

Registered number: OC360501

**Centerbridge Partners Europe, LLP**

**Annual report and audited financial statements**

**For the year ended 31 December 2021**



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**Centerbridge Partners Europe, LLP**

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**Centerbridge Partners Europe, LLP**

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**Information**

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**Designated Members**

J. Hart  
B. Langworthy  
Centerbridge Partners, UK Ltd

**LLP registered number**

OC360501

**Registered office**

10 New Burlington Street, 2nd Floor, London, W1S 3BE

**Independent auditors**

Deloitte LLP, 1 New Street Square, Holborn, London, EC4A 3HQ

**Bankers**

HSBC Bank plc, 69 Pall Mall, London, SW1Y 5EY

ING Bank N.V., 60 London Wall, London, EC2M 5TQ

JP Morgan Chase Bank, N.A., PO Box 6076, Newark, DE 19714 - 6076

First Republic Bank, 160 Federal Street, Boston, MA 02110-1700

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**Centerbridge Partners Europe, LLP**

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**Members' report**  
**For the year ended 31 December 2021**

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The members present their annual report together with the audited financial statements of Centerbridge Partners Europe, LLP (the "LLP") for the year ended 31 December 2021.

**Principal activities**

The principal objective of the LLP is the provision of investment management services to Centerbridge Partners, L.P., its ultimate parent company. The LLP is authorised and regulated by the Financial Conduct Authority ('FCA'). The LLP's FCA reference number is 544525.

The members do not expect any development in the LLP's business in the current year to be significantly different from its current activities.

**Designated Members**

The designated members of the LLP during the year and up to the date of this report were:

J. Hart  
B. Langworthy  
Centerbridge Partners, UK Ltd

**Members' capital and interests**

Each members' subscription to the capital of the LLP is determined by the LLP agreement, by the regulatory requirements of the FCA and any operational needs of the LLP. Members' capital is not repayable except where allowed under FCA rules.

Details of changes in members' capital in the year ended 31 December 2021 are set out in the financial statements.

Members share profits and losses in accordance with the partnership agreement dated 31 December 2015.

**Results**

Total comprehensive income before members' remuneration for the year amounted to £5,316,125 (2020: £6,625,420). The results for the year and the financial position at the year end were considered satisfactory by the members.

**Key performance indicators ('KPIs')**

The key performance indicators considered by the members in appraising the performance of the LLP include projections and forecasts for income and expenditure, considering the performance of the underlying investment funds from which the revenue is ultimately derived, the regulatory capital position of the LLP and other management information. The members are satisfied with the performance of the LLP throughout 2021.

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**Centerbridge Partners Europe, LLP**

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**Members' report (continued)**  
**For the year ended 31 December 2021**

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**Principal risks and uncertainties**

Centerbridge Partners, L.P., which is the LLP's sole customer, derives the majority of its revenue from investment management. The principal risk is therefore related to the fluctuations in the performance of the funds managed by Centerbridge Partners, L.P. The LLP, along with the wider Centerbridge group (the 'Centerbridge group'), formally review all risks and establish appropriate procedures and controls to monitor and mitigate them and limit any adverse effects on the financial performance of the LLP.

Management has performed certain stress tests as part of their going concern assessment using information available to the date of issue of these financial statements. These analyses have modelled a number of adverse scenarios relating to movements in assets under management to assess the potential impact on the LLP's operations, liquidity, solvency and regulatory capital position.

From an operational perspective, the key risk of the LLP relates to the potential for non-compliance with the regulations issued by the FCA that could lead to the firm being subject to a fine or a ban on trading activities. This is managed through regular review of the LLP's compliance framework by senior management, including monitoring of the firm's updated regulatory capital and liquidity requirements as required under the newly implemented FCA legislation which became effective 1 January 2022.

Other operational risks relate to the ability to attract and retain key investment executives. Management monitor and benchmark their compensation strategy against similar companies to ensure that key staff are appropriately rewarded and are incentivised to remain with the firm.

On 24 December 2020, the E.U. and the U.K formally announced the 'EU-UK Trade and Cooperation Agreement' (the 'agreement'), an agreement on future trade terms between the two parties. This was ratified by in early 2021 by the U.K. and E.U. Parliaments. The members have continued to monitor the impact of Brexit on the operations and business of the LLP and are of the opinion that there will be no material impact to the LLP due to the entity's sole client being its parent entity, Centerbridge Partners, L.P, which is based in the US.

As of the date of this report, the COVID-19 pandemic is still ongoing and its effects on the global economy remain uncertain. The members have continued to monitor further developments on the vaccine rollout and variants of the virus and have not identified any material impact to the business. The members believe there should be no impact on the LLP's ability to continue to generate value in the long-term.

In February 2022, Russian armed forces invaded Ukraine with the intention of ousting the current Presidential regime. The hostile invasion caused severe market turmoil as the international community reacted by placing sanction on Russian oligarchs and trading in Russian companies. The LLP is not exposed to Russian investments either directly or in the investment strategies and does not have exposure to Russian investors. The members will monitor the impact of the conflict and the wider market contagion closely, however, there is minimal impact on the ongoing business activity of the LLP.

**Going concern**

The members believe the LLP is well placed to manage its business risks successfully and are satisfied at the time of approving the financial statements that there is reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Centerbridge Partners, L.P. has confirmed that it will continue to provide financial support to the LLP for at least the next 12 months. Consequently, the members' have continued to adopt the going concern basis in preparing the members' report and audited financial statements.

**UK Stewardship Code**

Details of the LLP's commitment to the UK Stewardship Code, required under rule 2.2.3R of the Financial Conduct Authority's Conduct of Business Sourcebook are both available on its website at <https://www.centerbridge.com>.

**Centerbridge Partners Europe, LLP**

**Members' report (continued)**  
**For the year ended 31 December 2021**

**Disclosure of information to auditors**

Each of the persons who are members at the time when this Members' report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditors are unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

**Auditors**

The Designated members will propose a motion re-appointing the auditors at a meeting of the board to approve the financial statements.

This report were approved and authorised for issue by the members and were signed on their behalf by:



J. Hart  
**Designated member**

Date: 26 April 2022

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**Members' responsibilities statement**  
**For the year ended 31 December 2021**

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The members are responsible for preparing the Members' report and the financial statements in accordance with applicable law and regulations.

Company Law (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members 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 LLP and of the profit or loss of the LLP for that period.

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

- select suitable accounting policies for the LLP's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Centerbridge Partners Europe LLP**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Centerbridge Partners Europe LLP (the limited liability partnership):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the reconciliation of members' interests; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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 limited liability partnership'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.

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



**Other information (continued)**

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

**Responsibilities of members**

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 auditor's 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act as applied to limited liability partnerships; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty. These included the FCA regulatory solvency requirements.

**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Report on other legal and regulatory requirements****Matters on which we are required to report by exception**

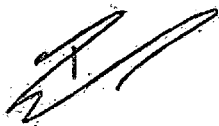
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Rozier (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cardiff, United Kingdom

26 April 2022

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**Centerbridge Partners Europe, LLP**

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**Statement of comprehensive income  
For the year ended 31 December 2021**

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	Note	2021 £	2020 £
Revenue	4	33,307,204	31,513,010
Administrative expenses		(27,991,641)	(25,259,179)
Other operating income	5	562	371,589
		<hr/>	<hr/>
<b>Operating profit</b>	6	<b>5,316,125</b>	<b>6,625,420</b>
		<hr/>	<hr/>
Profit for the year before members' remuneration and profit shares		5,316,125	6,625,420
Members' remuneration charged as an expense		(1,118,050)	(1,323,373)
		<hr/>	<hr/>
<b>Profit and total comprehensive income for the financial year available for discretionary division among members</b>		<b>4,198,075</b>	<b>5,302,047</b>
		<hr/>	<hr/>

All amounts relate to continuing activities.

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of comprehensive income above .

The notes on pages 12 to 21 form part of these financial statements.

**Statement of financial position**  
**As at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Property, plant and equipment	9	1,001,485	1,189,188
<b>Current assets</b>			
Trade and other receivables	10	16,013,900	16,629,092
Cash at bank	11	7,280,637	5,131,005
		<u>23,294,537</u>	<u>21,760,097</u>
Trade and other payables	12	(16,390,680)	(13,992,060)
<b>Net current assets</b>		<u>6,903,857</u>	<u>7,768,037</u>
<b>Net assets</b>		<u><u>7,905,342</u></u>	<u><u>8,957,225</u></u>
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Other amounts	13	3,546,297	4,598,180
<b>Members' other interests</b>			
Members' capital classified as equity		4,359,045	4,359,045
		<u>7,905,342</u>	<u>8,957,225</u>
<b>Total members' interests</b>			
Amounts due from members (included in trade and other receivables)	10	(180,319)	-
Loans and other debts due to members	13	3,546,297	4,598,180
Members' other interests		4,359,045	4,359,045
		<u>7,725,023</u>	<u>8,957,225</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:



J. Hart  
**Designated Member**

Date: 26 April 2022

The notes on pages 12 to 21 form part of these financial statements.

**Centerbridge Partners Europe, LLP**

**Reconciliation of members' interests  
For the year ended 31 December 2021**

	<b>EQUITY</b> <b>Members' other interests</b>			<b>DEBT</b> <b>Loans and other debts due to members less any amounts due from members in debtors</b>	<b>Total members' interests</b>
	<b>Members' capital (classified as equity)</b>	<b>Other reserves</b>	<b>Total</b>	<b>Other amounts</b>	<b>Total</b>
	£	£	£	£	£
Amounts due to members				9,852,147	
Amounts due from members				(744,627)	
<b>Balance at 1 January 2020</b>	<b>4,361,745</b>	<b>-</b>	<b>4,361,745</b>	<b>9,107,520</b>	<b>13,469,265</b>
Members' remuneration charged as an expense	-	-	-	1,323,373	1,323,373
Total comprehensive income for the year	-	5,302,047	5,302,047	-	5,302,047
<b>Members' interests after profit for the year</b>	<b>4,361,745</b>	<b>5,302,047</b>	<b>9,663,792</b>	<b>10,430,893</b>	<b>20,094,685</b>
Allocated profit for the year	-	(5,302,047)	(5,302,047)	5,302,047	-
Capital amounts repaid to members	(2,700)	-	(2,700)	-	(2,700)
Amounts withdrawn by members	-	-	-	(11,134,760)	(11,134,760)
Amounts due to members				4,598,180	
<b>Balance at 31 December 2020</b>	<b>4,359,045</b>	<b>-</b>	<b>4,359,045</b>	<b>4,598,180</b>	<b>8,957,225</b>
Members' remuneration charged as an expense	-	-	-	1,118,050	1,118,050
Total comprehensive income for the year	-	4,198,075	4,198,075	-	4,198,075
<b>Members' interests after profit for the year</b>	<b>4,359,045</b>	<b>4,198,075</b>	<b>8,557,120</b>	<b>5,716,230</b>	<b>14,273,350</b>
Allocated profit for the year	-	(4,198,075)	(4,198,075)	4,198,075	-
Amounts withdrawn by members	-	-	-	(6,548,327)	(6,548,327)
Amounts due to members				3,546,297	
Amounts due from members				(180,319)	
<b>Balance at 31 December 2021</b>	<b>4,359,045</b>	<b>-</b>	<b>4,359,045</b>	<b>3,365,978</b>	<b>7,725,023</b>

The notes on pages 12 to 21 form part of these financial statements.

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

**Notes to the financial statements  
For the year ended 31 December 2021**

**1. General information**

Centerbridge Partners Europe, LLP is a limited liability partnership registered in England and Wales. The registered office and principal place of business is 10 New Burlington Street, 2nd Floor, London, W1S 3BE.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the LLP's accounting policies (see note 3).

The following principal accounting policies have been applied on a consistent basis:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The LLP has taken advantage of the following disclosure exemptions in preparing these financial statements, as prescribed by the terms of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1.12:

- the requirements of Section 7 - Statements of Cash Flows, including the requirement to prepare an analysis of net debt as prescribed by the amendments to FRS102 as per the Triennial Review 2017.
- the requirements of Section 3 - Financial Statement Presentation paragraph 3.17(d);

This information is included in the consolidated financial statements of Centerbridge Partners, UK Ltd as at 31 December 2021 and these financial statements may be obtained from its registered office at 10 New Burlington Street, 2nd Floor, London, W1S 3BE.

**2.3 Going concern**

The members are of the opinion that the LLP is well placed to manage its business risks successfully and are satisfied at the time of approving the financial statements that there is reasonable expectation that the LLP has adequate resources to continue in operational existence for at least the following 12 months. Management has performed certain stress tests as part of their going concern assessment using information available to the date of issue of these financial statements, including an assessment of the continued impact of COVID-19 and do not believe this will affect the going concern assumption.

Based on these factors, the members believe that it is appropriate to continue to prepare the member's report and audited financial statements on a going concern basis.

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**Notes to the financial statements**  
**For the year ended 31 December 2021**

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**2. Accounting policies (continued)****2.4 Revenue**

Revenue is solely made up of fees received by the LLP in respect of investment management services provided to Centerbridge Partners, L.P., its ultimate parent company, exclusive of value added tax. The value of the services provided is determined with reference to the transfer pricing agreement agreed between the LLP and Centerbridge Partners, L.P. The transfer pricing agreement is reviewed on a regular basis to ensure that the fees received are appropriate. Fees are recognised over the period in which the services are provided.

**2.5 Expenses**

Expenses incurred have been recognised on an accruals basis.

**2.6 Property, plant and equipment**

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accrued impairment costs. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10 years
Fixtures and fittings	- 3 years
Computer equipment	- 2 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Artwork held by the LLP has been included within fixtures and fittings and is not depreciated.

**2.7 Cash**

Cash and cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 Trade and other receivables**

Short-term receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the financial statements  
For the year ended 31 December 2021**

**2. Accounting policies (continued)**

**2.9 Operating leases: lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

**2.10 Trade and other payables**

Short-term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The LLP's functional and presentational currency is Pound Sterling ("GBP"). The members believe that GBP most faithfully represents the economic effects of the underlying transactions, events and conditions.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.12 Financial instruments**

The LLP has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The basis for recognition and measurement of financial instruments is as set out in these accounting policies.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or settle, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third-party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts are presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



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**Notes to the financial statements**  
**For the year ended 31 December 2021**

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**2. Accounting policies (continued)****2.13 Deferred compensation**

Pursuant to the terms of certain employee and member agreements, the LLP is obligated to pay performance amounts when relevant service conditions are met. These conditions typically consist of maintaining employment or membership with the LLP over a stated period. The LLP recognises a provision for these performance amounts when it is anticipated that service conditions will be met and the related expense is recognised each year based on the net present value of the award.

Further information is provided in Note 3.

**2.14 Pensions**

The LLP operates a defined contribution plan for members of staff. The assets of the scheme are held in an independently administered fund. The amount charged to the Statement of comprehensive income represents the contributions paid or payable to the scheme in respect of that accounting year.

Further information is provided in Note 14.

**2.15 Members' remuneration**

Profits allocated to the members during the year in respect of contractual amounts are shown in the Statement of comprehensive income as "members' remuneration charged as an expense". A member's discretionary share in the profit or loss for the year is accounted for as an allocation of profits. Any unallocated profits and losses are included within 'Other Reserves'.

**2.16 Tax provisions**

The taxation payable on profits during the year is the personal liability of the members.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenues and expenses during the year.

**(a) Critical judgement in applying the entity's accounting policies**

The members have not been required to apply any significant judgements in preparing the financial statements.

**(b) Critical accounting estimates and assumptions**

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The members are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

Notes to the financial statements  
For the year ended 31 December 2021

4. Revenue

	2021 £	2020 £
Investment management fees	33,307,204	31,513,010

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	25,382,634	27,932,336
United States of America	7,924,570	3,580,674
	33,307,204	31,513,010

5. Other operating income

	2021 £	2020 £
Loan interest income	562	13,123
Foreign exchange gains	-	358,466
	562	371,589

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**Centerbridge Partners Europe, LLP**

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**Notes to the financial statements  
For the year ended 31 December 2021**

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**6. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of property, plant and equipment	250,499	240,812
Foreign exchange losses	322,999	-
Other operating lease rentals	883,368	886,134
Fees payable to the LLP's auditors for services to the group:		
- The audit of the LLP's financial statements	62,349	29,400
- Services provided pursuant to legislation (CASS)	6,651	5,250

Foreign exchange gains are included within other operating income. Foreign exchange losses are included within administrative expenses.

Other non-audit services are provided by the LLP's auditors and paid for by the LLP on behalf of the funds. These services are provided directly to the funds and the fees are recharged to the funds, and as such, they are not disclosed as costs incurred by the LLP.

**7. Employees**

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	19,954,487	17,337,014
Social security costs	2,746,849	2,213,914
Pension costs	177,167	210,086
	<u>22,878,503</u>	<u>19,761,014</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	2021 No.	2020 No.
Support Staff	18	16
Investment advisory staff	25	28
	<u>43</u>	<u>44</u>

**Centerbridge Partners Europe, LLP**

**Notes to the financial statements  
For the year ended 31 December 2021**

**8. Information in relation to members**

	2021 No.	2020 No.
The average number of members during the year was	5	5
	£	£
The amount of profit attributable to the member with the largest entitlement was	3,114,639	2,633,268

The key management personnel of the LLP are the designated members.

**9. Property, plant and equipment**

	Artwork, fixtures and fittings £	Computer equipment £	Leasehold improvements £	Total £
Cost or valuation				
At 1 January 2021	608,751	63,710	2,391,675	3,064,136
Additions	-	60,030	-	60,030
At 31 December 2021	608,751	123,740	2,391,675	3,124,166
Depreciation				
At 1 January 2021	548,010	53,533	1,273,405	1,874,948
Charge for the year	-	12,114	238,385	250,499
Disposals	-	-	(2,766)	(2,766)
At 31 December 2021	548,010	65,647	1,509,024	2,122,681
Net book value				
At 31 December 2021	60,741	58,093	882,651	1,001,485
At 31 December 2020	60,741	10,177	1,118,270	1,189,188

Included within leasehold improvements are deferred tenant leasehold improvement allowances and deferred rent-free leasehold costs which are included within disposals during the year.

Artwork held by the LLP has been included within fixtures and fittings and is not depreciated.

**Notes to the financial statements**  
**For the year ended 31 December 2021**

**10. Trade and other receivables**

	2021 £	2020 £
Amounts owed by group undertakings	12,993,644	14,597,749
Other receivables	2,734,875	1,936,033
Prepayments and accrued income	105,062	95,310
Amounts due from members	180,319	-
	<u>16,013,900</u>	<u>16,629,092</u>

Amounts owed by group undertakings are considered interest-free, unsecured and repayable on demand.

Included within other receivables are security deposits of £13,800 (2020: £19,650) and landlord allowances of £27,655 (2020: £27,655) which are due after more than one year.

**11. Cash at bank**

	2021 £	2020 £
Cash at bank	<u>7,280,637</u>	<u>5,131,005</u>

**12. Trade and other payables**

	2021 £	2020 £
Trade creditors	390,923	255,173
Other creditors	341,466	447,567
Accruals and deferred income	15,658,291	13,289,320
	<u>16,390,680</u>	<u>13,992,060</u>

**Notes to the financial statements  
For the year ended 31 December 2021**

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**13. Loans and other debts due to members**

	2021 £	2020 £
Amounts due to members falling due within one year	<u>3,546,297</u>	<u>4,598,180</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

**14. Pension commitments**

The LLP operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group and the company in an independently administered fund.

The pension charge represents contributions payable by the LLP and amounted to £354,334 (2020: £210,086). Contributions totalling £16,350 (2020: £30,407) were payable to the fund by the LLP at the reporting date and are included in other creditors

**15. Commitments under operating leases**

At 31 December 2021 the LLP had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	984,593	984,593
Later than 1 year and not later than 5 years	2,021,644	3,006,237
	<u>3,006,237</u>	<u>3,990,830</u>

All amounts relate to land and buildings.

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<b>Centerbridge Partners Europe, LLP</b>
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**Notes to the financial statements  
For the year ended 31 December 2021**

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**16. Related party transactions**

Centerbridge Partners, L.P. is a related party of the LLP through its ownership of Centerbridge Partners, UK Limited. The whole of the revenue for the current and prior year, £33,307,204 (2020: £31,513,010) was derived from Centerbridge Partners, L.P. ("the LP"). The amount owed by the LP was £12,926,379 (2020: £14,597,749) at the reporting date.

Centerbridge Partners, UK Ltd has a controlling interest in the LLP and is wholly owned by Centerbridge Partners, L.P. During the year, the LLP allocated £3,043,584 (2020: £2,633,268) of its profit to Centerbridge Partners, UK Ltd. At the year end, the LLP was owed £27,627 from Centerbridge Partners, UK Limited (2020: the LLP owed Centerbridge Partners, UK Limited £2,623,241).

During the year, the LLP provided funding and paid expenses on behalf of other group entities under common control. The balances with the group entities are detailed below:

At the year end, the LLP was owed £51 by Centerbridge Partners Luxembourg S.a.r.L. (2020: £nil).

At the year end, the balances with all other group entities under common control were £nil (2020: £nil).

**17. Subsequent events**

In February 2022, Russian armed forces invaded Ukraine with the intention of ousting the current Presidential regime. The LLP is not exposed to Russian investments either directly or in the investment strategies and does not have exposure to Russian investors and therefore no adjustments should be required.

**18. Ultimate parent undertaking and controlling party**

The parent company is Centerbridge Partners, UK Ltd, the corporate member, which is wholly-owned by Centerbridge Partners, L.P., a Limited Partnership registered in Delaware, USA.

The ultimate controlling party is Jeffrey Aronson.

The only parent company to consolidate these financial statements is Centerbridge Partners, UK Ltd. The consolidated financial statements of Centerbridge Partners, UK Ltd may be obtained from its registered office at 10 New Burlington Street, 2nd Floor, London, W1S 3BE.