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Pollen Street Group Limited
04 September 2024

4 September 2024

Pollen Street Group Limited Interim Accounts H1 2024

Robust performance and strategic progress with strong AUM growth

Pollen Street Group Limited ("Pollen Steet", together with its subsidiaries, the "Group") today issues its Interim Report for the six months ended 30 June 2024.

In the first half of 2024 we have continued to build on our strong progress during 2023 with our fundraising on track and driving growth in Total Assets under Management ("AuM") and ongoing capital deployment increasing our Fee-Paying Assets under Management ("FP AuM"). Our balance sheet continues to support third-party AuM growth, with recent commitments to Private Equity Fund V and Credit Fund IV.

Highlights for H1 2024: Ongoing growth in AuM

Asset Manager

- **Building Fundraising Momentum:** Successfully achieved the first close of Credit Fund IV in March 2024, securing investor commitments, including SMAs, of approximately c.£0.6 billion. Private Equity V progressing well with advanced discussions with investors we anticipate meeting our €1 billion target by the year end.
- **AUM Growth:** Total AUM increased to £4.5 billion as of 30 June 2024 (H1 2023: £3.4 billion), with AUM rising to £4.8 billion as of 31 July 2024 following a further close of Private Equity Fund V together with a co-invest vehicle in July 2024.
- **Ongoing Expansion:** The Asset Manager continues to thrive, with both Private Equity and Private Credit strategies in active fundraising, capitalizing on robust performance and positioning us for further success.

Investment Company

- **Strong Balance Sheet:** Our balance sheet remains robust, reflecting strong performance of our high-quality portfolio with strong levels of risk adjusted income.
- **Strong Cash Flow:** Generated £15.8 million in income from Net Investment Assets in H1 2024, achieving a 9.7% return.
- **Enhanced Financial Flexibility:** Prudent management and successful refinancing of term debt have increased financial flexibility while reducing overall funding costs.
- **Strategic Portfolio Allocation:** The Group reduced its Investment Asset portfolio, lowering the net debt-to-tangible-equity ratio to 28% (31 Dec 2023: 54%), providing the liquidity to make increased commitments to Pollen Street-managed funds. Returns are expected to rise as leverage normalizes as these commitments are drawn.

Financial Performance

- **Operating Profit Growth:** The Group's operating profit rose 24% to £24.1 million in H1 2024 (H1 2023: £19.4 million), driven by a 54% increase in the Asset Manager segment's FM EBITDA to £8.0 million and growth in the Investment Company's income on Net Investment Assets to £15.8 million.
- **Boosted Shareholder Value**: Strategic use of balance sheet capital for share buybacks has enhanced shareholder value with £10.3 million allocated to buybacks in the first half of the year.
- Interim dividend of 26.5 pence per share

Future Developments

- **Strong Growth Outlook:** The Group is well-positioned for continued growth in H2 2024 and beyond.
- **Increasing Fund Management Income:** Fund Management Income is set to grow, with Private Equity Fund V expected to reach its €1 billion target by the end of 2024 and further capital raises in Credit Fund IV in H2 and in 2025 contributing to continued success.
- **Investment Company delivering strong, consistent returns:** Investment company income robust with positive dynamics in a higher interest rate environment and as fund commitments are drawn.
- **On Track Performance:** The Group is trading in line with expectations, reinforcing its positive outlook.

The Interim Accounts can be found on the website https://ir.pollenstreetgroup.com/investors/financial-information/

Commenting on the H1 2024 performance, Lindsey McMurray, Chief Executive Officer, said

"I am very pleased with our strong first-half performance, driven by impressive growth of our asset management business and good performance from the investment company. Across both our Private Equity and Private Credit strategies, we have made strong progress with fundraising and deployment, positioning us well for market opportunities. As we enter the second half of 2024, we remain confident in our strategic direction and our ability to deliver attractive shareholder value. Our strong financial performance, successful fundraising, and deployment position us for continued growth."

- Lindsey McMurray, CEO

About Pollen Street Group Limited

Pollen Street is an alternative asset manager dedicated to investing within the financial and business services sectors across both Private Equity and Private Credit strategies. The business was founded in 2013 and has consistently delivered top tier returns alongside growing AuM.

Pollen Street benefits from a complementary set of asset management activities focused on managing third-party AuM (the "Asset Manager") together with on-balance sheet investments (the "Investment Company").

The Asset Manager raises capital from high quality investors and deploys it into its Private Equity and Private Credit strategies. The strong recurring revenues from this business enable delivery of scalable growth.

The Investment Company invests in the strategies of the group delivering attractive risk adjusted returns and accelerating growth in third-party AuM of the Asset Manager through investing in Pollen Street funds, taking advantage of attractive investment opportunities and aligning interest with our investors to grow AuM. Today the portfolio is largely invested in credit

investment opportunities and aligning interest with our investors to grow AuM. Today the portfolio is largely invested in credit assets with the allocation to Private Equity expect to increase to 30 per cent in the long term. The portfolio consists of both direct investments and investments in funds managed by Pollen Street.
POLN is listed on the London Stock Exchange (ticker symbol: POLN). Further details are available at www.pollenstreetgroup.com.

For investors:

A presentation and Q&A will be held for analysts at 9 AM on 4 September 2024.

The full presentation is available for on the website
https://pollencap.zoom.us/webinar/register/WN_dHGMLEZxR8y7e5LtsZcrmg

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Interim Accounts 2024

Pollen Street Group Limited

For the period ended 30 June 2024

Pollen Street at a Glance

About the Pollen Street Business

Pollen Street Group Limited (the "Company" and together with its subsidiaries the "Group" or "Pollen Street") is an alternative asset manager dedicated to investing within the financial and business services sectors across both Private Equity and Private Credit strategies. The business was founded in 2013 and has consistently delivered top tier returns alongside growing assets under management ("AuM").

Pollen Street benefits from a complementary set of asset management activities focused on managing third-party AuM (the "Asset Manager") together with on-balance sheet investments (the "Investment Company").

The Asset Manager raises capital from top tier investors and deploys it into its Private Equity and Private Credit strategies. The strong recurring revenues from this business enable us to deliver scalable growth.

The Investment Company invests in the strategies of the Group delivering attractive risk adjusted returns. The portfolio consists of both direct investments and investments in funds managed by Pollen Street predominantly in our credit strategies and a modest exposure to our private equity funds.

Further information on the Pollen Street business can be found on the Group's website or in the Annual Report and Accounts of Pollen Street Limited as at and for the year ended 31 December 2023, which are also available on the website.

Background & Basis of Preparation

Pollen Street Group Limited was established on 24 December 2021, in Guernsey. On 24 January 2024, the Company became the immediate and ultimate parent of Pollen Street Limited (previously Pollen Street plc) by way of a scheme of arrangement pursuant to Part 26 of the UK Companies Act 2006. On 14 February 2024, Pollen Street Limited distributed the entire issued share capital of Pollen Street Capital Holdings Limited to the Company, this is referred to as the "Distribution". The Scheme and the Distribution are together referred to as the "Reorganisation". The Reorganisation is a capital reorganisation and has been accounted for using the book-value method. This method applies retrospectively, meaning that the interim financial statements are restated as if the Reorganisation had occurred at the beginning of the earliest period presented, i.e. from 1 January 2023. Therefore, the comparatives included in the interim financial statements are those from the Annual Report and Accounts of Pollen Street Limited as at and for the year ended 31 December 2023. Further information on the Reorganisation is provided in Note 1 to the Financial Statements.

These interim financial statements include all of the information required in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the end of 2023. These interim financial statements have not been audited or reviewed by the Group's auditors.

Key Figures

- **Profit for the period - £23.6 million** (H1 2023: £17.5 million)

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- **Assets under management ("AuM")** [1] **- £4.5 billion** (31 December 2023: £4.2 billion)
- **Total income - £54.3 million** (H1 2023: £48.7 million)
- **EBITDA** [2] **- £23.8 million** (H1 2023: £20.6 million)
- **Average-Fee-Paying AuM - £3.4 billion** (H1 2023: £2.5 billion)
- **Operating profit - £24.1 million** (H1 2023: £19.4 million)
- **Dividend declared - £16.5 million** (H1 2023: £15.8 million)

CEO Report

Lindsey McMurray - Chief Executive Officer

In the first half of 2024 we have continued to build on our strong progress during 2023 with our fundraising on track and driving growth in Total Assets under Management ("AuM") and ongoing capital deployment supporting our Fee-Paying Assets under Management ("Fee Paying AuM"). With recent commitments to Private Equity Fund V and Private Credit Fund IV, our balance sheet continues to enable us to build third-party AuM.

Our AuM increased to £4.5 billion as at 30 June 2024 (31 December 2023: £4.2 billion), and with a further close in July 2024 of Private Equity Fund V together with a co-invest fund brings AuM to £4.8 billion as at 31 July 2024.

Fundraising and Deployment: Strategic Capital Allocation

We have had continued success in our fundraising activities with a notable increase in the Private Credit funds, which raised c.£0.6 billion within the first half of the year. The first close of Private Credit Fund IV received investor commitments of c.£300 million, of which £70 million was from the Investment Company. This was further supported by the closing of an separately managed account ("SMA"), with a UK local Pension Fund of £280 million. Fundraising for Private Credit Fund IV towards our £1 billion target, will continue through 2025.

Private Equity Fund V progresses well and with advanced discussions with investors we anticipate meeting our €1 billion target by the end of the year.

Funds raised have been deployed in a number of high-quality investments, positioning us well for continued top-tier performance.

Private Equity Strategy: Strategic growth investments

Our Private Equity strategy aligns with industry megatrends: digital transformation, financial services unbundling, high standards of regulation, and the green transition. We partner with top management teams to build next-generation leaders. Our thematic origination identifies fast-growing, technology-enabled businesses with strong foundations. We focus on creating customer-centric, data-driven organisations poised to become market leaders, driving technological advancement, international and product development, buy-and-build strategies, and ESG initiatives.

Credit Strategy: Controlled risk

Our credit strategy provides asset-based lending facilities to non-bank lenders, leasing businesses, technology companies, and other firms with diverse portfolios generating contractual cash flows. We leverage our team's extensive experience to selectively invest in SME loans, mid-market residential family homes, government-backed receivables, and electric-vehicle fleet financings, delivering superior returns with controlled risk, significant credit protection, achieved through both asset security and transaction structuring.

Investment Company: Financial resilience and growth

Our balance sheet delivers consistently strong performance with investments across our strategies but predominantly focussed on our credit strategy. We made a £70 million commitment to Private Credit Fund IV in March and £22 million to Private Equity Fund V in July, to take the total commitment to £42 million in Private Equity Fund V. In June we refinanced the term debt which extended the maturity to 2028, providing capacity for the balance sheet transition to funds and reducing the overall cost of capital. Further, strategic use of balance sheet capital under our Capital Allocation Framework, with £10.3 million allocated for buybacks in the first half of the year, has driven earnings per share.

Sector outlook: Continued growth

Our firm is strategically positioned to capitalise on the growing allocation to Private Equity and Private Credit. The alternative asset management sector is experiencing a growth trajectory, with alternatives generating over half of global AuM revenue but constituting less than a quarter of total AuM[3]. This trend underscores the increasing allocations to high return alternative investments. By 2028, specifically, private equity and private debt are projected to contribute approximately 70% of the total revenue from alternatives, attributed to the high-margin nature of these products. Our expertise and established track record in these areas position us favourably to seize market opportunities and deliver superior value to our clients.

ESG: Responsible investing for positive impact

We are committed to investing responsibly, aiming to deliver positive outcomes for our investors, people, industry and society. Sustainability and long-term thinking are key elements to our investment strategy. We are proud of embedding our proprietary ESG scoring system with our Private Credit borrowers with nine ESG ratchets to incentivise achieving ESG goals now implemented across our portfolio. In July, we released our ESG report for 2023, reflecting on the progress we have made towards our targets and sharing more detail of how we work with portfolio companies to:

- reach carbon neutrality;
- set diversity and inclusion targets; and
- promote the strongest possible governance standards.

Read more in our 2023 ESG Report, which is available on our website: https://www.pollenstreetgroup.com/responsible-investing/esg-reports/

We believe ESG is crucial for building more sustainable businesses. Our ESG scoring helps identify risks and opportunities early, enabling informed decisions and investment in fair and transparent businesses that have the foundations to grow sustainably. This strategy allows us to make improvements and capitalise on opportunities, ultimately delivering great returns and building great businesses.

CFO Appointment

We were pleased to announce the appointment of Lucy Tilley as our new CFO. Lucy joined the team in June and her extensive experience and financial expertise will be invaluable as we build Pollen Street for the long term. We would also like to extend our gratitude to Julian Dale for his dedicated service and significant contributions to our success to date and wish him well.

Road Ahead: Sustained value creation

As we enter the second half of 2024, we remain confident in our strategic direction and our ability to deliver sustained value to clients and shareholders. Our strong financial performance, successful fundraising, and strategic fund deployment position us for continued growth despite the very competitive fundraising environment.

Strategic Priorities:

- Fundraise for Private Credit Fund IV and Private Equity Fund V;
- Deploy funds raised in H1 2024 within Private Credit;
- Achieve £4.0 billion of Fee-Paying AUM by the end of 2024; and
- Evaluate share buybacks within the capital allocation framework.

I would like to thank our fund investors and shareholders for their support; our team for all their hard work in achieving this strong start to the year; and the Board for its guidance. As I look forward to the rest of 2024, I am confident in our potential for continued growth and consistent delivery for our investors and shareholders.

Lindsey McMurray
Chief Executive Officer
3 September 2024

CFO Report

Lucy Tilley - Chief Financial Officer

I am pleased to present Pollen Street's Interim Financial Report for the six months ended 30 June 2024. It has been a successful period, with strong growth in our financial performance and good progress towards our 2024 targets.

We completed the first close of Private Credit Fund IV in March, with further closes expected throughout the second half of the year with the target to raise £1 billion in total commitments. We are pleased with the strong support of existing investors from Private Credit Fund III continuing their investment into Private Credit Fund IV, demonstrating strong support for our strategy from our Limited Partner ("LP") base. We also closed a sizeable SMA from a UK public pension plan in February with a subsequent upsize in April. Deployment of the new funds has started well with the business having a large pipeline of attractive new deals, many of which are expected to complete in the second half of the year.

Private Equity Fund V has been our core focus for fundraising in Private Equity, as we continue to develop new relationships with investors and deepen existing ones, and we expect to complete the fundraising of Private Equity Fund V by year end.

Total AuM increased to £4.5 billion as at 30 June 2024 (31 December 2023: £4.2 billion). In addition to the activity in the first half of 2024, the July 2024 close of Private Equity Fund V and a co-invest fund brings AuM to £4.8 billion as at 31 July 2024. We are pleased with the strong support from new and existing investors in both Private Equity and Private Credit. We remain confident in delivering total commitments in line with our targets.

On 24 January 2024, Pollen Street Group Limited (the "Company") became the immediate and ultimate parent of Pollen Street Limited (previously Pollen Street plc) by way of a scheme of arrangement pursuant to Part 26 of the UK Companies Act 2006. On 14 February 2024, Pollen Street Limited distributed the entire issued share capital of Pollen Street Capital Holdings Limited to the Company, this is referred to as the "Distribution". The Scheme and the Distribution are together referred to as the "Reorganisation". The Reorganisation is a capital reorganisation and has been accounted for using the book-value method. This method applies retrospectively, meaning that the interim financial statements are restated as if the Reorganisation had occurred at the beginning of the earliest period presented, i.e. from 1 January 2023. Further information on the Reorganisation is provided in Note 1 to the Financial Statements.

The operating profit for the Group increased by 24 per cent to £24.1 million for H1 2024 (H1 2023: £19.4 million). The main driver of this material increase was the 45 per cent increase in the operating profit of the Asset Manager segment to £8.4 million (H1 2023: £5.8 million) and a slight increase in operating profit of the Investment Company which was strong performance given the balance sheet rotation to funds.

The Investment Asset portfolio delivered another period of strong and stable performance with Income on Net Investment Assets of £15.8 million (H1 2023: £15.4 million). In particular the portfolio generated a strong level of cash of £170.3 million (H1 2023: £135.4 million), driven by a high level of realisations demonstrating the quality of the assets especially in the current environment where other credit strategies are typically exhibiting lower liquidity.

New investments from the Investment Company have been aligned to the fundraising of Pollen Street managed funds with £163 million currently committed to Pollen Street managed funds. These commitments are typically drawn over several years and therefore with the strong cash generation in the period the overall Investment Asset portfolio reduced in size versus the year end and the net debt-to-tangible-equity ratio reduced to 28 per cent (31 December 2023: 54 per cent).

Asset Manager growth

Assets under management are tracked on a total AuM and fee-paying basis. Total AuM tracks the commitments that investors have made into funds managed by the Asset Manager, whereas the Average Fee-Paying AuM tracks the basis on which the Group earns management fees, with the average calculated from the opening and closing positions. For Private Equity, the Fee-Paying AuM is the committed capital in the funds, moving to invested capital at the earlier of five years from first close or when the subsequent flagship fund holds its first close. Co-investment vehicles are typically non-fee paying. Fee-Paying AuM for Private Credit is the net invested amount. Total AuM was £4.5 billion as at 30 June 2024 (31 December 2023: £4.2 billion), increasing to £4.8 billion at 31 July 2024 with a further step-up in AuM expected in the second half of 2024 as fund raising for Private Equity Fund V and Private Credit Fund IV continues.

Total AuM	**H1 2024** (£ billion)	**31-Dec-23** (£ billion)	**H1 2023** (£ billion)
Private Equity	2.7	2.6	1.8
Credit	1.8	1.6	1.6
Total	**4.5**	**4.2**	**3.4**

Average Fee-Paying AuM	**H1 2024** (£ billion)	**H1 2023** (£ billion)
Private Equity	2.1	1.1
Credit	1.3	1.4
Total	**3.4**	**2.5**

Fundraising has increased Private Equity Average Fee-Paying AUM to £2.1 billion (H1 2023: £1.1 billion), with Average Fee-Paying AUM for the Credit strategy at £1.3 billion for H1 2024 (H1 2023: £1.4 billion) with the reduction driven by the Investment Company asset portfolio. We expect Average Fee-Paying AUM for the Credit strategy to increase as the newly raised funds are deployed in H2 2024 and convert into fee-paying AuM. Combined, this represents a growth rate of 36 per cent in Average Fee-Paying AUM. Since the period end, Private Equity Average Fee-Paying AuM has stepped up with the additional closing of Private Equity Fund V.

Asset Manager Profitability	**H1 2024** (£ million)	**H1 2023** (£ million)
Total Income	26.8	21.7
Administration Costs	(18.4)	(15.9)
Operating Profit	**8.4**	**5.8**
Depreciation of lease asset	(0.4)	(0.6)
Fund Management EBITDA	**8.0**	**5.2**

Fund Management Income comprises management fees, performance fees and income from carried interest. Revenue growth has been driven by increases in the Group's Average Fee-Paying AuM and income from carried interest. Total Income increased by 23 per cent to £26.8 million for H1 2024 (H1 2023: £21.7 million). Fund Management Administration Costs increased at a lower rate of 16 per cent to £18.4 million for H1 2024 (H1 2023: £15.9 million). This moderate increase in costs has been driven predominantly by promotions and pay rises within the team, with a slight increase in headcount.

In the Asset Manager segment Operating Profit increased by 45 per cent to £8.4 million (H1 2023: £5.8 million). The Group tracks the performance of this segment using Fund Management EBITDA, which is the Operating Profit less the accounting cost of the office lease[4], which was a £0.4 million charge for H1 2024 (H1 2023: £0.6 million). Fund Management EBITDA has grown by 54 per cent to £8.0 million (H1 2023: £5.2 million), reflecting the inherent operational leverage in the Asset Manager.

Asset Manager Financial Ratios	H1 2024	H1 2023
Management Fee Rate (% of Average Fee-Paying AuM)	1.26%	1.30%
Performance Fee Rate (% of Fund Management Income)	21%	25%
Fund Management EBITDA Margin (% of Fund Management Income)	30%	24%

In general, Private Equity funds charge fees on committed capital. Investors who join these funds after the first investors' admission date are charged catch-up fees, so all investors pay fees from the date of the first close. In general, Private Credit funds charge fees on net invested capital. Capital is generally recycled until the end of the investment period. Management fee rates remain the same for the duration of the funds. We have guided to a long-term management fee rate of between 1.25 per cent and 1.5 per cent. This depends on the revenue mix including the relative size of Private Equity compared to Private Credit. The Management Fee Rate for H1 2024 was 1.26 per cent (H1 2023: 1.30 per cent).

In addition to management fees, the Group earns performance fees and carried interest. These fees allow the Group to share in the profits of the funds under management subject to meeting certain hurdles. The Group earns 25 per cent of the carried interest in the most recent vintage of all flagship funds and all future funds. For the Private Equity strategy, this includes Private Equity Funds IV and V. Carried interest is generally 20 per cent of the Private Equity fund returns over a hurdle of 8 per cent per annum with full catch-up. For the Private Credit strategy, carry is earned on Private Credit Funds III and IV and certain SMAs. Carried interest for the Private Credit funds is generally 10 per cent of returns with a 5 to 6 per cent hurdle and full catch-up. Performance fees and carried interest for H1 2024 were 21 per cent of Fund Management Income for the period (H1 2023: 25 per cent). This is in the middle of the range of the long-term guidance of 15 per cent to 25 per cent and reflects stable performance fee and carry valuation growth despite turbulent markets.

The Fund Management EBITDA Margin increased to 30 per cent for H1 2024 (H1 2023: 24 per cent). We expect Fund Management EBITDA margin to continue to grow as the Group increases its revenue by raising additional funds under the Private Equity and Private Credit strategies. We are targeting a Fund Management EBITDA Margin above 50 per cent in the long-term.

Investment Company performance

Investment Company Segment	H1 2024	H1 2023
Investment Assets	£430 million	£561 million
Average Net Investment Assets	£329 million	£343 million
Income on Net Investment Assets	£15.8 million	£15.4 million
Return on Net Investment Assets	9.7%	9.1%

The Investment Company delivered strong returns in the period with return on net investment assets increasing to 9.7 per cent and Income on Net Investment Assets of £15.8 million. This performance was driven by robust performance in the underlying portfolio with strong levels of risk adjusted income. In particular the portfolio has seen high levels of cash generation in the first half of the year of £170.3 million (H1 2023: £135.4 million) driven by a high level of realisations. This cash generation demonstrates the quality of the portfolio and will facilitate the rotation of the portfolio to focus on investing in Pollen Street managed funds from direct investments.

As at 30 June 2024, the investment portfolio was £430 million and well diversified across deals and borrowers with the largest investment accounting for 17 per cent of the portfolio. The portfolio is 91 per cent invested in Credit Assets (either in direct deals or through Pollen Street managed funds) and 9 per cent invested in Private Equity Assets (either in direct deals or through Pollen Street managed funds).

We have made good progress with the rotation of the investment portfolio to support fundraising with £163 million committed to Pollen Street managed funds. These commitments were £67 million drawn as at 30 June 2024 and are expected to continue to draw over the investment period of the funds. The phased drawdown of fund commitments combined with the high cash realisations in the period has led to a reduction in the size of the overall asset portfolio and a corresponding reduction in the debt position of the group to with a reduction in the debt-to-tangible-equity ratio from 59 per cent to 37 per cent.

We completed a new 4 year £200 million senior debt facility on 10 June 2024 refinancing the previous facility and achieving a lower margin. The benefits of lower interest expense will be realised in H2 2024 and beyond. As at 30 June 2024, this facility was drawn £85.0 million and alongside the asset specific non recourse SPV facilities the total leverage for the Group was £129.8 million (31 December 2023: £210.8 million). In addition the Group had £29.7 million (31 December 2023: £19.7 million) of cash resulting in a strong liquidity position and a net debt-to-tangible equity ratio of 28 per cent (31 December 2023: 54 per cent).

Profit before tax and tax

Profit before tax for the Group increased by 26 per cent to £23.2 million for H1 2024 (H1 2023: £18.4 million). The main drivers of this are the increase of £2.6 million in the operating profit from the Asset Manager segment and a slight increase in operating profit of the Investment Company.

The charge for depreciation and amortisation is £0.9 million (H1 2023: £1.0 million). This relates to a charge of £0.2 million (H1 2023: £0.1 million) associated with the depreciation of the Group's fixed assets, a charge of £0.4 million (H1 2023: £0.6 million) associated with the depreciation of the Group's leased assets, in addition to a charge of £0.3 million (H1 2023: £0.3 million) associated with the amortisation of intangible assets representing the value of customer relationships.

As a result of the Reorganisation, the Group now incurs corporation tax on all of its activities as the Investment Company is no longer an investment trust. The current tax charge for the period was £1.4 million (H1 2023: £0.7 million), benefitting from unused tax losses arising from previously incurred management expenses in the Investment Company following the Reorganisation. The Group is now also able to recognise a deferred tax asset in respect of the balance of these unused tax losses. The origination of the deferred tax asset in the current period has resulted in an overall deferred tax credit for the period of £1.8 million (H1 2023: £0.2 million charge). The deferred tax asset of £2.8 million as at 30 June 2024 in respect of previously incurred management expenses is expected to reverse out by the year end.

	H1 2024 (£ million)	H1 2023 (£ million)
Operating profit of Asset Manager	8.4	5.8
Operating profit of Investment Company	15.8	15.4

Operating loss of Central segment	(0.1)	(1.8)
Operating profit of Group	**24.1**	**19.4**
Depreciation and amortisation	(0.9)	(1.0)
Profit before tax	**23.2**	**18.4**
Corporation tax	0.4	(0.9)
Profit after tax	**23.6**	**17.5**

Earnings per share and dividend
Earnings per share (basic and diluted) increased by 36 per cent to 36.9 pence per share (H1 2023: 27.2 pence per share). 2024 is the first year in which Pollen Street will be issuing dividends semi-annually, with the Q4 2023 dividend, paid in March 2024, being the last quarterly dividend.

The Board is pleased to confirm an interim dividend for the period ending 30 June 2024 of 26.5 pence per share reflecting the Group's guidance that the Group will pay a dividend of no lower than £33 million in respect of 2024 and that the Group will grow dividends progressively thereafter. This represents a cash outlay of £16.5 million. In H1 2023, two quarterly dividends of 16.0 pence per share were declared, representing a cash outlay of £15.8 million. The record date for the interim dividend will be 13 September 2024 and the payment date 11 October 2024. The ex-dividend date will be 12 September 2024. Following the Reorganisation, dividends will be payable half yearly, with the final dividend for the year being paid after approval by Shareholders at the AGM.

Outlook
The Group remains in a strong position for growth in H2 2024 and beyond. Fund Management Income is expected to continue to grow with the final close of Private Equity Fund V anticipated to be at its target of €1 billion, and further capital raises in Private Credit Fund IV and their subsequent deployment under the Credit strategies. The balance sheet has strong downside protection from credit risk, with a high-quality portfolio of assets, and has shown robust performance in H1 2024. The Group is trading in line with expectations.

Lucy Tilley
Chief Financial Officer
3 September 2024

Environmental, Social and Governance ("ESG")

Pull out quote:
"We are committed to operating and investing responsibly, constantly maintaining and improving our approach to make sure we focus on actions that generate positive impact for our investors, people, portfolio and wider society."

Our approach to ESG
At Pollen Street, we have a proud history of thinking, behaving and investing responsibly. We believe in the potential for positive impact through the work that we are passionate about. We are committed to maintaining and enhancing our focus on actions that generate positive impact for our investors, people, portfolio and wider society.

In the first half of 2024, Pollen Street has continued to make progress, helping portfolio companies and borrowers to achieve their sustainability goals. This has been achieved through the spotlight on data and scoring, cross-portfolio collaboration, and effective monitoring and measurement through KPIs and ESG ratchets. With the evolving regulatory landscape, we have also been working to strengthen our approach to reporting and climate risk management with a focus on the evolving regulatory environment.

Highlights in the first half of the year include:

- **Delivering measurable change**: 2023 was Pollen Street's third year of gathering data in our proprietary data model. This allows us to both rank and score our investments across our Private Equity and Credit portfolios as well as tracking progress against the previous year. We have continued the role of ESG ratchets with our Credit borrowers, and we are pleased to announce that there are now nine ratchets implemented across our portfolio.

- **Maintaining carbon neutral and paving the way towards decarbonisation**: Pollen Street is pleased to confirm that we have maintained a carbon neutral status for the second consecutive year, meeting the goal we set ourselves in 2020. As part of our collaboration with the Initiative Climate International, we are further challenging ourselves to deliver against our decarbonisation roadmap that shows the portfolio's progress against targets. Currently 100% of our Private Equity portfolio companies are committed to decarbonisation roadmap and 48% achieved carbon neutral status by the end of 2023.

- **Advancing DE&I as an industry role model**: Pollen Street published the results of its fourth annual internal Diversity, Equity & Inclusion ("DE&I") survey in our 2023 annual report. The findings continue to demonstrate continued improvement, an increase of state-educated team members from 66% to 70%. In contrast, for Private Equity as an industry, 70% of employees are private-school educated (source Sutton Trust).

- **Sharing best practice**: In the year-end report we built out some key themes; putting a spotlight on Progressive as a core value, identifying innovations within portfolio companies, optimising supply chains, and investing in AI and other technology to drive sustainable growth.

Pollen Street's latest ESG report was published in July
This report highlights our progress against our ESG targets and impact agenda. It details our carbon and climate roadmap, our approach to diversity, equity, and inclusion, and our efforts to build better, more sustainable businesses through robust corporate governance, operational excellence, and inclusive cultures. The report also showcases examples of impactful actions across Pollen Street and our Private Equity and Credit portfolio, demonstrating how our investments drive positive change.

https://www.pollenstreetgroup.com/responsible-investing/esg-reports/

Our ESG Strategy
Our ESG strategy is designed to deliver impact for the benefit of all our stakeholders. We have a clear ambition with initiatives across each of the Environment, Social and Governance areas. Below we set out our key objectives, highlights and focus areas under the Environmental, Social and Governance pillars.

ENVIRONMENT	SOCIAL	GOVERNANCE

AMBITION	Create a lasting environmental impact	Promote DEI and provide finance for socially-impactful products & propositions	Regulatory best practice through all operational processes
	Fund green alternatives for sustainable homes and transport Minimise operational carbon footprint, supporting carbon reduction plans and net zero commitments Consider climate risk as part of investment and risk management process	inancial Inclusion - loans and other financial products made available to a broader audience Enable SMEs to promote growth and job creation in Pollen Street's markets Creating opportunities to reduce inequalities - promoting diversity, equity and inclusion	G transparency with clear reporting and communications Effective AML & cyber procedures and governance Engagement with portfolio companies on governance, to identify gaps and provide support Responsible lending - best practice amongst our credit partners
RECENT HIGHLIGHTS	Fourth year of carbon measurement Introduced Private Markets decarbonisation roadmap to map portfolio activities Maintained carbon neutral status for 2023 emissions	Strengthened community & charity efforts with Future First and Human Rights Watch DEI initiatives across firm and portfolio - Second year of 10,000 Black Interns	ESG margin ratchet now in place for nine credit facilities driving uplift in ESG scores Average score improvement of 17% in PE ESG scores Delivered initial TCFD disclosures, engaged third party to support climate risk framework and roadmap
SHORT-TERM FOCUS	Strengthen carbon measurement activities for carbon footprint, including Scope 3 emissions Tracking net zero commitments for firm and portfolio Continue to invest in sustainable finance propositions	Broaden DEI targets and measures Collaborate with community partners to deliver impactful change	Continue to enhance oversight and regulatory governance frameworks Continue to deliver ESG training and education across the firm and portfolio Continued focus on strengthening supply chain sustainability procedures

Driving sustainability outcomes

Commitment to positive ESG outcomes is manifested through direct and measurable goals at both Group and portfolio level. These include:

- Pollen Street maintaining a carbon neutral status for each year and working with our portfolio companies to be net zero within five years of investment (for new investments after 2021); and
- Pollen Street is committed to promoting strong governance throughout the portfolio including the universal inclusion of ESG matters on all portfolio company board agendas.

To strengthen commitments to ESG and sustainability, we have incorporated sustainability linked factors, including an ESG margin ratchet mechanism into our new credit facilities as an incentive to achieve ESG goals. Under this mechanism, Pollen Street provides margin reductions on facilities, subject to the counterparty improving their ESG score and achieving performance targets, such as achieving net zero status, and there is a corresponding margin increase if their scores do not improve or meet agreed thresholds. As of July 2024, we are pleased to announce we have implemented nine live ESG ratchets across our Credit portfolio.

Looking ahead

As set out in the ESG report, we continue to strengthen best-practice and collaboration aligned to our ESG framework, with a focus on improving the sustainability performance of our investments, as well as addressing and mitigating risks. Focus areas include improvements to ESG reporting and consistency considering evolving ESG regulatory considerations, Governance structures and strengthening approaches to assess and monitor supply chain sustainability as well as ongoing stewardship and collaboration across the Private Equity and Credit portfolios.

Alison Collins
Head of ESG
3 September 2024

Risk Management & Principal Risks and Uncertainties

The Directors do not consider there to have been any material changes to the principal risks and uncertainties since the 2023 Annual Report and Accounts were published and the Directors expect the principal risks and uncertainties not to change over the second half of 2024.

Details of the Group's approach to risk management is set out within pages 28 to 32 of the 2023 Annual Report and Accounts, which is available in the financial information section of the Group's website.

The principal risks within the 2023 Annual Report and Accounts include: economic & market conditions, fund raising, management fee rates and other fund terms, on balance sheet investment underperformance, ESG and sustainability performance, talent and retention, and information security and resilience.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors, being the persons responsible, confirm that to the best of their knowledge:

a) the condensed set of Financial Statements contained within the Interim Report have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules ("DTR") sourcebook of the UK's Financial Conduct Authority, and gives a true, fair, balanced and understandable view of the assets, liabilities, financial position and comprehensive income of the Group;

b) the Interim Report includes a fair review, as required by Disclosure and Transparency Rule 4.2.7R, of important events that have occurred during the first six months of the financial year, their impact on the condensed set of unaudited Financial Statements, and a description of the principal risks and perceived uncertainties for the remaining six months of the financial year; and

c) the Interim Report includes a fair review of the information concerning related parties' transactions as required by Disclosure and Transparency Rule 4.2.8R.

Signed on behalf of the Board by:

Robert Sharpe
Chairman
3 September 2024

Condensed Consolidated Statement of Comprehensive Income

	Notes	For the period ended 30 June 2024 £'000	For the period ended 30 June 2023 £'000
Management fee income	6	18,773	13,188
Carried interest and performance fee income	6, 9	3,814	3,771
Interest income on Credit Assets held at amortised cost	6	24,223	29,089
Gains on Investment Assets held at fair value	6	7,530	2,630
Total income		**54,340**	**48,678**
Credit impairment (charge) / release	6, 11	(1,152)	289
Third-party servicing costs	6	(499)	(1,070)
Net operating income		**52,689**	**47,897**
Administration costs	6	(19,579)	(18,309)
Finance costs	6, 10	(9,045)	(10,152)
Operating profit		**24,065**	**19,436**
Depreciation	6	(555)	(680)
Amortisation	5, 6	(320)	(320)
Profit before tax		**23,190**	**18,436**
Tax credit / (charge)	12	381	(977)
Profit after tax		**23,571**	**17,459**
Other comprehensive income			
Foreign currency translation reserve		(32)	(360)
Total comprehensive income		**23,539**	**17,099**
Earnings per share (basic and diluted)	14	**36.9 pence**	**27.2 pence**

No operations were discontinued during the period.

The notes to the accounts form an integral part of the financial statements.

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Non-current assets			
Credit Assets at amortised cost	11	327,592	444,490
Investment Assets held at fair value through profit or loss	8	102,605	88,220
Fixed assets		1,102	1,277
Goodwill and intangible assets	5	230,071	230,391
Lease assets	13	3,395	3,817
Carried interest	9	21,146	17,332
Deferred tax asset	12	2,774	-
Total non-current assets		**688,685**	**785,527**
Current assets			
Cash and cash equivalents		29,726	19,746
Receivables	15	25,116	17,942
Derivative assets held at fair value through profit or loss	18	65	-
Total current assets		**54,907**	**37,688**
Total assets		**743,592**	**823,215**
Current liabilities			
Payables	16	18,688	19,149
Lease payables	13	1,444	1,444
Current tax payable		2,385	981
Deferred tax liability	12	3,615	2,628
Derivative liabilities held at fair value through profit or loss	18	-	179
Interest-bearing borrowings	10	39,927	132,738
Total current liabilities		**66,059**	**157,119**
Total assets less current liabilities		**677,533**	**666,096**
Non-current liabilities			
Lease payables	13	2,123	2,708
Interest-bearing borrowings	10	89,871	78,026
Total non-current liabilities		**91,994**	**80,734**
Net assets		**585,539**	**585,362**
Shareholders' funds			
Ordinary share capital	19	627	642
Share premium		562,412	-
Retained earnings	20	22,801	8,094
Foreign Currency Translation Reserve	20	(301)	(269)
Other reserves		-	576,895
Total shareholders' funds		**585,539**	**585,362**

The notes to the accounts form an integral part of the financial statements.

Condensed Consolidated Statement of Changes in Shareholders' Funds

For the period ended 30 June 2024

	Ordinary Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Special Distributable Reserve £'000	Merger Reserves £'000	Foreign Currency Translation Reserve £'000	Total Equity £'000
Shareholders' funds as at 1 January 2024	642	-	8,094	351,625	225,270	(269)	585,362
Reallocation of reserves	-	576,895	-	(351,625)	(225,270)	-	-
Profit after taxation	-	-	23,571	-	-	-	23,571
Reclassification of transaction costs	-	517	(517)	-	-	-	-
Transaction costs in relation to the Scheme	-	(4,699)	-	-	-	-	(4,699)
Dividend paid	-	-	(8,347)	-	-	-	(8,347)
Buybacks	(15)	(10,301)	-	-	-	-	(10,316)
Foreign currency translation reserve	-	-	-	-	-	(32)	(32)
Shareholders' funds as at	**627**	**562,412**	**22,801**	-	-	**(301)**	**585,539**

For the year ended 31 December 2023

	Ordinary Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Special Distributable Reserves £'000	Merger Reserves £'000	Foreign Currency Translation Reserve £'000	Total equity £'000
Shareholders' funds as at 1 January 2023	689	299,599	2	51,979	225,270	-	577,539
Profit after taxation	-	-	39,940	-	-	-	39,940
Foreign currency translation reserve	-	-	-	-	-	(453)	(453)
Dividends paid in the year	-	-	(31,664)	-	-	-	(31,664)
Cancellation of treasury shares	(47)	47	-				-
Cancellation of share premium reserve	-	(299,646)	-	299,646			-
Reallocation of reserves	-	-	(184)			184	-
Shareholders' funds as at 31 December 2023	**642**	**-**	**8,094**	**351,625**	**225,270**	**(269)**	**585,362**

The notes to the accounts form an integral part of the financial statements.

Condensed Consolidated Statement of Cash Flows

	Notes	For the period ended 30 June 2024 £'000	For the period ended 30 June 2023 £'000
Cash flows from operating activities:			
Profit after taxation		23,571	17,459
Adjustments for:			
Repayments of Investments at amortised cost		115,748	41,400
Charge / (release) in expected credit loss	11	1,152	(289)
Purchase of Investments at fair value	8	(9,860)	(24,325)
Receipt of Investments at fair value	8	2,702	10,009
Net change in unrealised gains	8	(7,501)	(1,527)
Finance costs	10	9,045	10,152
Foreign exchange revaluation		224	2,290
Corporation tax	12	(381)	(242)
Gains in carried interest	9	(3,814)	(3,778)
Depreciation of fixed assets		135	153
Depreciation of lease assets	13	422	545
Amortisation of intangible assets	5	320	320
(Increase) / decrease in receivables		(7,066)	1,820
Increase / (decrease) in payables		(572)	(4,443)
Increase / (decrease) in derivatives		(244)	(1,733)
Net cash inflow from operating activities		**123,881**	**47,811**
Cash flows from investing activities:			
Purchase of fixed assets		-	(117)
Net cash (outflow) / inflow from investing activities		**-**	**(117)**
Cash flows from financing activities:			
Payments of lease liabilities		(652)	(652)
Redemption of shares		(10,301)	-
Reorganisation transaction costs		(4,589)	-
Transaction costs for financing activities	10	(2,500)	-
Drawdown of interest-bearing borrowings	10	97,000	17,000
Repayments of interest-bearing borrowings	10	(175,829)	(45,271)
Interest paid on financing activities	10	(8,588)	(9,178)
Dividends paid in period	17	(8,347)	(15,832)
Net cash (outflow) from financing activities		**(113,806)**	**(53,933)**
Net change in cash and cash equivalents		**10,075**	**(6,239)**
Cash and cash equivalents at the beginning of the period		19,746	23,303
Foreign exchange gains and losses		(95)	(360)
Cash and cash equivalents at the end of the period		**29,726**	**16,704**

The notes to the accounts form an integral part of the financial statements.

1. GENERAL INFORMATION

Pollen Street Group Limited (previously "Harry Newco Limited") was incorporated and registered under the laws of Guernsey and is domiciled in Guernsey with registration number 70165. Pollen Street Group Limited is referred to as the "Company" or "Pollen Street", and together with its subsidiaries, the 'Group'. The registered office of the Company is: Mont Crevelt House, Bulwer Avenue, St. Sampson, Guernsey, GY2 4LH. The principal place of business of the Company is 11-12 Hanover Square, London, W1S 1JJ.

The Company was established on 24 December 2021. The Company's purpose was to become the parent company of Pollen Street Limited ("PSL"), previously Pollen Street plc, by way of a scheme of arrangement (the "Scheme"). The Company's activities until the Scheme came into effect were compliance related. The scheme of arrangement came into effect on 24 January 2024.

On 24 January 2024, the Company became the immediate and ultimate parent of Pollen Street Limited by way of a scheme of arrangement pursuant to Part 26 of the UK Companies Act 2006. As part of this, the shares of Pollen Street Limited were delisted and cancelled and new shares were issued to the Company so that the Company holds 100 per cent of the issued shares in Pollen Street Limited. New shares in the Company were also issued to the former shareholders of Pollen Street Limited on a one-to-one basis and were admitted to trading on the London Stock Exchange's ("LSE") main market for listed securities and to the premium listing segment for commercial companies of the Official List maintained by the Financial Conduct Authority in accordance with Part VI of the Financial Services and Markets Act 2000.

On 14 February 2024, Pollen Street Limited distributed the entire issued share capital of Pollen Street Capital Holdings Limited ("PSCHL") to the Company referred to as the Distribution. The Scheme and the Distribution are together referred to as the "Reorganisation".

The principal activities of the Company are to be the holding company for two 100 per cent owned subsidiaries, and the principal activity of the Group is to act as an alternative asset manager investing within the financial and business services sectors across both Private Equity and Private Credit strategies.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2024 have been prepared on the basis of the policies set out in the 2023 annual financial statements. They have also been prepared in accordance with UK-adopted International Accounting Standards, including IAS 34 'Interim Financial Reporting', with the requirements of The Companies (Guernsey) Law, and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority ("FCA").

The interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the end of 2023.

The Reorganisation is a capital reorganisation and has been accounted for using the book-value method. This method applies retrospectively, meaning that the interim financial statements are restated as if the Reorganisation had occurred at the beginning of the earliest period presented, i.e. from 1 January 2023. Therefore, the comparatives included in the interim financial statements are those from the Annual Report and Accounts of Pollen Street Limited as at and for the year ended 31 December 2023.

These interim financial statements have not been audited or reviewed by the Group's auditors.

Going concern

The Directors have reviewed the financial projections of the Group, which show that the Group will be able to generate sufficient cash flows in order to meet its liabilities as they fall due within 12 months from the approval of these interim financial statements. These financial projections have been performed for the Group under stressed scenarios, and in all cases the Group is able to meet its liabilities as they fall due. For the Investment Company, the stressed scenarios included halting future Investment Asset originations, late repayments of the largest structured facility and individual exposures experiences ongoing performance at the worst monthly impact experienced throughout 2023 and the first half of 2024. For the Asset Manager, the stressed scenarios included no new funds being raised.

The Directors consider these scenarios to be the most relevant risks to the Group's operations. Finally, the Directors reviewed financial and non-financial covenants in place for all debt facilities within the subsidiaries of the Group with no breaches anticipated, even in the stressed scenario. The Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

The principal accounting policies adopted by the Company are set out below and all values are in pounds.

Accounting policies

All of the applicable accounting policies are shown below. Following the Reorganisation on 24 January 2024, the Group introduced or updated the following accounting policies:

Consolidation

Subsidiaries are investees controlled by the Company. The Company controls an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more elements of control. The Company does not consider itself to be an investment entity for the purposes of IFRS 10, as it does not hold substantially all of its investments at fair value. Consequently, it consolidates its subsidiaries rather than holding at fair value through profit or loss.

The Group also assessed the consolidation requirements for the carried interest partnerships and certain underlying entities or Pollen Street managed funds ("funds") which the Group holds as investments as explained in the investments in associates section.

In the consolidated financial statements, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. All entities within the Group have coterminous reporting dates.

Capital reorganisation

Capital reorganisations are accounted for using the book-value method. This methodology is used as these transactions do not represent a substantive change in ownership. Instead, they are viewed as a reorganisation of entities within the same group. The Directors consider this method to be the most accurate reflection of the historical financial performance and position of the combining entities following the Reorganisation.

This method applies retrospectively, meaning that the interim financial statements are restated as if the Reorganisation had occurred at the beginning of the earliest period presented. The assets and liabilities of the combining entities are recognised at their carrying amounts in the interim financial statements. No adjustments are made to reflect fair values or recognise any new assets or liabilities, except where necessary to align accounting policies.

Any consideration transferred is recognised at its carrying amount. The difference between the consideration transferred and the carrying amount of the net assets acquired is recognised in equity.

Comparative information is restated to reflect the reorganisation as if it had occurred at the beginning of the earliest period presented. This ensures consistency and comparability of financial information across periods.

Refer to Note 4 for further details.

Investments in subsidiaries

Investments in subsidiaries in the Statement of Financial Position of the Company are recorded at cost less provision for impairments. All transactions between the Company and its subsidiary undertakings are classified as related party transactions for the Company accounts and are eliminated on consolidation.

Investments in associates

Associates are entities over which the Group has significant influence, but does not control, generally accompanied by a shareholding of between 20 per cent and 50 per cent of the voting rights.

Before the acquisition of Pollen Street Limited by the Company, Pollen Street Limited acquired carried interest rights in two Private Equity funds as part of the Combination on 30 September 2022. The rights are in the form of partnership participations in carried interest partnerships. The Group has 25 per cent of the total interests in these partnerships. The Group has in excess of 20 per cent participation and therefore is considered to have significant influence over the partnerships and the partnerships are considered to be an associate.

The Directors also consider any influence that the Group has in the set up of any new carried interest partnerships in order to assess the power to control them. The Group has between 1 per cent and 25 per cent of the total interests in these partnerships. It was determined that the carried interest partnerships were set up on behalf of the fund investors, and that on balance, the Group does not control the carried interest partnerships. Where the Group has in excess of 20 per cent of LP interest in the carried interest partnership, the Group is considered to have significant influence. It was therefore determined that these carried interest partnerships are also accounted for as associates.

These carried interest partnerships (including associates and contract assets) are presented in the 'Carried interest' line on the Consolidated Statement of Financial Position; and income from the carried interest partnerships is presented in the 'Carried interest and performance fee income' line on the Consolidated Statement of Comprehensive Income.

The key judgemental areas for the accounting of carried interest partnerships are set out in Note 3, Significant accounting estimates and judgements.

For the underlying entities or funds, the Directors consider the nature of the relationships between the Group, the underlying entities or funds and the investors. The Directors also consider any influence that the Group has in the set up of the underlying entities or funds in order to assess the power to control the underlying entities or funds. It was determined that the underlying entities or funds were set up for the investors, and that on balance, the Group does not control the underlying entities or funds.

The Group also holds more than 20 per cent of interest in certain underlying entities or funds. The Group elects to hold these investments in associates at Fair Value Through Profit or Loss ("FVTPL"). This treatment is permitted by IAS 28 Investments in Associates and Joint Ventures, which permits investments held by entities that are venture capital organisations, mutual funds or similar entities to be excluded from its measurement methodology requirements where those investments are designated, upon initial recognition, as at FVTPL and accounted for in accordance with IFRS 9. These underlying entities or funds are presented in the 'Investment assets held at fair value through profit or loss' line on the Consolidated Statement of Financial Position. Changes in fair value of these entities or funds are presented in the 'Gains on Investment Assets held at fair value' on the Consolidated Statement of Comprehensive Income.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level in order to generate cash flows because this best reflects the way the business is managed. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable, then the financial assets are classified as part of the other business model and measured at FVTPL.

The assessment includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether the strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- past experience on how the cash flows for these assets were collected;
- how the performance of the portfolio is evaluated and reported;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of deployment in prior years, the reasons for such deployment and expectations about future deployment activity. However, information about deployment activity is not considered in isolation, but as part of an overall assessment of how the stated objective for managing the financial assets is achieved and how cashflows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument are considered. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the following features are considered:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money, e.g. periodic reset of interest rates.

Classification and measurement

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Group settles its obligations relating to the instrument.

Classification and measurement - Financial assets

IFRS 9 contains a classification and measurement approach for debt instruments that reflects the business model in which assets are managed and their cash flow characteristics. This is a principle-based approach and applies one classification approach for all types of debt instruments. For debt instruments, two criteria are used to determine how financial assets are classified and measured:

- the entity's business model (i.e. how an entity manages its debt Instruments in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and
- the contractual cash flow characteristics of the financial asset (i.e. whether the contractual cash flows are solely payments of principal and interest).

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

(a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

IFRS 9 details the classification and measurement approach for assets measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments and derivatives are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

All equity positions are measured at FVTPL. Financial assets measured at FVTPL are recognised in the balance sheet at their fair value. Fair value gains and losses together with interest coupons and dividend income are recognised in the Consolidated Statement of Comprehensive Income within Gains on Investment Assets held at fair value in the period in which they occur. The fair values of assets and liabilities traded in active markets are based on current bid and offer prices respectively. If the market is not active the Group establishes a fair value by using valuation techniques. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group does not hold any FVOCI assets.

Classification and measurement - Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to change in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in the Consolidated Statement of Comprehensive Income.

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent years, the Group recognises any expense incurred on the financial liability.

- Financial guarantee contracts and loan commitments.

Credit Assets at amortised cost

Loans are initially recognised at a carrying value equivalent to the funds advanced to the borrower plus the cost of acquisition fees and transaction costs. After initial recognition loans are subsequently measured at amortised cost using the effective interest rate method ("EIRM") less expected credit losses (see Note 11).

Expected Credit loss allowance for financial assets measured at amortised cost

The credit impairment charge or release in the Consolidated Statement of Comprehensive Income represents the change in expected credit losses which are recognised for loans and advances to borrowers, other financial assets held at amortised cost.

IFRS 9 applies a single impairment model to all financial instruments subject to impairment testing. Impairment losses are recognised on initial recognition, and at each subsequent reporting period, even if the loss has not yet been incurred. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment in accordance with IFRS 9. Under the IFRS 9 expected credit loss model, expected credit losses are recognised at each reporting period, even if no actual loss events have taken place. In addition to past events and current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort is considered in determining impairment, with the model applied to all financial instruments subject to impairment testing.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit-impaired are allocated to Stage 3. Stage 2 and Stage 3 are based on lifetime expected credit losses.

The measurement of expected credit loss ("ECL"), is primarily based on the product of the instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the EIR.

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur. The EAD is discounted back to the reporting date using the EIR determined at initial recognition.

- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan ("Lifetime LGD").

The ECL is determined by estimating the PD, LGD and EAD for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band where supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This is also adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the EAD is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

The main difference between Stage 1 and Stage 2 is the respective PD horizon. Stage 1 estimates use a maximum of a 12-month PD, while Stage 2 estimates use a lifetime PD. The main difference between Stage 2 and Stage 3 is that Stage 3 is effectively the point at which there has been a default event. For financial assets in Stage 3, lifetime ECL continues to be recognised but now recognises interest income on a net basis. This means that interest income is calculated based on the gross carrying amount of the financial asset less ECL. Stage 3 estimates continue to leverage existing processes for estimating losses on impaired loans, however, these processes are updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios using independent third-party economic information.

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

In assessing whether a borrower has had a significant increase in credit risk, the following indicators are considered:

- Significant change in collateral value (secured facilities only) which is expected to increase the risk of default;
- Actual or expected significant adverse change in operating results of the borrower or performance of collateral;
- Significant adverse changes in business, financial and/or economic conditions in the market in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Significant increase in credit spread, where this information is available; and
- Early signs of cashflow/liquidity problems such as delay in servicing of payables.

However, as a backstop, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when repayments are more than 30 days past due. Movements between Stage 2 and Stage 3 are based on whether financial assets are credit impaired as at the reporting date. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Group uses this 90-day backstop for all its assets except for UK second charge mortgages, where the Group has assumed a backstop of 180 days past due as mortgage exposures more than 90 days past due, but less than 180 days, typically show high cure rates and this aligns to the Group's risk management practices. Assets can move in both directions through the stages of the impairment model.

In assessing whether a borrower is credit-impaired, the following qualitative indicators are considered:

- Whether the borrower is in breach of financial covenants, for example where concessions have been made by the lender relating to the borrower's financial difficulty or there are significant adverse changes in business, financial or economic conditions on which the borrower operates;
- Where the credit risk has increased, the remaining lifetime PD at the reporting date is assessed in comparison to the residual lifetime PD expected at the reporting date when the exposure was first recognised; and
- Any cases of forbearance.

The criteria above have been applied to all Credit Assets at amortised cost held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected credit loss calculations.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Under IFRS 9, when determining whether the credit risk (i.e. the risk of default) on a financial instrument has increased significantly since initial recognition, reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on historical experience, credit assessment and forward-looking information.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forward-looking information. A "Base case" view of the future direction of relevant economic variables and a representative range of other possible forecasts scenarios have been developed. The process has involved developing two additional economic scenarios and considering the relative probabilities of each outcome.

The base case represents a most likely outcome and is aligned with information used for other purposes, such as strategic planning and budgeting. The number of scenarios and their attributes are reassessed at each reporting date. All of the portfolios of the Group use one positive, one optimistic and one downside scenario. These scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

The estimation and application of forward-looking information requires significant judgement. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances, are modelled and adjusted based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The Group has utilised macroeconomic scenarios prepared and provided by Oxford Economics ("Oxford"). Oxford combines two decades of forecast errors with the quantitative assessment of the current risks facing the global and domestic economy to produce robust forward-looking distributions for the economy. Oxford construct three alternative scenarios at specific percentile points in the distribution. In any distribution, the probability of a given discrete scenario is close to zero. Therefore, scenario probabilities represent the probability of that scenario or similar scenarios occurring. In effect, a given scenario represents the average of a broader bucket of similar severity scenarios and the probability reflects the width of that bucket. Given that it is known where the IFRS 9 scenarios sit in the distribution (the percentiles), their probability (the width of the bucket of similar scenarios) depends on how many scenarios are chosen. Scenario probabilities must add up to 100 per cent so the more scenarios chosen, the smaller the section of the distribution, or bucket, each scenario represents and therefore the smaller the probability. This allows the probabilities to be calculated according to whichever subset of scenarios have been chosen for use in the ECL calculation. Oxford updates these scenarios on a quarterly basis to reflect changes to the macroeconomic environment. The Group updates the scenarios during the year if economic conditions change materially. Oxford selects the scenarios to represent a broadly fixed probability within the distribution of potential outcomes. As such the Group has maintained the probability of each scenario at a broadly constant level despite the changing macroeconomic environment. The Base case is given a 40 per cent weighting and the downside and upside a 30 per cent weighting each, which is unchanged from the prior year.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness at each reporting date.

Expected Credit loss allowance for Receivables

Receivables consist of trade and other debtor balances and prepayments and accrued income. Trade receivables balances are represented by fees receivable for investment fund management and advisory services provided during the year to the Group's customers. The Group's customers are funds that the Group manages or advises. As such, the Group has detailed and up-to-date information on the financial position and outlook of its counterparties. Receivable balances are generally collected on a monthly or quarterly basis and are therefore short-term in nature. The Group applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date. Given the historic rate of recoverability is 100 per cent and the absence of reasons to believe the recoverability pattern will change, management's assessment is that ECL calculated under IFRS 9 would be immaterial at the end of the current and previous reporting period. Management will continue to assess the recoverability at each reporting date for changes in the circumstances surrounding the recoverability of the trade and other receivables, and recognise an expected credit loss allowance when appropriate.

Write-off policy for financial assets measured at amortised cost

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amounts are also recognised in the Consolidated Statement of Comprehensive Income as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the Consolidated Statement of Comprehensive Income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets).

Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practice are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original assets. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 2 or Stage 3.

Collateral and other credit enhancements

The Group employs a range of policies to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies of the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- mortgages over residential properties;
- security over our borrowers receivables;
- margin agreement for derivatives, for which the Group has also entered into master netting agreements;
- charges over business assets such as premises, inventory and accounts receivable; and
- charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Derivatives are also generally collateralised, such as collateralised debt obligations, in order to provide collateral as a form of security for the obligations arising from the derivative.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

Derecognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass-through" transfers that result in derecognition if the Group:

- has no obligation to make payments unless it collects equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- has an obligation to remit any cash it collects from the assets without material delay.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Investments held at fair value through profit or loss

The Investments held at FVTPL include Equity Assets and Credit Assets.

Equity Assets held at FVTPL are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV") effective 1 January 2019 with the latest update in December 2022 as recommended by the British Private Equity and Venture Capital Association. Credit Assets held at FVTPL are valued incorporating the effect of changes

Private Equity and Venture Capital Association. Credit Assets held at FVTPL are valued incorporating the effect of changes in interest rates and credit risk using similar techniques to those described in the section of expected credit loss allowance for financial assets measured at amortised costs earlier in this Note.

Equity Assets are instruments that have equity-like returns; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include ordinary shares or investments in Private Equity funds managed or advised by the Group. Investments into funds managed by the Group are valued on the net asset value of each fund. The valuations typically reflect the fair value of the Group's proportionate share of each investment as at the reporting date or the latest available date.

Credit Assets at FVTPL consist of loans made to counterparties where the contractual cash flows do not meet the requirements of the solely payments of principal and interest test or are otherwise classified at fair value, together with investments in Private Credit funds managed or advised by the Group. See the section on Classification and measurement - Financial assets earlier in this Note. Examples of credit instruments include credit instruments where incremental cash flows are due contingent on certain events occurring.

Credit Assets at FVTPL are valued based off the net asset value of each fund. The valuations typically reflect the fair value of the Group's proportionate share of each investment as at the reporting date or the latest available date. The majority of credit assets at FVTPL are priced at their amortised cost value given that they are floating rate assets and performing in line with expectations.

Credit Assets at FVTPL are priced at their amortised cost value given that they are floating rate assets and performing in line with expectations.

Purchases and sales of unquoted investments are recognised when the contract for acquisition or sale becomes unconditional.

IFRS 13 requires the Group to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1 - quoted prices in active markets for identical investments.
- Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.).
- Level 3 - significant unobservable inputs (including the Group 's own assumptions in determining the fair value of investments).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the investment.

The gain on fair value is shown in the 'Gains on Investment Assets held at fair value' line on the Consolidated Statement of Comprehensive Income.

Fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is calculated by the Group on a straight-line basis by reference to the original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The period of estimated useful life for this purpose is up to 10 years. Residual values are assumed to be nil.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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:

Fixtures and fittings	3 years
Office equipment	3 years
Electric vehicles	5 years
Leasehold improvements	- 10 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 Consolidated Statement of Comprehensive Income.

Goodwill

Goodwill is initially measured at cost, which constitutes the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated Statement of Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash-generating unit ("CGU") is less than its carrying amount. Any impairment loss recognised on the goodwill are not reversed subsequently. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A CGU represents the lowest level at which goodwill is monitored for internal management purposes.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

As explained in Note 4, on 14 February 2024, the Company acquired the entire issued share capital in Pollen Street Capital Holdings Limited from its subsidiary, Pollen Street Limited. This is referred to as the Distribution. The Distribution was approved by shareholders on 11 October 2023. At this date, the Group considered that it was highly probable that the Distribution would take place, and so the Group carried out an impairment assessment of the goodwill to determine the carrying amount of goodwill that formed part of the Distribution.

Intangibles

Intangible assets, which constitute acquired customer relationship assets acquired from a business combination, are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are assessed at each reporting date when there are indicators of impairment.

Amortisation is calculated using the straight-line method to allocate the amortised amount of the assets to their residual values over their estimated useful lives.

Leases

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and lease assets representing the right to use the underlying assets.

Lease assets
The Group recognises lease assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Lease assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of lease assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to be incurred in restoring the underlying asset to the condition required by the terms and conditions of the lease and lease payments made at or before the commencement date less any lease incentives received. Lease assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Carried interest receivable
Carried interest represents unrealised and realised shares of fund profits from holdings in carried interest partnerships where the Group receives variable returns as an incentive for management of the underlying funds. The realised amount is the amount actually received. For the unrealised performance, the amount recognised is determined against an assessment of the underlying investor returns exceeding an agreed threshold or hurdle, and is either accounted for under IFRS 9 (for carried interest partnerships acquired as part of the Combination) or under IFRS 15 (for non-acquired carried interest partnerships). Intra-group, a performance fee is paid from the Investment Company to the Asset Manager when a performance hurdle is reached, this is then eliminated on consolidation.

Movements in fair value, and amounts accrued as revenue under IFRS 15, are shown in the 'Carried interest and performance fee income' line on the Consolidated Statement of Comprehensive Income, with the outstanding balance shown in the 'Carried interest' line on the Consolidated Statement of Financial Position and are typically presented as non-current assets unless they are expected to be received within the next 12 months.

Cash and cash equivalents
Cash and cash equivalents, which are presented as a single class of asset on the Consolidated Statement of Financial Position, comprise cash at bank, including cash that is restricted and held in reserve.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Derivatives
The Group uses foreign exchange spot, forward and swap transactions to hedge foreign exchange movements in non-GBP assets or liabilities in order to minimise foreign exchange exposure.

Derivative financial instruments are initially measured at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value at each reporting date. The Group does not designate derivatives as cash flow hedges and so all fair value movements are recognised in the Income Statement in the 'Gains on Investment Assets held at fair value' line on the Consolidated Statement of Comprehensive Income. The fair value of unsettled forward currency contracts is calculated by reference to the market for forward contracts with similar maturities.

Interest-bearing borrowings
Interest-bearing borrowings are initially recognised at a carrying value equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method.

Finance costs
Finance costs are accrued on the EIR basis and are presented as a separate line on the Consolidated Statement of Comprehensive Income.

Dividends
Dividends to shareholders are recognised in the period in which they are paid.

Income
The Group has four primary sources of income: management fee income, carried interest and performance fee income, interest income on Credit Assets held at amortised cost, and gains on Investment Assets held at fair value.

Management fee income includes fees charged by the Group to the funds that it manages for the provision of investment fund management and advisory services. Management fee revenue is shown net of any value added tax. Management fees are earned over a period and are recognised on an accrual basis in the same period in which the service is performed. Management fees are generally calculated at the end of each measurement period as a percentage of fund assets managed in accordance with individual management agreements or limited partnership agreements.

On Private Equity managed funds management fee income is charged from the inception of the fund. Where an LP enters the fund as part of subsequent closes "catch-up" management fee income is calculated and charged as if the LP had entered the fund on first close. These management fees are earned over a prior period where the provision of investment fund management and advisory services has already been provided, therefore these catch-up management fees are recognised immediately in full. This is not applicable on Private Credit funds.

Carried interest and performance fee income includes income from holdings in carried interest partnerships where the Group receives variable returns as an incentive for the funds that it manages. Carried interest represents a share of fund profits through the Group's holdings in carried interest partnerships. The amount is determined by the level of accumulated profits exceeding an agreed threshold or hurdle. The carried interest income is recognised when the performance obligations are expected to be met. Income is only recognised to the extent that it is highly probable that there would not be a significant reversal of any accumulated revenue recognised on the completion of a fund. The uncertainty of future fund performance is reduced through the application of discounts in the calculation of carried interest income. Performance fees are generally calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle, and are recognised on an accrual basis when the fee amount can be estimated reliably, and it is highly probable that it will not be subject to significant reversal.

Management fees and performance fees are charged to the Investment Company by the Asset Manager. These fees are shown in Note 6, operating segments. However, they are eliminated on consolidation.

Interest income on Credit Assets held at amortised cost is generated from loans originated by the Group. Interest from loans are recognised in the Consolidated Statement of Comprehensive Income for all instruments measured at amortised cost using the EIRM. The EIRM is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group takes into account all contractual terms of the financial instrument, for example prepayment options, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts. Fees and commissions which are not considered integral to the EIR model and deposit interest income are recognised on an accruals basis when the service has been provided or received.

Gains on Investment Assets held at fair value include realised and unrealised income on assets accounted for at fair value. Refer to the Investments held at fair value through profit or loss section for further details.

Pensions

The Group makes contributions into employee personal pension schemes. Once the contributions have been paid, the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position.

Share-Based Payments

The Group grants annual bonuses to its Executive Directors and other senior employees that are deferred into share-based awards under the Group's deferred bonus plan. The share-based awards generally vest after three years, subject to the opportunity for co-investment. The co-investment opportunity permits the employee to collect the deferred award early, either in shares or up front in cash, provided they elect to apply the after-tax proceeds of the deferred award into a fund managed by the Group that has a contractual duration of longer than three years.

The Group accounts for the deferred awards as share-based payments. The awards are considered to be compound financial instruments, because the employee has the right to demand settlement in cash. The Group first measures the fair value of the cash component, which is considered to be a cash-settled share-based payment, and then measures the fair value of the equity component taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument, which is considered to be an equity-settled share-based payment.

Segmental reporting

The Group has two segments: the Asset Manager segment and the Investment Company segment. The primary revenue streams for the Asset Manager segment consist of management fees and performance fees or carried interest arising from managing Private Equity and Private Credit funds. The Investment Company segment primarily consists of the Group Investment Assets and borrowings. The primary revenue stream for the Investment Company segment is interest income and fair value gains on Investments held at fair value.

The Asset Manager segment charges management and performance fees to the Investment Company segment for managing the segment's assets. These fees are shown in the segmental results. However, they are eliminated in the consolidated financial statements. Refer to Note 6 for further details.

Taxation

Following the Reorganisation that occurred on 24 January 2024, Pollen Street Limited ceased to be classified as an investment trust under Section 1158 of the Corporation Tax Act 2010. As such, Pollen Street Limited will incur corporation tax on its profits from the beginning of the period. Prior to 24 January 2024, the tax expense of the Group arose within the Asset Manager segment and comprised current and deferred tax. Further information on the Reorganisation is available in Note 4.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Statement of Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in Other Comprehensive Income ("OCI") or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the Consolidated Statement of Comprehensive Income.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Expenses

All expenses are accounted for on an accruals basis. During the year, all expenses have been presented within retained earnings. In the prior year, all expenses were presented in retained earnings.

Foreign currency

The financial statements have been prepared in Pounds Sterling because that is the currency of the majority of the transactions during the year, so has been selected as the presentational currency.

The liquidity of the Group is managed on a day-to-day basis in Pounds Sterling as the Group's performance is evaluated in that currency. Therefore, the Directors consider Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and is therefore the functional currency.

Transactions involving foreign currencies are converted at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Pounds Sterling at the exchange rate ruling on the year-end date. Foreign exchange differences arising on translation would be recognised in the Consolidated Statement of Comprehensive Income.

Receivables

Receivables do not carry any interest and are short term in nature. They are initially stated at their nominal value and reduced by appropriate allowances for expected credit losses (if any).

Payables

Payables represent amounts for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are non-interest-bearing and are initially stated at their nominal value.

Shares

Ordinary and treasury shares are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, legal fees, accounting and other professional advisers, printing costs and stamp duties.

Treasury shares have no entitlements to vote and are held directly by the Company.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The UK-adopted International Accounting Standards requires the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. IFRS requires the Directors, in preparing the Group's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed on an ongoing basis. Although these estimates are based on the Directors' best knowledge of the amount, actual results may differ materially from those estimates.

Estimates

The estimates of most significance to the financial statements are detailed below. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Expected Credit loss allowance for financial assets measured at amortised cost

The calculation of the Group's ECL allowances and provisions against loan commitments and guarantees under IFRS 9 is complex and involves the use of significant judgement and estimation. Loan Impairment Provisions represent an estimate of the losses incurred in the loan portfolios at the balance sheet date. Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loans' original EIR. The calculation involves the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9, depending on a range of factors such as changes in the economic environment in the UK. The most significant factors are set out below.

Definition of default - The PD of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due.

A number of the Group's loans are secured against underlying collateral; for example, real estate and SME loans. The Directors do not consider the value of this collateral to directly influence the probability of default. However, the Directors consider that the structure of some of the Group's lending arrangements may mean that this collateral generates income for the Group's borrowers that supports the borrowers' ability to service the loan from the Group and therefore influence the probability of default.

The definition of default adopted by the Group is described in expected credit loss allowance for financial assets measured at amortised cost above. The Group has rebutted the presumption in IFRS 9 that default occurs no later than when a payment is 90 days past due on some of its portfolio.

The lifetime of an exposure - To derive the PDs necessary to calculate the ECL allowance it is necessary to estimate the expected life of each financial instrument. A range of approaches has been adopted across different product groupings including the full contractual life and taking into account behavioural factors such as early repayments and refinancing. The Group has defined the lifetime for each product by analysing the time taken for all losses to be observed and for a material proportion of the assets to fully resolve through either closure or write-off.

Significant increase in credit risk ("SICR") - Performing assets are classified as either Stage 1 or Stage 2. An ECL allowance equivalent to 12 months' expected credit losses is established against assets in Stage 1; assets classified as Stage 2 carry an ECL allowance equivalent to lifetime expected credit losses. Assets are transferred from Stage 1 to Stage 2 when there has been a SICR since initial recognition.

The Directors do not consider the value of any collateral to directly trigger whether there has been a significant increase in credit risk. However, the Directors consider that the structure of some of the Group's lending arrangements may mean that the underlying loans that the Group is financing generate income for the borrowers that supports the borrowers' ability to service the loan from the Group and therefore influence whether there has been a SICR.

The Group uses a quantitative test together with qualitative indicators and a backstop of 30 days past due for determining whether there has been a SICR. The setting of precise trigger points combined with risk indicators requires judgement. The use of different trigger points may have a material impact upon the size of the ECL allowance.

Forward-looking information - IFRS 9 requires the incorporation of forward-looking macroeconomic information that is reasonable and supportable, but it provides limited guidance on how this should be performed. The measurement of expected credit losses is required to reflect an unbiased probability-weighted range of possible future outcomes.

In order to do this the Group uses a model to project a number of key variables to generate future economic scenarios. These are ranked according to severity of loss and three economic scenarios have been selected to represent an unbiased and full loss distribution. They represent a "most likely outcome" (the Base case scenario) and two, less likely, "outer" scenarios, referred to as the "Upside" and "Downside" scenarios. These scenarios are used to produce a weighted average PD for each product grouping which is used to calculate the related ECL allowance. This weighting scheme is deemed appropriate for the computation of unbiased ECL. Key scenario assumptions are set using external economist forecasts, helping to ensure the IFRS 9 scenarios are unbiased and maximise the use of independent information. Using externally available forecast distributions helps ensure independence in scenario construction. While key economic variables are set with reference to external distributional forecasts, the overall narrative of the scenarios is aligned to the macroeconomic risks faced by the Group at 30 June 2024.

The choice of alternative scenarios and probability weighting is a combination of quantitative analysis and judgemental assessments, designed to ensure that the full range of possible outcomes and material non-linearity are captured. Paths for the two outer scenarios are benchmarked to the Base scenario and reflect the economic risk assessment. Scenario probabilities reflect management judgement and are informed by data analysis of past recessions, transitions in and out of recession, and the current economic outlook. The key assumptions made, and the accompanying paths, represent our "best estimate" of a scenario at a specified probability. Suitable narratives are developed for the central scenario and the paths of the two outer scenarios. It may be insufficient to use three scenarios in certain economic environments. Additional analysis may be requested at management's discretion, including the production of extra scenarios. We anticipate there will only be limited instances when the standard approach will not apply. The Base case, Upside and Downside scenarios are usually generated annually and those described herein reflect the conditions in place at the balance sheet date and are only updated during the period if economic conditions change significantly.

The Group's mild upside scenario can be thought of as an alternative, more optimistic, base case in which several different upside risks materialise. In this scenario, the UK economy records growth of 3% in 2024 and 2.9% in 2025. The labour market recovers gradually, and the unemployment rate falls to its recent decade-low of 3.6% by mid-2029. Supported by the turnaround in confidence, incomes and employment, residential house prices only see a mild fall in 2024-25 and recover thereafter. A sharp increase in consumption lifts financial market sentiment from its current depressed levels resulting in renewed gains in asset prices. The one-year forecast changes in key economic drivers are shown in the table below.

The base case forecasts unemployment to peak at 4.4% in December 2024, and the Bank of England base rate to reduce to 2.0% by the end of 2027. The downside scenario forecasts unemployment to reach a peak of 6.9% in late 2027 and remain relatively high thereafter, staying above 5.5% over the entire forecast period. To counter the economic downturn, the downside scenario forecasts the base rate to fall more quickly to 1.5% by December 2026.

See Note 11 for a breakdown of IFRS 9 provisioning.

As at 30 June 2024	Base	Upside	Downside
UK unemployment rate yearly change	(0.18%)	(0.49%)	1.26%
UK HPI yearly change	0.99%	2.65%	(0.77%)
UK Base Rate yearly change	(0.92%)	0.50%	(2.00%)

Loss given default - referred to as LGD, represents the expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type:

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Exposure at default - referred to as EAD, is based on the amounts expected to be owed at the time of default, over the next 12 months or over the remaining lifetime. IFRS 9 requires an assumed draw down profile for committed amounts.

The Group also considers post-model adjustments to address model limitations or factors that have not been captured in the models. These represent the factors that are not fully accounted for as part of the modelling described above, such as potential uncertainty arising from the cost-of-living crisis and the current economic environment.

Equity Asset valuation
The valuation of unquoted investments and investments for which there is an inactive market is a key area of estimation and may cause material adjustment to the carrying value of those assets and liabilities. The unquoted Equity Assets are valued on a periodic basis using techniques including a market multiple approach, costs approach and/or income approach. The valuation process is collaborative, involving the finance and investment functions of the Group with the final valuations being reviewed by the Valuation Committee, which is a management-level Committee responsible for the oversight of the valuation of investments. The techniques used include earnings multiples, discounted cash flow analysis, the value of recent transactions and the net asset value of the investment. The valuations often reflect a synthesis of a number of different approaches in determining the final fair value estimate. The individual approach for each investment will vary depending on relevant factors that a market participant would take into account in pricing the asset. These might include the specific industry dynamics, the Investee's stage of development, profitability, growth prospects or risk as well as the rights associated with the particular security.

Increases or decreases in any of the inputs in isolation may result in higher or lower fair value measurements. Changes in fair value of all investments held at fair value, which includes Equity Assets are recognised in the Consolidated Statement of Comprehensive Income. On disposal, realised gains and losses are also recognised in the Consolidated Statement of Comprehensive Income. Transaction costs are included within gains or losses on investments held at fair value, although any related interest income, dividend income and finance costs are disclosed separately in the financial statements.

Impairment assessment for Goodwill
Goodwill is assessed for indicators of impairment at each reporting date and whenever there is an indication that the recoverable amount of a cash-generating unit ("CGU") is less than its carrying amount, and tested for impairment annually. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the discounted cash flow projections are prepared based on current economic conditions and comprise an estimated long-term growth rate, the period over which future cashflows have been forecast, the weighted average cost of capital and estimated operating margins. Wherever possible, the inputs into the discounted cash flow projections used for the impairment test of goodwill are based on third party observable data.

Carried interest
Carried interest represents unrealised and realised shares of fund profits from holdings in carried interest partnerships where the Group receives variable returns as an incentive for management of the underlying funds. The realised amount is the amount actually received. For the unrealised performance, the amount recognised is determined against an assessment of the underlying investor returns exceeding an agreed threshold or hurdle, and is either accounted for under IFRS 9 (for carried interest partnerships acquired as part of the Combination) or under IFRS 15 (for non-acquired)

IFRS 9 (for carried interest partnerships acquired as part of the Combination) or under IFRS 15 (for non-acquired).

Movements in fair value, and amounts accrued as revenue under IFRS 15, are shown in the 'Carried interest and performance fee income' line on the Consolidated Statement of Comprehensive Income, with the outstanding balance shown in the 'Carried interest' line on the Consolidated Statement of Financial Position.

Carried interest income is only recognised under IFRS 15 provided it has been determined as being highly probable that there will not be a significant reversal. The value of carried interest, under this method, has been modelled by assessing the value of the assets in the fund as well as the terms of the carried interest arrangements that the Group is a beneficiary of. The value of the assets have been discounted to ensure that it is highly probable that there will not be a significant reversal.

Carried interest at fair value is modelled by estimating from the value of the funds' investments and the amount that would be due to the Group under the terms of the carried interest arrangements if the assets were realised at these values. Carried interest includes an embedded option where carried interest holders participate in gains but not losses of the fund subject to certain hurdles. The value of this option has been modelled using a variety of techniques, including the Black Scholes option valuation model and scenario analysis.

Sensitivity analysis has been performed on carried interest valuations in Note 9.

Judgements

The critical judgements relate to the consolidation of Group companies, the consolidation of fund investments and the accounting for carried interest partnerships.

Consolidation of Group companies

Determining whether the Group has control of an entity is generally straightforward when based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

Consolidation of fund investments

It was assessed throughout the period whether the Group should consolidate investments in funds managed or advised by the Group into the results of the Group. Control is determined by the extent of which the Group has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The Group has assessed the legal nature of the relationships between the Group, the relevant fund, the General Partners and the Limited Partners. This assessment included carrying out a control assessment of each LP in accordance with IFRS 10 to consider whether the LPs should be consolidated into the financial statements of the Group. The Group has determined that control over the LPs ultimately resides with the underlying fund majority investors and that the Group, through the Asset Manager, acts as an agent to the underlying fund major investors and not as principal. The Group also determined that as the manager, the Group has the power to influence the returns generated by the fund, but the Group's interests typically represent only a small proportion of the total capital within each fund. The Group has therefore concluded that the Group acts as an agent, which is primarily engaged to act on behalf, and for the benefit, of the LPs rather than to act for its own benefit.

Accounting for carried interest partnerships

Carried interest represents unrealised and realised shares of fund profits from holdings in carried interest partnerships where the Group receives variable returns as an incentive for management of the underlying funds. The amount is determined by the level of accumulated profits exceeding an agreed threshold or hurdle. The rights are in the form of partnership interests in carried interest partnerships. The Group has between 1 and 25 per cent of the total interests in these partnerships.

The Group has undertaken a control assessment of each carried interest partnership in accordance with IFRS 10 to consider whether they should be consolidated into the Group's results. The Group has considered the nature of the relationships between the Group, the fund, the fund investors, the carried interest partnership and participants in the carried interest partnership. The Group has determined that the power to control the carried interest partnerships ultimately resides with the fund investors and that the Group is therefore an agent and not a principal. This is because the purpose and design of the carried interest partnerships and the carry rights in the fund are determined at the outset by each fund's Limited Partner Agreement ("LPA"), which requires investor agreement and reflects investor expectations to incentivise individuals to enhance performance of the underlying fund. While the Group has some power over the carried interest partnerships, these powers are limited and represent the best interests of all carried interest holders collectively and hence, these are assessed to be on behalf of the fund investors.

The Group has assessed the payments and the returns the carried interest holders make and receive from their investment in carried interest and have considered whether those carried interest holders, who are also employees of the Group, were providing a service for the benefit of the Group or the investors in the fund. The Group concluded that the carried interest represents a separate relationship between the fund investors and the individual employees and that the carried interest represents an investment requiring the individuals to put their own capital at risk and that, after an initial vesting period, continued rights to returns from the investment is not dictated by continuation of employment.

In addition, the Group has also considered the variability of returns for all carried interest partnerships and in doing so have determined that the Group is exposed to variable returns in the range of 1 to 25 per cent as at 30 June 2024, with the main beneficiaries of the carried interest partnership variable returns being the other participants. The Group concluded that the carried interest partnership are not controlled by the Group and therefore should not be consolidated.

The Group has also assessed whether the Group has significant influence over the carried interest partnerships under IAS 28, Investments in Associates and Joint Ventures. Where the Group has a share of 20 per cent or more of the rights to the carried interest, the Group is considered to have significant influence and therefore these carried interest partnerships are treated as an associate.

4. ACQUISITION OF POLLEN STREET LIMITED

On 24 January 2024, Pollen Street Group Limited was introduced as the new parent of Pollen Street Limited by way of a scheme of arrangement (the "Scheme"). Pollen Street Limited subsequently distributed the entire issued share capital in Pollen Street Capital Holdings Limited to Pollen Street Group Limited (the "Distribution", and together with the Scheme the "Reorganisation") on 14 February 2024.

Pollen Street Group Limited now has two wholly owned subsidiaries with a clear and operationally useful distinction between the businesses carried on by the Investment Company and the Asset Manager.

The Reorganisation does not change the operational activities of the overall business from a shareholder's perspective.

The Company controls Pollen Street Limited and Pollen Street Capital Holdings Limited with both entities being consolidated from 1 January 2023 under the book-value method. This method applies retrospectively, meaning that the interim financial statements are restated as if the Reorganisation had occurred at the beginning of the earliest period presented. The assets and liabilities of the combining entities are recognised at their carrying amounts in the interim financial statements. No adjustments are made to reflect fair values or recognise any new assets or liabilities, except where necessary to align accounting policies.

The Group expensed £0.1 million of costs associated with the acquisition of Pollen Street Limited. The costs associated with the issuance of shares of £4.7 million were presented in Share Premium in the Consolidated Statement of Financial Position and Consolidated Statement of Changes in Shareholders' Funds.

The following table shows the value of the consideration, the purchase price allocation and the goodwill:

	Pollen Street Limited acquisition on 24 January 2024

	£'000
Consideration	**571,269**
Purchase price allocation	
Net asset value	571,269
Intangibles	-
Subsidiary value	**571,269**
Goodwill	-

The goodwill recognised on the distribution of Pollen Street Capital Holdings Limited on 14 February 2024 is made up of one cash-generating unit, which includes future management and performance fees.

Consideration
The consideration for the acquisition of Pollen Street Limited was in the form of issuance of shares in Pollen Street Group Limited to the shareholders of Pollen Street Limited. The gross amount was £571.3 million. The number of shares issued on the acquisition date on 24 January 2024 was 64,209,595.

Subsidiary net asset value
The following table shows the breakdown of the Net Asset Value of Pollen Street Limited as at 24 January 2024:

	Pollen Street Limited as at 24 January 2024 £'000
Credit Asset at amortised cost	432,941
Investment Asset held at fair value through profit or loss	88,551
Investments in subsidiaries	239,026
Cash and cash equivalents	21,594
Receivables	6,310
Derivative assets held at fair value through profit or loss	429
Payables and current tax payable	(14,393)
Interest bearing borrowings	(203,189)
Net asset value	**571,269**

Cash and cash equivalents
The cash and cash equivalents represents the value of the cash held at this date.

Receivables
The fair value of the receivables acquired were equal to the gross contractual amounts receivable. The main receivables consist of trade and other debtor balances, prepayments and accrued income. Receivable balances were represented by fees receivable for prepayments, investment fund management and advisory services. This includes investors in funds that are managed and advised by the Group; as such, detailed and up-to-date information on the financial position and outlook of its counterparties is available.

Credit assets at amortised cost
The Credit Assets at amortised cost represents the value of the credit assets at amortised cost.

Investment assets held at fair value through profit or loss
The Investments held at FVTPL include Equity Assets, Credit Assets and investments in Pollen Street managed Private Equity and Private Credit funds.

Carried interest
Carried interest comprises the share of the profits of managed third-party funds. The carried interest participations are defined and agreed with the LPs in each Fund's LPA. The exact measurement for the carried interest in different funds can differ, such as containing different hurdle rates and waterfalls.

Derivative assets held at fair value through profit or loss
The derivative asset held at fair value through profit or loss are formed of open foreign exchange forward contracts to hedge foreign exchange movements in non-GBP assets or liabilities in order to minimise foreign exchange exposure.

Deferred tax
Deferred tax comprises of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Investments in subsidiaries
Investments in subsidiaries represents Pollen Street Limited's investment in Pollen Street Capital Holdings Limited which is recorded at cost less provision for impairments.

Creditors and tax payable
The main items of the payables acquired include corporation tax and general business accruals.

5. GOODWILL AND INTANGIBLE ASSETS

The following tables show the goodwill and intangible assets held by the Group for their respective periods:

Group	For the period ended 30 June 2024			For the year ended 31 December 2023		
	Goodwill £'000	Intangibles £'000	Total £'000	Goodwill £'000	Intangibles £'000	Total £'000
Cost						
Opening balance	227,191	4,000	231,191	227,191	4,000	231,191
Closing balance	**227,191**	**4,000**	**231,191**	**227,191**	**4,000**	**231,191**
Amortisation						
Opening balance	-	(800)	(800)	-	(160)	(160)
Amortisation	-	(320)	(320)	-	(640)	(640)
Closing balance	-	**(1,120)**	**(1,120)**	-	**(800)**	**(800)**

Net book value	**227,191**	**2,880**	**230,071**	**227,191**	**3,200**	**230,391**

6. OPERATING SEGMENTS

The Group has two operating segments: the Asset Manager segment and the Investment Company segment.

The Asset Manager segment is the activities of the Group that provide investment management and investment advisory services to a range of funds under management within Private Equity and Credit strategies. The primary revenue streams for the Asset Manager segment consist of management fees, performance fees and carried interest. Fund management services are also provided to the Investment Company segment, however fees from these services are eliminated from the Group consolidated financial statements. Fund Management EBITDA in the Strategic Report is equivalent to the operating profit of the Asset Manager segment adjusted for the depreciation of the lease asset.

The Investment Company segment holds the Investment Assets of the Group. The primary revenue stream for this segment is interest income and fair value gains on the Investment Asset portfolio. The operating profit of the Investment Company segment is referred to as the Income on Net Investment Assets in the Strategic Report.

The following tables show the consolidated operating segments profit and loss movements for their respective periods:

	For the period ended 30 June 2024			
Group	**Investment Company**	**Asset Manager**	**Central**	**Group**
	£'000	**£'000**	**£'000**	**£'000**
Management fee income	-	21,180	(2,407)	18,773
Carried interest and performance fee income	-	5,575	(1,761)	3,814
Interest income on Credit Assets held at amortised cost	24,223	-	-	24,223
Gains on Investment Assets held at fair value[5]	7,530	-	-	7,530
Total income	**31,753**	**26,755**	**(4,168)**	**54,340**
Credit impairment release	(1,152)	-	-	(1,152)
Third-party servicing costs	(499)	-	-	(499)
Net operating income	**30,102**	**26,755**	**(4,168)**	**52,689**
Administration costs	(5,313)	(18,311)	4,045	(19,579)
Finance costs	(8,951)	(94)	-	(9,045)
Operating profit	**15,838**	**8,350**	**(123)**	**24,065**
Depreciation	-	(555)	-	(555)
Amortisation	-	-	(320)	(320)
Profit before tax	**15,838**	**7,795**	**(443)**	**23,190**

	For the period ended 30 June 2023			
Group	**Investment Company**	**Asset Manager**	**Central**	**Group**
	£'000	**£'000**	**£'000**	**£'000**
Management fee income	-	16,176	(2,988)	13,188
Carried interest and performance fee income	-	5,512	(1,741)	3,771
Interest income on Credit Assets held at amortised cost	29,089	-	-	29,089
Gains on Investment Assets held at fair value[6]	2,630	-	-	2,630
Total income	**31,719**	**21,688**	**(4,729)**	**48,678**
Credit impairment release	289	-	-	289
Third-party servicing costs	(1,070)	-	-	(1,070)
Net operating income	**30,938**	**21,688**	**(4,729)**	**47,897**
Administration costs	(5,555)	(15,795)	3,041	(18,309)
Finance costs	(10,025)	(127)	-	(10,152)
Operating profit	**15,358**	**5,766**	**(1,688)**	**19,436**
Depreciation	-	(680)	-	(680)
Amortisation	-	-	(320)	(320)
Profit before tax	**15,358**	**5,086**	**(2,008)**	**18,436**

7. EMPLOYEES

The following tables show the average monthly number of employees and the Directors during the period.

Group	**For the period ended 30 June 2024**	**For the period ended 30 June 2023**
Average number of staff		
Directors	7	7
Professional staff	84	81
Total	**91**	**88**

The following table shows the total staff costs for the period. This includes the five Non-Executive Directors of Pollen Street Group Limited (30 June 2023: five). The total number of employees and directors as at the reporting date was 91 (30 June 2023: 88).

Group	For the period ended 30 June 2024	For the period ended 30 June 2023
Staff costs	**£'000**	**£'000**
Wages and salaries	12,254	12,314
Social security costs	1,759	1,598
Defined contribution pension cost	115	86
Other staff costs	206	276
Total[7]	**14,334**	**14,274**

8. INVESTMENT ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Investment Assets at Fair Value through profit or loss

The following table shows the total Investment Assets at fair value through profit or loss of the Group, which includes Equity Assets and Credit Assets.

Group		For the period ended 30 June 2024			For the year ended 31 December 2023	
	Equity Assets	Credit Assets	Total	Equity Assets	Credit Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance	26,839	61,381	**88,220**	16,449	48,057	**64,506**
Additions at cost	7,509	2,351	**9,860**	10,390	33,837	**44,227**
Realisations at cost	(7)	(2,695)	**(2,702)**	-	(22,935)	**(22,935)**
Gains through profit or loss	4,811	2,690	**7,501**	-	5,659	**5,659**
Realised gains through profit or loss	-	(368)	**(368)**	-	(2,747)	**(2,747)**
Foreign exchange revaluation	-	94	**94**	-	(490)	**(490)**
Closing balance	**39,152**	**63,453**	**102,605**	**26,839**	**61,381**	**88,220**
Comprising:						
Valued using an earnings multiple	14,300	11,097	**25,397**	1,566	11,090	**12,656**
Valued using a TNAV multiple	24,852	52,356	**77,208**	25,273	50,291	**75,564**
Closing balance	**39,152**	**63,453**	**102,605**	**26,839**	**61,381**	**88,220**

b) Assets and liabilities not carried at fair value but for which fair value is disclosed

For the Group as at 30 June 2024:

Group	As Presented		Fair Value		
		Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000
Assets					
Investments at amortised cost	327,592	-	-	357,131	**357,131**
Receivables	25,116	-	25,116	-	**25,116**
Cash and cash equivalents	29,726	29,726	-	-	**29,726**
Total assets	**382,434**	**29,726**	**25,116**	**357,131**	**411,973**
Liabilities					
Payables	(18,688)	-	(18,688)	-	**(18,688)**
Interest-bearing borrowings	(129,798)	-	(129,798)	-	**(129,798)**
Total liabilities	**(148,486)**	-	**(148,486)**	-	**(148,486)**

For the Group as at 31 December 2023:

Group	As Presented		Fair Value		
		Level 1	Level 2	Level 3	Total

	£'000	£'000	£'000	£'000	£'000
Assets					
Investments at amortised cost	444,490	-	-	475,484	**475,484**
Receivables	17,942	-	17,942	-	**17,942**
Cash and cash equivalents	19,746	19,746	-	-	**19,746**
Total assets	**482,178**	**19,746**	**17,942**	**475,484**	**513,172**
Liabilities					
Payables	(19,149)	-	(19,149)	-	**(19,149)**
Interest-bearing borrowings	(210,764)	-	(210,764)	-	**(210,764)**
Total liabilities	**(229,913)**	-	**(229,913)**	-	**(229,913)**

Note 11 provides further details of the loans at amortised cost held by the Group.

The fair value of the receivable and payable balances approximates their carrying amounts due to the short-term nature of the balances.

9. CARRIED INTEREST ASSETS

The following table shows the total value of the carried interest held by the Group, which includes both the carried interest at fair value through profit or loss and the carried interest receivable:

Group	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Carried interest at fair value	19,781	15,967
Carried interest receivable	1,365	1,365
Closing balance	**21,146**	**17,332**

Carried interest assets at fair value through profit or loss

a) Movements during the period

Group	For the period ended 30 June 2024 £'000	For the year ended 31 December 2023 £'000
Opening balance	15,967	6,495
Gains through profit or loss	3,814	10,672
Realised proceeds	-	(1,200)
Closing balance	**19,781**	**15,967**

Gains through profit or loss are presented in the 'Carried interest and performance fee income' line on the consolidated statement of comprehensive income.

b) Fair value classification of carried interest at fair value through profit or loss

Carried Interest at fair value through profit or loss is classified as a level 3 asset with a value as at 30 June 2024 of £19.8 million (31 December 2023: £16.0 million). There were no movements between the fair value hierarchies during the year (31 December 2023: no movements).

c) Sensitivity analysis of carried interest at fair value through profit or loss

The table below is the sensitivity impact on the inputs applied to the carried interest assets at FVTPL. The sensitivity parameters are considered reasonable assumptions in the movement in inputs:

Valuation Parameter	Sensitivity applied	As at 30 June 2024 Increase £'000	As at 30 June 2024 Decrease £'000	As at 31 December 2023 Increase £'000	As at 31 December 2023 Decrease £'000
Fund NAV	+/- 10%	4,580	(5,651)	4,450	(4,349)
Option volatility	+/- 10%	1,516	(844)	1,302	(716)
Option time to maturity	+/- 1 Year	1,764	(1,982)	1,532	(1,714)
Option risk free rate	+/- 1%	545	(543)	477	(475)

Carried interest receivable

Movements during the period

Group	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Opening balance	1,365	557
Gains through profit or loss	-	808
Closing balance	**1,365**	**1,365**

10. INTEREST BEARING BORROWINGS

The table below sets out a breakdown of the Group's interest-bearing borrowings.

Group	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Current liabilities		
Credit facility	39,881	132,493
Interest and commitment fees payable	646	437
Prepaid interest and commitment fees	(600)	(192)
Total current liabilities	**39,927**	**132,738**
Non-Current liabilities		
Credit facility	91,809	78,026
Prepaid interest and commitment fees	(1,938)	-
Total non-current liabilities	**89,871**	**78,026**
Total interest-bearing borrowings	**129,798**	**210,764**

The table below shows the related debt costs incurred by the Group during the period:

Group	For the period ended 30 June 2024 £'000	For the period ended 30 June 2023 £'000
Interest and commitment fees payable	8,951	9,234
Other finance charges	94	791
Total finance costs	**9,045**	**10,025**

The table below shows the movements in interest-bearing borrowings of the Group:

Group	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Opening balance	210,764	263,633
Drawdown of interest-bearing borrowings	97,000	37,000
Repayments of interest-bearing borrowing	(175,829)	(91,094)
Origination and legal fees	(2,500)	-
Finance costs	8,951	20,360
Interest paid on financing activities	(8,588)	(19,135)
Closing balance	**129,798**	**210,764**

The tables below analyse the Group's financial liabilities into relevant maturity groupings.

	As at 30 June 2024			
Group	< 1 year £'000	1 - 5 years £'000	More than 5 years £'000	Total £'000
Credit facility	39,881	85,000	6,809	131,690
Interest and commitment fees payable	646	-	-	646
Prepaid fees	(600)	(1,938)	-	(2,538)
Total exposure	**39,927**	**83,062**	**6,809**	**129,798**

	As at 31 December 2023			
Group	< 1 year £'000	1 - 5 years £'000	More than 5 years £'000	Total £'000
Credit facility	132,493	74,912	3,114	210,519
Interest and commitment fees payable	245	-	-	245
Total exposure	**132,738**	**74,912**	**3,114**	**210,764**

11. CREDIT ASSETS AT AMORTISED COST

(a) Credit Assets at amortised cost

The allowance for ECL movement during the year was an increase of £1.1 million (2023: release of £1.0 million).

The following table presents the gross carrying value of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL provision. See Note 2 for more detail on the allowance for ECL.

	As at 30 June 2024			As at 31 December 2023		
Group	Gross Carrying Amount £'000	Allowance for ECL £'000	Net Carrying Amount £'000	Gross Carrying Amount £'000	Allowance for ECL £'000	Net Carrying Amount £'000

	£'000	£'000	£'000	£'000	£'000	£'000
Credit Assets at amortised cost						
Stage 1	308,127	(682)	307,445	411,491	(693)	410,798
Stage 2	3,452	(511)	2,941	21,527	(576)	20,951
Stage 3	25,476	(8,270)	17,206	19,783	(7,042)	12,741
Total Assets	**337,055**	**(9,463)**	**327,592**	**452,801**	**(8,311)**	**444,490**

The following table analyses ECL by staging for the Group:

	For the period ended 30 June 2024			
Group	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
As at 1 January 2024	693	576	7,042	8,311
Movement from stage 1 to stage 2	(1)	102	-	101
Movement from stage 1 to stage 3	-	-	1,457	1,457
Movement from stage 2 to stage 1	1	(75)	-	(74)
Movement from stage 2 to stage 3	-	(101)	163	62
Movement from stage 3 to stage 1	-	-	(38)	(38)
Movement from stage 3 to stage 2	-	31	(67)	(36)
Movements within stage	5	(13)	(188)	(196)
Decreases due to repayments	-	(24)	(89)	(113)
Increases due to origination	-	-	-	-
Remeasurements due to modelling	(16)	15	(10)	(11)
Allowance for ECL as at 30 June 2024	**682**	**511**	**8,270**	**9,463**

	For the year ended 31 December 2023			
Group	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
As at 1 January 2023	1,013	678	7,590	9,281
Movement from stage 1 to stage 2	(75)	235	-	160
Movement from stage 1 to stage 3	(202)	-	468	266
Movement from stage 2 to stage 1	2	(150)	-	(148)
Movement from stage 2 to stage 3	-	(156)	335	179
Movement from stage 3 to stage 1	-	-	(124)	(124)
Movement from stage 3 to stage 2	-	60	(150)	(90)
Decreases due to repayments	-	(24)	(274)	(298)
Remeasurements due to modelling	(45)	(67)	(803)	(915)
Allowance for ECL as at 31 December 2023	**693**	**576**	**7,042**	**8,311**

(b) Expected Credit Loss allowance for IFRS 9

Under the IFRS 9 expected credit loss model, impairment provisions are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition.

The following table analyses Group loans by stage:

	For the period ended 30 June 2024	For the year ended 31 December 2023
Group	**£'000**	**£'000**
As at 1 January	8,311	9,281
Release for period - Stage 1	(11)	(300)
Release for period - Stage 2	(64)	(21)
Charge / (release) for period - Stage 3	1,227	(649)
Charge / (release) for period - total	**1,152**	**(970)**
Loans sold & write-offs	-	-
Allowance for ECL	**9,463**	**8,311**

12. CORPORATION TAX

The tax credit for the Group for the period was £0.4 million (H1 2023: £1.0 million charge).

Group	For the period ended 30 June 2024 £'000	For the period ended 30 June 2023 £'000
Current tax expense		
UK corporation tax charge for the period	1,503	781
Prior year adjustment	(97)	-
Total current tax	**1,406**	**781**
Deferred tax expense		
Origination and reversal of timing differences	1,121	170
Relief from losses previously unrecognised	2,490	-
Recognition of losses previously unrecognised	(5,496)	-
Prior year adjustment	98	26
Total deferred tax	**(1,787)**	**196**
Total tax (credit) / charge	**(381)**	**977**

Factors affecting taxation charge for the year

	For the period ended 30 June 2024 £'000	For the period ended 30 June 2023 £'000
Profit before taxation	23,190	18,436
Profit before taxation multiplied by the blended rate of UK Corporation tax (25.0%) (2023: 22.0%)	5,798	4,056
Effects of:		
Dividends not chargeable to UK corporation tax	(92)	(286)
Interest distributions paid	-	(3,326)
Income not taxable for tax purposes	(733)	-
Origination and reversal of timing differences	(3,975)	209
Relief from losses previously unrecognised	(1,521)	-
Group relief surrendered	66	-
Expenses not deductible for tax purposes	158	147
Prior year adjustment	1	26
Changes in tax rate for deferred tax	(76)	168
Fixed asset differences	-	2
Other income not taxable	(7)	(19)
Total tax (credit) / charge	**(381)**	**977**

Following the Reorganisation that occurred on 24 January 2024, Pollen Street Limited ceased to be classified as an investment trust under Section 1158 of the Corporation Tax Act 2010. As such Pollen Street Limited now incurs corporation tax but is also able to recognise a deferred tax asset in respect of unused tax losses. The origination of the deferred tax asset in the current period has resulted in a tax credit.

The following table shows the deferred tax asset and liability for the period:

Group	For the period ended 30 June 2024			For the year ended 31 December 2023		
	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000
Opening balance	-	(2,628)	(2,628)	-	(94)	(94)
Prior year adjustment	-	(98)	(98)	-	(26)	(26)
Credit / (charge) to profit or loss	2,774	(889)	1,885	-	(2,508)	(2,508)
Closing balance	**2,774**	**(3,615)**	**(841)**	-	**(2,628)**	**(2,628)**

13. LEASES

The Group leases include office premises where the Group is a tenant which include fixed periodic rental payments over the fixed lease terms of no more than five years remaining from the reporting date. The total cash outflow during the period in relation to leases was £0.7 million (H1 2023: £0.7 million).

Set out below are the carrying amounts of lease assets recognised and the movements during the year.

Group - Lease assets	For the period ended 30 June 2024 £'000	For the year ended 31 December 2023 £'000
Cost		
Opening balance	4,873	5,042
Lease maturity	-	(169)
Closing balance	**4,873**	**4,873**
Accumulated depreciation		
Opening balance	(1,056)	(266)
Depreciation expense	(422)	(959)
Lease maturity	-	169
Closing balance	**(1,478)**	**(1,056)**
Net book value	**3,395**	**3,817**

Set out below are the carrying amounts of lease liabilities and the movements during the year.

Group - Lease liabilities	For the period ended 30 June 2024 £'000	For the year ended 31 December 2023 £'000
Opening balance	4,152	5,268
Accretion of interest	95	229
Payments	(680)	(1,345)
Closing balance	**3,567**	**4,152**

14. EARNINGS PER SHARE

The table below shows the Group's earnings per share for the period ended 30 June 2024:

Group	For the period ended 30 June 2024	For the period ended 30 June 2023
Profit after tax (£'000)	23,571	17,459
Average number of shares	63,909	64,209
Earnings per ordinary share	**36.9 pence**	**27.2 pence**

15. RECEIVABLES

The table below sets out a breakdown of the Group receivables:

Group	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Management and performance fees	8,750	6,496
Amounts due from debtors	10,503	4,555
Prepayments and other receivables	5,863	6,891
Closing balance	**25,116**	**17,942**

16. PAYABLES

The table below set out a breakdown of the Group payables:

Group	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Staff salaries and bonuses	9,813	12,935
Audit fee accruals	641	1,059
Deferred income	24	22
Other payables	8,210	5,133
Total payables	**18,688**	**19,149**

17. ORDINARY DIVIDENDS

The following table shows the dividends in relation to or paid during the period ended 30 June 2024 and year ended 31 December 2023.

	Payment Date	Amount per Share (pence per share)	Total £'000

Interim dividend for the period to 31 December 2022	31 March 2023	16.00p	7,916
Interim dividend for the period to 31 March 2023	30 June 2023	16.00p	7,916
Interim dividend for the period to 30 June 2023	29 September 2023	16.00p	7,916
Interim dividend for the period to 30 September 2023	29 December 2023	16.00p	7,916
Interim dividend for the period to 31 December 2023	1 March 2024	13.00p	8,347
Interim dividend for the period to 30 June 2024	11 October 2024	26.50p	16,522

The 30 June 2024 interim dividend of 26.50 pence was approved on 3 September 2024 and will be paid on 11 October 2024.

The following table show the total dividends declared and the total dividends paid:

	For the period ended 30 June 2024	For the period ended 30 June 2023
	£'000	£'000
Total dividend paid in period	8,347	15,832
Total dividend in relation to period	16,522	15,832

18. DERIVATIVES

The table below presents the movement in the undiscounted notional values of the foreign exchange forward contracts for the Group:

	For the period ended 30 June 2024		For the year ended 31 December 2023	
Group	**EUR**	**USD**	**EUR**	**USD**
	£'000	**£'000**	**£'000**	**£'000**
Opening notional balance	42,987	19,360	45,560	19,683
Movement in notional value	939	11,279	(2,573)	(323)
Closing notional balance	**43,926**	**30,639**	**42,987**	**19,360**

The table below presents the mark to market of the foreign exchange forward contracts as at the end of the period for the Group:

	For the period ended 30 June 2024			For the year ended 31 December 2023		
Group	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Opening balance	(191)	12	(179)	(839)	(77)	(916)
Fair value movement	531	(287)	244	648	89	737
Closing balance	**340**	**(275)**	**65**	**(191)**	**12**	**(179)**

Fair value classification of derivatives

The Group derivatives are classified as level 2 in the fair value hierarchy with a GBP equivalent value of £0.1 million (30 June 2023: (£0.2) million). There were no movements between the fair value hierarchies during the period. The derivatives are valued using market forward rates and are contracts with a third party and so they are not traded on an exchange.

19. ORDINARY SHARE CAPITAL

The table below shows the movement in shares during the period:

No. Issued, allocated and fully paid ordinary shares of £0.01 each	**For the period ended 30 June 2024**	**For the year ended 31 December 2023**
Opening number of shares	64,209,597	64,209,597
Number of shares bought back	(1,473,135)	-
Closing number of shares	**62,736,462**	**64,209,597**

	Shares in issue at 1 January 2024	Buyback of Ordinary Shares	Shares in issue at 30 June 2024
Ordinary shares	64,209,597	(1,473,135)	**62,736,462**
Treasury shares	-	1,473,135	**1,473,135**

20. OTHER RESERVES

As at 30 June 2024, the Group had a retained earnings reserve balance of £22.8 million (31 December 2023: £8.1 million).

The Foreign Currency Translation Reserve reflects the foreign exchange differences arising on translation that are recognised in the Consolidated Statement of Comprehensive Income.

21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2024, there were no contingent liabilities for the Group (31 December 2023: £nil). The capital commitments are set out below.

The Group had £6.5 million (31 December 2023: £6.3 million) of undrawn committed structured credit facilities, undrawn commitments in relation to secured real estate loans of £49.3 million (31 December 2023: £35.6 million) and undrawn commitments in relation to direct Pollen Street managed fund investments of £96.1 million (31 December 2023: £35.9 million).

The Group Credit Assets at fair value through profit or loss include investments made into two Private Credit funds that are managed or advised by the Group: PSC Credit III (A) SCSp and (B) SCSp ("Credit III") and PSC Credit IV (B) SCSp, and PSC Credit (T) SCSp, a European SMA. As at 30 June 2024, the Group held 12% of Credit III (31 December 2023: 12%), 1% of PSC Credit

(T) SCSp (31 December 2023: 1%) and 24.7% of PSC Credit IV (B) SCSp (31 December 2023: 0%). As at 30 June 2024, the undrawn commitment for the investment into Credit III was £2.3 million (31 December 2023: £4.7 million), £0.8 million (31 December 2023: £0.8 million) for the investment in PSC Credit (T) SCSp and £70.0 million for the investment in PSC Credit IV (B) SCSp (31 December 2023: £0.0 million).

The Group Equity Assets at fair value through profit or loss includes commitments in two Private Equity funds that are managed or advised by the Group: PSC Accelerator II (A) LP and PSC V (A) LP. As at 30 June 2024, the Group held 2% of PSC Accelerator II (A) LP's total commitments (31 December 2023: 2%) and 5% of the total commitments in PSC V (A) LP (31 December 2023: 5%). As at 30 June 2024, the undrawn commitment into PSC Accelerator II (A) was £2.9 million (31 December 2023: £10.4 million) and £20.0 million in PSC V (A) LP (31 December 2023: £20.0 million). On 26 July 2024, the Group increased its commitment in PSC V (A) LP by £22.0 million to take the total commitment to £42.0 million.

22. RELATED PARTY TRANSACTIONS

IAS 24 '*Related Party Disclosures'* requires the disclosure of the details of material transactions between the Group and any related parties. Accordingly, the disclosures required are set out below.

The Group considers all transactions with companies that are controlled by funds managed by the Group as related party transactions.

The Group holds 4.0% equity in Tandem Money Limited a portfolio company of funds managed by the Group. This is included in Investment Assets at Fair Value through Profit or Loss in Note 8.

The Group has a servicing agreement with Oplo Group Limited, a wholly owned subsidiary of Tandem Money Limited. As at 30 June 2024, the portfolio of mortgages serviced under this agreement was £5.3 million (31 December 2023: £6.2 million). The Group has an unsecured loan in place with Kingswood Group, a wealth and investment manager that is controlled by Private Equity funds managed by the Group. As at 30 June 2024, the facility had an outstanding balance of £3.0 million (31 December 2023: £0.0 million). The Group has a facility outstanding to Freedom Finance Limited, a portfolio company managed by the Group, with a balance of £11.1 million (31 December 2023: £11.1 million). The Group holds two debt instruments issued by Saturn Holdings Limited, a portfolio company of funds managed by the Group, with an outstanding balance of £9.0 million (31 December 2023: £9.0 million). The Group has a participation in debt instruments issued by Soteria Insurance Limited ("Soteria"), a subsidiary of a portfolio company managed by the Group, with a balance of £9.0 million (31 December 2023: £9.0 million). Soteria is also an LP in PSC Credit III (B) SCSp and as a result the Group charges Soteria management fee and carried interest. These credit instruments are included in Credit Assets at amortised cost in Note 11.

During the period, the Group made commitments to PSC Credit IV (B) SCSp of £70.0 million which is a Private Credit fund managed by the Group. On 26 July 2024 the Group increased its commitment in PSC V (A) LP by £22.0 million to take the total commitment to £42.0 million. Please see Note 21 for analysis of Group commitments to Pollen Street managed funds and any undrawn amount at period end.

During the period, the Group carried out foreign exchange transactions with Lumon Risk Management LTD ("Lumon", formerly Infinity International Limited) in relation to EUR and USD derivative transactions. Lumon is one of the Group's panel providers of foreign exchange and all foreign exchange transactions are carried out on a best execution basis. Lumon is a portfolio company owned by a Private Equity fund that is managed by the Group. The derivatives exposure with Lumon is disclosed in Note 18.

During the period, the Company bought back 1,473,135 shares.

23. ULTIMATE CONTROLLING PARTY

It is the opinion of the Directors that there is no ultimate controlling party.

24. SUBSEQUENT EVENTS

After 30 June 2024 and by 3 September 2024, the Group bought back 388,469 shares with a total value of £2.8 million. On 3 September 2024 a dividend of 26.5 pence per ordinary share was approved for payment on 11 October 2024. On 26 July 2024 the Group increased its commitment in PSC V (A) LP by £22.0 million to take the total commitment to £42.0 million.

ENDS

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[1] £4.8 bn AuM as at 31 July 2024

[2] EBITDA is calculated as the operating profit of the Group's Investment Company plus the operating profit of the Group's Asset Manager, in accordance with IFRS reporting standards, including the full cost of the office leases despite these costs being reported as depreciation of a right-of-use asset and financing costs under IFRS 16.

[3] BCG's Global Asset Management Report, 2024 https://web-assets.bcg.com/a3/8a/9a5b5365468d8e5db5993160fa2a/2024-gam-report-may-2024-r.pdf

[4] The accounting cost of the office lease is defined as the depreciation of the lease asset

[5] The 'Gains on Investment Assets held at fair value' includes £29k from unrealised foreign exchange gains and realised & unrealised derivative gains, which are not included in Note 8.

[6] The 'Gains on Investment Assets held at fair value' includes £111k from unrealised foreign exchange losses and realised & unrealised derivative losses, which are not included in Note 8.

[7] For the period ended 30 June 2023, the Central net operating costs shown in Note 6 Operating segments, contained £1,387k relating to staff costs. These costs are included in the £14.3 million total Staff costs. For the period ended 30 June 2024, these costs of £1,039k are included in the Asset Manager Administrative costs.

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