24 March 2021 to 31 December 2021 \$m
Total income ^{APM basis}	378.8	122.3
Board of Directors' fees and expenses	(1.5)	(1.0)
Operator charge	(27.8)	(9.2)
Other operating expenses	(14.4)	(12.6)
Finance Cost	(45.6)	(4.6)
Non-recurring operating expenses	1.2	6.9
Tax and tax related expenses	(35.4)	(3.4)
Non-recurring charges related to financing	17.3	–
Adjusted profit after tax	272.6	98.4

Adjusted Earnings Per Share (EPS)

Adjusted profit after tax divided by weighted average number of Ordinary Shares in issue.

	31 December 2022 \$m	31 December 2021 \$m
Adjusted profit after tax	272.6	98.4
Weighted average number of Ordinary Shares in issue	1,150,241,568	386,629,098
Adjusted Earnings per share (EPS) (cents)	23.70	25.45

Company Information

Board of Directors (all Non-Executive)

Naguib Kheraj (Chairman)
Everard Barclay Simmons
Annemarie Durbin
Erica Handling
Mark Merson
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Registered Company Number 13289144

1. Wholly owned affiliates of the Goldman Sachs Group.

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The Chairman's Statement and Operator's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Board of Directors and the Operator, concerning, among other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Group's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

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