Focused partnership

Petershill Partners
Operated by Goldman Sachs Asset Management

Annual Report 2023
Petershill Partners plc

Petershill Partners plc ("Petershill Partners" or the "Company") is a diversified, publicly listed, global alternatives investment group. Through our non-controlling ownership in carefully selected Partner-firms, we provide public market investors with access to the profitability of ambitious private capital firms focused on the middle-market.

Our Shareholders benefit from the growth of over 20 firms and 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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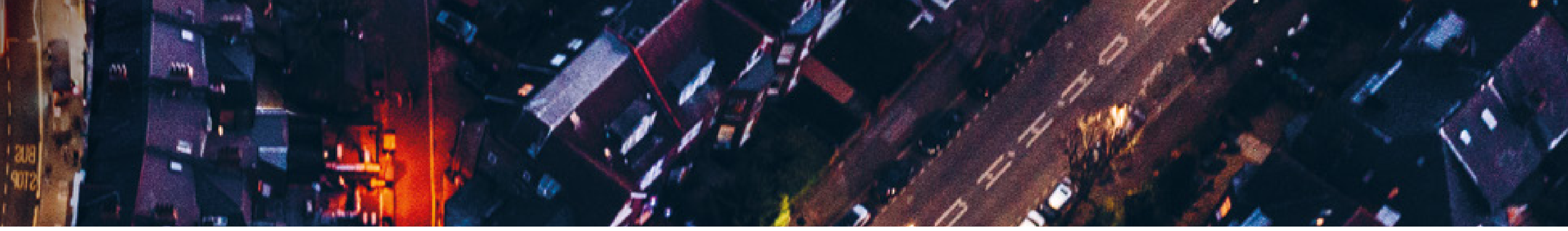
Key Performance Indicators

Petershill Partners uses several key performance indicators, Alternative Performance Measures or Operating Metrics to measure the progress and performance of the Company over time. Goldman Sachs Asset Management (The Operator) and the Company use these to help evaluate trends and assess the performance of our Partner-firms and the Company.



Growth KPIs

Aggregate Partner-firm AuM
OM

At 31 Dec 2023

$304bn

2023	$304bn
2022	$283bn
2021	$234bn

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 2023

$221bn

2023	$221bn
2022	$194bn
2021	$158bn

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. This is an aggregated figure across all Partner-firms and includes Fee-paying Partner-firm AuM outside of Petershill Partners' ownership interest in the Partner-firms.

Investments in Partner-firms at Fair Value
IFRS

At 31 Dec 2023

$5.3bn

2023	$5.3bn
2022	$5.0bn
2021	$6.0bn

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

Profitability KPIs

Partner Distributable Earnings
OM

Full year 2023

$292m

2023	$292m
2022	$370m

Partner Distributable Earnings is defined as the sum of Partner Fee Related Earnings (FRE), Partner Realised Performance Revenues (PRE) and Partner Realised Investment Income. It is a meaningful measure of Petershill's income from its interests in Partner-firms.

Partner FRE
OM

Full year 2023

$203m

2023	$203m
2022	$213m

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

Profit/(Loss) Before Tax
IFRS

Full year 2023

$397m

2023	$397m
2022	$(505)m

The profit before tax is a measure of the profitability of the Company. It includes earnings from investments in Partner-firms, the impact of valuing those interests, and the other income and costs of the Company.

Adjusted EBIT
APM

Full year 2023

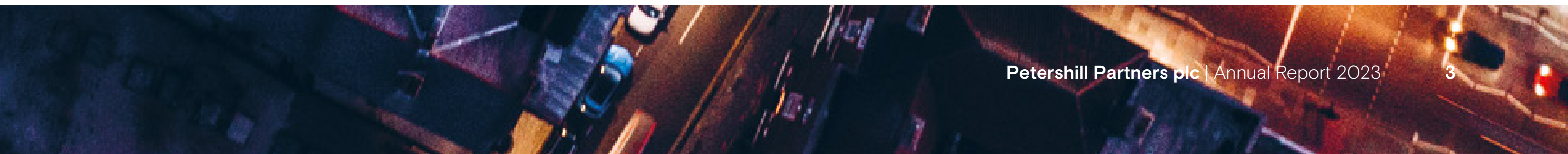
$284m

2023	$284m
2022	$336m

Adjusted EBIT is an Alternative Performance Measure and a key measure of profitability. It is defined as the sum of total income 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, profit-sharing charge and unrealised divestment fee.

Key

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



Diversification KPIs

Partner-firm Funds
OM

At 31 Dec 2023

240

Year	Partner-firm Funds
2023	240
2022	220
2021	212

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

Partner FRE Concentration by Largest Fund
OM

Full year 2023

8.6%

Year	Partner FRE Concentration
2023	8.6%
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 KPIs

Weighted Average Capital Duration
OM

At 31 Dec 2023

9.0 years

Year	Weighted Average Capital Duration
2023	9.0
2022	8.9
2021	8.1

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 2023

13%

Year	Partner Realised PRE as % of Partner Revenue
2023	13%
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 134 to 135 and Glossary of Key Operating Metrics on pages 139 to 141 includes definitions of the APMs and reconciliation to the relevant IFRS measures.

Per Share Metrics

Book Value Per Share
APM

At 31 Dec 2023

430.8¢

2023	430.8¢
2022	415.7¢
2021	457.8¢

Book value per share indicates the Company's net asset value on a per-share basis by dividing total Shareholders' funds by the total number of shares outstanding.

Earnings Per Share
IFRS

Full Year 2023

28.4¢

2023	28.4¢
2022	(39.4¢)

Earnings per share (EPS) is calculated by dividing the net profit after tax by the weighted average number of Ordinary Shares in issue, to provide the portion of the Company's profit allocated to each outstanding share.

Proposed Ordinary Dividend Per Share

Full year 2023

15.0¢

2023	15.0¢
2022	11.0¢

The Proposed Ordinary Dividend Per Share is comprised of an interim and final dividend each year. The interim dividend is equal to one-third of the prior year total dividend and the final dividend is proposed by the Board and subject to approval by Shareholders at the annual general meeting.

Ownership Weighted Operating Metrics

Ownership Weighted AuM
OM

At 31 Dec 2023

$37.3bn

2023	$37.3bn
2022	$36.0bn
2021	$30.2bn

Ownership weighted AuM represents the sum of the Company's ownership stakes in each Partner-firm's AuM.

Ownership Weighted Fee-paying AuM
OM

At 31 Dec 2023

$27.7bn

2023	$27.7bn
2022	$26.0bn

Ownership weighted Fee-paying AuM represents the sum of the Company's ownership stakes in each Partner-firm's Fee-paying AuM. It is the AuM base on which we earn management fees.

"Whilst Partner Distributable Earnings were lower in 2023, we remain positive about the prospects for medium-term growth."

Naguib Kheraj, Chairman

Dear Shareholders

Global markets experienced volatility throughout 2023. Major equity indices rebounded from considerable declines in 2022, but did so with large swings and, in the US, concentrated in a small number of technology stocks. The year began with a regional banking crisis that started in the United States and carried into Europe. Significant movements in US treasury yields, paired with economic uncertainty and geopolitical instability, contributed to the movements which markets experienced. Against that backdrop, our Partner-firms raised $23 billion of new fee eligible AuM, making this another year of Petershill Partners achieving its fundraising targets against a challenging environment. This year our fundraising came from 18 different firms underpinning a core tenet of Petershill Partners which is to provide diversification through our ownership in many different high quality alternative asset managers.

Fee related earnings were down 5% as cost growth amongst our Partner-firms more than offset the 2% growth in Partner Net Management and Advisory Fees. Funds were raised in advance of their being needed for deployment, resulting in a delay in the activation of fees for new funds raised. We experienced lower Partner Realised Performance Revenues (PRE) in 2023, resulting from both lower investment performance in the absolute return strategies and the subdued realisation environment throughout the year that impacted our private markets strategies. As a result, our Partner Distributable Earnings were lower, as expected in the context of limited realisations.

The carrying value of our investments in Partner-firms ended the year higher primarily resulting from higher multiples on comparable listed businesses as markets re-rated in the second half of the year.

Our Partner-firms exhibited continued strength in asset raising despite the difficult market background. The consequent increase in fee-paying AuM will continue to support management fees going forward. One of the factors that distinguishes the Company from its peers is the range of high-quality General Partner (GP) services that the Operator offers to Partner-firms, designed to unlock value and increase future returns. In 2023, the number of GP services engagements grew by 50%, and this engagement increases confidence about prospects for our Partner-firms – and for the Company.

The capital structure of the Company, with its relatively low fixed rate long-term debt, looks even better now than it did a year ago as rates have risen significantly since we raised this debt. We closed on a $100 million unsecured revolving credit facility to provide more liquidity if need arises. The Company did not draw down on this facility at all during the year. While much of the cash during the year was invested in money market funds, the Operator did start to shift some cash into slightly longer duration fixed deposits as short-term rates moderated. We cancelled approximately $3 billion of share premium in 2023, which has provided us with greater flexibility in structuring capital returns to our shareholders.

The Operator chose not to make any acquisitions during the year as the opportunities considered did not present attractive value creating opportunities. We announced a $50 million buyback programme earlier in the year to purchase shares at an attractive price relative to the Company's net asset value as we consider this to be significantly value accretive. To date, the programme has completed $32 million of purchases.

Our Partner-firms continued to generate solid free cash flow during the year, which funds our progressive dividend programme. The Board approved an interim dividend of 4.9 cents per share and is recommending a final dividend of 10.1 cents per share, bringing the full year dividend to 15.0 cents per share. This compares with a full year dividend of 14.5 cents per share in 2022. In addition, taking into account our balance sheet capacity, strong anticipated cash flows and the value at which the Company's shares are trading, the Board is considering launching a tender offer to purchase up to $100 million of the Company's shares. Our decision will be made by the end of April so that approval could be sought at the forthcoming AGM.

We held 10 Board meetings during the year, supplemented by 13 meetings of Board Committees, covering Audit and Risk, Remuneration, Nomination and Management Engagement. Additionally, the Board met with two Partner-firms in New York, and we continue to seek feedback from shareholders both through direct engagement and through the investor relations activities of the Operator and our brokers.

Subsequent to year end we completed a number of transactions which we expect will be value creating and which will further weight our revenues towards FRE. These included purchasing additional interests in three existing Partner-firm investments in a secondary transaction from a financial investor at a reasonable discount to our carrying value, and selling part of our PRE and balance sheet exposure in an existing Partner-firm back to its management at a slight premium to its carrying value at 31 December 2023. In April this year, we also made a new investment in a rapidly growing firm which is a specialist in the private credit asset class.

The Company's shares have continued to trade at a significant discount to net asset value throughout the year and the Board actively considers strategies which could have an impact in narrowing that discount. We continue to exercise careful discipline in the allocation and management of capital through buybacks, dividends and the hurdles applied to new investments. We believe that our careful stewardship of capital, combined with the attractive underlying growth prospects and cash flow generation of our Partner-firms, will be recognised by the market in due course and will result in good medium to long term returns to shareholders.

Naguib Kheraj
Chairman

9 April 2024

$100m
Revolving credit facility closed in January 2023

$180m
Combined interim and final ordinary dividends for 2023

$26m
Amount purchased through the share buyback programme in 2023

The Petershill Difference

In a world of fleeting connections, Petershill stands as a beacon of enduring partnerships, where Partner-firm success is not a goal but an unwavering commitment. We believe in the power of collaboration, where our expertise intertwines with our Partner-firm's aspirations, fostering a synergy that propels growth. Through ongoing support, strategic guidance, and a shared vision of excellence, we cultivate long-lasting relationships that pave the way for mutual prosperity.

240 Alternative Investment Funds

with broad coverage of the alternatives universe

Over 20 Partner-firms

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

Partner Fee Related Earnings (FRE)	Partner Realised Performance Revenues (PRE)	Partner Realised Investment Income
80%	13%	7%

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

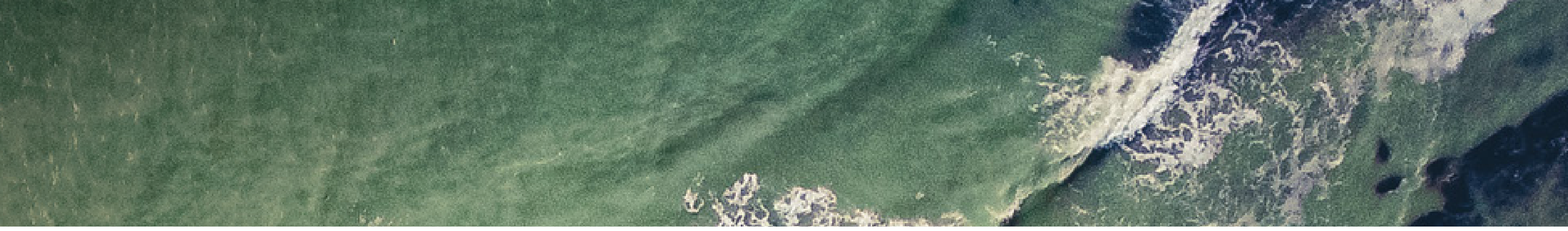
A global, broad and deep platform with diversified capabilities across public and private asset classes.

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.

Strategic Guidance and Expertise

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 a team that is tenured and experienced across multiple market cycles.



Identifying Investment Opportunities

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.

Our strategy focuses on empowering partnerships to succeed over the long term, and the Company's target profile for Partner-firms is consistent and precise.

Rigorous Underwriting and Thorough Due Diligence

The Operator carries out rigorous underwriting and thorough due diligence prior to investing. The experience and expertise of the Operator team gives 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 17 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 from the Petershill GP Services team 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.

We carried out over 450 GP service engagements during the year, illustrating the value that Partner-firms place on our strategic partnership.

Aligning 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 65 in the Corporate Governance Report for additional information on the Operator's fee structure and alignment.

The Operator 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 77% 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 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 and long duration capital provides a significant advantage for the Company.

We believe the expertise in fundraising and sector understanding the Operator is 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.

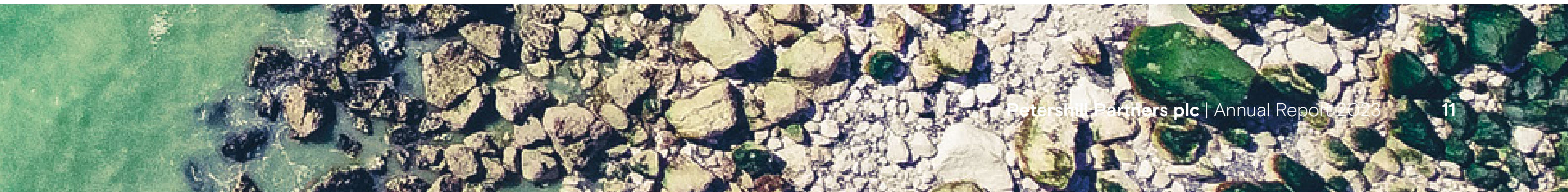
Our Values

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/

▪ Client Services	▪ Integrity
▪ Excellence	▪ Partnership



A Letter From the Co-Heads of Petershill

Dear Shareholders

The macroeconomic backdrop remained challenging in 2023, with the largest increase in interest rates in decades, continued geopolitical unrest, concerns around energy security and a regional banking crisis in the US, to name a few. The S&P500 index delivered robust growth in 2023 but virtually all the stock market's gains were attributable to the performance of a small number of technology stocks, with the rest of the US stock market showing broadly flat performance to the UK stock market.

Against this backdrop, distributable earnings were lower in the year predominately reflecting lower transaction activity, and the slower realisation environment impacting Partner-firm Realised Performance Revenues. FRE were also down 5% compared to 2022 but we remain confident on the medium-term outlook for FRE growth, supported by attractive organic fee-paying AuM growth and the potential for future M&A.

Globally, asset raising across private markets was down around 18% in 2023 year-on-year, with asset raising in North America down 13% year-on-year, which is where most of our Partner-firms operate. All asset classes experienced lower asset raising in 2023, with the largest decline year-on-year in Infrastructure down 48%, followed by declines in Real Estate of 25%, Private Equity of 10% and Private Credit of 10%.

Our Partner-firms are focused on the middle-market with the AUM managed across four asset classes and more than 75 different investment strategies, providing a diversified set of attractive opportunities across different economic cycles. During 2023, on a fund-count basis the middle-market accounted for around 38% of all PE funds closed, well above the 28% in 2022 and the 10-year average of around 37%, a supportive trend for our Partner-firms, which are focused on mid-market private equity.

We were pleased our Partner-firms raised organic fee-eligible assets of $23bn during 2023, in line with our guidance of US$20-25bn. It was encouraging to see our Partner-firms raise target assets on time for a third year in a row - we believe that this contrasts with the wider industry experience where firms have had to extend the duration of fundraising to achieve their targets. Aggregate Fee-paying Partner-firm AUM ended the year at $221bn, an increase of 14% year-on-year, demonstrating the quality of our Partner-firms.

2023 was a challenging period for M&A. Market conditions negatively impacted the pace of investments, down around 35% year-on-year, and realisations down around 10% year-on-year, across the industry. Petershill Partners was not immune to these conditions with the lower pace of investment activity delaying the activation of management fees on successor funds and lower levels of transaction activity impacting transaction fees and PRE. Notwithstanding these headwinds, management fees across our Private Markets Partner-firms still increased by around 5% whilst Absolute Return Strategies experienced management fees declining by around 6%, resulting in total management fees up approximately 2%. Fee Related Earnings (FRE), the largest contributor of earnings was $203m, in line with our revised guidance of $190-210m for 2023.

Unsurprisingly given the slower realisation environment across the industry, Partner-firm Performance Related Revenues declined by around 58% year-on-year to $54.7m representing around 13% of revenues. The decline year-on-year was also impacted by the strong end to 2022 from the Absolute Return Strategies, which can be more volatile and was not repeated in 2023. Looking forward, the significant level of accrued performance revenues at year-end of $615m supports the potential for future PRE.

Petershill Partners remains a high margin business, with Adjusted EBIT margins in 2023 of 89% on an APM basis, within our range of 85-90%. Cash conversion remains strong at 99% on an APM basis, which provides the business with financial flexibility to take advantage of attractive growth opportunities and provide strong capital return for all our Shareholders.

Our portfolio remains robust, with the fair value of the investments increasing by 6% during 2023. The increase in the net asset value reflects the strong underlying cash flows anchored by the strength in fundraising, a modest reduction in the cost of capital reflecting the forward expectations for declining interest rates and a recovery in the market multiples for the comparative companies.

We continue to play an active role in supporting the growth of our Partner-firms. As an active provider of our value-creation focused GP Services, we support our Partner-firms through advice on their infrastructure, capital formation and operations. Our strategic partnership, including the support of our GP Services, have been warmly received, and can be most impactful during challenging market environments. In 2023 we had an active year, with over 450 GP Services engagements, approximately 50% higher compared to 2022.

Business Model Resilience

Our business model with over 20 firms across strategies, asset classes and funds, represents multiple engines of growth which we believe helps to withstand the fluctuations caused by market volatility, as demonstrated by asset raising in-line with our expectations and double-digit percentage growth in Fee-paying AuM. The depth of our group of Partner-firms was on display in 2023 with 18 of our Partner-firms raising capital in 2023.

Partner FRE declined modestly by 5% to $203m. The decline year-on-year was attributable to delays in deployment resulting in delayed fund activations and lower transaction fees. This impacted both management fees and higher Partner Fee Related Expenses, as higher inflation and team build outs ahead of fund activations impacted team costs. We expect the new AuM raised in 2023 to be activated in 2024, bringing new FRE online. FRE remains a core element of overall earnings and is based on the stream of income arising from managing long-term, closed-end funds, with an average duration of over nine years.

Our geographical exposure puts us in a relatively strong position. We benefit from having 92% of assets by AuM in North America, where inflation is falling faster than in the UK and Europe and where growth is expected to be stronger. Given their focus markets, and USD revenue cost bases, our Partner-firms are also relatively insulated from the direct impact of geopolitical shocks.

Underlying all of this has been our highly selective approach to adding high-quality, differentiated Partner-firms. We are disciplined in our approach to investing and building our portfolio of GPs, diligently selecting firms which we identify as strongly performing sector specialists with their best days ahead of them. These firms are not necessarily the largest vs. the sector leader but we see a strong runway for future growth which underpins our philosophy of creating Shareholder value. This year, this meant that we were very measured in deploying capital to new firm relationships as we had a high bar to new investments and sought to avoid taking on uncertainty around fundraising and realisation.

"Our business model with over 20 firms across strategies, asset classes and funds, represents multiple engines of growth."

Ali Raissi-Dehkordy,
Co-Head of Goldman Sachs Petershill Group

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

Capital Efficiency

We take a disciplined approach to deploying capital, with prudence at the front of mind. We continue to set a high bar for new acquisitions, resulting in no additional acquisitions completed in 2023. We have demonstrated our commitment to Shareholder returns with around $463m or 20% of our current market capitalisation returned to Shareholders through a combination of paid and proposed dividends and share buybacks since IPO. The total dividend per share in 2023 was 15.0 cents, up 3.4% vs. 2022, in-line with our progressive dividend policy.

Not only do we have good flexibility over capital return, but the business also generates substantial cash flow, creating further flexibility when it comes to financing. We have a strong, well-capitalised balance sheet, enabling us to weather economic uncertainty. And our strong cash position will enable us to take advantage of market opportunities when they arise going forward.

"Continued success in fundraising provides a runway for growth which underpins our philosophy of creating Shareholder value."

Robert Hamilton Kelly,
Co-Head of Goldman Sachs Petershill Group

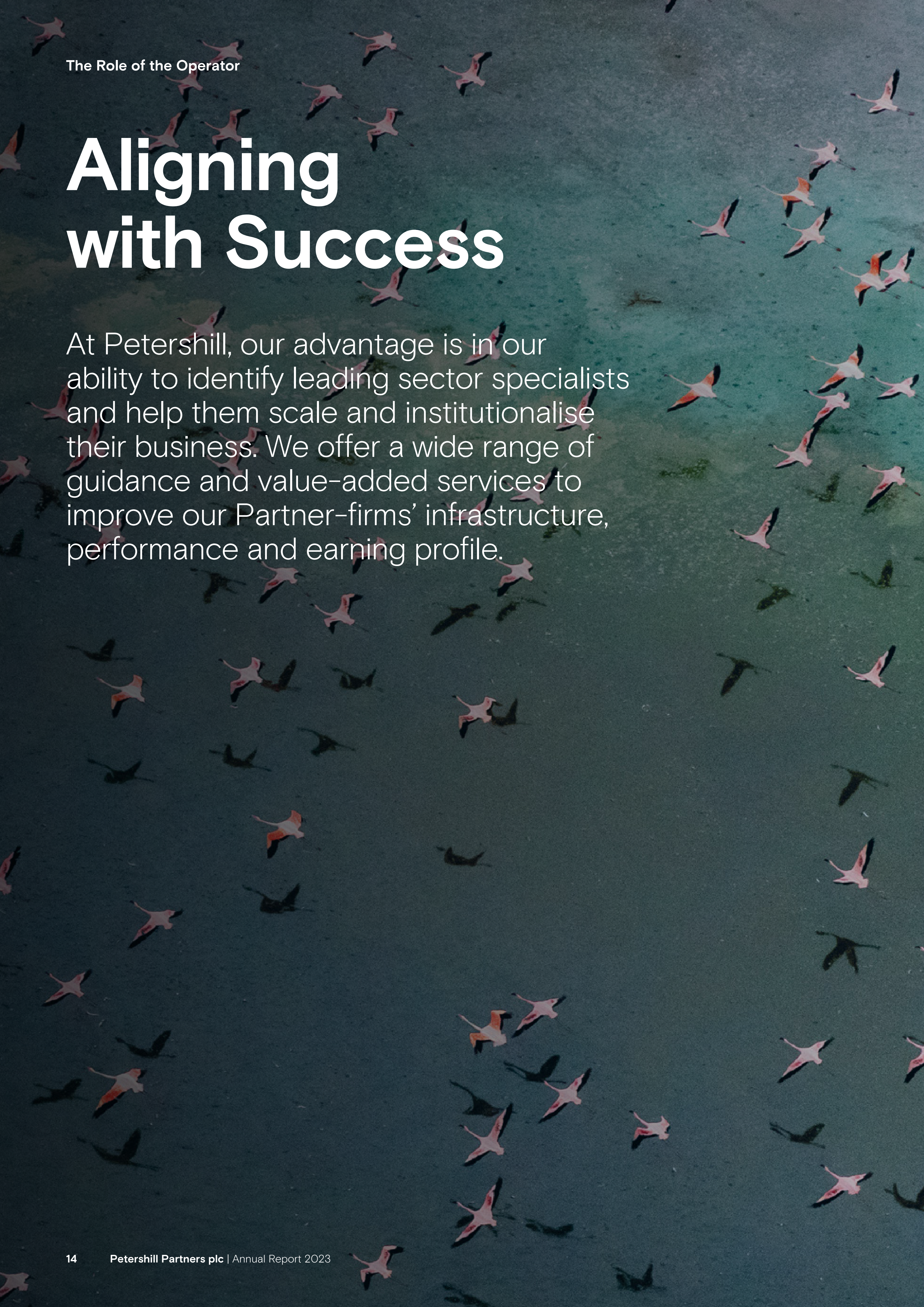
Robert Hamilton Kelly
Managing Director Goldman Sachs Asset Management
Co-Head of Goldman Sachs Petershill Group

Outlook

We see reasons for optimism about the prospects for 2024, as macro headwinds experienced in 2023 are starting to abate. Central banks rate rising appears to have peaked and expectations are for rate cuts as we progress through the year, dependent on the pace of moderation in inflation. Any improvement in macro certainty should drive a recovery in asset raising, investments and realisations, supportive for the broader private markets industry and our Partner-firms.

There has been a revival in industry consolidation, with most target businesses focused on the middle-market, as acquirers seek to scale their own businesses or add specific strategies. We believe Petershill Partners may benefit from future consolidation as many of our Partner-firms operate in the attractive specialist middle-market segment.

We remain constructive on the medium-term prospects of the Company, due to the attractive positioning of our Partner-firms in the middle-market space, attractive investment performance, robust asset raising, strong market share gains and strong margins. We expect gross fee-eligible asset raising in 2024 of $20-25 billion and realisation of $5-10 billion. The strong 2023 growth in Fee-paying AuM combined with further Fee-paying AuM growth in 2024, should provide a return to FRE growth in 2024 and onwards. Whilst PRE will be more dependent on the economic and market environment, the higher accrued PRE does bode well for the medium-term outlook. Overall, we believe our business is well positioned with strong cash flow generation providing flexibility for growth and capital return.



Aligning with Success

At Petershill, our advantage is in our ability to identify leading sector specialists and help them scale and institutionalise their business. We offer a wide range of guidance and value-added services to improve our Partner-firms' infrastructure, performance and earning profile.

Our GP Services Team

We believe the strategic capabilities of the Petershill Platform make us the partner of choice for many leading private markets firms. By partnering with us, firms can leverage the global resources of Goldman Sachs, providing them with the expertise of a $2tn asset manager with unparalleled experience in the alternatives industry, enabling them to deepen relationships, strengthen and grow diverse businesses.

A key element of our partnership is our ability to provide the global reach and expertise of Goldman Sachs through the Petershill GP Services team. The GP Services team includes experienced, dedicated resources focused on accelerating value creation within our Partner-firms.

Our GP Services team is sourced from across the global Goldman Sachs network, with representatives who lead day-to-day roles for the firm in areas critical to our Partner-firms' growth and development: institutional sales and client strategy; high net worth distribution; human capital and talent development; operational consulting; environmental, social and governance; procurement and business development. We believe our ability to leverage the insights of these highly experienced practitioners, together with the breadth of Goldman Sachs' broader platform resourcing and global distribution network, represents a differentiated value proposition for our Partner-firms.

> **We have a customised partnership approach for each of our Partner-firms in order to drive progress towards strategic objectives, partnership through our insights and practical consultation on a comprehensive set of initiatives**

The GP Services platform and our value creation plans are organised around three core Centres of Excellence: Through these Centres of Excellence we offer practical insights and consultation on a variety of topics.

Capital Formation and Product Development

We provide guidance to managers across all aspects of bringing a new product to market, with the objective of reducing the time and friction involved in planning and structuring a new strategy launch.

Market insights provided by the Goldman Sachs network assist our Partner-firms with optimising their fundraising strategy, preparing for a successful fundraise, identifying target investors and presenting for formal institutional fundraising engagements.

> **300+ LP introductions made across the platform**

Busines and Organisational Strategy

We guide our Partner-firms in creating a blueprint for their business operations, for internal efficiency and to satisfy the rigorous diligence of investors and compliance with regulators.

Through revenue generating and cost-saving initiatives, including procurement and business development, we drive our firms to maximise value creation at the portfolio company level and throughout their business.

We also share best practices related to LP engagement, reporting, portfolio monitoring and risk analytics, and corporate communications.

Our Monitoring, Reporting & Communication Resources provide examples of best practices in an increasingly demanding reporting environment, as well as diagnosing technology needs for portfolio analytics, leveraging insights and experience from across the GS platform of over 1,000 alternatives funds.

> **We deliver proprietary data and unique insights synthesiSed from our 16+ year history and 1,000+ GP relationships**

Fund and Portfolio Strategy

We provide our GPs with access to diligence support on potential new investments activity within their funds.

These engagements leverage sector research teams from our Global Investment Research division, industry coverage groups within the Investment Banking Division, or functional engineering teams who have deep experience diligencing various software platforms for the firm's use.

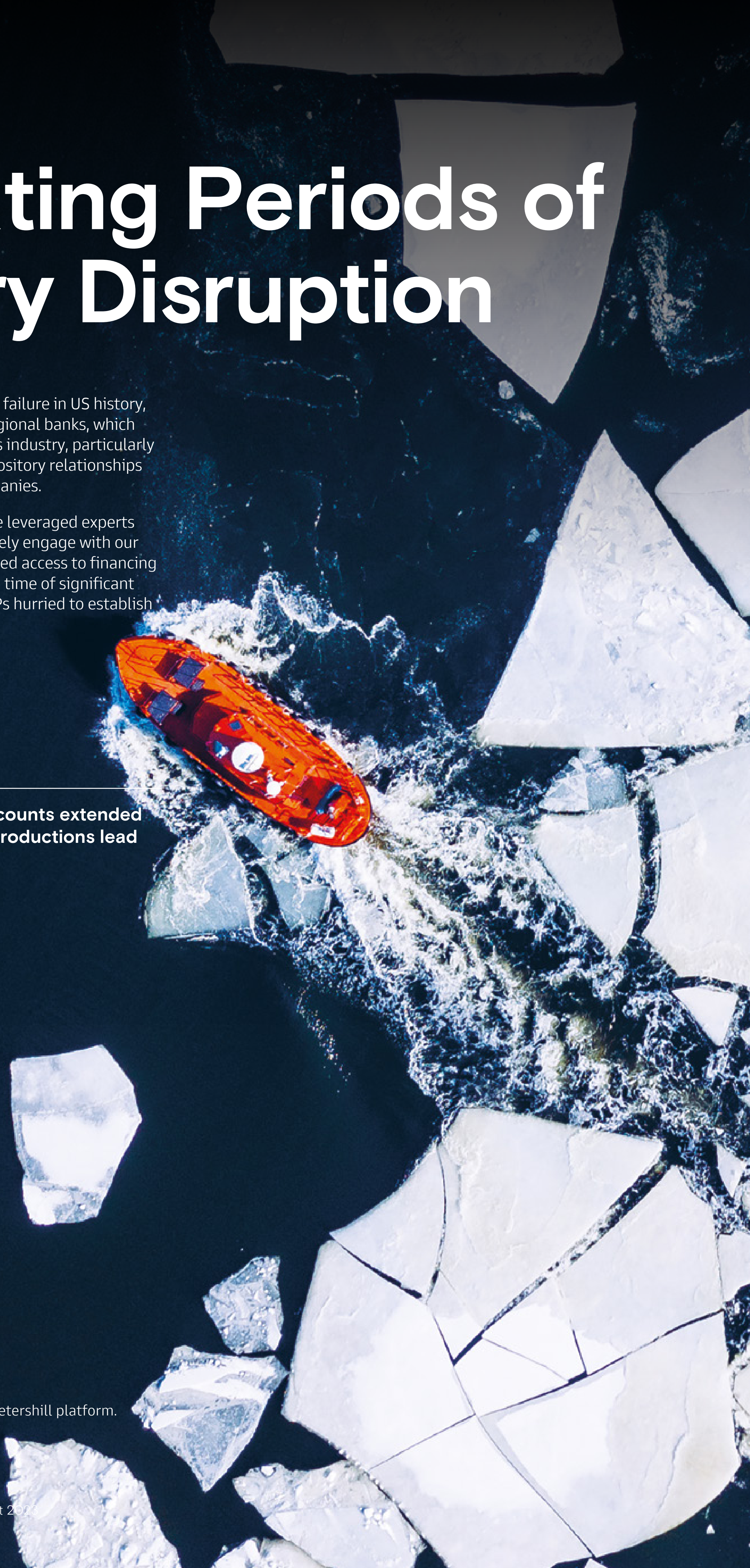
Other value-add services we offer to our Partner-firms include:

- Capital formation and go-to-market strategy
- New product development
- People strategy and culture
- Profitability and expense management
- Operational consulting
- Investment diligence support
- Procurement and business development

Looking Forward

We believe our Partner-firms represent the best in their field and are well positioned to benefit from the structural growth expected in the private markets industry. With the additional support and experience of the Goldman Sachs network, their businesses are well positioned to maximise future growth and capital return.

Navigating Periods of Industry Disruption



March 2023 saw the third-largest bank failure in US history, as well as contagion risk to other US regional banks, which meaningfully impacted the alternatives industry, particularly private markets firms' lending and depository relationships for both their funds and portfolio companies.

As the fast-moving events unfolded, we leveraged experts from across Goldman Sachs to proactively engage with our Partner-firms. Our introductions provided access to financing and treasury management services at a time of significant imbalance in supply and demand, as GPs hurried to establish new banking relationships.

$2bn

Financing lines and treasury accounts extended to our Partner-firms through introductions lead by the Petershill team*

*Inclusive of all Partner-firms across the Petershill platform.

Market Trends and Our Positioning

Macro uncertainty has led to headwinds in the near term for industry asset raising, deployment and realisations. Despite these near-term challenges, the long-term growth for the alternative investments industry remains 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, positions the Company to deliver on long-term value creation.

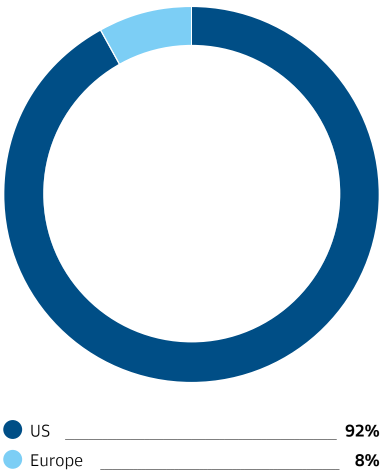
Economic Growth

The economic outlook for 2023 was challenging as we started the year with concerns around rising inflation, interest rates and a subdued environment for GDP growth globally. According to Goldman Sachs Global Investment Research, World Real GDP growth in 2023 is estimated to be around 2.7%, down from the 3.0% Real GDP growth in 2022, with larger declines in the Euro Area from 3.4% in 2022 to an estimated 0.5% and in the UK a drop from 4.3% in 2022 to 0.1% in 2023. In contrast Real GDP growth in the US is estimated at 2.5% in 2023, up from 1.9% in 2022. Real GDP growth in the US in 2024 is projected to be around 2.8%, which is considerably higher than the projected Real GDP growth in the Euro Area of 0.7% and 0.4% in the UK.

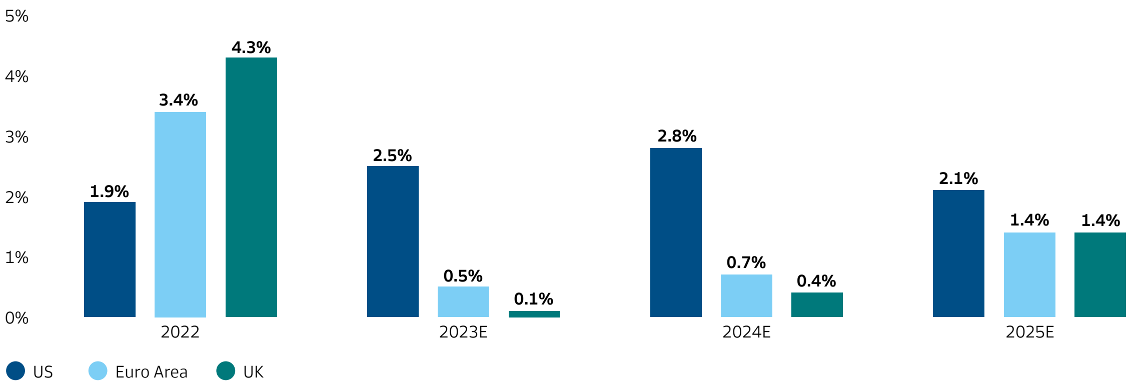
Implications for Petershill Partners

Our diversified exposure across a range of investment strategies and asset classes positions the Company well to navigate economic cycles. As part of our due diligence and underwriting process when making investments, we assess how Partner-firms are likely to perform during a range of scenarios including a downturn. Consequently, a reduction in global growth is factored into our underwriting for new deals. Most of our Partner-firms are exposed to North America, with the region representing over 90% of our Partner-firm AuM, with the stronger Real GDP growth potentially supporting growth across our Partner-firms.

PHLL Portfolio AuM Exposure by Region



Real GDP



Source: Goldman Sachs Global Investment Research, Company Data.

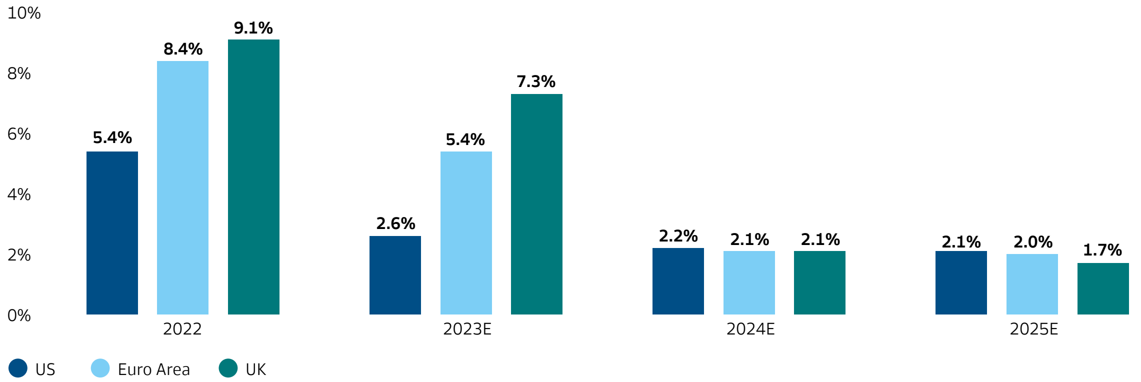
Inflation

In the US the rate of inflation started to subside during 2023, with the headline rate of inflation estimated at 2.6% in 2023 compared to 5.4% at the end of 2022. The rate of inflation is also estimated to be lower in 2023 across the Euro Area at around 5.4% (2022: 8.4%) and in the UK at around 7.3% (2022: 9.1%). At the end of 2023 the US headline rate of inflation is estimated to be lower than the Euro Area and the UK, whilst in 2024 the rate of headline inflation is projected to be broadly similar across the three regions. Whilst the rate of inflation is declining, the environment may still pose a headwind for companies to enhance operating margins and increase profitability.

Implications for Petershill Partners

Higher inflation can have an impact on the cost growth at our Partner-firms which can impact the level of Fee-related Earnings that are generated. In addition, certain strategies including credit, real assets and absolute return may potentially benefit from increases in inflation and interest rates, as these asset classes have historically provided a hedge to rising rates and inflation. As at 31 December 2023, real asset and absolute return firms made up 23% of our Aggregate Partner-firm AuM at $70 billion. Most of our Partner-firms' activity is based in North America, where the level of inflation, according to Goldman Sachs Global Investment Research in 2024 is expected to be in the region of 2.2%.

Inflation



Source: Goldman Sachs Global Investment Research, Company Data.

Interest Rates

Interest rates across many developed markets continued to trend up during 2023, increasing the cost of leverage for new deals and servicing existing variable debt. In addition, the higher risk-free rates resulted in an increase in the benchmarks for risk-adjusted returns, although certain asset classes such as real assets and private credit are positively correlated with higher rates.

During the latter part of 2023, we started to see a stabilisation in rates in both the US and across Europe which may potentially start to reduce the uncertainty across markets and lead to a recovery in asset raising, deployment and realisation activity. According to Goldman Sachs Global Investment Research, US policy rates are expected to start declining during 2024.

Implications for Petershill Partners

Despite the increase in interest rates during 2023, our Partner-firms' capital raising has met our expectations for 2023, and the firms owned by the funds they manage have remained largely stable. Our revenues are predominately derived from management fees on committed long duration capital, which is not directly impacted by movement in interest rates. Higher rates may affect the level of realisations which can have an impact on the timing rather than absolute level of performance-related fees over time. The Company's long-term debt is fixed rate and consequently not impacted by higher interest rates. The expectation is for rates to stabilise and to decline as we move into the second half of 2024, which could prove to be a positive catalyst for asset raising, deployments and realisations for our Partner-firms.

Fundraising and Demand for Alternative Investments

Global alternatives assets under management (AuM) are expected to reach $24.5tn in 2028, compared with an estimated $16.3tn at the end of 2023, representing an annualised growth rate of 8%, or 10% excluding hedge funds, according to Preqin. North America private equity AuM is forecast to reach $5.8tn in 2028, equivalent to 68% of the global private equity market in 2028, compared to 64% in 2023. Private markets aggregate asset raising in 2023 is estimated at around $1.2tn, down 18% compared to 2022, partially reflecting the "denominator effect" from 2022 with a disproportionate decline in public market securities, resulting in a technical portfolio-overweighting towards alternatives and the lower level of distributions to limited partners impacting new investments. Asset raising during 2023 remained nuanced with established and strong performing firms having performed well in terms of asset raising. In the US, on a fund-count basis, the middle-market accounted for around 39% of all PE funds closed in the first 9 months of 2023, well above the 29% in 2022 and the 10-year average of around 37%, according to Pitchbook.

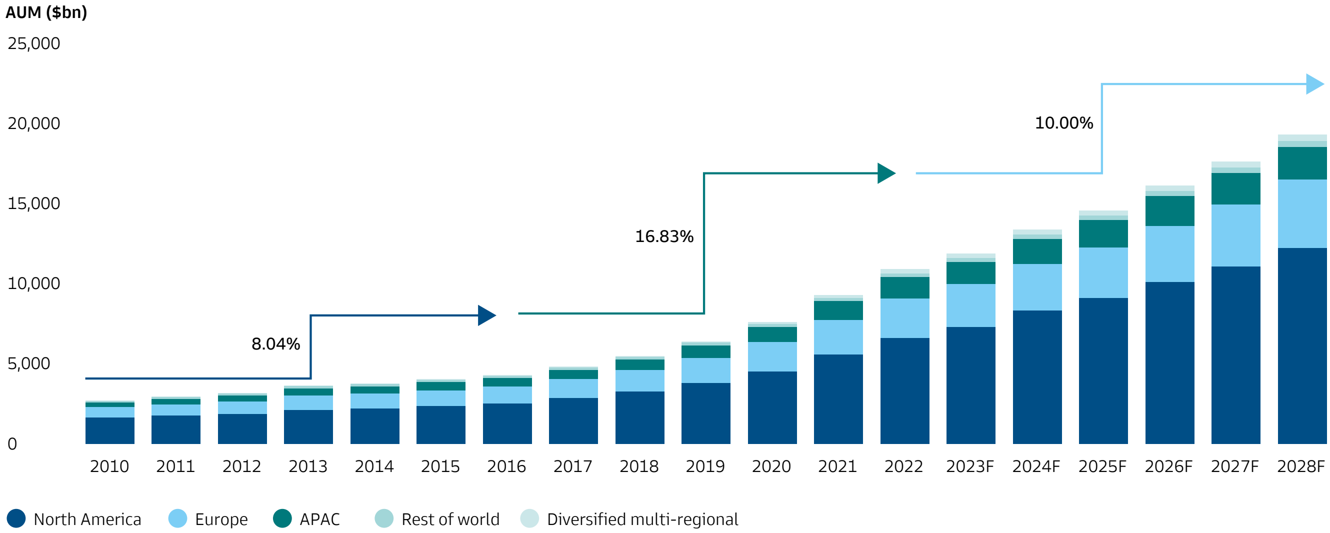
Implications for Petershill Partners

Our asset raising is diversified across our Partner-firms which in aggregate manage $304bn in AuM across a wide range of strategies and sectors. In any given year we have several Partner-firms that can be raising assets which reduces the reliance on any single fund or firm, which we view as a strategic advantage. We believe the strong performance of our Partner-firms, with around 80% of Partner-firm funds exceeding their benchmarks, means our Partner-firms are well positioned to benefit from ongoing investor demand for alternatives. Trends in the industry for an increase in the share of assets raised by US mid-market firms and for North America private equity to account for a larger share of global private equity are both supportive as the majority of our Partner-firms are US mid-market firms and private equity is the largest asset class exposure.

US PE share of Global PE market

Source: Preqin.

Private capital assets under management by primary region focus



Source: Preqin.

Attractions 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. 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.

> **Implications for Petershill Partners**
>
> **Our Partner-firms AuM is skewed towards private markets, representing around 90% of Aggregate Partner-firm AuM. Our Partner-firms offer a diversified exposure to private markets across all asset classes, including private equity, private credit and real assets. Our balance sheet and strong cash flow generation provides opportunities to undertake acquisitions to add to our current group of Partner-firms to accelerate growth and further diversify the business.**

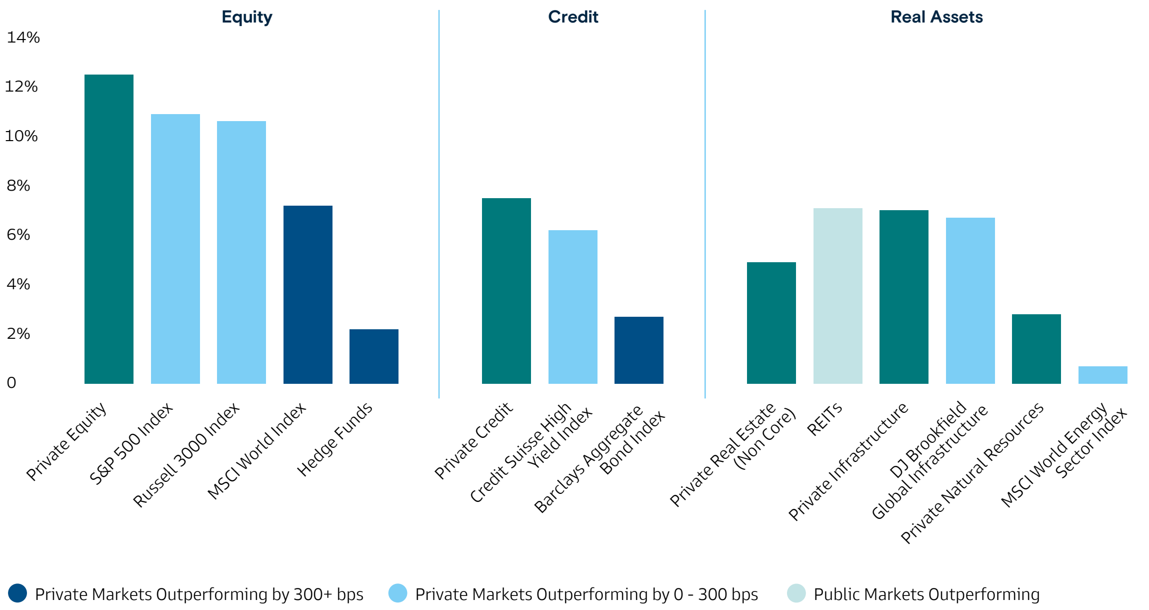
Attractions of Middle-Market

Middle-market fundraising during 2023 was 2% higher relative to 2022 according to Pitchbook, which is a good outcome given the challenging broader asset raising environment in private markets where asset raising in 2023 is around 18% lower year-on-year. GPs in the middle-market have been successful in increasing the size of their funds. In 2023, around 91% of middle-market funds closed at greater sizes, a record level, for a median step-up of around 61% relative to their predecessor funds. On a fund-count basis the middle-market accounted for 38% of all PE funds closed in 2023, this is well above the 28% in 2022 and the 10-year average of 37%. Middle-market buyout activity has been more resilient with the PE middle-market buyout value as a share of all PE buyout value increasing to 57% as of 2023 vs. 51% in 2022, according to Pitchbook. We continue to believe the middle-market benefits from more compelling deal valuations, greater availability of debt, offers investors differentiated return strategies and has multiple exit avenues.

> **Implications for Petershill Partners**
>
> **Our Partner-firms are well positioned in the attractive mid-market as the majority of our Partner-firms are specialist mid-market firms, with target Partner-firms managing in the region of $2-15bn in AuM. Our Partner-firms have continued to demonstrate robust asset raising, with $23bn of fee-eligible AuM raised in 2023, and importantly raising the assets on time, whilst many industry participants have extended the duration for asset raising. We believe our Partner-firms are well positioned for the increasing demand for mid-market specialist firms as the industry consolidates.**

15-Year Asset Class Performance

Annualized Time-Weighted Return as of Q2 2023



Source: Hamilton Lane Data via Cobalt, Bloomberg.

Go-to-Market Strategy in a Competitive Environment

18 of our Partner-firms were in market with fund raises during 2023, which proved to be a nuanced capital-raising environment as investors shifted portfolio allocations amid higher interest rates. Recognising the potential headwinds facing our GPs coming to market with new raises, we tactically engaged with a small number of our GPs on fundraising strategy ahead of their fund launches.

Our engagements focused on:

- Refining strategy messaging and marketing materials;
- Competitor market mapping and performance benchmarking; and
- Investor targeting and identifying specific, high-quality LP introductions.

We believe our proactive engagement on a variety of capital-raising initiatives and ability to provide differentiated access to capital contributed to the resilient fundraising performance for our Partner-firms during 2023.

100+

LP introductions provided to Partner-firms in 2023*

*Inclusive of all Partner-firms across the Petershill platform.

A Diversified Business

Diversity is at the centre of our business model, enabling us to deliver across market cycles and 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. 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.
- **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 and 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 – 106 at the end of 2023. 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

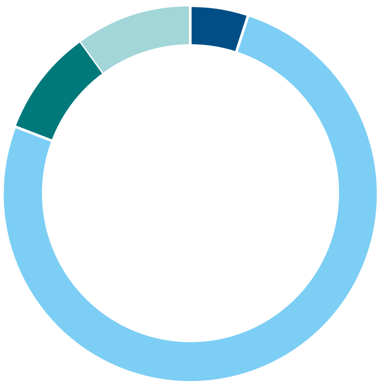
Partner-firms typically raise funds every three-to-four years and the year in which the fund closes is known as its vintage. Each vintage will be subject to different economic conditions during the lifetime of the fund, so a mix of vintages creates additional diversification.

As the Operator has been active in the minority investing business in alternative asset management for 17 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.

AuM by Duration[1]

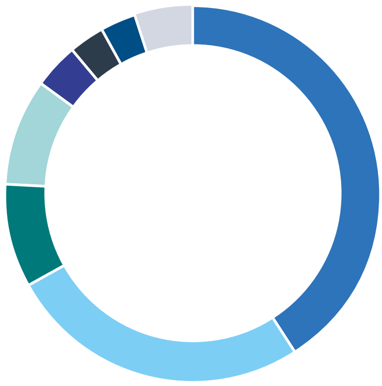


Permanent	5%
8+ years	76%
3 – 8 years	9%
0 – 3 years	10%

AuM by Strategy

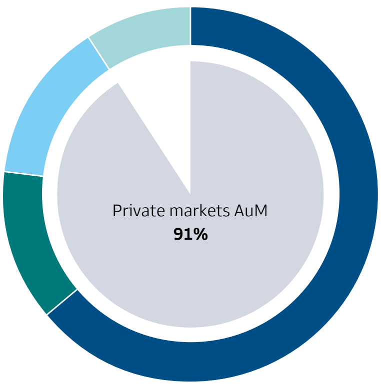
Buyout	51%	Global macro	4%
Other	10%	Venture capital	5%
Real estate	7%	CLO	5%
Growth	7%	Infrastructure	3%
Energy	4%	Multi-strategy	4%

AuM by Sector



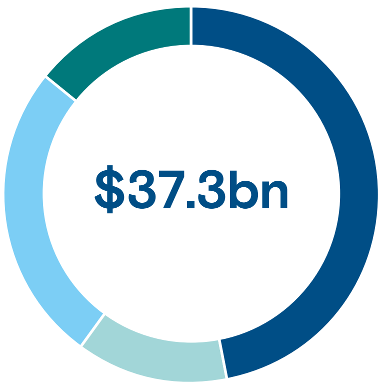
Technology	41%	Energy	4%
Diversified	26%	Infrastructure	3%
Real estate	9%	Healthcare	3%
Credit	9%	Other[2]	5%

AuM Asset Class Exposure



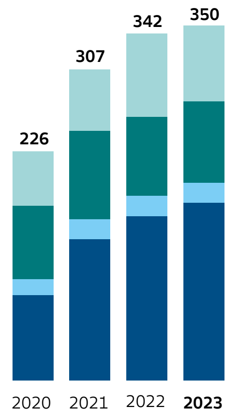
Private equity	64%
Private credit	13%
Private real assets	14%
Absolute return	9%

Ownership-weighted AuM by Asset Class ($bn)



Private equity	47%
Private credit	13%
Private real assets	26%
Absolute return	14%

Partner Net Management and Advisory Fees by Asset Class ($m)



	2020	2021	2022	**2023**
Private equity	84	139	162	**175**
Private credit	16	20	20	**20**
Private real assets	72	87	78	**80**
Absolute return	54	61	82	**75**

The Company completed its initial acquisition of the portfolio of Partner-firms on 28 September 2021. This chart provides full-year financial information for our interests in the Partner-firms in aggregate, which are pro forma for the period prior to the initial acquisition and listing date.

1. Weighted average duration of Aggregate Partner-firm total AuM.
2. Other includes Systematic, Direct lending, Secondaries, Distressed/Special Situations, Fixed Income, Equity long/short and Mezzanine.

Enhancing FP&A and Profitability

In 2023, one of our Partner-firms onboarded a new Chief Financial Officer. As part of the onboarding process, we worked with both senior management and the incoming CFO to make a number of enhancements to the financial planning and analysis function, and importantly, long-term profitability management.

Our focus on institutionalising the finance function and company management accounting included engagements across two dimensions:

- People strategy: designing and building the firm's operating model based on team and resource needs, and
- Managed services and technology: assessing current and future operating needs and the prioritisation of certain technology solutions to drive efficiency from both a resource and cost perspective.

We also worked collaboratively on managing other operating company-related expense items, such as travel, market data, technology and insurance, making introductions to vendors with cost-saving potential through group purchasing contracts and technology solutions to improve accounting and drive soft dollar savings.

56

Infrastructure and operational engagements carried out in 2023*

*Inclusive of all Partner-firms across the Petershill platform.

Strategy and Investment Objectives

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.

Sourcing New Partner-Firms

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

Whilst our asset base is diversified across many different investment strategies, increasingly the Company's focus is on real assets, private credit and private equity firms in specific sectors such as healthcare, which we feel demonstrate potential for accelerated growth.

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 $24.5 trillion of aggregate AuM by 2028, representing 8.4% CAGR between 2022 and 2028*. 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.

Highly Experienced Operator Team

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

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 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.

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

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.

* Prequin Special Report: Future of Alternatives in 2028.

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, money market funds and/or cash equivalents and investments. No more than the lesser of $250m or 5% of the Company's gross assets will be deposited in any single bank for longer than two weeks at a time. Excluding US Government investments, investments in money markets and investments in Partner-firms, no more than 5% of gross assets will be invested in 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 Central Bank of Ireland 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.

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 which are not related to the Group's financial statements.

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 relevant IFRS measures for APMs, where appropriate, can be found in the Glossary of Key Operating Metrics on pages 134 to 135 and Alternative Performance Measures on pages 127 to 133.

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 interests 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 managed by the Operator. 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 through 19 December 2022. This consolidation resulted in all of the income, investment gain and finance costs appearing in the Consolidated Statement of Comprehensive Income. 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 or 31 December 2023. The Consolidated Statement of Comprehensive Income reflected the effects of consolidation for the period from 1 January 2022 to 19 December 2022. This did not have an impact on the financial statements and results for 2023.

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 2023 $m	Year Ended 31 December 2022 $m
Income		
Partner Fee Related Earnings[1]	**203.0**	213.2
Partner Realised Performance Revenues[1]	**54.7**	131.6
Partner Realised Investment Income[1]	**34.4**	25.4
Total Partner Distributable Earnings[1]	**292.1**	370.2
Interest income	**27.3**	8.6
Total Income[2]	**319.4**	378.8
Operating costs		
Board of Directors' fees and expenses	**(1.7)**	(1.5)
Other operating expenses[3]	**(11.3)**	(13.2)
Operator charge	**(21.9)**	(27.8)
Profit share charge	**(0.1)**	–
Total operating costs	**(35.0)**	(42.5)
Adjusted Earnings Before Interest and Tax (EBIT)[2]	**284.4**	336.3
Finance cost[4]	**(37.1)**	(28.3)
Adjusted Earnings Before Tax (EBT)[2]	**247.3**	308.0
Tax and tax related expenses[2]	**(47.7)**	(35.4)
Adjusted profit after tax[2]	**199.6**	272.6
Reconciliation of Adjusted profit after tax to IFRS profit / (loss) for the period after tax		
Adjusted profit after tax[2]	**199.6**	272.6
▪ Movement in financial assets and liabilities held at fair value[2]	**220.6**	(776.5)
▪ Unrealised divestment fee (expense) credit	**(50.5)**	0.9
▪ Non-recurring expenses[5]	**1.2**	(18.5)
▪ Change in liability for Tax Receivables Agreement	**(21.5)**	(19.0)
▪ Adjustment for Tax and tax related expenses[6]	**(28.3)**	87.6
IFRS profit / (loss) for the period after tax	**321.1**	(452.9)

1. Partner-firm key operating metrics. Refer to the glossary on page 139 for additional information.
2. Financial measure defined as Alternative Performance Measure, or ("APM"). Further information on page 127.
3. 2023 amount excludes $1.2m VAT reclaim. 2022 amount excludes $1.2m in connection with the IPO.
4. 2022 amount excludes non-recurring finance cost of $17.3m related to the retirement of Notes payable and issuance of Unsecured Notes and the change in liability for the Tax Receivables Agreement.
5. 2023 amount includes $1.2m VAT reclaim. 2022 amount includes the non-recurring expense of $1.2m and finance cost of $17.3m noted above.
6. Includes deferred tax (expense) / credit related to movement in financial assets and liabilities held at fair value.

Company Performance

The Company's income reduced in 2023 as subdued exits reduced PRE significantly and increased Partner-firm expenses reduced FRE margins. FRE decreased 5%, PRE decreased 58% over the prior year and Partner Realised Investment Income increased 35% in 2023, resulting in an overall decline in Partner Distributable Earnings of 21% over the prior year. Fund-raising by Partner-firms was robust despite the challenging environment. The $23 billion fee-eligible AuM raise in 2023 is attributable to the high quality of our Partner-firms and the diversification of our portfolio. Aggregate Partner-firm AuM grew 7% and Aggregate Fee-paying AuM grew 14% for the year. Ownership weighted AuM increased 3% year-over-year to $37 billion and Fee-paying ownership-weighted AuM increased 8% year-over-year to $28 billion.

The Company's results for 2023 represent the period from 1 January 2023 through 31 December 2023 and are presented with comparative data for 2022, the Company's first full year of operations.

Continued growth for AuM, supporting increasing management fee income

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. FRE Margin fell from 62% to 58%, the management fee income APM basis for the year was $203 million (2022: $213 million), performance fee income APM basis $55 million (2022: $132 million), and investment income APM basis $34 million (2022: $25 million).

The IFRS profit and total comprehensive profit for the period after tax was $321 million (2022: loss of $453 million) equating to an Earnings Per Share (EPS) of 28.4 cents (2022: (39.4) cents). This includes an increase in financial assets and liabilities held at fair value of $221 million (2022: $777 million decrease APM basis), an Unrealised Divestment Fee of $51 million (2022: $1 million credit), non-recurring credit in expenses of $1 million (2022: $19 million expense), change in liability towards Tax Receivables Agreement of $22 million (2022: $19 million), an increase in deferred tax of $53 million (2022: $56 million decrease) and excludes an expected payment towards the Tax Receivables Agreement of $24 million (2022: $31 million).

The Company's Adjusted Profit after tax was $200 million (2022: $273 million). The Company's Adjusted EBIT for the year was $284 million (2022: $336 million), resulting in an Adjusted EBIT margin of 89% (2022: 89%). 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.

Based on the financial results for the year, the Board has proposed a dividend of 10.1 cents per Ordinary Share to be approved by Shareholders at the AGM on 23 May 2024. This dividend, when combined with the interim dividend declared of 4.9 cents per Ordinary Share, totals 15.0 cents per Ordinary Share for 2023.

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

Investments at Fair Value through Profit or Loss

	2023 $m	2022 $m
At beginning of year	**4,959**	5,524
Investments (includes new, follow on, and prior commitments, net of disposals)	**69**	212
Change in fair value of investments through profit and loss APM basis	**227**	(777)
At end of year	**5,255**	4,959

The fair value of the Company's investments in Partner-firms at 31 December 2023 was $5,255 million (31 December 2022: $4,959 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 weighted average discount rate used to value private markets fee related earnings decreased modestly to 13.0% in 2023 from 13.3% in 2022. The weighted average discount rate used to value private markets performance fees related earnings was unchanged year over year at 25.2% for 2023. Refer to footnote 4, Investments at fair value through profit or loss, beginning on page 97 for additional details.

The increase in the fair value of investments through profit and loss was $227 million for the year ended 31 December 2023 (2022: $(777) million decrease APM basis). The increase in fair value was primarily due to the impact of the increase in valuation multiples of comparable businesses. See Note 4 in the Notes to the Consolidated Financial Statements on page 97 for additional information.

Cash and Investments in Money Market Funds

The Company's balance sheet is strong and well-capitalised with sufficient cash and money market investments to support its operational needs. On 14 December 2023, the Company entered into a fixed term deposit of $150 million, which matures on 15 March 2024. At 31 December 2023 the Company had $243 million in cash and cash equivalents (2022: $98 million) and $62 million invested in money market funds (31 December 2022: $483 million) with a AAA credit rating.

Borrowing

The Company has $500 million of long-term, unsecured debt with an effective interest rate of 6.2% and a range of maturities between 7 and 20 years. This debt was issued in 2022 and the proceeds were used to retire $350 million of notes outstanding at the time.

On 6 January 2023 the Company entered into a $100 million revolving credit facility with a term of three years. The Company is subject to a fee on the drawn and undrawn amounts. The rate for any drawn amount is based on reference rate plus a spread. The interest rate on the revolving credit facility is subject to changes in market interest rates. In 2023, the Company did not draw down on the revolving credit facility. Any interest expense incurred is included in finance cost.

Deferred Payment Obligations

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. When the Company enters into deferred payment obligations, a portion of the purchase price is recognised as finance cost through the settlement of the payables under the effective interest method. The interest rate used is based on the reasonable borrowing rate for the Company at the time of the transaction. In 2023, $6 million was included in finance costs (2022: $6 million), which was associated with deferred payment obligations.

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 are 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 at 31 December 2023 is $175 million (31 December 2022: $186 million) assuming an 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 related to the accretion of the discount was $22 million (2022: $19 million). The expected payment for 2023 related to the Tax Receivables Agreement is approximately $24 million (2022: $31 million). Refer to Note 3 in the notes to the Consolidated Financial Statements on page 96 for additional information.

Operating Expenses

Operating expenses were $84 million (2022: $43 million). Included in the operating expenses for 2023 was a $51 million expense related to the fee payable on the divestment of investments. The accrual is calculated and charged to the income statement based on the fair value of the Company's investment in Partner-firms at the balance sheet date. Divestment fees only become payable once gains are realised.

The Operator is entitled to such 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 2023, the fee payable on divestment of investments was $95 million (31 December 2022: $44 million). No payment was made in 2022 or 2023.

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 $22 million (2022: $28 million).

The Operator is entitled to a Profit-Sharing Charge on a quarterly basis. The Profit-Sharing Charge is equal to 20% of total income from investments in Partner-firms, as defined under IFRS, from new investments made post admission, in the relevant quarter and only after a two-year ownership period from the date on which the investment is closed, and subject to the relevant investment achieving an investment return of at least 6.0 per cent. The Profit-Sharing Charge for the year was $0.1 million (2022: $nil).

The Directors' fees for the year were $1.7 million (2022: $1.5 million). Fees paid to Directors for the year are unchanged in local currency.

The Adjusted EBIT margin for 2023 was 89% (2022: 89%) reflecting the relatively low cost to operate the Company.

Finance Cost

The finance cost for the year ended 31 December 2023 was $37 million (2022: $46 million). Included in the finance cost for 2023 is an amount of $6 million (2022: $6 million) of imputed interest relating to deferred payment obligations and a fee of $0.6 million relating to the $100m revolving credit facility (2022: $nil). Included in the finance cost for 2022 was $17 million in non-recurring costs resulting from the retirement of $350 million of debt.

Refer to Note 10 page 105 in the notes to the Consolidated Financial Statements.

Tax Expense

The Company's tax charges are comprised primarily of certain taxes in the United States (where the 2023 federal corporate tax rate was 21% and state and local taxes may vary) as well as certain taxes in the United Kingdom (where the 2023 corporate tax rate was 23.5%). Accordingly, the effective tax rate payable by the Company may vary from year to year based on the geographic mix and nature of the income earned by the Company. Notably, a substantial amount of income derived from Management fee income will be subject to United States federal corporate tax as well as applicable state and local taxes. Income derived from Performance fee income and Investment income may be subject to taxes in the jurisdiction in which the investment in the Partner-firm is held, including the United Kingdom.

As a result of the above considerations, as well as the items discussed above under "Tax Receivables Agreement", the Company calculates tax and related expenses and its Adjusted tax and related expense rate by combining the estimated payment under the Tax Receivables Agreement and the current tax.

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

	2023 $m	2022 $m
Analysis of tax on profit		
Current tax	**23.5**	4.2
Deferred taxation	**52.5**	(56.4)
Tax (credit)/expense	**76.0**	(52.2)

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 2023 was $24 million (2022: $31 million).

The tax and related expenses for the year, which considers both the current tax and the expected payment under the Tax Receivable Agreement ("TRA") were $48 million (2022: $35 million) and the adjusted tax and tax related expense rate was 19.3% (2022: 11.5%). These amounts represent current taxes payable in addition to any expected payments under the Tax Receivables Agreement for the year and exclude deferred taxes.

The current tax of $24 million for 2023 includes approximately $13 million related to estimates from the prior year. Excluding the $13 million related to estimates from the prior year, tax and related expenses for 2023 were $35 million and the Adjusted tax and tax related expense rate was 14.0%.

Capital

As at 31 December 2023, the Company's issued share capital comprised of 1,122,202,824 Ordinary Shares (31 December 2022: 1,135,399,597). During the period the Company commenced a share buyback and purchased 13,196,773 shares at an average price of 157.8p per share.

Total Shareholders' funds was $4,834 million at 31 December 2023 (31 December 2022: $4,719 million). As at 31 December 2023, there were retained earnings of $3,133 million (31 December 2022: $329 million loss). These retained earnings include the change in fair value of investments for the year of $227 million (2022: ($777) million APM basis) which does not have an impact on the realised profits.

In 2023, the Company paid dividends totalling $180 million and bought back Ordinary Shares totalling $26 million resulting in a reduction to capital of $206 million in the form of a capital return to Shareholders.

Approximately 77% 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 Operating Metrics

		31 December		
		2023	2022	Δ
Aggregate Partner-firm AuM	($bn)	**304**	283	7%
Aggregate Fee-paying Partner-firm AuM	($bn)	**221**	194	14%
Ownership Weighted Partner-firm AuM	($bn)	**37**	36	4%
Ownership Weighted Fee-paying Partner-firm AuM	($bn)	**28**	26	8%
Partner Blended Net Management Fee Rate	(%)	**1.31%**	1.41%	-10 bps
Implied Blended Partner-firm FRE Ownership	(%)	**13.3%**	13.5%	-20 bps
Partner Net Management and Advisory Fees	($m)	**350**	342	2%
Management Fees	($m)	**356**	337	6%
Fee Offsets	($m)	**(18)**	(16)	13%
Transaction and Advisory Fees	($m)	**12**	21	(43%)
Partner Fee Related Expenses	($m)	**(147)**	(129)	14%
Partner FRE	($m)	**203**	213	(5%)
Partner Realised Performance Revenues (PRE)	($m)	**55**	132	(58%)
Partner Realised Investment Income	($m)	**34**	25	36%
Partner Distributable Earnings	($m)	**292**	370	(21%)
Partner FRE Margin	(%)	**58%**	62%	-4 pts
Partner Distributable Earnings Margin	(%)	**67%**	74%	-7 pts
Partner Realised PRE as a percentage of Partner Revenue	(%)	**13%**	26%	-13 pt
Partner Realised PRE over Average Aggregate Performance Fee Eligible Partner-firm AuM*	(bps)	**2.0 bps**	5.6 bps	-3.6 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 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	FY 2023** Δ
Aggregate Partner-firm AuM	($bn)	304	303	300	290	283	7%
Aggregate Fee-paying Partner-firm AuM	($bn)	221	197	196	195	194	14%
Average Aggregate Fee-paying Partner-firm AuM*	($bn)	201	193	190	188	178	13%
Aggregate Performance Fee Eligible Partner-firm AuM	($bn)	275	276	274	266	259	6%
Average Aggregate Performance Fee Eligible Partner-firm AuM*	($bn)	270	265	258	251	236	14%
Additional metrics:							
Partner Private Markets Accrued Carried Interest	($m)	615	613	608	600	611	1%
Investment Capital	($m)	423	398	398	383	383	10%

* 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 2022.

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

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 2023, fundraising continued across the Company's Partner-firms with Aggregate Fee-paying Partner-firm AuM growing 14% year-on-year to $221 billion. Ownership weighted AuM grew 3% to $37 billion (2022: $36 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 $292 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, with an average life cycle of 9 years. That means their capital is locked in for an average duration of 9.0 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, declined 5% year-over-year to $203 million (2022: $213 million), primarily reflecting higher expenses and lower transaction and advisory fees over the comparable period. Partner Fee Related Expenses were $147 million in 2023, up from $129 million in 2022. Higher costs due to Partner-firm fundraising and team expansions contributed to the reduction in the Partner FRE margin year-over-year to 58% (2022: 62%).

Transaction and advisory fees were $12 million in 2023 down from $21 million in the prior year. The lower transaction and advisory fees reflected the subdued transaction environment that impacted global markets in 2023. In 2023, the Partner Blended Net Management Fee Rate was 1.31% (2022: 1.41%).

Partner Realised Performance Revenues (PRE)

PRE, which represents direct participation in the upside performance of Partner-firms' funds and products, declined year-over-year to $55 million for 2023 (2022: $132 million) in difficult market conditions with a relatively unattractive realisation environment. Performance of the absolute return strategies was lower compared to the prior year, which also contributed to the year-on-year decline in PRE. $10 million was attributable to the absolute return strategy in 2023 (2022: $57 million). 13% of total partner revenue in 2023 was derived from PRE (2022: 26%).

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, with a range of 20–30% of total Partner-firm revenues over the medium term, assuming market conditions and environment are broadly supportive.

Partner Private Markets Accrued Carried Interest was $615 million at 31 December 2023, broadly stable with the $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 $34 million in 2023, up from $25 million APM basis in 2022.

Differentiated Investment Insights

Through the unique investment research and engineering expertise we have across Goldman Sachs, we provide our GPs with access to diligence support on potential new investments within their funds.

This year we have supported one of our technology buyout firms by providing access to our internal GS Engineering teams, who provided diligence support covering the software systems at a target firm in areas such as cybersecurity, identity verification and authorisation, governance and privacy compliance, data backup and recovery.

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One-on-one calls between Partner-firm deal teams and Goldman Sachs Engineering to support the diligence of potential investments*

*Inclusive of all Partner-firms across the Petershill platform.

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 Continued Shareholder support, engagement and attracting new investors critical to the success of the Company and the delivery of its long-term strategy	▪ 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, overall strategy and long-term success of the Company	▪ 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	▪ Addresses service providers' ESG policies and initiatives ▪ For additional information on the impact of the Company's operations on the community and the environment, please refer to pages 38 and 39
Partner-firms Effective relations to facilitate growth	▪ Maintains regular dialogue with the Operator on partnerships ▪ Receives formal Partner-firm performance review from the Operator ▪ When opportunity arises, meets with leaders of Partner-firms, to hear direct presentations and feedback from them
Service providers Effective relations to provide advice and support and foster compliant and efficient operations	▪ 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	▪ Engages with regulators in a transparent manner, completing required filings and other submissions and acts responsively and thoughtfully in relation to any inbound queries
Lenders Availability of funding and liquidity is important to the Company's ability to take advantage of investment opportunities as they arise	▪ Regular updates provided on covenant compliance and current positioning from the Operator

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 and 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 AGM, detailed below, is used as a forum for the Board and the 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 the Operator's contact email addresses are also available for Shareholders to contact the Company outside of the AGM. The Board invites representatives from its brokers to provide regular analysis of Shareholder movements, industry changes and contact with investors. 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.

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 on pages 26 to 27. 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 29, and agreed that it remained appropriate. The Board proposes a final dividend of 10.1 cents per share to be approved by Shareholders at the AGM on 23 May 2024, delivering a full year dividend of 15.0 cents per share to the Company's Shareholders.

2024 Dividend Timetable

Dividend Announcement	Tuesday, 26 March 2024
Ex-Dividend Date	Thursday, 9 May 2024
Record Date	Friday, 10 May 2024
Currency election	Friday, 24 May 2024
Payment Date	Friday, 14 June 2024

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 60 to 62.

AGM

The AGM of the Company will be held at 1.00 pm (BST) on Thursday, 23 May 2024 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 a statement detailing the split between employees and senior managers is not relevant. 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.

The Board considers that the interests of the Company and its stakeholders must be balanced for the Company to succeed. 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 2023	Considerations of factors set out in section 172(1) in the decision-making process	Outcomes as a result of these considerations
Capital structure: Reduction of capital	In considering proposals put forward by the Operator, the Board considered the existing capital structure and how undertaking a reduction of capital through the cancellation of the non-distributable reserve represented by the share premium account would increase the distributable reserves of the Company. Increasing the available distributable reserves enhances the Company's ability to make returns to Shareholders and thus contribute to the Company's long-term strategy, while having regard to its Shareholders, the Operator, Partner-firms, regulators, and other service providers. 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. The reduction of capital was approved by Shareholders at the AGM on 24 May 2023 and was confirmed by His Majesty's High Court on 20 June 2023. The reduction of share capital was completed when registered by Companies House on 26 June 2023.	The primary outcome was the creation of additional distributable reserves of approximately US$3.35 billion which gives the Company more flexibility to deliver value to Shareholders and therefore contributes to the long-term success of the Company. **More information on the delivery of our strategy and our business model can be found on page 9.**
Capital structure: Share buyback programme	The Board is focused on the efficient and disciplined management of capital with the overriding objective of driving Shareholder value. The conclusion to commence a further buyback programme on 17 May 2023 involved careful consideration by the Board after evaluating the likely impact on the Company's net asset value per share, capital structure and leverage as well as the cost associated with the share buyback programme. The Board was 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. With the support of Shareholders via special resolutions passed at the AGM on 24 May 2023, in the period to 31 December 2023 the Company purchased a total of 13,196,773 shares at an aggregate cost of $26 million.	Undertaking a share buyback programme was beneficial in returning capital to Shareholders. **More information concerning the programme can be found on page 31.**

Key decisions made by the Board in 2023	Considerations of factors set out in section 172(1) in the decision-making process	Outcomes as a result of these considerations
ESG	Whilst the Company's operations are limited (with all substantive operations being conducted by its third-party service providers), 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. 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 service providers and suppliers, ensuring these are incorporated into the Company's onboarding processes. 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.	The current primary outcome, taking the long-term aspirations of the Board into consideration, was embedding ESG as a strategic objective. The desired outcome is to manage a considerate and low-impact Company, attracting the discerning investor through a best practice approach to ESG. **More information concerning ESG can be found on pages 38 and 39.**
Dividend policy and payments	The Board reviewed the Company's dividend policy and agreed that it remained appropriate. In determining the appropriateness of the dividend policy, the Board considered the interests of all its stakeholders, ensuring a balance between the short-term expectation of returns to Shareholders and the longer-term growth opportunities and capital needs of the Company.	The Board continues to maintain a progressive dividend policy which will reflect earnings growth over time. The Board proposes a final dividend of 10.1 cents per share to be approved by Shareholders at the AGM on 23 May 2024. **More information on the dividend policy can be found on page 29.**
Approval of the interim and annual financial statements and AUM statements	The Audit and Risk Committee is responsible for monitoring the integrity of the Group and the Company's financial statements and regulatory announcements relating to its financial performance. As part of this, the Company's interim and annual financial statements and AUM statements are prepared by the Operator and thoroughly reviewed by the Audit and Risk Committee ahead of recommendation to the Board for approval. The Operator and the independent auditor were in attendance at these meetings to provide further insight and comfort and address queries as necessary.	The primary outcome was to provide Shareholders with accurate and understandable high-quality financial statements that met all applicable requirements. More information on the Audit and Risk Committee can be found on pages 66 to 68.
Revolving Credit Facility	In January 2023, the Company entered into a $100 million revolving credit facility with a term of three years (additional details can be found on page 30). In 2023, the Company did not draw down on the revolving credit facility.	As a result of the close of the revolving credit facility, the Company has a strong and sound debt capital structure appropriate for a substantial public company, which will provide additional flexibility to facilitate the funding of future growth. More information on borrowing can be found on page 30.
Strategy session	In February 2023, the Board held a strategy session with the Operator outside of the scheduled quarterly Board meetings. Topics discussed included macro environment market and industry trends and current and emerging risks, Partner-firm updates, and investor engagement. In November 2023, the Board also attended the Goldman Sachs Alternative Investment Summit in New York as well as meetings with key personnel from some of the Company's Partner-firms and considered areas such as business and industry updates and strategic options for value creation.	The primary outcome was to regularly consider the Company's strategic objectives to strengthen a clear and collaborative vision for the strategic direction of the Company, while taking into account the views and needs of stakeholders. The Board will continue to conduct a strategy session annually. **More information on the strategy and investment objective can be found on page 25.**
Annual review of service providers	The Management Engagement Committee met during the year to review the Company's external service providers, including the Operator and the Administrator, and, in particular, the quality and costs of the services provided (details of the review are included on pages 34 and 43). The Management Engagement Committee was mindful of the importance of the Company fostering positive business relationships with service providers for Shareholder value creation.	The Management Engagement Committee concluded that the interests of the Company's Shareholders would be best served by the ongoing appointments of the Operator, the Administrator and other key service providers on the existing terms. **More information on the annual review of service providers can be found on page 34.**

Environmental, Social and Governance ("ESG") at Petershill Partners

At Petershill Partners, we understand that considering the ESG characteristics and long-term sustainability of assets can reduce investment risk and enhance long-term returns. Within the asset management industry, 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 are proud to be part of this global shift towards ESG and sustainability.

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"). Instead, Petershill Partners relies on the policies, processes and procedures of the Operator, Goldman Sachs Asset Management Limited.

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 supports 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

ESG Integration into the supply chain

The Board has recognised that it can reflect an acknowledgement or a commitment to sustainability in its choice of the vendors or service providers who act on its behalf. All vendors selected by recommendation of the Operator are subject to the Goldman Sachs vendor management system and selected in accordance with Goldman Sachs policies on Vendor Diversity, Modern Slavery and Anti-Corruption.

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

Acquisition due diligence

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

Ongoing Partner-firm engagement

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

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 58.

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 26 to 27) 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 a quarterly 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 41 to 44.

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 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

○ Low ● Medium ● High

Trend

↑ Increased ↔ No change ↓ Decreased

Strategy/ Investment Risk	Description/Impact	Mitigating Measures	Residual Risk	Trend
4. Macroeconomic Risk	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. 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.	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. The Company monitors its ongoing risks to interest rates and foreign exchange. The Company's long-term debt is at fixed rates. 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.	●	↑
5. Regulatory Risk	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. Moreover, governmental policy changes and regulatory or tax reform (for example, in relation to prevailing tax rates, the treatment of a foreign corporation as such, or the treatment of carried interest) could also have a material effect on the Operator and/or the Partner-firms and their funds and the products they manage.	The Operator, Board, 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.	○	↔
6. Key Persons Risk	The Operator relies on highly skilled qualified investment professionals. Because the Operator will perform investment management services that are integral to the Company's operations and financial performance, a failure by the Operator to retain its senior leadership or to recruit and retain additional qualified investment, sales and other professionals could have a material adverse effect on the Company's investment performance and, as a result, its business, financial condition, results and the value of its assets.	The Operator benefits from the global footprint of Goldman Sachs, whose professional employees possess a combination of deep industry knowledge, financial expertise and operating capabilities. The Board believes that the Operator has appropriate experience and expertise to implement the Company's investment policy and strategies successfully. A strong culture of excellence is essential to attract and retain the best talent. The Operator's strategy for its human resources is focused on attracting individuals with drive and values aligned with its wider team and retaining and rewarding those individuals who make an exceptional contribution to the team.	○	↔

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").	○	↔

Key

Residual risk

○ Low ● Medium ● High

Trend

↑ Increased ↔ No change ↓ Decreased

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.

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 and Corporate Governance 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 2026 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 26 to 27. 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 41 to 43.

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;
- the Company's access to the revolving credit facility and the $500m private placement debt and associated financial covenants remain unchanged;
- if interest rates were to increase 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

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 2026. The Board's assessment has been made with reference to the Group's current position, the Group's outlook, its strategy and the Group's principal risks.

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

Going Concern Statement

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

The Group's business activities are set out in the Strategic Report on pages 2 to 27. The financial position of the Group is described in the Operator's Report on pages 28 to 32. The Board has taken into account the Group's risk management process set out on page 40. 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 predicable, 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 2023, there was $62 million invested in money market investments and $243 million of cash and cash equivalents. There were liabilities related to Notes payable of $500 million at 31 December 2023. The Company had a revolving credit facility of $100 million which remained undrawn at 31 December 2023.

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 2023 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

9 April 2024

Governance Report

Chairman's Introduction

Dear Shareholder

I am pleased to introduce the Corporate Governance section of this year's Annual Report. The report sets out our governance framework and how we have complied with the AIC Code of Corporate Governance. The Board believes that a strong corporate governance culture is essential for the Company to achieve its investment objectives, to mitigate downside risk, and to take account of the interests of key stakeholders as part of its decision-making process. Further information on the Company's engagement with stakeholders and the key decisions made with the aim of promoting the long-term success of the Company can be found on pages 36 to 37.

The Board in 2023

The Board focused on a number of important topics throughout the year and, whilst the below list is by no means exhaustive, it provides an overview of the key subjects addressed at Board meetings:

- Capital structure and allocation, share buybacks, dividend and tax strategy;
- 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, ESG considerations and the application of the AIC Code of Corporate Governance, policies, terms of reference, and the structure and conduct of meetings including the quality of reporting to the Board;
- The annual review of service providers, including the Operator and the Administrator;
- The identification of risk, risk management, internal controls and oversight;
- The investment valuation process;
- Implementation of a revolving credit facility;
- Monitoring and reviewing the performance of Partner-firms;
- Investor relations and how we communicate with stakeholders; and
- Strategic options for value creation and recognition for the Shareholder base.

The Board formally met 10 times during the year to consider the above topics which involved significant contribution from all Directors and a full list of meetings can be found on page 62. Our annual Board effectiveness evaluation concluded that the Board continue to operate effectively and more information about the process and outcomes can be found on page 63. An external Board effectiveness evaluation is due to take place in 2024.

Corporate Governance

The Board recognises the role it has in ensuring the Company operates in a manner that is consistent with the highest standards of corporate governance. We have continued to strengthen Board governance this year, which has included reviewing and updating governance processes and policies and continuing to develop reporting on risk management and internal controls.

Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's AGM in particular provides a forum for Shareholders to meet and discuss issues with the Directors of the Company, who 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 Board values the insight it gains from Shareholder engagement and I have been delighted to have been able to meet with a range of Shareholders this year alongside the Operator.

The Company's Annual General Meeting will be held at 1 pm on 23 May 2024 at Plumtree Court, 25 Shoe Lane, London and details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to Shareholders together with this Annual Report.

Looking Ahead

Looking forwards into 2024, the Board intends to continue to focus on the above important matters. It will also aim 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. With the assistance of the Operator and the Administrator, the Board is confident that the Company is well positioned to continue to promote the success of the Company as a whole.

I would like to take this opportunity to extend my thanks to all the members of the Board and to all our service providers for their continued dedication to the Company this year. To our Shareholders and wider stakeholders, I thank you for your continued support.

Naguib Kheraj
Chairman

9 April 2024

An Experienced and Independent Board

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

Naguib Kheraj, CBE
Chairman of the Board

Appointed
4 September 2021

R N ME

Mr Kheraj is Chairman of Rothesay Life, a specialist pensions insurer, and is a Senior Adviser to the Aga Khan Development Network where he serves on the boards of a number of entities within its network and chairs its Endowment Committee. He is also an advisor to the Queensway Group Ltd, a hospitality focused business and a Member of the Board of Gavi, The Vaccine Alliance where he chairs the Audit and Finance Committee.

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 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 has also served as a member of the Investment Committee of the Wellcome Trust, the Finance Committee of Oxford University Press and the Finance Committee of the University of Cambridge.

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

Everard Barclay Simmons
Senior Independent Director

Appointed
4 September 2021

A R N ME

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 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 2022, and Ivy Peak Co-Invest Re Limited and Ivy Peak Co-Invest LLC in 2023. He was also appointed as a Director of Soteria Reinsurance Ltd in June 2023 and as a Director of Hamiliton Insurance Group in August 2023.

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

Annemarie Durbin

Non-Executive Director

Appointed
4 September 2021

A R N ME

Ms Durbin has 35 years of international business and banking experience with ANZ Banking Group and Standard Chartered PLC. Having qualified and practised as a commercial barrister and solicitor, in New Zealand, she moved into banking in 1987 with ANZ. Ms Durbin joined Standard Chartered PLC, a FTSE100 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. Latterly she 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 currently is a non-executive director and Chair of the Remuneration Committee at Persimmon Plc and Chair Designate of Yorkshire Building Society. She is also an executive coach/mentor.

Until December 2023 Ms Durbin was the senior ringfence bank director and Remuneration Committee Chair for Santander UK plc and Chair of Cater Allen Private Bank.

Other former roles included being Chair of the Listing Authority Advisory Panel (LAAP) in the United Kingdom (advising the Financial Conduct Authority on the effectiveness of primary markets), Non-Executive Director & Remuneration Committee Chair of WHSmith PLC, Non-Executive Director of Ladbrokes Coral PLC and Fleming Family & Partners Ltd.

Ms Durbin has degrees in Law and Commerce from the University of Auckland, is a qualified barrister and solicitor and has a Masters (MSc) in Executive Coaching from Ashridge Business School. She is also a Fellow of The Chartered Governance Institute.

Erica Handling

Non-Executive Director

Appointed
4 September 2021

A R N ME

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 European General Counsel, where she served on various boards and committees.

Ms Handling left BlackRock in 2019 to develop a career as an executive coach, non-executive director and charity trustee.

In addition to the Petershill Partners Board, Ms Handling is a member of the Supervisory Board of Dutch market maker Optiver Holding B.V.

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 which provides coaching in prisons.

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

Mark Merson

Non-Executive Director

Appointed
4 September 2021

A R N ME

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.

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

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

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

Committee Membership

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

Report of the Directors

The Directors present their Annual Report and Audited Financial Statements of the Group for the year ended 31 December 2023. The Corporate Governance Report on pages 58 to 65 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 2023, the Company's issued share capital comprised 1,122,202,824 Ordinary Shares (2022: 1,135,399,597). No shares were allotted during the year.

Shareholders are entitled to all dividends paid by the Company. On a winding up, provided the Company has satisfied all its liabilities, Shareholders are entitled to the surplus assets of the Company. Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

Reduction of Capital

Following approval of the cancellation of the amount standing to the credit of the Company's share premium account in full ("Reduction of Capital") by the Company's Shareholders at its AGM held on 24 May 2023 and formal approval on 20 June 2023 by His Majesty's High Court in England, the court order confirming the Reduction of Capital and a statement of capital approved by the Court were registered by the Registrar of Companies on 26 June 2023. The Reduction of Capital created additional distributable reserves of approximately $3.35 billion and did not involve any distribution or repayment of capital by the Company and does not change the total number of shares issued by the Company or the total Shareholder funds.

Authority to Purchase Own Shares

At the AGM held on 24 May 2023, 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 113,539,959, representing 10% of the Company's issued Ordinary Share capital as at 5 April 2023;

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 2024 or 28 June 2024, 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, 13,196,773 shares were purchased for a total cash consideration of $26.3m under the above authority following a share buyback programme announced on 17 May 2023 and the purchased shares were cancelled. More information may be found in note 17 on pages 107 and 108.

Special resolution 14 will be proposed at the forthcoming AGM seeking renewal of this authority until the 2025 AGM or 30 June 2025, whichever is the earlier. The Directors believe that the renewal of the Company's authority to purchase shares is in the best interests of Shareholders as a whole and therefore recommend Shareholders to vote in favour of special resolution 14.

Major Interests in Shares

Significant shareholdings as at 31 December 2023 are detailed below.

	Ordinary Shares held % 31 December 2023
Petershill Funds	76.6%
Blacksheep Fund Management	2.9%

The Company has not been notified of any changes to the significant shareholdings detailed above between 31 December 2023 and the date of this report.

Shares held by Goldman Sachs Asset Management's Private Funds

Approximately 77% 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 2023.

	As at 31 December 2023	
	Amount	%
PH II GP Aggregator LP	108,330,412	9.7
PH II IM Aggregator LP	128,249,969	11.4
PH PE GP Aggregator LP	143,267,721	12.8
PH PE IM Aggregator LP	273,135,529	24.3
VF VII GP Aggregator LP	43,906,398	3.9
VF VII IM Aggregator LP	84,910,220	7.6
Co-Invest GP Aggregator LP	26,242,364	2.3
Co-Invest IM Aggregator LP	51,760,204	4.6

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 and the Petershill III fund complex hold 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, including the Company.

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 17 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 24 May 2023 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 28 to 32, and the Company's policy on diversity is detailed in the Corporate Governance Report on page 61.

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.

Third-party indemnity provisions in favour of the Directors were in force for the financial year and up to the date of this report which conform to the requirements for qualifying third-party indemnity provision under the Company Act 2006.

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 UK Streamlined Energy and Carbon Reporting regulations and therefore is not required to disclose energy and carbon information under those regulations.

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 34 and 35.

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 21 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 2023 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 10.1 cents per share, with respect to the year ended 31 December 2023. For more information on the Company's dividend policy see page 29.

Subsequent Events

Significant subsequent events have been disclosed in note 24 to the Consolidated Financial Statements.

On behalf of the Board

Naguib Kheraj
Chairman

9 April 2024

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 resolution passed at the Company's AGM on 24 May 2023, with almost 100% of votes in favour approving the Directors' Remuneration Report for the period ended 31 December 2022.

This Directors' Remuneration Report covers the year ended 31 December 2023. 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 and the Policy will next be put to a vote by Shareholders at the 2025 AGM;
- 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 and fees have not increased since the Company listed on 1 October 2021. 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.

The original fees anticipated the time commitment which would be expected of the Chairman and Non-Executive Directors and although the time commitment continues to be higher than originally anticipated, it is becoming more normalised as the Company continues to mature. Whilst there is no proposal to revisit fees at this stage, in accordance with best practice, in Q1 2024, the Committee's remuneration advisor, FIT Remuneration Consultants LLP ("FIT"), reported on remuneration market trends, including benchmarking data for the Chairman's and the Non-Executive Directors' 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 Full Year 2024

There are no planned changes to the fee levels for 2024.

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

9 April 2024

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.	Fees for the Chairman are set by the Committee. Fees for the other Non-Executive Directors are set by the Board. Directors are recused from any decision relating to their fees. Fees are reviewed, but not necessarily increased, annually. Fee levels are determined based on expected time commitments for each role and by reference to comparable fee levels in other similar-sized companies. Additional fees are payable to the Senior Independent Director and Chairs of Board Committees to reflect their additional responsibilities. Additional fees may be paid for other responsibilities which include a higher time commitment than normal.	The overall aggregate annual limit for fees payable to the Chairman and 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 56.	

Statement of Consideration of Shareholder Views

The Committee is advised on investor views and 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	28 months
Everard Barclay Simmons	4 September 2021	28 months
Annemarie Durbin	4 September 2021	28 months
Erica Handling	4 September 2021	28 months
Mark Merson	4 September 2021	28 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 2023			For the year ended 31 December 2022		
	2023 Fees (£'000)	**Taxable[1] Benefits (£'000)**	**Total 2023 (£'000)**	(£'000)	Taxable[1] Benefits (£'000)	Total (£'000)
Naguib Kheraj	**475**	**–**	**475**	475	–	475
Everard Barclay Simmons	**175**	**28**	**203**	175	9	184
Annemarie Durbin	**155**	**–**	**155**	155	–	155
Erica Handling	**150**	**–**	**150**	150	–	150
Mark Merson	**170**	**–**	**170**	170	–	170
Total	**1,125**	**28**	**1,153**	**1,125**	**9**	**1,134**

	2023 Fee % change	**2023 Taxable Benefits % change[1]**	**2022 Fee % change**	**2022 Taxable Benefits % change[1]**
Naguib Kheraj	**-**	**-**	–	–
Everard Barclay Simmons	**-**	**211.1%**	–	(69.0)%
Annemarie Durbin	**-**	**-**	–	–
Erica Handling	**-**	**-**	–	–
Mark Merson	**-**	**-**	–	–

Notes to Single Total Figure of Remuneration Table

1.Taxable benefits relate to reimbursement of travel and accommodation expenses to attend Board meetings, together with associated taxes.

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 2022 as set out below and have not increased since the company listed on 1 October 2021:

	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 2024.

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

Whilst the Board is ultimately responsible for setting the Directors' remuneration, the Remuneration Committee is responsible for determining the remuneration of the Chairman and setting the fees accordingly and reviewing the ongoing appropriateness and relevance of remuneration levels of the Board as a whole. Any remuneration consists only of fees and expenses. The Committee is also responsible for 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 every three years, 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.

The Remuneration Committee meets 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 2023 amounted to £12,970 ($15,970) (2022: £11,508 ($13,925)). 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 January 2023 in which the remuneration of the Chairman was reviewed and the remuneration of the other Board members was considered. The Committee also 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 2023 are set out below.

	Shares owned 31 December 2023	Shares owned 31 December 2022
Naguib Kheraj*	**895,000**	550,000
Everard Barclay Simmons	**–**	–
Annemarie Durbin	**–**	–
Erica Handling	**85,714**	85,714
Mark Merson	**114,285**	114,285

* 300,000 of Mr Kheraj's shares are held directly and the balance is 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 2023 was 170p (2022: 169p) and the range of the mid-market price during the year was 142p to 179p (from year-end 2021 to year-end 2022: 165p to 286p).

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 2023	**1.1**	206.5
For the year ended 31 December 2022	**1.1**	120.3
Percentage change	**-**	71.6%

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

9 April 2024

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

9 April 2024

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 Association of Investment Companies Code of Corporate Governance (the AIC Code) during the year ended 31 December 2023.

The AIC Code

The Board is committed to the highest standards of corporate governance and operates under an appropriate framework for corporate governance for a listed investment company. All companies with a premium listing of equity shares in the UK are required under the UK Listing Rules to report on how they have applied the UK Corporate Governance Code in their Annual Report and financial statements. The Company became a member of the AIC with effect from 1 October 2021 and has put in place arrangements to comply with the AIC Code unless otherwise disclosed. By reporting against the AIC Code, as explained by the AIC Guide, the Company meets its obligations in relation to the UK Corporate Governance 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 Corporate Governance Code to make them relevant for investment companies.

The Company has complied with the recommendations and relevant principles and provisions of the AIC Code, during the year ended 31 December 2023.

Purpose and 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.

As the Company has no employees, the Board has agreed that its culture and values should be aligned with those of the Operator to encourage 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 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.

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. It will also help Partner-firms 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. They are also formally reviewed as part of the Board and the Operator evaluation process.

The Board

The Company is led and controlled by an independent 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 6 and 7) and in our Business Model (pages 8 and 9).

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 governance 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 terms and conditions of appointment of non-executive Directors are available for inspection from the Company's registered office.

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 62 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.

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 primary focus at Board meetings is a review of investment activity, performance, business conduct and policy 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 43.

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 Directors also review and supervise the Company's advisors and service providers, including the Operator. 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. 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 Ocorian as Administrator, a third-party service provider that provides company secretarial and governance advice and services and 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 and the provisions of the AIC Code. 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.

UK Market Abuse Regulation

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.

Conflicts of Interest

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 accordance with Provision 9 of the AIC Code, the appointment of any Director has included consideration of the time they have available to the role. Any additional external appointments will be submitted by Directors to the Board for approval before the appointment is accepted.

Communicating with Shareholders

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

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 Audit and Risk Committee meets at least four times a year pursuant to its terms of reference. Further details on the roles and responsibilities of the Audit and Risk Committee and its key activities during the year are contained in the Audit and Risk Committee Report on pages 66 to 68.

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. Further details on the roles and responsibilities of Remuneration Committee and its key activities during the year are contained in the Directors' Remuneration Report on pages 53 to 56.

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.

Roles and Responsibilities

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 an annual Board evaluation process is conducted detailing the nature and extent of any external evaluator's contact with the Board and individual Directors (once every three years), 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.

Key Activities During the Year

The Nomination Committee held a meeting on 19 January 2024 to consider Board succession planning and the Board skills matrix and to discuss the recommendations following the internal Board evaluation review. More information on the process and outcomes of the internal Board evaluation are contained on page 63. The Nomination Committee also reviewed the Committee terms of reference, which were recommended for approval by the Board.

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.

Roles and Responsibilities

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 scope and 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.

Key Activities During the Year

The Management Engagement Committee held four meetings during the year, on 27 March 2023, 24 May 2023, 7 September 2023 and 2 November 2023. During the year, the Board evaluated the performance of the Operator, the Administrator and Company Secretary in Q2 2023 and, 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 63.

The Management Engagement Committee formally reviewed the performance of the other key service providers in Q1 2023. No material issues were raised and all key service providers continue to deliver in line with the terms of their engagements.

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 ten times during the year ended 31 December 2023.

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.

Board 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 Company's compliance with the FCA's diversity disclosure requirements is set out below. These targets are:

- At least 40% of the board are women;
- At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is a woman; and
- At least one member of the board is from a minority ethnic background.

The Board is cognisant that the positions of Chairman and Senior Independent Director are both currently occupied by men, which does not meet the FCA's targets on board diversity set out at Listing Rule 9.8.6R(9)(a)(ii) relating to a senior board position being held by a woman. However, the Board notes that such requirements were not specifically designed with companies which may not have any executive directors in mind, which is specifically acknowledged by the FCA in Listing Rule 15.4.29AR. Notwithstanding this, the Company has met, or exceeded, the targets contained in Listing Rule 9.8.6R(9)(a)(i) and (iii) relating to gender and ethnic diversity. The Board has committed to setting criteria for future appointments and, in considering succession planning, to ensure that the targets relating to a senior board position being held by a woman are met in future. However, given the short tenure of the Board and in the interest of continuity, this target 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 with no employees. 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 above information is based on voluntary self-declaration from the Directors, who were asked to indicate which of the categories specified in the prescribed tables were most applicable to them.

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 2023. 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 23 May 2024. 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 60 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.

The number of meetings of the full Board and Committees during the year ended 31 December 2023 and attendance by each Director are set out below:

	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 2023
Director	A	B	A	B	A	B	A	B	A	B	
Naguib Kheraj	10	10	1	1	7	7	1	1	4	4	28 months
Everard Barclay Simmons	10	9*	1	1	7	6	1	1	4	4	28 months
Annemarie Durbin	10	10	1	1	7	7	1	1	4	4	28 months
Erica Handling	10	10	1	1	7	7	1	1	4	4	28 months
Mark Merson	10	10	1	1	7	7	1	1	4	4	28 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.

* Absence due to a travel conflict

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.

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.

An internal evaluation of the Board, its Committees and individual Directors was conducted during 2023 in the form of annual performance questionnaires and discussions to determine effectiveness and performance in various areas. This process was facilitated by the Company Secretary. The evaluation commenced in November 2023 and the results were considered by the Board at its meeting in January 2024. 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 including areas such as (i) Governance and Succession Planning; (ii) Performance and Strategy; (iii) Risk Management and Controls Reporting; and (iv) adequate reporting to the Board at meetings.

An action plan covering the recommendations and their implementation will be monitored during 2024. In accordance with Provision 26 of the AIC code, an external Board evaluation is due to take place in 2024.

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.

An external board evaluation is due to take place in 2024.

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 43 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; and
- 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 May and September 2023. Additional information on the risk framework of Goldman Sachs is set out on page 40.

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 originally 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 6 to the financial statements. In accordance with the Listing Rules, the Directors confirm that the continued appointment of the Operator under the current terms of the agreement is in the interests of Shareholders. The Board also reviewed the performance of other service providers and examined the effectiveness of the Company's internal control systems during the year. As set out in more detail on pages 65 and 116, certain new subsidiaries were introduced into the Group structure on 1 January 2024 to enable employees of the Operator to be direct beneficiaries of a portion of the Profit Sharing Charge (if any) payable by the Company to the Operator. The Operator Agreement was amended and restated, and acceded to by Petershill Partners II Ltd and Petershill Partners II, Inc., on 1 January 2024 in order to implement those arrangements.

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, 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 (defined below under Operator Charges and Alignment) 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 (defined below under Operator Charges and Alignment) 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 page 60, 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).

On 1 January 2024, new subsidiaries were introduced into the group structure to enable employees of the Operator to be direct beneficiaries of a portion of the Profit-Sharing Charge (if any) payable by the Company to the Operator. This was done to further improve the alignment of the interest in the incentives of the Company, the Operator and the employees of the Operator. There is no change to the amount or timing of any Profit-Sharing Charge payable by the Company under the original Operator Agreement. Furthermore, this arrangement is not expected to give rise to any material tax consequences for the Company and all initial and ongoing costs of implementing this arrangement have been and will be borne by the Operator.

Engagement with Other Stakeholders

The Board places great importance on communication with Shareholders, as well as with the Operator, Administrator and other key 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.

Consumer Duty

On 31 July 2023 the FCA introduced a new Principle for Businesses (Principle 12) applicable to authorised firms in the UK which carry on "retail market business" and who can determine, or materially influence retail customer outcomes. This new Principle 12 was accompanied by a package of rules and guidance, which are collectively known as the Consumer Duty.

The Company is not subject to the Consumer Duty as it is not an FCA authorised firm. However, the Company is aware that its shares may be held by or on behalf of retail customers, and that other firms within the distribution chain of its shares are within scope of the Consumer Duty requirements. Accordingly, it is the Board's intention that the Company will respond to information and other requests from UK authorised firms in the distribution chain of the Company's shares in such a way.

Whistleblowing

As the Company has no employees, it does not have a formal whistleblowing policy concerning the raising, in confidence, of any concerns about possible improprieties for appropriate independent investigation. The Board relies on the Operator and Administrator's whistleblowing policies and 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. However, any matters concerning the Company may be raised with the Chairman or Senior Independent Director.

By order of the Board

Naguib Kheraj
Chairman

9 April 2024

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. Advisors and department heads from the Operator are invited to attend meetings from time to time and, 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. The Chair of the Audit and Risk Committee also acts as the Company's Senior Accounting Officer from a tax perspective.

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 meets 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 independent auditor attends the Audit and Risk Committee meetings and meets at least once a year with the Audit and Risk Committee 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 auditor's appointment, reappointment or removal, for the Board to put to the Shareholders in general meeting;
- to discuss and agree with the independent auditor the nature and scope of the audit;
- 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 reports 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.

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;
- the consideration of disclosure and governance matters relating to financial reporting by the Chair of the Audit and Risk Committee in the first instance in consultation with the Operator, and the engagement of the wider Board if necessary; 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 seven 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 of all proposed communications to Shareholders by the Company, for approval by the Board;
- 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 2022 financial statements and review of the 2023 Interim Report;
- review and approval of the independent auditors' audit plan for 2023;
- 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 and half-year review;
- consideration of the introduction of new subsidaries to the group structure to enable employees of the Operator to be direct beneficiaries of a portion of the Profit-Sharing Charge (if any) payable by the Company to the Operator;
- 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 and in line with the FRC's Minimum Audit Standard; and
- review of the Group's key risks and internal controls, including reports from the Operator's control functions and internal audit function.

After the year ended 31 December 2023, the Audit and Risk Committee met on 18 January 2024 and 25 March 2024 to consider the significant areas of judgement, estimates and assumptions in the draft financial statements; to review the results of the external audit; to consider and approve the preliminary results announcement and the Annual Report; and to consider the adherence of the Company's processes to the requirements set out in 'Audit Committees and the External Audit: Minimum Standard' published by the Financial Reporting Council.

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 20 November 2023, 18 January 2024 and 25 March 2024. 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 71 to 79. 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 43 of the Strategic Report.

Internal Audit

Currently, the Audit and Risk Committee does not consider there to be a need for the Company to maintain its own 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. 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. There is ongoing liaison through the year between the Operator's internal audit team and the Chair of the Audit and Risk Committee.

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 three 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.

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 7 details services provided by PricewaterhouseCoopers LLP during the year. Fees payable for audit services for the year excluding VAT were: £905k (2022: £1,085k (including £161k for additional 2021 fees)). Fees payable for non-audit services for the year excluding VAT were: £105k (2022: £99k 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 considers the nature and quality of the engagement with the Senior Statutory Auditor through the year and 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 2024. 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

9 April 2024

Financial Statements

Additional Information

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 2023 and of the Group's profit 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; 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: Consolidated and Company Statement of Financial Position as at 31 December 2023; Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Equity and Consolidated and Company Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 7 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 the 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 unlisted 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: $48.3m (2022: $47.2m) based on 1% of Net assets.
- Overall Company materiality: $46.0m (2022: $44.8m) based on 1% of Net assets, capped at 95% of Group materiality.
- Performance materiality: $36.3m (2022: $35.4m) (Group) and $34.4m (2022: $33.6m) (Company).

The scope of our audit

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

Key audit matters

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

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted 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, 3 and 4. The investments at fair value through profit or loss for the Group were $5,254.7 million as at 31 December 2023. 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 2023: ▪ 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 for a sample of investments: ▪ Reviewed the appropriateness of valuation methodology; ▪ Reviewed key valuation inputs and estimates used, such as comparable company multiples and discount rates at 31 December 2023; 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of liability for Tax Receivables Agreement (Group)	
Refer to the Notes to the consolidated financial statements – Note 2 and 3 The Group recorded a Liability for the Tax Receivables Agreement ("TRA") of $174.7m as at 31 December 2023. 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, 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 2023. 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, 3 and 6. 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
Income from Investments in Partner-firms (Group)	
Refer to the Audit and Risk Committee Report, Notes to the consolidated financial statements – Note 2x. The income from investments in Partner-firms for the Group was $292.1m and is based on contractual terms in place with the Partner-firms, and are a significant proportion of the Group's income.	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: ▪ 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; ▪ 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. Our testing did not identify any evidence of material misstatement.

How we tailored the audit scope

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

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	$48.3m (2022: $47.2m).	$46.0m (2022: $44.8m).
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% (2022: 75%) of overall materiality, amounting to $36.3m (2022: $35.4m) for the Group financial statements and $34.4m (2022: $33.6m) 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; Profit Sharing Charge and Finance Cost. We set a specific materiality level of $11.4m (2022: $13.5m). 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 $2.42m (Group audit) (2022: $2.4m) and $2.30m (Company audit) (2022: $2.2m) 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 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors’ Remuneration

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

Corporate governance statement

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

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

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

Our review of the Directors' statement regarding the longer-term viability of the Group 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 year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2021 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements 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 has been 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

9 April 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Income			
Income from investments in Partner-firms derived from:	2(x)		
Management fee income		**203.0**	213.0
Performance fee income		**54.7**	139.4
Investment income		**34.4**	32.6
Total income from investments in Partner-firms		**292.1**	385.0
Interest income from investments in money market funds	2(x)	**24.7**	8.6
Interest income from other assets	2(x)	**2.6**	–
Total income		**319.4**	393.6
Movement in financial assets and liabilities held at fair value			
Change in investments at fair value through profit or loss	2(vi),4	**227.0**	(806.7)
Change in contingent consideration at fair value through profit or loss	4	**(6.4)**	–
Total movement in financial assets and liabilities held at fair value		**220.6**	(806.7)
Expenses	2(xi)		
Board of Directors' fees and expenses		**(1.7)**	(1.5)
Other operating expenses		**(10.1)**	(14.4)
Operator charge	6	**(21.9)**	(27.8)
Profit sharing charge	6	**(0.1)**	–
Unrealised divestment fee (expense) / credit	6	**(50.5)**	0.9
Total expenses		**(84.3)**	(42.8)
Operating profit / (loss) for the year		**455.7**	(455.9)
Finance expense			
Finance cost	10	**(37.1)**	(45.6)
Movement in liability to Petershill Funds	15	**–**	15.4
Change in liability for tax receivables agreement	2(v),3	**(21.5)**	(19.0)
Total finance expense		**(58.6)**	(49.2)
Profit / (loss) for the year before tax		**397.1**	(505.1)
Tax (expense) / credit	8	**(76.0)**	52.2
Profit / (loss) for the year after tax		**321.1**	(452.9)
Profit / (loss) and total comprehensive income / (expense) for the year		**321.1**	(452.9)
Profit / (loss) and total comprehensive income / (expense) attributable to:			
Equity holders of the Company		**321.1**	(452.9)
Earnings per share			
Basic and diluted earnings / (loss) per Share (cents)	11	**28.38**	(39.36)

The accompanying notes on pages 84 to 116 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note(s)	31 December 2023 $m	31 December 2022 $m
Non-current assets			
Investments at fair value through profit or loss	4	**5,254.7**	4,958.9
Deferred tax asset	9	**–**	44.0
		5,254.7	5,002.9
Current assets			
Investments in money market funds at fair value through profit or loss	4	**62.3**	483.4
Cash and cash equivalents	5	**242.9**	97.6
Trade and other receivables	12	**127.4**	138.2
		432.6	719.2
Total assets		**5,687.3**	5,722.1
Non-current liabilities			
Unsecured Notes payable	14, 16	**493.8**	493.2
Deferred payment obligations	2(vi)	**7.3**	50.0
Liability for Tax Receivables Agreement	2(v)	**150.5**	150.6
Contingent consideration at fair value through profit or loss	4	**3.9**	–
Deferred tax liability	9	**8.2**	–
Fee payable on divestment of investments	6	**94.8**	44.3
		758.5	738.1
Current liabilities			
Trade and other payables		**6.9**	8.7
Deferred payment obligations	2(vi)	**44.6**	189.9
Interest payable	16	**10.0**	10.0
Profit sharing charge payable	6	**0.1**	–
Operator charge payable	6	**6.6**	21.0
Contingent consideration at fair value through profit or loss	4	**2.5**	–
Liability for Tax Receivables Agreement	2(v)	**24.2**	35.1
		94.9	264.7
Total liabilities		**853.4**	1,002.8
Net assets		**4,833.9**	4,719.3
Equity			
Share capital	2(ix), 17	**11.2**	11.4
Share premium	2(ix), 17	**–**	3,346.7
Other reserve	2(ix), 17	**1,689.6**	1,689.6
Capital redemption reserve	2(ix), 17	**0.5**	0.3
Retained earnings / (accumulated losses)	18	**3,132.6**	(328.7)
Total shareholders' funds		**4,833.9**	4,719.3
Number of Ordinary Shares in issue at year end	17	**1,122,202,824**	1,135,399,597
Net assets per share (cents)	19	**430.75**	415.65

The financial statements on pages 80 to 83 of the Group were approved and authorised for issue by the Board of Directors on 9 April 2024 and signed on its behalf by:

Naguib Kheraj
Chairman

Mark Merson
Director

The accompanying notes on pages 84 to 116 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital $m	Share premium $m	Other reserve $m	Capital redemption reserve $m	Retained earnings / (accumulated losses) $m	Total $m
Opening net assets attributable to Shareholders at 1 January 2023		**11.4**	**3,346.7**	**1,689.6**	**0.3**	**(328.7)**	**4,719.3**
Repurchase and cancellation of Ordinary Shares	17	**(0.2)**	**–**	**–**	**0.2**	**(26.3)**	**(26.3)**
Share premium cancellation	17	**–**	**(3,346.7)**	**–**	**–**	**3,346.7**	**–**
Dividends paid in the year	20	**–**	**–**	**–**	**–**	**(180.2)**	**(180.2)**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**–**	**321.1**	**321.1**
Closing net assets attributable to Shareholders at 31 December 2023		**11.2**	**–**	**1,689.6**	**0.5**	**3,132.6**	**4,833.9**

For the year ended 31 December 2022

	Note	Share capital $m	Share premium $m	Other reserve $m	Capital redemption reserve $m	Retained earnings / (accumulated losses) $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
Repurchase and cancellation of Ordinary Shares	17	(0.2)	–	–	0.2	(53.3)	(53.3)
Redemption and cancellation of Redeemable Shares	17	–	–	–	0.1	(0.1)	–
Dividends paid in the year	20	–	–	–	–	(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

The accompanying notes on pages 84 to 116 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Cash flows from operating activities			
Profit / (Loss) for the year before tax		**397.1**	(505.1)
Adjustments to reconcile operating profit / (loss) for the financial period to net cash flows from operating activities:			
Reinvestment of income from investments in Partner-firms		**(57.0)**	(42.6)
Movement in financial assets and liabilities held at fair value through profit and loss	4	**(228.8)**	806.7
Movement in trade and other receivables		**14.6**	(59.1)
Movement in trade and other payables		**(2.8)**	(8.0)
Movement in fee payable on divestment of investments	6	**50.5**	(0.9)
Movement in profit sharing charge payable	6	**0.1**	–
Movement in operator charge payable	6	**(14.4)**	11.8
Movement in contingent consideration held at fair value through profit or loss	4	**6.4**	–
Finance expense		**58.6**	49.2
Purchase of investments in money market funds	4	**(781.4)**	(1,043.4)
Sale of investments in money market funds	4	**1,227.1**	1,021.1
Reinvested interest income from investments in money market funds	4	**(24.6)**	(8.0)
Taxes paid		**(28.2)**	(4.4)
Net cash flows from operating activities		**617.2**	217.3
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss		**(204.2)**	(149.7)
Capital proceeds received		**–**	6.7
Net cash flows from investing activities		**(204.2)**	(143.0)
Cash flows from financing activities			
Dividends paid	20	**(180.2)**	(70.3)
Interest expense payments		**(28.3)**	(27.8)
Payment of share issue costs		**–**	(5.7)
Repayment and cancellation of share capital	17	**(25.4)**	(50.0)
Proceeds from Unsecured Notes	16	**–**	500.0
Repayment of Notes payable	16	**–**	(350.0)
Payment of transaction costs related to debt issuance and repayment		**–**	(8.1)
Extinguishment of liability to Petershill funds	15	**–**	(89.6)
Payment under Tax Receivables Agreement	3	**(33.8)**	–
Net cash flows from financing activities		**(267.7)**	(101.5)
Net increase / (decrease) in cash and cash equivalents during the year		**145.3**	(27.2)
Cash and cash equivalents at the beginning of the year		**97.6**	124.8
Cash and cash equivalents at the end of the year		**242.9**	97.6
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		**–**	492.2
In kind distribution of investments at fair value through profit or loss		**0.2**	–

The accompanying notes on pages 84 to 116 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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 2023 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.

2. Basis of preparation, material accounting policies and other explanatory information

i. Basis of preparation

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

Certain figures for the year ended 31 December 2022 in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows have been re-categorised to conform to current year presentation. The Operator charge payable has been disaggregated from Trade and other payables. This re-categorisation does not have any impact on the consolidated financial result for the years ended 31 December 2023 and 31 December 2022.

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 Board, as recommended by the Investment Advisor, has concluded that the Group is organised into one main operating segment.

The Group derives 85% (2022: 89%) of its income from North America and the remaining 15% (2022: 11%) from Europe. 91% (31 December 2022: 92%) of the Group's fair value of investments are located in North America and the remaining 9% (31 December 2022: 8%) are located in Europe.

iii. Functional currency and foreign currency transactions

The Board of Directors has determined that the functional currency of the Company and its subsidiaries is 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, Divestment fee and Profit sharing 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 year 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").

ii. Impairment

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 and is deducted from the gross carrying value of the receivables. ECL is determined as a product of Loss Given Default ("LGD"), Probability of Default ("PD"), and Exposure at Default ("EAD"), discounted at an effective interest rate.

The methodology is structured around three core steps: i) Risk differentiation, ii) Risk quantification, and iii) whether there has been a significant increase in credit risk since origination and or exposures are considered to be credit impaired. In implementing this methodology, Partner-firms are distinguished for riskiness by leveraging key risk indicators through a comprehensive credit risk review framework.

Risk differentiation

1. The Partner-firms' liquidity position, indebtedness and ability to generate future cash flows are considered the key risk indicators, with weights assigned to each indicator that is informed by experience. A higher weight is attributed to the Liquidity Indicator on the basis that it is considered to be a strong reflection of a firm's ability to meet immediate cash obligations. The latter driver of 'Cashflow adequacy Indicator' relies on the Partner-firm's ability to generate cash and incorporates forward looking information.
2. The overall score for each Partner-firm is estimated by combining the risk indicator weights with the values for each selected risk indicator.

Risk quantification
1. The median risk score serves as the benchmark for quantifying risk across all Partner-firms.
2. This benchmark is a 'BBB' rating, which is classified as an investment grade by S&P and indicates an adequate capacity to meet financial commitments but is also susceptible to adverse economic conditions.
3. The median risk score obtained is compared to the scores of all other Partner-firms, resulting in Partner-firms with lower comparative risk being rated as 'A', and those with higher comparative risk as 'BB'.

Once the ratings are assigned using the above two steps, the scores are calibrated to a corresponding PD rate. The PDs are informed by using average cumulative default rates for US corporates from S&P publicly available data. To recognise the increased risk on absolute return Partner-firms which are considered to be volatile, a nominal increase is applied to the PD rates.

A LGD value is applied for exposures in all stages, albeit where considered appropriate the LGD for stage 3 exposures will be adjusted to reflect the specific circumstances of the exposure. The LGD rate is consistent with the Basel II framework for corporates, sovereigns, and banks on senior subordinate claims.

Significant increase in credit risk
The Group assesses whether a significant increase in credit risk has occurred for an exposure through a comprehensive credit risk assessment framework. This framework employs both qualitative and quantitative indicators which includes days past due, review and reconciliation of aged receivables and periodic review of financials and cashflow data with Partner-firms. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Credit impaired exposure
The Group considers a financial asset in default when contractual payments are 90 days past due unless there is sufficient evidence from comprehensive credit risk assessment which suggests otherwise.

The Group also considers a financial asset to be in default when the comprehensive credit risk assessment indicates that the Group is unlikely to receive the outstanding contractual amounts in full ('Stage 3').

iii. Write-off policy
The Group writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery. When a financial asset is deemed to be uncollectable, the Group concludes this to be an indicator 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.

The calculated ECL is detailed in note 21.

iv. Recognition and derecognition
Financial assets and financial liabilities are initially recorded at their transaction price, (which is representative of fair value), plus transaction costs that are directly attributable to their acquisition or issue other than those classified as at fair value through profit or loss in which case transaction costs are recognised directly in profit or loss, and then measured at fair value subsequent to initial recognition. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are presented in the Consolidated 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, Deferred payment obligations, Fee payable on divestment of investments, Liability for Tax Receivables Agreement, Interest payable, Profit sharing charge payable, Operator charge 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 $467.0 million based on interest rates at 31 December 2023 (31 December 2022: $463.0 million).

v. Material accounting policies and other explanatory information

i. Notes payable and interest expense

Unsecured 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 Consolidated 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 $174.7 million (31 December 2022: $185.7 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% (31 December 2022: 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 and an interest that is payable on the final payment from the due date of the return until actual payment is made. The interest is recognised as a Finance cost 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 of Directors.

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 in 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 2023, the amortised cost of Deferred payment obligations of $51.9 million (31 December 2022: $239.9 million) reported on the Consolidated Statement of Financial Position is imputed at an effective interest rate of 2.4% (31 December 2022: 2.5%).

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 a finance cost over the period of the deferred payment obligation using the effective interest method. For the year ended 31 December 2023, an amount of $6.0 million (2022: $5.5 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.

Contingent consideration

Certain financial assets are purchased under various contracts containing contingent payment terms. These contingent payment obligations are initially recorded at fair value on the contractual purchase date, subject to probability of payment, with a discount being imputed for an effective interest rate that will be the equivalent date of interest due on borrowings and subsequently carried at fair value. Any change in fair value is recorded as a change in fair value of financial liability in the Consolidated Statement of Comprehensive Income.

The fair value of contingent consideration obligations represents the present value of the future expected payments based on an assessment of the likelihood of those payments against their contractual thresholds. The Operator uses a number of different valuation techniques, at its discretion, but primarily relies on the income approach which applies discounted cash flow techniques based on the estimated future payments and discount rates. Further information about contingent consideration is included in note 4.

Offsetting financial instruments

Financial assets and liabilities are offset and 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 dividend is approved by shareholders or when paid.

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 Group, including subsidiaries and fellow subsidiaries, are related parties of the Group. This includes its key management personnel, including directors and officers of the Operator, other affiliated entities of the Operator and the Private Funds. 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, were 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 and Other reserve. For the issue of each Ordinary Share issued to Petershill Funds in exchange for financial assets and liabilities, $0.01 has been recognised in Share capital and the remaining amount recognised in Share premium, and Other reserve such that the aggregate of the amount recognised in Share capital, Share premium and Other reserve is equal to the fair value of the financial assets and liabilities transferred to the Group.

Under Section 612 of the Companies Act, where an issuing company has secured at least 90% equity holding of another company in return for shares of the issuing company, then merger relief shall be applied requiring the premium, with respect to the shares issued, to be recorded to Other reserve as merger relief. The acquisition of 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 17 for more information.

The Company's shareholders approved the cancellation of the amount standing to the credit of the Company's share premium account in full (the "Reduction of Capital") at its annual general meeting held on 24 May 2023. A formal approval of the same was obtained on 20 June 2023 by His Majesty's High Court in England (the "Court"). Accordingly, the Reduction of Capital has become effective and has created additional distributable reserves of approximately $3,346.7 million. Accordingly, the amounts standing to the credit of the share premium account have been transferred to Retained earnings. Refer to note 17 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 and other assets 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 net 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. 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. 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 charges, profit sharing charges, professional fees, divestment fees and other expenses 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 the Company 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 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 – Deferred tax related to assets and liabilities arising from a single transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023); and
- Changes to IAS 1 – Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2024).

These amendments have been adopted and the impact of these amendments to the Company and the Group is not material.

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information (effective for annual periods beginning on or after 1 January 2024); and
- IFRS S2 – Climate-related Disclosures (effective for annual periods beginning on or after 1 January 2024).

xv. Assessment of investment entity

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

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

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

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

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

B85F of IFRS 10 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 the 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 therefore do 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 results of the Company and its wholly owned subsidiaries listed below.

Name of Subsidiary	Registered office	Purpose	**Interest as at 31 December 2023**	Interest as at 31 December 2022
Held directly				
Petershill Partners Ltd [1]	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	**100%**	100%
Petershill Partners II Ltd [1,6]	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	**100%**	100%
Petershill Partners, 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 [2,3]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**100%**	100%
Petershill Partners GP Sub 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 [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 [2,3]	251 Little Falls Drive Wilmington, DE 19808, United States of America	Investment holding company	**100%**	100%
PHP Aggregator GP Ltd [2]	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	General Partner of Cayman domiciled Petershill holding companies	**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%

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

The Petershill Subsidiaries, Petershill Blockers and Petershill holding companies 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

As discussed in note 2(xvi) and note 13 of the 2022 Annual Report, the Company and the Petershill Funds had an exposure to the Issuer SPVs (comprised of PH Offshore GP Issuer, PH Offshore IM Issuer, PH Onshore GP Issuer and PH Onshore IM Issuer) through the Intermediary Entities (comprised of PH Offshore GP Aggregator, PH Offshore IM Aggregator, PH Onshore GP Aggregator, PH Onshore IM Aggregator). 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.

On 28 September 2021, a majority of the Investments in Partner-firms (including the 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. The Petershill Funds continued to have an interest in the Issuer SPVs and Intermediary Entities and hence a payable was recorded as a liability to the Petershill Funds. 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 consolidated the accounts of the Issuer SPVs and the Intermediary Entities in preparing the consolidated financial statements for the period from 1 January 2022 to 19 December 2022 under the definition of control, the date these Issuer SPVs and the Intermediary Entities were dissolved. Refer to note 15 for more information.

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 the requirements detailed above for the year ended 31 December 2022. There were no assets or 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 2023 or 31 December 2022.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Income		
Income from investments in Partner-firms	–	14.8
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)
Finance income / (expense)		
Movement in liability to Petershill Funds	–	15.4

IV. Accounting for investment 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 of Directors 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, and the Group's access to the revolving credit facility and its debt arrangements, details of which are set out in the Financial and Operating Review on page 30.

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 2023, the Group has $242.9 million (31 December 2022: $97.6 million) of cash and cash equivalents along with $62.3 million (31 December 2022: $483.4 million) of investments in money market instruments, reflecting a strong liquidity position to meet operating costs.

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

The Board of Directors has assessed the viability of the Group for a chosen period of three years to 31 December 2026 and this includes the next 12 months following the issuance of these financial statements. As discussed in the Viability Statement on page 44 of the Annual report, the Board of Directors has assessed a downside 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. 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;
- 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, and meet its financial covenants of the associated credit facility and debt arrangements, can continue under the severe but plausible downside scenario. The Board of Directors' 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 of Directors consider 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 2(i).

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 2023, 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 hence did not use climate change as an input for valuations.

3. Critical accounting judgements, estimates and assumptions

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

The Board of Directors has 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 of Directors, that affect the reported amounts of assets and liabilities in the future. Estimates and assumptions are regularly 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 targeted 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 fair valued 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 and unobservable adjustments, such as those made to multiples. 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 2022: 25.7%) 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 $36.8 million (31 December 2022: $36.6 million).

As indicated above, the Operator assumed that sufficient current taxable income would be available to fully utilise the deductions arising from the increase in tax basis and any interest imputed with respect to the payment obligations under the Tax Receivable Agreement. However, the final tax returns filed for the year 31 December 2022 did not result in sufficient current taxable income to fully utilise the deductions resulting in a reduction in the amount actually paid under the Tax Receivables Agreement. The reductions in payment obligations as a result of insufficient current taxable income will ultimately be paid in future years if taxable income exceeds the amount that is offset by the amortisation of the stepped-up tax basis in that year. The Operator expects the Group to have sufficient taxable income available in future years based on best estimate of income projections available at 31 December 2023 to fully utilise the deductions arising from the increased in tax basis and any interest imputed with respect to the payments with respect to the payment obligations under the Tax Receivable Agreement.

As of 31 December 2023, the carrying value of the Tax Receivable Agreement was reported at amortised cost at a value of $174.7 million (31 December 2022: $185.7 million). The fair value of the Tax Receivable Agreement is estimated at $166.6 million (31 December 2022: $185.7 million). The fair value of the Tax Receivable Agreement would be classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. A 3% increase / decrease in the underlying discount rate would result in a decrease / increase in net assets of approximately $21.0 million and $25.1 million respectively (31 December 2022: $22.4 million and $28.5 million respectively). The discount rate was determined based on the cost of capital adjusted for risks related to the potential elimination of the payments due to possible future disposal of the underlying investments.

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 2023 $m	For the year-ended 31 December 2022 $m
Opening balance	**4,958.9**	6,023.1
Additions[1]	**66.8**	230.7
Proceeds from redemptions and return of capital	**–**	(18.9)
In kind distribution of Investments in Partner-firms[2, 3]	**0.2**	(469.3)
Other movements	**1.8**	–
Change in fair value of investments at fair value through profit or loss[4]	**227.0**	(806.7)
Closing balance	**5,254.7**	4,958.9

1. Of the above, an amount of $57.0 million (31 December 2022: $81.0 million) includes consideration payable on a deferred basis and dividend reinvestments.
2. In 2022, this represents the fair value of Transferred Interest held as collateral that were released back to the Petershill Funds. Refer to note 15 for a detailed discussion.
3. In 2023, this represents in kind distribution of investments at fair value through profit or loss.
4. Of the above, an amount of $227.0 million (31 December 2022: loss of $788.8 million) relates to unrealised gain / (loss) on fair value of investments held at year end.

As discussed in note 2(xvi), the Company has consolidated the accounts of the Issuer SPVs and the Intermediary Entities till the date of their dissolution on 19 December 2022.

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 2023, the Group held investments in money market funds of $62.3 million (31 December 2022: $483.4 million) and during the year ended 31 December 2023 earned interest of $24.7 million (year ended 31 December 2022: $8.6 million).

Non-current and current liabilities

The Group entered into various contingent consideration agreements in connection with its investments in certain Partner-firms and may have to pay additional consideration based on the underlying Management Companies' ability to raise capital or meet certain revenue thresholds as defined in the investment agreements. As at 31 December 2023, the Company believes that payment for a portion of the total consideration is probable and has recorded a liability of $6.4 million (31 December 2022: $Nil) in the Consolidated Statement of Financial Position.

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 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.

The following tables analyse within the fair value hierarchy the assets and liabilities (by class) measured at fair value:

31 December 2023	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Investments in money market funds at fair value through profit or loss	**–**	**62.3**	**–**	**62.3**
Investments at fair value through profit or loss	**0.2**	**–**	**5,254.5**	**5,254.7**
Liabilities				
Contingent consideration at fair value through profit or loss (current and non-current)	**–**	**–**	**(6.4)**	**(6.4)**

31 December 2022	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investment in money market funds at fair value through profit or loss	–	483.4	–	483.4
Investments at fair value through profit or loss	–	–	4,958.9	4,958.9
Liabilities				
Contingent consideration at fair value through profit or loss (current and non-current)	–	–	–	–

Due to the nature of the investments in Partner-firms, they are always expected to be classified as Level 3. The fair value of investments in money market funds is based on the daily published net asset value of each fund and is therefore considered Level 2. Investments in listed stocks are classified as Level 1.

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 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 2023 and 31 December 2022 are as shown below:

Level 3 investments	Market value as of 31 December 2023	Significant unobservable inputs by valuation technique [1]	Range of significant unobservable inputs as of 31 December 2023	Weighted average	Reasonable shift [4]	Valuation sensitivity	
Investments in Management Companies: Private Markets	**Market Approach:**				**-/+**	**–**	**+**
	$1,201.9	**Profit Multiple - FRE [2]**	**10.0x - 23.5x**	**14.5x**	**1.0x**	**$(87.3)**	**$87.4**
	405.6	**Asset Based Multiple**	**1.0x**	**1.0x**	**10.0%**	**(40.6)**	**40.6**
	Income Approach:						
	1,670.3	**Terminal Multiple - FRE [2]**	**4.7x - 17.5x**	**13.2x**	**0.7x**	**(42.0)**	**43.4**
		Discount Rate - FRE	**8.0% - 21.4%**	**13.0%**	**1.0%**	**(110.1)**	**122.3**
	1,460.9	**Terminal Multiple - PRE [3]**	**2.7x - 10.0x**	**5.5x**	**0.8x**	**(32.9)**	**34.1**
		Discount Rate - PRE	**13.0% - 37.0%**	**25.2%**	**2.0%**	**(107.0)**	**123.6**
Investments in Management Companies: Absolute Return	**Market Approach:**				**-/+**	**–**	**+**
	135.2	**Profit Multiple - FRE [2]**	**8.2x**	**8.2x**	**1.6x**	**$(10.1)**	**$10.1**
	82.8	**Profit Multiple - PRE [3]**	**4.5x - 5.0x**	**4.7x**	**2.0x**	**(14.2)**	**14.2**
	17.5	**Asset Based Multiple**	**1.0x**	**1.0x**	**10.0%**	**(1.7)**	**1.7**
	Income Approach:						
	178.1	**Terminal Multiple - FRE [2]**	**6.1x - 7.5x**	**7.4x**	**1.1x**	**(13.2)**	**17.4**
		Discount Rate - FRE	**13.3% - 16.4%**	**13.6%**	**2.0%**	**(13.2)**	**17.4**
	102.0	**Terminal Multiple - PRE [3]**	**3.3x - 5.3x**	**4.5x**	**0.7x**	**(7.6)**	**10.1**
		Discount Rate - PRE	**19.0% - 30.3%**	**22.9%**	**3.4%**	**(7.5)**	**10.1**

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 ("FRE") and may represent historical or forward looking multiples.
3. The range consists of multiples on performance related earnings ("PRE") and may represent historical or forward looking multiples.
4. The increase or decrease in the unobservable inputs may not be shifted negatively and positively by an equal amount. For the asset categories that have different reasonable possible shifts, the above table discloses the weighted average of the respective negative and positive shift.

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.

An increase / decrease in the underlying discount rate of 1% would result in a decrease / increase in the fair value of the contingent consideration of -$0.04 million / +$0.02 million respectively.

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 2023 $m**	For the year-ended 31 December 2022 $m
Assets		
Opening balance	**4,958.9**	6,023.1
Additions[1]	**66.8**	230.7
Proceeds from redemptions and return of capital	**–**	(18.9)
In kind distribution of Investments in Partner-firms[2]	**–**	(469.3)
Other movements	**1.8**	-
Change in fair value of investments at fair value through profit or loss[3]	**227.0**	(806.7)
	5,254.5	4,958.9

1. Of the above, an amount of $57.0 million (31 December 2022: $81.0 million) relates to consideration payable on a deferred basis and dividend reinvestments.
2. Represents the fair value of Transferred Interest held as collateral that were released back to the Petershill Funds. Refer to note 15 for a detailed discussion.
3. Of the above, an amount of $227.0 million (31 December 2022: loss of $788.8 million) relates unrealised gain / (loss) on fair value of investments held at year end.

In addition to above, the Group has $6.4 million of level 3 liabilities as at 31 December 2023 (31 December 2022 : $Nil). The liability recognised during 2023 represents a portion of the total consideration which is probable under the contingent consideration agreements in connection with its investments in certain Partner-firms wherein the Group may have to pay additional consideration based on the underlying Management Companies' ability to raise capital or meet certain revenue thresholds as defined in the investment agreements.

5. Cash and cash equivalents

	31 December 2023 $m	31 December 2022 $m
Cash at bank	**92.9**	97.6
Fixed term deposit	**150.0**	–
	242.9	97.6

On 14 December 2023, the Company entered into a fixed term deposit of $150.0 million, which matured on 15 March 2024. Interest is earned on the fixed term deposit at a rate of 5.40% per annum. During the year, the Company earned $0.4 million of interest which is recorded as Interest income from other assets in the Consolidated Statement of Comprehensive Income. The amount remained due at year end and is recorded within Trade and other receivables in the Consolidated Statement of Financial Position.

6. Operator charges

Recurring Operating Charges

Under the Operator Agreement, the Operator is entitled to recurring operating charges on a quarterly basis, such Recurring Operating Charges consisting of, in aggregate, 7.5% of the Group's relevant income from investments, as defined under IFRS, for the relevant quarter.

The Operator is entitled to Recurring Operating Charges only on income earned by the Group from assets owned by it. For the year ended 31 December 2022, the income reported in the Consolidated Statement of Comprehensive Income also included income earned from interests in the Intermediary Entities and the Issuer SPVs that the Company did not wholly own. However, the Company was required to consolidate them under the definition of control up to 19 December 2022, the day on which the Issuer SPVs and Intermediary Entities were dissolved. See note 15 for further information. For the year ended 31 December 2023, the income attributable to assets owned by the Group on which Recurring Operator Charges were earned amounted to $292.1 million (31 December 2022: $370.1 million).

Amounts recorded as Operating Charges during the year ended 31 December 2023 were $21.9 million (2022: $27.8 million), of which $6.6 million (31 December 2022: $21.0 million) was outstanding as at 31 December 2023. 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 Profit Sharing Charges during the year ended 31 December 2023 were $0.1 million (2022: $Nil), of which $0.1 million (31 December 2022: $Nil) was outstanding as at 31 December 2023. These amounts will be paid in accordance with the terms of the Operator Agreement.

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 Charge.

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 2023 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 2023, an amount of $94.8 million (31 December 2022: $44.3 million) has been accrued towards divestment fee payable to the Operator and none of the amounts have vested.

7. Audit fees

Other operating expenses include fees payable to the Group's Auditor and its affiliates, which can be analysed as follows:

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Fees to the Company's Auditor		
for audit of the statutory financial statements of £0.9 million (2022: £1.3 million)[1]	**1.2**	1.6
for audit-related assurance services of £0.1 million (2022: £0.1million)	**0.1**	0.1
	1.3	1.7

1. The audit fee of £1.3 million for the year ended 31 December 2022 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 2023, the Company's Auditor was paid £0.1 million (2022: £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.

8. Tax

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

Amounts recognised in profit and loss	**For the year ended 31 December 2023 $m**	For the year ended 31 December 2022 $m
Current tax expense:		
Adjustments for current tax of prior periods	**12.7**	1.2
Tax charge at standard US corporation tax rate	**1.3**	–
Tax charge at standard UK corporation tax rate	**9.5**	3.0
Total current tax expense	**23.5**	4.2
Deferred tax expense:		
Origination and reversal of temporary differences	**65.3**	(50.2)
Adjustments for deferred tax of prior periods	**5.9**	(2.0)
Movements in unrecognised tax benefits	**(16.7)**	(3.5)
Effect of changes in tax rates	**(2.0)**	(0.7)
Total deferred tax expense / (credit)	**52.5**	(56.4)
Total income tax expense / (credit)	**76.0**	(52.2)

The differences in the effective tax rate for the period and the standard rate of corporation tax in the UK at 23.54% are as follows:

Reconciliation of effective tax rate	**US $m**	**UK $m**	**Other $m**	**For the year ended 31 December 2023 $m**	**%**
Profit / (loss) before tax	**207.7**	**328.5**	**(139.1)**	**397.1**	**-**
Tax charge at standard UK corporation tax rate	**48.8**	**77.3**	**(32.7)**	**93.4**	**23.5%**
Foreign rate differential	**(5.2)**	**–**	**32.7**	**27.5**	**6.9%**
Intra-group dividends income not taxable	**–**	**(23.5)**	**–**	**(23.5)**	**(5.9%)**
US tax expense related to PLC income	**1.3**	**–**	**–**	**1.3**	**0.3%**
State and Local taxes	**9.3**	**–**	**–**	**9.3**	**2.3%**
Items not deductible for tax purposes	**10.5**	**–**	**–**	**10.5**	**2.6%**
Adjustments for prior periods (US Tax)	**6.3**	**–**	**–**	**6.3**	**1.6%**
Adjustments for prior periods (UK Tax)	**–**	**12.2**	**–**	**12.2**	**3.1%**
Cook Holdings Series LLC Tax	**–**	**4.1**	**–**	**4.1**	**1.0%**
Movements in unrecognised deferred tax	**(16.7)**	**(48.4)**	**–**	**(65.1)**	**(16.4%)**
Total income tax expense	**54.3**	**21.7**	**–**	**76.0**	**19.0%**

Reconciliation of effective tax rate US jurisdiction	For the year ended 31 December 2023 $m	%
Profit before tax	**207.7**	
Total tax at the standard local country corporation tax rate	**43.6**	**21.0%**
US tax expense related to PLC income	**1.3**	**0.6%**
State and Local taxes	**9.3**	**4.5%**
Items not deductible for tax purposes	**10.5**	**5.1%**
Adjustments for prior periods (US Tax)	**6.3**	**3.0%**
Movements in unrecognised deferred tax	**(16.7)**	**(8.0%)**
Total income tax expense / (credit)	**54.3**	**26.2**

Reconciliation of effective tax rate	US $m	UK $m	Other $m	For the year ended 31 December 2022 $m	%
(Loss) / Profit 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%)
Intra-group dividend income not taxable	–	(50.7)	–	(50.7)	10.0%
State and Local taxes	(7.0)	–	–	(7.0)	1.4%
Items 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) / expense	(52.8)	0.4	0.2	(52.2)	10.3%

Reconciliation of effective tax rate US jurisdiction	For the year ended 31 December 2022 $m	%
Loss before tax	(327.1)	–
Total tax at the standard local country corporation tax rate	(68.6)	21.0%
State and Local taxes	(7.0)	2.1%
Items not deductible for tax purposes	27.3	(8.2%)
Other	(0.9)	0.3%
Movements in unrecognised deferred tax	(3.6)	1.1%
Total income tax credit	(52.8)	16.2%

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 original 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. The deferred tax assets and liabilities in the UK as at 31 December 2022 had been calculated based on the 25% rate, with a blended rate applied where it is was expected that the associated temporary difference would reverse prior to 1 April 2023. Deferred tax assets and liabilities in the UK as of 31 December 2023 have been calculated based on the 25% rate. Deferred tax assets and liabilities in the US as of 31 December 2023 have been calculated based on the US federal statutory rate of 21% (31 December 2022: 21%) and estimated effective state tax rate of 5.48% (31 December 2022: 4.29%).

The items not deductible for tax purposes of $10.5 million (2022: $27.3 million) in US relate to intergroup dividend expense from payments to the Company recorded against the Delaware Subsidiary income that is not deductible for US tax purposes. The UK income not taxable of $23.5 million (2022: $50.7 million) relates to non-taxable dividend income from the Company's subsidiaries. In addition, -$48.4 million of movement in unrecognised deferred tax is related to unrealised gain from investments which is not taxable (2022: $118.8 million, shown as items not deductible in the 2022 table above, is related to unrealised loss from investment).

9. Deferred tax asset / (liability)

Movement in deferred tax balances

	Net balance 1 January 2023 $m	Recognised in profit or loss $m	Recognised in OCI/equity $m	Foreign exchange $m	Net balance 31 December 2023 $m	Deferred tax assets $m	Deferred tax liabilities $m
Investment in Partner-firms	**18.4**	**(88.8)**	**–**	**–**	**(70.4)**	**–**	**(70.4)**
Tax Receivable Agreement	**17.3**	**6.3**	**–**	**–**	**23.6**	**23.6**	**–**
Deferred payment obligations	**(0.6)**	**0.5**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Other	**7.9**	**15.6**	**–**	**–**	**23.5**	**23.5**	**–**
Losses	**1.0**	**14.2**	**–**	**–**	**15.2**	**15.2**	**–**
	44.0	**(52.2)**	**–**	**–**	**(8.2)**	**62.3**	**(70.5)**

	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)

After considering jurisdictional netting, the deferred tax balances shown above are presented on a net basis on the Consolidated Statement of Financial Position.

As at 31 December 2023 and 31 December 2022, no deferred tax asset is recognised in relation to the Company's investments and interests in Subsidiaries because it is not probable that the temporary difference will reverse in the foreseeable future, or that taxable profits will be available against which the temporary difference could be utilised.

The gross deferred tax asset as at 31 December 2023 was $62.3 million (31 December 2022: $44.6 million). It is expected that $7.6 million of the deferred tax asset will be recovered within the next 12 months and the remaining $54.7 million of the deferred tax asset will be recovered after 12 months.

Losses carried forward as at 31 December 2023 will expire as follows:

	US $m	UK $m	Total $m
2024	**–**	**–**	**–**
2025 and onwards	**–**	**–**	**–**
Unlimited	**58.0**	**–**	**58.0**
	58.0	**–**	**58.0**

Losses carried forward as at 31 December 2022 will expire as follows:

	US $m	UK $m	Total $m
2023	–	–	–
2024 and onwards	–	–	–
Unlimited	–	2.5	2.5
	–	2.5	2.5

Unrecognised deductible temporary differences and unused tax losses

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

	31 December 2023 $m	31 December 2022 $m
Deductible temporary differences (UK) - no expiration	**66.4**	117.8
Deductible temporary differences (US) subject to initial recognition exception	**35.4**	50.6
Tax losses	**–**	0.4
	101.8	168.8

Unrecognised taxable temporary differences associated with investments and interests in Subsidiaries

As at 31 December 2023, 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 the recognition of tax benefits or expenses related to the unrecognised amounts were also not recognised in the financial statements.

Further, 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 Group has not identified any reserves related to uncertainty over income tax treatments as of 31 December 2023 or 31 December 2022.

10. Finance cost

	31 December 2023 $m	31 December 2022 $m
Interest on Deferred payment obligations	**6.0**	5.5
Interest on Unsecured Notes	**28.3**	29.6
Finance costs on Notes	**–**	10.3
Commitment fees	**0.4**	–
Borrowing cost amortisation	**0.6**	0.2
Other finance charges	**1.8**	–
	37.1	45.6

11. Earnings per share

Earnings per share

	For the year ended 31 December 2023	For the year ended 31 December 2022
Profit / (Loss) attributable to equity holders of the Company - $m	**321.1**	(452.9)
Weighted average number of Ordinary Shares in issue	**1,131,506,310**	1,150,241,568
Basic and diluted earnings / (loss) per share from continuing operations in the year (cents)	**28.38**	(39.36)

The weighted average number of shares for the year ended 31 December 2023 and year ended 31 December 2022 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.

12. Trade and other receivables

	31 December 2023 $m	31 December 2022 $m
Amounts receivable from Investments	**105.9**	135.9
Tax recoverable	**10.4**	0.2
Prepayments	**1.9**	1.8
Other receivables	**9.2**	0.3
	127.4	138.2

13. Notes payable

As discussed on page 105 of the 2022 Annual Report, the Issuer SPVs had issued the Notes with an aggregate principal amount of $350.0 million. 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 $7.0 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 has been recorded as Finance cost relating to the Notes payable on the Consolidated Statement of Comprehensive Income.

14. 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 Unsecured Notes are comprised of five tranches:

Unsecured 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 2023.

In accordance with the Note Purchase Agreement, the Delaware Subsidiary is subject to various financial and non-financial covenants. The two financial covenants that the Delaware Subsidiary must adhere to are 1) the leverage ratio shall not exceed 4:1 and 2) the AUM shall not be less than the required minimum AUM amount (as defined in the Note Purchase Agreement). The Operator monitors the covenant requirements on at least a six-monthly basis. There have been no breaches of these covenants during the year.

As of 31 December 2023, the outstanding amount of the Unsecured Notes was $500 million (31 December 2022: $500 million). The carrying value of the Unsecured Notes was reported at amortised cost and was net of unamortised debt issuance costs of $6.2 million (31 December 2022: $6.8 million) in an amount of $493.8 million (31 December 2022: $493.2 million). For the year ended 31 December 2023, the effective interest rate on the Unsecured Notes was 6.2% per annum (2022: 6.2% per annum).

For the year ended 31 December 2023, an amount of $37.1 million (2022: $45.6 million) has been recorded as Finance cost on the Consolidated Statement of Comprehensive Income which includes $28.3 million in relation to interest on the Unsecured Notes (2022: $29.6 million), $Nil in relation to expenses incurred on repayment and issue of Notes and Unsecured Notes (2022: $1.2 million) and $6.0 million in relation to interest on the deferred payment obligations (2022: $5.5 million).

As of 31 December 2023, the fair value of the Unsecured Notes payable is estimated at $467.0 million (31 December 2022: $463.0 million) calculated based on discounted cash flows using the discount rate of 6.6% at 31 December 2023 and 6.6% at 31 December 2022 respectively. The Unsecured Notes payable would be classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs, including the Group's own credit risk. A 3% increase / decrease in the underlying discount rate would result in a movement in net assets of approximately -$87.0 million / +$113.6 million respectively (31 December 2022: -$88.2 million / +$117.6) or -18.6% / +24.3% (31 December 2022: -19.0% / +25.4%).

15. Liability to Petershill Funds

As discussed in note 2(xvi) and note 13 of the consolidated financial statements in the 2022 Annual Report, the Petershill Funds had beneficial ownership in the Issuer SPVs and Intermediary entities. 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. As of 31 December 2023, the Group does not have any liability to Petershill Funds. 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 was extinguished.

The interest held by the Petershill Funds was classified as a financial liability and the corresponding income / expense was included in Movement in liability to Petershill Funds under Finance expense in the Condensed Interim Consolidated Statement of Comprehensive Income. For the year ended 31 December 2022, an amount of $15.4 million was included in finance income representing a reduction of Petershill Funds interest in the Issuer SPVs.

16. Net Debt Reconciliation

	31 December 2023 $m	31 December 2022 $m
Unsecured Notes payable	**493.8**	493.2
Interest payable	**10.0**	10.0
	503.8	503.2

Liabilities from financing activities for the year ended 31 December 2023

	Unsecured Notes Payable $m	**Interest Payable $m**	**Liability to Petershill Funds $m**	**Notes Payable $m**
Net debt at 1 January 2023	**493.2**	**10.0**	**–**	**–**
(Repayment) / Issue of debt / interest	**–**	**(28.3)**	**–**	**–**
Interest expense	**–**	**28.3**	**–**	**–**
Borrowing costs amortised	**0.6**	**–**	**–**	**–**
Net debt as at 31 December 2023	**493.8**	**10.0**	**–**	**–**

Liabilities from financing activities for the year ended 31 December 2022

	Unsecured Notes Payable $m	Interest Payable $m	Liability to Petershill Funds $m	Notes Payable $m
Net debt at 1 January 2022	–	8.1	597.2	340.9
Issue / (repayment) of debt / interest	500.0	(39.7)	(89.6)	(350.0)
Interest expense	–	41.6	(15.4)	–
In kind distribution of investments in Partner-firms and Trade and other receivables held at Issuer SPVs to Petershill Funds	–	–	(492.2)	–
Borrowing costs (capitalised) / amortised	(6.8)	–	–	9.1
Net debt as at 31 December 2022	493.2	10.0	–	–

17. Share capital and other reserve

For the year ended 31 December 2023

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 1 January 2023		1,135,399,597	**11.4**	**3,346.7**	**1,689.6**	**0.3**	**5,048.0**
	Share premium cancellation	–	**–**	**(3,346.7)**	**–**	**–**	**(3,346.7)**
	Repurchase and cancellation of Ordinary Shares – $0.01	(13,196,773)	**(0.2)**	**–**	**–**	**0.2**	**–**
Closing balance as at 31 December 2023		1,122,202,824	**11.2**	**–**	**1,689.6**	**0.5**	**1,701.3**

For the year ended 31 December 2022

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 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	3,346.70	1,689.60	0.3	5,048.0

On 17 May 2023, the Company commenced a share buyback programme of up to $50 million. During the year, the Group repurchased and cancelled 13,196,773 Ordinary Shares (2022: 21,296,432) as part of its buy-back program for a total consideration of $26.3 million (2022: $53.3 million) including transaction costs. On 30 June 2022, the Group purchased and cancelled 50,000 Redeemable Deferred Shares issued by it for a consideration of $68k.

As at 31 December 2023, the Company's issued share capital comprised 1,122,202,824 of Ordinary Shares (31 December 2022: 1,135,399,597) of $0.01 each. Ordinary Shareholders are entitled to all dividends paid by the Company. The Company does not have a limited amount of authorised capital.

The Company's shareholders approved the cancellation of the amount standing to the credit of the Company's share premium account in full (the "Reduction of Capital") at its annual general meeting held on 24 May 2023. A formal approval of the same was obtained on 20 June 2023 by His Majesty's High Court in England (the "Court"), Accordingly, the Reduction of Capital has become effective which has created additional distributable reserves of approximately $3,346.7 million. Accordingly, the amounts standing to the credit of the share premium account has been transferred to Retained earnings.

18. Retained earnings

	For the year-ended 31 December 2023 $m	For the year-ended 31 December 2022 $m
Opening balance	**(328.7)**	247.9
Profit / (loss) and total comprehensive income / (expense) in the year	**321.1**	(452.9)
Dividends paid	**(180.2)**	(70.3)
Repurchase and cancellation of ordinary shares	**(26.3)**	(53.3)
Share premium cancellation	**3,346.7**	–
Transfer of cancelled Redeemable Shares to Capital redemption reserve	**–**	(0.1)
	3,132.6	(328.7)

19. Net assets per share

	31 December 2023	31 December 2022
Net Assets ($m)	**4,833.9**	4,719.3
Number of Ordinary Shares issued	**1,122,202,824**	1,135,399,597
Net assets per share (cents)	**430.75**	415.65

20. Dividends declared and paid

For the year ended 31 December 2023

Dividends declared and paid	Paid on	Dividend per share cents	Total dividend $m
Final dividend with respect to the year ended 31 December 2022	13 June 2023	**11.0**	**124.9**
Interim dividend with respect to the year ended 31 December 2023	27 October 2023	**4.9**	**55.3**
Total		**15.9**	**180.2**

For the year ended 31 December 2022

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

21. Financial risk management

Financial risk management objectives

The Group's investing activities expose it to various types of risks that are associated with the Partner-firms. The Group makes the 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 of Directors has delegated portfolio management and risk management responsibilities to the Operator. Accordingly, the Operator has overall responsibility for the determination of the Group's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

	31 December 2023 $m	31 December 2022 $m
Financial assets		
Non-current assets:		
Investments at fair value through profit or loss	**5,254.7**	4,958.9
Other financial assets:		
Investments in money market funds at fair value through profit or loss	**62.3**	483.4
Cash and cash equivalents	**242.9**	97.6
Trade and other receivables excluding prepayments	**125.5**	136.1
Financial liabilities		
Non-current liabilities:		
Unsecured Notes payable	**(493.8)**	(493.2)
Deferred Payment Obligations	**(7.3)**	(50.0)
Liability for Tax Receivables Agreement	**(150.5)**	(150.6)
Contingent consideration at fair value through profit or loss	**(3.9)**	–
Fee payable on divestment of Investments	**(94.8)**	(44.3)
Current liabilities:		
Trade and other payables	**(6.9)**	(8.7)
Deferred Payment Obligations	**(44.6)**	(189.9)
Interest payable	**(10.0)**	(10.0)
Profit sharing charge payable	**(0.1)**	–
Operator charge payable	**(6.6)**	(21.0)
Contingent consideration at fair value through profit or loss	**(2.5)**	–
Liability for Tax Receivables Agreement	**(24.2)**	(35.1)

Categories of financial instruments

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to Shareholders. The Board of Directors approves the level of dividend distributions to Shareholders. The Group may purchase its own shares within the limits defined by the Board of Directors subject to restrictions imposed by applicable laws.

The capital structure of the Group consists of issued share capital, retained earnings and other reserves 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 majority of the Group's investments are held in Partner-firms which presents 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, the Valuation Oversight Group of the Operator presents the valuation proposals and their independent price verification review results to the Operator's 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 of Directors. 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 2023, the fair value of investments was $5,254.7 million (31 December 2022: $4,958.9 million). As presented in the Sensitivity analysis to significant changes in unobservable inputs table, the valuation of these investments could vary from -$487.4 million to +$532.4 million (31 December 2022: -$597.0 million to +$366.9 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 majority of the Group's investments are held in Partner-firms. These 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 focus on investments in asset managers with asset classes such as private equity, private credit, private real assets and absolute return strategies. Concentration risk may relate to a subsector, relative size of an investment and geography. The Group is exposed to concentration risk from its investments in the asset management sector as detailed in note 2(ii) of these financial statements and page 4 of the Annual Report.

The Board of Directors and the Operator monitor the concentration of the investments on a quarterly basis to ensure compliance with the investment policy.

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.

The following table sets out, in US$, 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 2023	US$ $m	CAD$ $m	GBP£ $m	Total $m
Non-current assets				
Investments at fair value through profit or loss	**5,149.2**	**102.9**	**2.6**	**5,254.7**
Total non-current assets	**5,149.2**	**102.9**	**2.6**	**5,254.7**
Current assets				
Investments in money market funds at fair value through profit or loss	**62.3**	**–**	**–**	**62.3**
Cash and cash equivalents	**241.1**	**–**	**1.8**	**242.9**
Trade and other receivables excluding prepayments	**123.1**	**–**	**2.4**	**125.5**
Total current assets	**426.5**	**–**	**4.2**	**430.7**
Non-current liabilities				
Deferred payment obligations	**(7.3)**	**–**	**–**	**(7.3)**
Unsecured notes payable	**(493.8)**	**–**	**–**	**(493.8)**
Contingent consideration at fair value through profit or loss	**(3.9)**	**–**	**–**	**(3.9)**
Fee payable on divestment of investments	**(94.8)**	**–**	**–**	**(94.8)**
Liability for Tax Receivables Agreement	**(150.5)**	**–**	**–**	**(150.5)**
Total non-current liabilities	**(750.3)**	**–**	**–**	**(750.3)**
Current liabilities				
Trade and other payables	**(4.7)**	**–**	**(2.2)**	**(6.9)**
Profit sharing charge payable	**(0.1)**	**–**	**–**	**(0.1)**
Operator charge payable	**(6.6)**	**–**	**–**	**(6.6)**
Deferred Payment Obligations	**(44.6)**	**–**	**–**	**(44.6)**
Interest payable	**(10.0)**	**–**	**–**	**(10.0)**
Contingent consideration at fair value through profit or loss	**(2.5)**	**–**	**–**	**(2.5)**
Liability for Tax Receivables Agreement	**(24.2)**	**–**	**–**	**(24.2)**
Total current liabilities	**(92.7)**	**–**	**(2.2)**	**(94.9)**

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 excluding prepayments	136.1	–	–	136.1
Total current assets	714.7	–	2.4	717.1
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)
Current liabilities				
Trade and other payables	(6.7)	–	(2.0)	(8.7)
Deferred payment obligations	(189.9)	–	–	(189.9)
Interest payable	(10.0)	–	–	(10.0)
Operator charge payable	(21.0)	–	–	(21.0)
Liability for Tax Receivables Agreement	(35.1)	–	–	(35.1)
Total current liabilities	(262.7)	–	(2.0)	(264.7)

The Board of Directors 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 at 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 $0.6 million (31 December 2022: $4.8 million) for the Group.

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 the Company's shareholders. The Operator updates the Board of Directors 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 2023	**Less than 1 year $m**	**1-5 years $m**	**5+ years $m**	**Total $m**
Assets				
Investments at fair value through profit and loss	**–**	**–**	**5,254.7**	**5,254.7**
Investments in money market funds at fair value through profit and loss	**62.3**	**–**	**–**	**62.3**
Cash and cash equivalents	**242.9**	**–**	**–**	**242.9**
Trade and other receivables excluding prepayments	**125.5**	**–**	**–**	**125.5**
Liabilities				
Trade and other payables	**(6.9)**	**–**	**–**	**(6.9)**
Unsecured notes payable	**(28.3)**	**(113.1)**	**(640.2)**	**(781.6)**
Profit-sharing charge payable	**(0.1)**	**–**	**–**	**(0.1)**
Operator charge payable	**(6.6)**	**–**	**–**	**(6.6)**
Contingent consideration at fair value through profit or loss	**(2.5)**	**(3.9)**	**–**	**(6.4)**
Deferred payment obligations	**(44.6)**	**(7.3)**	**–**	**(51.9)**
Liability for Tax Receivables Agreement	**(24.2)**	**(137.0)**	**(393.3)**	**(554.5)**
Fee payable on divestment of investments	**–**	**–**	**(94.8)**	**(94.8)**

As at 31 December 2022	Less than 1 year $m	1-5 years $m	5+ years $m	Total $m
Assets				
Investments at fair value through profit and loss	–	–	4,958.9	4,958.9
Investments in money market funds at fair value through profit and loss	483.4	–	–	483.4
Cash and cash equivalents	97.6	–	–	97.6
Trade and other receivables excluding prepayments	136.1	–	–	136.1
Liabilities				
Trade and other payables	(8.7)	–	–	(8.7)
Operator charge payable	(21.0)	–	–	(21.0)
Deferred payment obligations	(193.1)	(55.5)	–	(248.6)
Unsecured Notes payable	(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)

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.

The Group's policy with respect to Financial instruments, which is inclusive of income receivables, is detailed in note 2(iv). As at 31 December 2023, the Group has income receivables of $101.9 million, which is included within Amounts receivable from Investments in note 12. Of the total outstanding income receivables, 2.2% is classified as stage 2 and all remaining income receivables are classified as stage 1. The Partner-firm ratings where available ranged from A to BBB. The calculated ECL as at 31 December 2023 is $123 thousand.

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 2023 $m	31 December 2022 $m
Interest bearing		
Investments in money market funds	**62.3**	483.4
Cash and cash equivalents	**242.9**	97.6
Non-interest bearing		
Trade and other receivables excluding prepayments	**125.5**	136.1

The table below shows the cash and money market deposit balances and the credit rating for each counterparty:

	Location	**Rating**	**31 December 2023 $m**	31 December 2022 $m
Counterparty				
State Street Bank and Trust Company	**USA**	**A-1+**	**92.9**	97.6
US$ Treasury Liquid Reserves Fund - Institutional Shares	**USA**	**AAA**	**0.2**	21.6
Financial SquareSM Government Fund – Institutional Shares	**USA**	**AAA**	**10.5**	103.3
Financial SquareSM Treasury Instruments Fund – Institutional Shares	**USA**	**AAA**	**51.6**	358.5
Goldman Sachs Bank USA	**USA**	**A-1**	**150.0**	-

The Group's maximum exposure to loss of capital at the period end is shown below:

	31 December 2023 $m	31 December 2022 $m
Investments at fair value through profit or loss	**5,254.7**	4,958.9
Other financial assets excluding prepayments	**430.7**	717.1

22. Related party transactions

Board of Directors

The Company has five Non-Executive Directors. Directors' fees for the year ended 31 December 2023 amounted to $1.7 million (2022: $1.5 million), of which $Nil (31 December 2022: $Nil) was outstanding at year end. Amounts paid to the Board of Directors as reimbursement of travel and other incidental expenses during the year amounted to $32 thousand (2022: $38 thousand), of which, $Nil (31 December 2022: $Nil) was outstanding at year end.

The Board of Directors held beneficial interests in 1,094,999 (31 December 2022: 749,999) Ordinary Shares in the Company. Refer to the Directors' Remuneration Report on pages 53 to 56.

Money Market Funds

On 31 December 2023, the Group held an investment of $62.3 million (31 December 2022: $483.4 million) in money market funds that are managed by affiliates of the Operator. The Group earned interest income of $24.7 million (2022: $8.6 million) from investments held in such money market funds managed by affiliates of the Operator.

Transactions with Petershill Funds

As at 31 December 2023, the Petershill Funds, managed by wholly owned subsidiaries of the Goldman Sachs Group acting as the investment manager, owned approximately 76.6% (31 December 2022: 76.1%) of the Company. As at 31 December 2023, the Group had amounts payable to the Petershill Funds of $0.2 million (31 December 2022: $Nil) and amounts receivable from the Petershill Funds of $6.1 million (31 December 2022: $Nil). These amounts will be settled in the ordinary course of business.

Liability to Petershill Funds

As discussed in note 2(xvi) and note 15, 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 income of $Nil in relation to its Liability to Petershill Funds (2022: $15.4 million). As of 31 December 2023 and 31 December 2022, the Group does not have any liability in relation to the issuer SPVs.

Tax Receivables Agreement

As discussed in note 2(v), the Group has entered into a Tax Receivables Agreement with Petershill Funds, an affiliate of the Operator and the Goldman Sachs Group, which will require the Group to pay 75% of the amount of cash tax savings, if any, in US federal, state and local income tax that the Group realises as a result of the tax benefits associated with this increase in tax basis. As of 31 December 2023, the carrying value of liability for the Tax Receivables Agreement was $174.7 million (31 December 2022: $185.7 million). During the year, payments totalling $32.5 million were made in relation to the Tax Receivables Agreement liability.

Operator

The Operator is an affiliate and wholly-owned subsidiary of the Goldman Sachs Group and provides advice to the Group on the origination and completion of new investments, the management of the portfolio and on realisations, as well as on funding requirements, subject to approval by the Board of Directors. For the provision of services under the Operator Agreement, the Operator earns a Profit-Sharing Charge, Recurring Operating Charges and Divestment Fee, as detailed in note 6.

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 2023, the Group owed $0.1 million to the Operator under this arrangement (31 December 2022: $Nil).

Transactions with Goldman Sachs & Co. LLC

Goldman Sachs & Co. LLC ("GSCO") is an affiliate and wholly owned subsidiary of the Goldman Sachs Group. GSCO acted as the joint placement agent in the issue of the Unsecured Notes in 2022. For the year ended 31 December 2023, GSCO was paid a compensation of $Nil (2022: $2.5 million) for its services.

Transactions with Goldman Sachs Bank USA

Goldman Sachs Bank USA ("GSBUSA") is an affiliate and wholly owned subsidiary of the Goldman Sachs Group. On 14 December 2023, the Company placed a fixed term deposit with GSBUSA for $150.0 million. The fixed term deposit matured on 15 March 2024 and accrued interest at a rate of 5.40% per annum. During the year ended 31 December 2023, interest of $0.4 million was earned and was due at maturity.

23. Ultimate controlling party

The Board of Directors has reviewed the Shareholders of the Company and has concluded that there is no ultimate controlling party. The Company has a very diversified investor base that does not cede control to any single investor or a group of investors. Although the Petershill Funds own 76.6% (31 December 2022: 76.1%) 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 2023.

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 of Directors. Goldman Sachs Asset Management and its affiliates act in in their capacity as an agent for the Equity Shareholders of the Company and such a relationship does not give rise to controlling ownership.

24. Subsequent events

The Group has evaluated activity through 9 April 2024, the date that the consolidated financial statements were available to be issued.

On 1 January 2024, new subsidiaries were introduced into the Group structure to enable employees of the Operator to be direct beneficiaries of a portion of the Profit-sharing charge (if any) payable by the Group to the Operator. This was done to further improve the alignment of interest in the incentives of the Group, the Operator and the employees of the Operator. There is no change to the amount or timing of any Profit-sharing charge payable by the Group under the original Operator Agreement. Furthermore, this arrangement is not expected to give rise to any material tax consequences for the Group and all initial and ongoing costs of implementing this arrangement are borne by the Operator.

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 2023

	Note	31 December 2023 $m	31 December 2022 $m
Non-current assets			
Investments in Subsidiary undertakings at fair value through profit or loss	6	**4,496.5**	4,125.9
Intercompany note receivable	6	**112.2**	84.1
		4,608.7	4,210.0
Current assets			
Investments in money market funds at fair value through profit or loss	6	**61.3**	414.2
Trade and other receivables	7	**12.2**	21.7
Cash and cash equivalents		**156.3**	83.9
		229.8	519.8
Total assets		**4,838.5**	4,729.8
Current liabilities			
Trade and other payables		**4.6**	10.5
		4.6	10.5
Total liabilities		**4.6**	10.5
Net assets		**4,833.9**	4,719.3
Equity			
Share capital	8	**11.2**	11.4
Share premium	8	**–**	3,346.7
Other reserve	8	**1,689.6**	1,689.6
Capital redemption reserve	8	**0.5**	0.3
Retained earnings / (accumulated losses)		**3,132.6**	(328.7)
Total shareholders' funds		**4,833.9**	4,719.3
Number of Ordinary Shares in issue at year end	8	**1,122,202,824**	1,135,399,597
Net assets per share (cents)		**430.75**	415.65

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 profit for the year ended 31 December 2023 was $321.1 million (31 December 2022: loss of $452.9 million).

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 9 April 2024 and signed on its behalf by:

Naguib Kheraj
Chairman

Mark Merson
Director

The accompanying notes on pages 120 to 126 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital $m	Share premium $m	Other reserve $m	Capital redemption reserve $m	Retained earnings / (accumulated losses) $m	Total $m
Opening net assets attributable to Shareholders at 1 January 2023		**11.4**	**3,346.7**	**1,689.6**	**0.3**	**(328.7)**	**4,719.3**
Repurchase and cancellation of Ordinary Shares	8	**(0.2)**	**–**	**–**	**0.2**	**(26.3)**	**(26.3)**
Share premium cancellation	8	**–**	**(3,346.7)**	**–**	**–**	**3,346.7**	**–**
Dividends paid in the year	9	**–**	**–**	**–**	**–**	**(180.2)**	**(180.2)**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**–**	**321.1**	**321.1**
Closing net assets attributable to Shareholders at 31 December 2023		**11.2**	**–**	**1,689.6**	**0.5**	**3,132.6**	**4,833.9**

For the year ended 31 December 2022

	Note	Share capital $m	Share premium $m	Other reserve $m	Capital redemption reserve $m	Retained earnings / (accumulated losses) $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
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 at 31 December 2022		11.4	3,346.7	1,689.6	0.3	(328.7)	4,719.3

Company Statement of Cash Flows

For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Cash flows from operating activities			
Profit / (Loss) for the year before tax		**328.5**	(452.9)
Adjustments to reconcile operating profit / (loss) for the financial period to net cash flows from operating activities:			
Movement of financial assets and liabilities held at fair value through profit or loss		**(205.5)**	724.1
Movement in trade and other receivables	7	**9.9**	(13.5)
Movement in trade and other payables		**(6.8)**	(0.5)
Finance (income) / expense		**(3.1)**	0.6
Purchase of investments in money market funds	6	**(396.4)**	(285.6)
Sale of investments in money market funds		**770.1**	331.4
Reinvested interest income from investments in money market funds		**(20.8)**	(6.9)
Taxes paid		**(7.9)**	–
Net cash flows from operating activities		**468.0**	296.7
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss		**(165.0)**	(20.0)
Issuance of Intercompany note receivable	6	**(25.0)**	(83.8)
Net cash flows from investing activities		**(190.0)**	(103.8)
Cash flows from financing activities			
Dividends paid	9	**(180.2)**	(70.3)
Payment of share issue costs		**–**	(5.7)
Repayment and cancellation of share capital	8	**(25.4)**	(50.0)
Finance costs		**–**	(0.9)
Net cash flows from financing activities		**(205.6)**	(126.9)
Net increase in cash and cash equivalents during the year		**72.4**	66.0
Cash and cash equivalents at the beginning of the year		**83.9**	17.9
Cash and cash equivalents at the end of the year		**156.3**	83.9

The accompanying notes on pages 120 to 126 form an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 31 December 2023

1. Basis of preparation and material accounting policies

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 material 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. 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 3.

3. Investments in subsidiary undertakings at fair value through profit or loss

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 recognised in the period in which they arise.

For the years ended 31 December 2023 and 31 December 2022, 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 believe 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.

4. 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.

5. Audit fees

The Auditor's remuneration for audit services and other audit-related services is disclosed in note 7 to the consolidated financial statements.

6. Investments held at fair value through profit or loss

Non-current investments

Investments in Subsidiary undertakings at fair value through profit or loss

The Company's non-current investments comprise investments in Subsidiaries.

	31 December 2023 $m	31 December 2022 $m
Opening balance	**4,125.9**	4,830.0
Additions	**165.1**	20.0
Unrealised movement in investments in Subsidiaries	**205.5**	(724.1)
	4,496.5	4,125.9

The Company's investments in Subsidiaries is comprised of the below entities.

Name of Subsidiary	Registered office	Purpose	Interest as at 31 December 2023	Interest as at 31 December 2022
Petershill Partners, Inc.	251 Little Falls Drive Wilmington, DE 19808	Investment holding company	**100%**	100%
Petershill Partners Ltd	One Nexus Way Camana Bay, KY1-9005 Cayman Islands	Investment holding company	**100%**	100%
Petershill Partners II Ltd	One Nexus Way Camana Bay, KY1-9005, Cayman Islands	Investment holding company	**100%**	100%

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 2023, an amount of $112.2 million (31 December 2022: $84.1 million) is due from the Cayman Subsidiary to the Company including capitalised interest of $3.1 million (31 December 2022: $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 2023, the Company held investments in money market funds of $61.3 million (31 December 2022: $414.2 million) and earned interest of $20.8 million (2022: $6.8 million).

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Group. The Board of Directors consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the assets and liabilities (by class) measured at fair value:

31 December 2023	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Investments in money market funds at fair value through profit or loss	**–**	**61.3**	**–**	**61.3**
Investments in Subsidiary undertakings at fair value through profit or loss	**–**	**–**	**4,496.5**	**4,496.5**

31 December 2022	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investments in money market funds at fair value through profit or loss	–	414.2	–	414.2
Investments in Subsidiary undertakings at fair value through profit or loss	–	–	4,125.9	4,125.9

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. Any transfers between the levels would be accounted for on the last day of each financial year.

Quantitative information of significant unobservable inputs – Level 3 – Investments
The Board of Directors believe 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 $449.7 million respectively (31 December 2022: $412.6 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.

7. Trade and other receivables

	31 December 2023 $m	31 December 2022 $m
Amounts receivable from Subsidiary investments	**6.7**	19.8
Prepayments	**1.8**	1.7
Tax recoverable	**3.1**	0.2
Other receivables	**0.6**	–
	12.2	21.7

8. Share capital and other reserves

For the year ended 31 December 2023

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 2023	1,135,399,597	11.4	3,346.7	1,689.6	0.3	5,048.0
Share premium cancellation		**–**	**(3,346.7)**	**–**	**–**	**(3,346.7)**
Repurchase and cancellation of Ordinary Shares – $0.01	**(13,196,773)**	**(0.2)**	**–**	**–**	**0.2**	**–**
	1,122,202,824	**11.2**	**–**	**1,689.6**	**0.5**	**1,701.3**

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

On 17 May 2023, the Company commenced a share buyback programme of up to $50 million. During the year, the Company repurchased and cancelled 13,196,773 Ordinary Shares (2022: 21,296,432 Ordinary Shares) as part of its buy-back programme for a total consideration of $26.3 million (31 December 2022: $53.3 million). On 30 June 2022, the Group purchased and cancelled 50,000 Redeemable Deferred Shares issued by it for a consideration of $0.1 million.

As at 31 December 2023, the Company's issued share capital comprised 1,122,202,824 of Ordinary Shares (31 December 2022: 1,135,399,597) of $0.01 each. Ordinary Shareholders are entitled to all dividends paid by the Company. The Company does not have a limited amount of authorised capital. Refer to note 2(ix) to the Consolidated Financial Statements for further details.

The Company's shareholders approved the cancellation of the amount standing to the credit of the Company's share premium account in full (the "Reduction of Capital") at its annual general meeting held on 24 May 2023. A formal approval of the same was obtained on 20 June 2023 by His Majesty's High Court in England (the "Court"), Accordingly, the Reduction of Capital has become effective which has created additional distributable reserves of approximately $3,346.7 million. Accordingly, the amounts standing to the credit of the share premium account has been transferred to Retained earnings.

9. Dividends declared and paid

For the year ended 31 December 2023

Dividends declared and paid	Paid on	Dividend per share cents	Total dividend $m
Final dividend with respect to the year ended 31 December 2022	13 June 2023	**11.0**	**124.9**
Interim dividend with respect to the year ended 31 December 2023	27 October 2023	**4.9**	**55.3**
Total		**15.9**	**180.2**

For the year ended 31 December 2022

Dividends declared and paid	Paid on	Dividend per share cents	Total dividend $m
Final dividend with respect to the year 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. 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 21 to the Consolidated Financial Statements for further details.

	31 December 2023 $m	31 December 2022 $m
Financial assets		
Non-current assets:		
Investments in Subsidiary undertakings at fair value through profit or loss	**4,496.5**	4,125.9
Intercompany note receivable	**112.2**	84.1
Current assets:		
Investments in money market at fair value through profit or loss	**61.3**	414.2
Cash and cash equivalents	**156.3**	83.9
Trade and other receivables excluding prepayments	**10.4**	20.0
Financial liabilities		
Current liabilities:		
Trade and other payables	**4.6**	10.5

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 the Company's shareholders. The Board of Directors recommends to the Company's shareholders the level of dividend distributions to the Company's shareholders. The Company may purchase its own shares within the limits defined by the Board of Directors subject to restrictions imposed by applicable laws.

The capital structure of the Company consists of issued share capital, retained earnings and other reserves, as stated in the Statement of Financial Position.

Market risk
Market risk includes price risk, foreign currency risk and interest rate risk.

(a) Price risk
The investments, held by the Company'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 4 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 NAV. 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 2023, the fair value of investments in Partner-firms held by the Subsidiaries was $5,254.7 million (31 December 2022: $4,958.9 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 -$487.4 million to +$532.4 million (31 December 2022: -$597.0 million to +$366.9 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 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 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 2023, $217.6 million or 4.4% (31 December 2022: $498.1 million or 10.6%) of the Company’s financial assets, were investments in money market funds and cash balances held on deposit with several AAA or higher rated banks.

(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 2023	US$ $m	GBP£ $m	Total $m
Non-current assets			
Investments in Subsidiary undertakings at fair value through profit or loss	**4,496.5**	**–**	**4,496.5**
Intercompany note receivable	**112.2**	**–**	**112.2**
Total non-current assets	**4,608.7**	**–**	**4,608.7**
Current assets			
Investments in money market funds at fair value through profit or loss	**61.3**	**–**	**61.3**
Cash and cash equivalents	**154.5**	**1.8**	**156.3**
Trade and other receivables excluding prepayments	**7.3**	**3.1**	**10.4**
Total current assets	**223.1**	**4.9**	**228.0**
Current liabilities			
Trade and other payables	**(2.4)**	**(2.2)**	**(4.6)**
Total current liabilities	**(2.4)**	**(2.2)**	**(4.6)**

As at 31 December 2022	US$ $m	GBP£ $m	Total $m
Non-current assets			
Investments in Subsidiary undertakings 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 funds 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 excluding prepayments	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)

(c) 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 $0.6 million (31 December 2022: $4.1 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.

11. Related party transactions

Transactions with Goldman Sachs Bank USA

Goldman Sachs Bank USA (“GSBUSA”) is an affiliate and wholly owned subsidiary of the Goldman Sachs Group. On 14 December 2023, the Company placed a fixed term deposit with GSBUSA for $150.0 million. The fixed term deposit matured on 15 March 2024 and accrued interest at a rate of 5.40% per annum. During the year ended 31 December 2023, interest of $0.4 million was earned and was due at maturity.

Subsidiaries

The Company entered into a consultancy agreement (the “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 $6.7 million (2022: $11.3 million) was earned by the Company under this arrangement of which $5.4 million (2022: $9.1 million) was charged to Petershill Partner Inc. and $1.3 million (2022: $2.2 million) was charged to Petershill Partners Ltd for the year ended 31 December 2023. $6.7 million (31 December 2022: $19.5 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 $500m 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 14 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 6 for additional details.

Board of Directors

The details of each individual Director’s remuneration, as set out in the tables contained in the Directors’ Remuneration Report on pages 53 to 56, form part of these financial statements.

Please refer to note 22 to the consolidated financial statements for further details on related party transactions.

12. Subsequent events

The Company has evaluated activity through 9 April 2024, the date that the financial statements were available to be issued.

On 20 December 2023 Petershill Partners II, Inc. was incorporated, and acquired by the Company on 1 January 2024. This entity sits at the same level as Petershill Partners, Inc., Petershill Partners Ltd and Petershill Partners II Ltd (Petershill Subsidiaries).

On 1 January 2024, new subsidiaries were introduced into the Group structure to enable employees of the Operator to be direct beneficiaries of a portion of the Profit-sharing charge (if any) payable by the Company to the Operator. This was done to further improve the alignment of interest in the incentives of the Company, the Operator and the employees of the Operator. There is no change to the amount or timing of any Profit sharing charge payable by the Company under the original Operator Agreement. Furthermore, this arrangement is not expected to give rise to any material tax consequences for the Company and all initial and ongoing costs of implementing this arrangement are borne by the Operator.

The Group concluded that no other events took place that would require material adjustments to the amounts recognised in these consolidated financial statements.

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 and during 2022, 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 Condensed Interim Consolidated Statement of Financial Position and all of the income, investment gain and finance cost in the Condensed Interim Consolidated Statement of Comprehensive Income. However, shareholder returns were only affected by the interests that the Company owns.

As at 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 the comparative Condensed Interim 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. As at 31 December 2022 and 2023, the Company no longer had any exposure to Petershill Funds on account of the Issuer SPVs and Intermediary Entities.

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.

	Year ended 31 December 2023			Year ended 31 December 2022		
	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	**203.0**	**–**	**203.0**	213.2	(0.2)	213.0
Performance fee income	**54.7**	**–**	**54.7**	131.6	7.8	139.4
Investment income	**34.4**	**–**	**34.4**	25.4	7.2	32.6
Total income from investments in Partner-firms	**292.1**	**–**	**292.1**	370.2	14.8	385.0
Interest income from investments in money market funds	**24.7**	**–**	**24.7**	8.6	–	8.6
Interest income from other assets	**2.6**	**–**	**2.6**	–	–	–
Total income	**319.4**	**–**	**319.4**	378.8	14.8	393.6
Movement in financial assets / liabilities held at fair value						
Change in investments at fair value through profit or loss	**227.0**	**–**	**227.0**	(776.5)	(30.2)	(806.7)
Change in contingent consideration at fair value through profit or loss	**(6.4)**	**–**	**(6.4)**	–	–	–
Total movement in financial assets / liabilities held at fair value	**220.6**	**–**	**220.6**	(776.5)	(30.2)	(806.7)
Expenses						
Board of Directors' fees and expenses	**(1.7)**	**–**	**(1.7)**	(1.5)	–	(1.5)
Operator charge	**(21.9)**	**–**	**(21.9)**	(27.8)	–	(27.8)
Other operating expenses	**(10.1)**	**–**	**(10.1)**	(14.4)	–	(14.4)
Profit sharing charge	**(0.1)**	**–**	**(0.1)**	–	–	–
Unrealised Divestment Fee (expense) / credit	**(50.5)**	**–**	**(50.5)**	0.9	–	0.9
Total expenses	**(84.3)**	**–**	**(84.3)**	(42.8)	–	(42.8)
Operating profit / (loss) for the year	**455.7**	**–**	**455.7**	(440.5)	(15.4)	(455.9)
Finance income / (expense)						
Finance cost	**(37.1)**	**–**	**(37.1)**	(45.6)	–	(45.6)
Movement in liability to Petershill Funds	**–**	**–**	**–**	–	15.4	15.4
Change in liability for Tax Receivables Agreement	**(21.5)**	**–**	**(21.5)**	(19.0)	–	(19.0)
Total finance expense	**(58.6)**	**–**	**(58.6)**	(64.6)	15.4	(49.2)
Profit / (loss) for the year before tax	**397.1**	**–**	**397.1**	(505.1)	–	(505.1)
Tax (expense) / credit	**(76.0)**	**–**	**(76.0)**	52.2	–	52.2
Profit / (loss) for the year after tax	**321.1**	**–**	**321.1**	(452.9)	–	(452.9)
Profit / (loss) and total comprehensive income / (expense) for the year	**321.1**	**–**	**321.1**	(452.9)	–	(452.9)
Profit / (loss) and total comprehensive income / (expense) attributable to:						
Equity holders of the Company	**321.1**	**–**	**321.1**	(452.9)	–	(452.9)
Earnings per share						
Basic and diluted earnings per share (cents)	**28.38**	**–**	**28.38**	(39.36)	–	(39.36)

	Year ended 31 December 2023			Year ended 31 December 2022		
	Alternative performance measurement basis (APM) $m	**Adjustments $m**	**IFRS basis $m**	Alternative performance measurement basis (APM) $m	Adjustments $m	IFRS basis $m
Non-current assets						
Investments at fair value through profit or loss	**5,254.7**	**–**	**5,254.7**	4,958.9	–	4,958.9
Deferred tax asset	**–**	**–**	**–**	44.0	–	44.0
	5,254.7	**–**	**5,254.7**	5,002.9	–	5,002.9
Current assets						
Investments in money market funds at fair value through profit or loss	**62.3**	**–**	**62.3**	483.4	–	483.4
Cash and cash equivalents	**242.9**	**–**	**242.9**	97.6	–	97.6
Trade and other receivables	**127.4**	**–**	**127.4**	138.2	–	138.2
	432.6	**–**	**432.6**	719.2	–	719.2
Total Assets	**5,687.3**	**–**	**5,687.3**	5,722.1	–	5,722.1
Non-current liabilities						
Unsecured notes payable	**493.8**	**–**	**493.8**	493.2	–	493.2
Deferred payment obligations	**7.3**	**–**	**7.3**	50.0	–	50.0
Liability for Tax Receivables Agreement	**150.5**	**–**	**150.5**	150.6	–	150.6
Contingent consideration at fair value through profit or loss	**3.9**	**–**	**3.9**	–	–	–
Deferred tax liability	**8.2**	**–**	**8.2**	–	–	–
Fee payable on divestment of investments	**94.8**	**–**	**94.8**	44.3	–	44.3
	758.5	**–**	**758.5**	738.1	–	738.1
Current liabilities						
Trade and other payables	**6.9**	**–**	**6.9**	8.7	–	8.7
Deferred payment obligations	**44.6**	**–**	**44.6**	189.9	–	189.9
Interest payable	**10.0**	**–**	**10.0**	10.0	–	10.0
Profit sharing charge payable	**0.1**	**–**	**0.1**	–	–	–
Operator charge payable	**6.6**	**–**	**6.6**	21.0	–	21.0
Contingent consideration at fair value through profit or loss	**2.5**	**–**	**2.5**	–	–	–
Liability for Tax Receivables Agreement	**24.2**	**–**	**24.2**	35.1	–	35.1
	94.9	**–**	**94.9**	264.7	–	264.7
Total liabilities	**853.4**	**–**	**853.4**	1,002.8	–	1,002.8
Net assets	**4,833.9**	**–**	**4,833.9**	4,719.3	–	4,719.3
Equity						
Share capital	**11.2**	**–**	**11.2**	11.4	–	11.4
Share premium	**–**	**–**	**–**	3,346.7	–	3,346.7
Other reserve	**1,689.6**	**–**	**1,689.6**	1,689.6	–	1,689.6
Capital redemption reserve	**0.5**	**–**	**0.5**	0.3	–	0.3
Retained earnings/ (accumulated losses)	**3,132.6**	**–**	**3,132.6**	(328.7)	–	(328.7)
Total Shareholders' funds	**4,833.9**	**–**	**4,833.9**	4,719.3	–	4,719.3
Number of Ordinary Shares in issue at year end	**1,122,202,824**	**–**	**1,122,202,824**	1,135,399,597	–	1,135,399,597
Net assets per share (cents)	**430.75**	**–**	**430.75**	415.65	–	415.65

	Year ended 31 December 2023			Year ended 31 December 2022		
	Alternative performance measurement basis (APM) $m	**Adjustments $m**	**IFRS basis $m**	Alternative performance measurement basis (APM) $m	Adjustments $m	IFRS basis $m
Cash flows from operating activities						
Profit / (Loss) for the year before tax	**397.1**	**–**	**397.1**	(505.1)	–	(505.1)
Adjustments to reconcile operating profit / (loss) for the year to net cash flows from operating activities:						
Reinvestment of income from investments in Partner-firms	**(57.0)**	**–**	**(57.0)**	(42.4)	(0.2)	(42.6)
Movement in financial assets and liabilities held at fair value through profit and loss	**(228.8)**	**–**	**(228.8)**	776.5	30.2	806.7
Movement in trade and other receivables	**14.6**	**–**	**14.6**	(82.0)	22.9	(59.1)
Movement in trade and other payables	**(2.8)**	**–**	**(2.8)**	3.8	–	3.8
Movement in fee payable on divestment of investments	**50.5**	**–**	**50.5**	(0.9)	–	(0.9)
Movement in profit sharing charge payable	**0.1**	**–**	**0.1**			
Movement in operator charge payable	**(14.4)**	**–**	**(14.4)**	–	–	–
Movement in contingent consideration held at fair value through profit or loss	**6.4**	**–**	**6.4**	–	–	–
Finance expense	**58.6**	**–**	**58.6**	64.6	(15.4)	49.2
Purchase of investments in money market funds	**(781.4)**	**–**	**(781.4)**	(1,051.4)	–	(1,051.4)
Sale of investments in money market funds	**1,227.1**	**–**	**1,227.1**	1,021.1	–	1,021.1
Reinvested interest income from investments in money market funds	**(24.6)**	**–**	**(24.6)**	–	–	–
Taxes paid	**(28.2)**	**–**	**(28.2)**	(4.4)	–	(4.4)
Net cash flows from operating activities	**617.2**	**–**	**617.2**	179.8	37.5	217.3
Cash flows from investing activities						
Purchase of investments at fair value through profit or loss	**(204.2)**	**–**	**(204.2)**	(149.7)	–	(149.7)
Capital proceeds received	**–**	**–**	**–**	6.7	–	6.7
Net cash flows from investing activities	**(204.2)**	**–**	**(204.2)**	(143.0)	–	(143.0)
Cash flows from financing activities						
Dividends paid	**(180.2)**	**–**	**(180.2)**	(70.3)	–	(70.3)
Interest expense payments	**(28.3)**	**–**	**(28.3)**	(23.8)	(4.0)	(27.8)
Payment of share issue costs	**–**	**–**	**–**	(5.7)	–	(5.7)
Repayment and cancellation of share capital	**(25.4)**	**–**	**(25.4)**	(50.0)	–	(50.0)
Proceeds from Unsecured Notes	**–**	**–**	**–**	500.0	–	500.0
Repayment of Notes payable	**–**	**–**	**–**	(350.0)	–	(350.0)
Payment of transaction costs related to debt issuance and repayment	**–**	**–**	**–**	(8.1)	–	(8.1)
Extinguishment of liability to Petershill funds	**–**	**–**	**–**	–	(89.6)	(89.6)
Payment under Tax Receivables Agreement	**(33.8)**	**–**	**(33.8)**	–	–	–
Net cash flows from financing activities	**(267.7)**	**–**	**(267.7)**	(7.9)	(93.6)	(101.5)
Net increase / (decrease) in cash and cash equivalents during the year	**145.3**	**–**	**145.3**	28.9	(56.1)	(27.2)
Cash and cash equivalents at the beginning of the year	**97.6**	**–**	**97.6**	68.7	56.1	124.8
Cash and cash equivalents at the end of the year	**242.9**	**–**	**242.9**	97.6	–	97.6

Net cash position at end of year

Cash and cash equivalents APM basis plus investments in money market funds less deferred payment obligations, contingent consideration and long term debt.

	31 December 2023 $m	31 December 2022 $m
Cash and cash equivalents APM basis	**242.9**	97.6
Investments in money market funds at fair value through profit or loss	**62.3**	483.4
Unsecured notes payable (gross)	**(500.0)**	(500.0)
Deferred payment obligations	**(51.9)**	(239.9)
Contingent consideration	**(6.4)**	–
Net cash position at end of year	**(253.1)**	(158.9)

Free cash flow

The 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 2023 $m	31 December 2022 $m
Net cash inflows from operating activities APM basis	**617.2**	179.8
Purchase of investments in money market funds	**781.4**	1,043.4
Sale of investments in money market funds	**(1,227.1)**	(1,021.1)
Reinvestment of income from investments in Partner-firms APM basis	**57.0**	42.4
Reinvestment of interest income from investments in money market funds	**24.6**	8.0
Taxes paid	**28.2**	4.4
Adjusted net cash inflows from operating activities	**281.3**	256.9
Adjusted EBIT	**284.4**	336.3
Free cash flow	**99%**	76%

Book value

Total shareholders' funds.

	31 December 2023 $m	31 December 2022 $m
Total shareholders' equity	**4,833.9**	4,719.3

Book value per share

Total shareholders' funds divided by the number of Ordinary Shares in issue at year end.

	31 December 2023 $m	31 December 2022 $m
Total shareholders' equity ($m)	**4,833.9**	4,719.3
Number of Ordinary Shares in issue at year end	**1,122,202,824**	1,135,399,597
Book value per share (cents)	**430.75**	415.65

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, change in contingent consideration at fair value through profit or loss, profit sharing charge and unrealised divestment fee.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Total income APM basis	**319.4**	378.8
Board of Directors' fees and expenses	**(1.7)**	(1.5)
Operator charge	**(21.9)**	(27.8)
Profit sharing charge	**(0.1)**	–
Other operating expenses	**(10.1)**	(14.4)
Non-recurring operating (credit) / expense	**(1.2)**	1.2
Adjusted Earnings before interest and tax (EBIT)	**284.4**	336.3

Adjusted EBIT margin

Adjusted EBIT divided by APM basis total income.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Total income APM basis	**319.4**	378.8
Adjusted EBIT	**284.4**	336.3
Adjusted EBIT margin	**89.0%**	88.8%

Adjusted Earnings Before Tax ("EBT")

Sum of total income APM basis and expenses excluding Profit sharing charge, 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, change in contingent consideration at fair value through profit or loss, and non-recurring charges.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Total income APM basis	**319.4**	378.8
Board of Directors' fees and expenses	**(1.7)**	(1.5)
Operator charge	**(21.9)**	(27.8)
Profit sharing charge	**(0.1)**	–
Other operating expenses	**(10.1)**	(14.4)
Finance cost	**(37.1)**	(45.6)
Non-recurring operating (credit) / expense	**(1.2)**	1.2
Non-recurring charges related to financing	**–**	17.3
Adjusted Earnings before tax (EBT)	**247.3**	308.0

Tax and tax related expenses

The current tax plus the actual/expected payment under the tax receivables agreement for the current year.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Current tax	**(23.5)**	(4.2)
Expected payment under the tax receivables agreement	**(24.2)**	(31.2)
Tax and tax related expenses	**(47.7)**	(35.4)

Adjusted tax and tax related expense rate

The Tax and tax related expenses divided by the Adjusted EBT.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Tax and related expenses	**47.7**	35.4
Adjusted Earnings before tax (EBT)	**247.3**	308.0
Adjusted tax and tax related expense rate	**19.3%**	11.5%

Adjusted Profit After Tax

Sum of total income APM basis and expense excluding Profit sharing charge, 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, change in contingent consideration at fair value through profit or loss, and non-recurring charges and including tax and related expenses under the tax receivables agreement.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Total income APM basis	**319.4**	378.8
Board of Directors' fees and expenses	**(1.7)**	(1.5)
Operator charge	**(21.9)**	(27.8)
Other operating expenses	**(10.1)**	(14.4)
Profit sharing charge	**(0.1)**	-
Finance Cost	**(37.1)**	(45.6)
Non-recurring operating expenses	**(1.2)**	1.2
Tax and tax related expenses	**(47.7)**	(35.4)
Non-recurring charges related to financing	**–**	17.3
Adjusted profit after tax	**199.6**	272.6

Adjusted Earnings Per Share ("EPS")

Adjusted profit after tax divided by weighted average number of Ordinary Shares in issue.

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Adjusted profit after tax	**199.6**	272.6
Weighted average number of Ordinary Shares in issue	**1,131,506,310**	1,150,241,568
Adjusted Earnings per share (EPS) (cents)	**17.64**	23.70

Glossary of Capitalised Defined Terms

Acquisition Strategy and Investment Policy means the Company's acquisition strategy and investment policy as detailed on pages 25 to 27 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 2023 to 31 December 2023

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 means the UK Financial Conduct Authority (or its successor bodies)

FRC means the UK Financial Reporting Council

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. 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. 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. 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. 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 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.

Knighthead Capital Management

Founded in 2008, Knighthead 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 Knighthead, with the proceeds being used by Knighthead to simplify Knighthead's capital structure.

Lakewood

Founded in 2007, Lakewood is a value-oriented equity long/short investment firm. It employs a broad investment strategy with the flexibility to capitalise on opportunities in all parts of the capital structure and across geographies, market capitalisations and industries. Lakewood makes investments in long equity, short equity and fixed income. Its long equity strategy comprises a concentrated portfolio of companies with attractive long-term appreciation potential with a minimised risk of capital loss.
The short equity strategy seeks to generate profits in all market environments through a focus on a prudently diversified portfolio of significantly overvalued securities. The Existing Petershill Group acquired an equity stake in Lakewood on 27 June 2017, which provided necessary capital to transition out an existing minority partner while also increasing the Lakewood partner's capital commitment to the investment fund.

Littlejohn & Co.

Founded in 1996, Littlejohn & Co. is a Greenwich, Connecticut-based mid-market private equity manager. Littlejohn & Co.'s flagship private equity programme is focused on investing in middle-market companies that are undergoing a fundamental change in capital structure, strategy, operations or growth that can benefit from its operational and strategic approach. In addition, Littlejohn & Co. has built out a distressed credit product and a performing credit platform. On 8 August 2016, the Existing Petershill Group acquired an equity stake in Littlejohn & Co. The investment was structured as a primary capital contribution to build a balance sheet that enables Littlejohn & Co. to grow its private equity and credit strategies, including funding GP commitments and CLO equity retention tranches.

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 sum of the Company's ownership stakes in each Partner-firm's AuM.

Ownership weighted Fee-paying AuM

Ownership weighted Fee-paying AuM represents the sum of the Company's ownership stakes in each Partner-firm's Fee-paying AuM. Please refer to Aggregate Fee-paying AuM on page 139.

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.

Company Information

Board of Directors (all Non-Executive)
Naguib Kheraj CBE (Chairman)
Everard Barclay Simmons
Annemarie Durbin
Erica Handling
Mark Merson
All independent and of the registered office below.

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United Kingdom

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D02 W634
Republic of Ireland

Investment Manager
Goldman Sachs Asset Management International[1]
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25 Shoe Lane
London
EC4A 4AU
United Kingdom

Investment Advisor
Goldman Sachs Asset Management, L.P.[1]
200 West Street
New York
NY 10282
United States

Independent Auditor
PricewaterhouseCoopers LLP
7 More London Riverside
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SE1 2RT
United Kingdom

Company Secretary and Administrator
Ocorian Administration (UK) Limited
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EC3M 3BY
United Kingdom

Registrar
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BS13 8AE
United Kingdom

Depositary
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EC3M 3BY
United Kingdom

1. Wholly owned affiliates of the Goldman Sachs Group.

Website: www.petershillpartners.com
ISIN GB00BL9ZF303
Ticker PHLL
Sedol BL9ZF30
Registered Company Number 13289144

Cautionary Statement

The Chairman's Statement and Operator's Report have been prepared solely to provide additional information for Shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Operator's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Board of Directors and the Operator, concerning, among other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Group's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

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