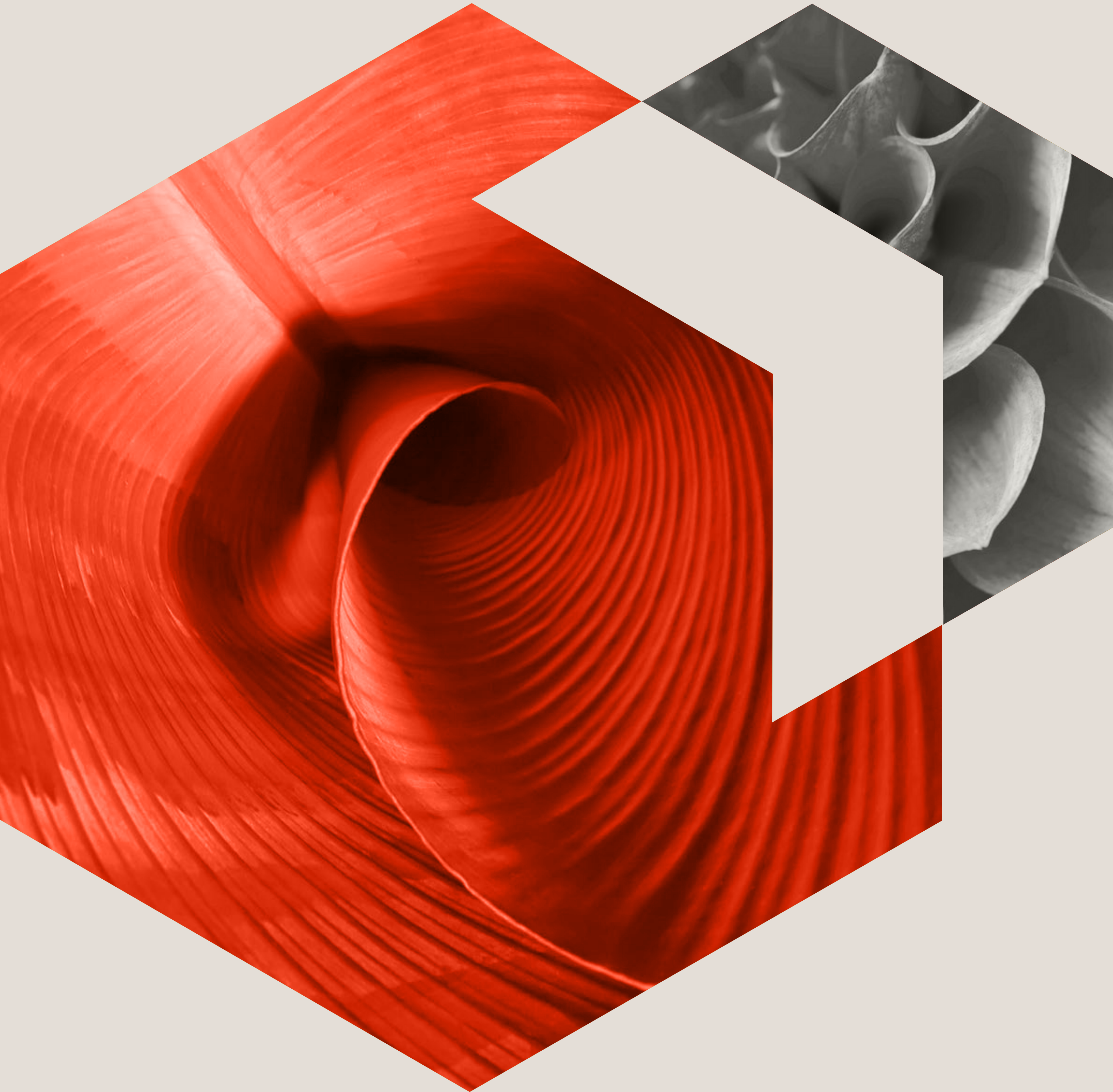
POLLEN STREET

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023
POLLEN STREET LIMITED



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01. STRATEGIC REPORT

POLLEN STREET

Pollen Street 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 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 Assets with the allocation to Private Equity expected 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.

CORPORATE BACKGROUND & BASIS OF PREPARATION

Pollen Street Limited was incorporated on 2 December 2015. The Company was originally named Honeycomb Investment Trust plc. It was subsequently renamed to Pollen Street plc and then Pollen Street Limited. On 30 September 2022, the Company combined with Pollen Street Capital Holdings Limited by acquiring the share capital of Pollen Street Capital Holdings Limited with newly issued shares in the Company as consideration (the "Combination"). As such the statutory financial statements only incorporate Pollen Street Capital Holdings Limited and its subsidiaries from 30 September 2022, the point at which it became a wholly owned subsidiary of the Company.

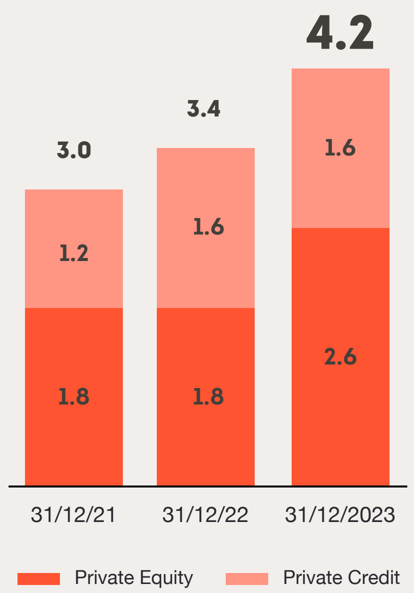
On 24 January 2024, the Group changed the listing category of the shares to that of a commercial company from an investment company and introduced a Guernsey incorporated holding company, named Pollen Street Group Limited, as the new parent of the Group by way of a scheme of arrangement (the "Scheme"). The Company subsequently distributed the entire issued share capital in Pollen Street Capital Holdings Limited to the new parent (the "Distribution", and together with the Scheme the "Reorganisation"). The Reorganisation does not change the operational activities of the overall business from a shareholder's perspective. However, it does change the activities of the companies within the Group and it affects the presentation of the financial results for the Company and Group. For example, the Company has ceased to be classified as an investment trust during 2024 and Pollen Street Limited and its current subsidiaries have ceased all asset management activities, however they continue their operations of investing in Credit Asset and Equity Assets. The activities of Pollen Street Capital Holdings Limited are therefore presented as held for distribution. Further information on the Combination and the Reorganisation is provided in Note 1 to the Financial Statements.

As part of the Reorganisation, the Company's shares were delisted from the London Stock Exchange and the Company re-registered as a private company. As such the Company is no longer required to comply with many of the disclosure and corporate governance requirements that apply to premium listed companies. However, the Company has continued to comply with these standards, where they are appropriate, as a matter of good governance. Further information is available in the Corporate Governance Statement on page 119.

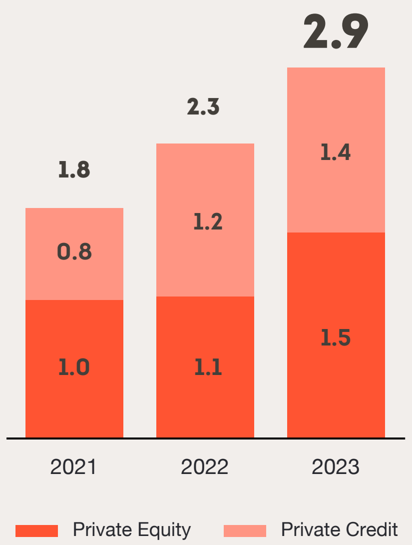
The annual report and accounts for the new parent of the Group, Pollen Street Group Limited, for the financial year ended 31 December 2023 will be published on the Group's website on or before 30 April 2024.

PROFIT FOR THE YEAR: £40.4 MILLION (2022: £26.4 MILLION)

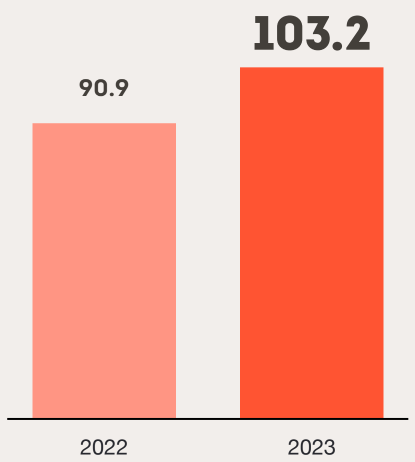
TOTAL AUM (£ BILLION)



AVERAGE FEE-PAYING AUM (£ BILLION)

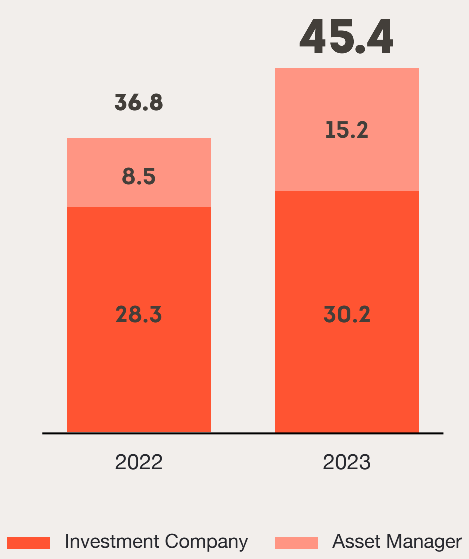


TOTAL INCOME (CONTINUING & FOR DISTRIBUTION) (£ MILLION)

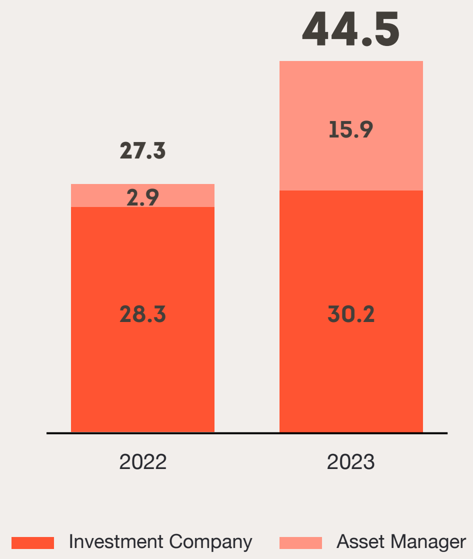


See section 5, page 221, for the definition of terms and the reconciliation to Alternative Performance Measures ("APM"). APMs are not audited. The operating profit chart shows the statutory operating profit of the continuing operations and the operations that are for distribution. The operating profit for the Central segment is not shown in the chart however the total is the operating profit of the Group. 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, excluding exceptional items and start-up losses of the US business, but including the full cost of the office leases, despite these costs being reported as depreciation of a lease asset and financing costs under IFRS 16. Total Income and EBITDA for 2022 is calculated on a proforma basis as if the combination had occurred prior to 1 January 2022.

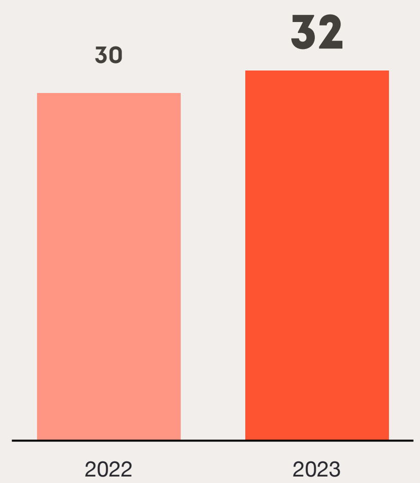
EBITDA (£ MILLION)



OPERATING PROFIT (CONTINUING & FOR DISTRIBUTION) (£ MILLION)



DIVIDENDS DECLARED (£ MILLION)



Robert Sharpe
Chair

"In 2023 we demonstrated clear progress in delivering on the strategy set out when we announced the Combination of Pollen Street Capital Holdings Limited and Honeycomb Investment Trust plc in February 2022."

CHAIR'S STATEMENT

Welcome to the Annual Report and Accounts for Pollen Street, which covers the year ended 31 December 2023.

DELIVERING CONSISTENT PERFORMANCE & SUSTAINABLE GROWTH

In 2023 we demonstrated clear progress in delivering on the strategy set out when we announced the Combination of Pollen Street Capital Holdings Limited and Honeycomb Investment Trust plc in February 2022.

Over the year, the performance of Pollen Street has been strong, and we are delivering against our ambitions. Pollen Street continues to generate strong contracted income from funds under management, delivering attractive and low volatility returns within our funds to support further AuM growth as well as attractive income from our balance sheet investments.

On the Asset Manager side, Pollen Street has demonstrated success in both growing AuM and continuing to deliver strong returns for our investors. We have focused on growing Private Equity AuM in 2023, building on the growth in Private Credit AuM in 2022. Pollen Street has increased Private Equity AuM to £2.6 billion – a 44 per cent increase on prior year – with capital raised in Private Equity Fund V and a new continuation vehicle that was oversubscribed.

The Investment Company has continued to deliver strong performance, maintaining its historic track record. Income on Net Investment Assets was consistent and progressive at £30.2 million for the year ended 31 December 2023 growing from £28.3 million for the year ended 31 December 2022.

The above success is reflected in the financial results for the Group with operating profit growing to £44.5 million for 2023, up from £27.3 million for 2022. Pollen Street declared dividends of £32 million in relation to 2023, an increase of £2 million from the prior year (2022: £30 million). This was in line with the Board's dividend targets. Pollen Street Group Limited's target for dividends in respect of 2024 is to delcare dividends of no lower than £33 million and the Group aims to grow dividends progressively thereafter.

CAPITAL ALLOCATION FRAMEWORK AND BUYBACK PROGRAMME

The Board is mindful of the disconnect between the share price and the fundamental value of the Group. Pollen Street Group Limited announced a Capital Allocation Framework and Buyback Programme immediately prior to the publication of these Annual Report and Accounts.

Under this framework, Pollen Street Group Limited will maintain sufficient balance sheet capital to: invest in funds managed by the Group to accelerate the growth of the Asset Manager; support the dividend policy, which is to declare dividends of no lower than £33 million in respect of 2024 and dividends growing progressively thereafter; and provide strategic flexibility for inorganic growth, should opportunities arise. Surplus capital will be returned to shareholders through share buybacks of approximately 2 to 5 per cent per annum of the outstanding share capital of the Group.

We continue to focus on delivering substantial growth in the business and building on our shareholder engagement to improve the liquidity of the shares by diversifying our shareholder base. The Group has also completed its work to change the listing category of the shares to that of a commercial company from an investment company to support this.

FOCUS ON CORPORATE GOVERNANCE

On 15 January 2024, we announced the intention to appoint Lucy Tilley as the Group's next Chief Financial Officer ("CFO"). Lucy will join the Board as an Executive Director, succeeding Julian Dale, who will be stepping down as CFO. Lucy brings extensive experience including as CFO of Mortgage Advice Bureau (Holding) Plc and director in the corporate broking team at Canaccord Genuity Limited.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Pollen Street, Environmental, Social and Governance ("ESG") is an important part of our approach to investing, portfolio monitoring, management and reporting. It is an embedded part of the culture and investment approach of the businesses, and our ESG framework aligns to the UN Sustainable Development Goals ("SDGs"). Over the year progress has been made across:

- Our proprietary ESG scoring mechanism, which is used to benchmark investments and to assess progress in ESG performance, where we saw an average score improvement across our Private Equity portfolio, and an increasing uptake of ESG margin ratchets using the ESG score in our Private Credit portfolio, with eight ratchets now in place.
- Our climate targets, with Pollen Street maintaining carbon neutral status for the year and two thirds of portfolio companies with net zero roadmaps/plans.

OUTLOOK: BUILDING ON OUR POSITIVE MOMENTUM

Over the last year we have been deepening our existing investor relationships and continuing to develop new relationships to grow AuM. AuM in Private Equity has grown particularly well in the period as we completed the first close of Private Equity Fund V and also completed a continuation fund before the year-end. The Private Credit strategy continues to perform strongly with the deployment of Private Credit Fund III and we introduced further capital from new investors through Separately Managed Accounts ("SMAs"). The Investment Company assets are well positioned and structured to withstand significant macro stress. Current market conditions bring compelling investment opportunities, which we approach with care and selectivity.

Our strategies have continued to demonstrate strength and resilience and Pollen Street Group Limited is well positioned for the year ahead. We are pleased with the progress we have made in 2023 and the financial results for the year. Along with the rest of the Board, I would like to thank the management team for their hard work over 2023 and I look forward to what more we can achieve in 2024.

Robert Sharpe
Chair
20 March 2024

Lindsey McMurray
Chief Executive Officer

"These results provide confidence for the year ahead, reflecting the strength of our strategies, the power of our market positioning and industry focus as well as the opportunity presented by our business model, to accelerate growth using our balance sheet."

CEO REPORT

DELIVERING STRONG PERFORMANCE

I am pleased to report that Pollen Street delivered strong performance in 2023. During the year the Group recorded continued strong performance across our funds, made progress against our fundraising targets and benefitted from attractive deployment opportunities in both Private Credit and Private Equity. We increased our AuM to £4.2 billion as at 31 December 2023, from £3.4 billion as at 31 December 2022.

The above success is reflected in the financial results for the Group with operating profit growing to £44.5 million for 2023, up from £27.3 million for 2022. The primary growth driver was the Asset Manager where operating profit grew to £15.9 million, up from £2.9 million in 2022 on a statutory basis and £9.5 million on a proforma basis[1].

These results provide confidence for the year ahead, reflecting the strength of our strategies, the power of our market positioning and industry focus as well as the opportunity presented by our business model, to accelerate growth using our balance sheet.

In the current macro environment, uncertainty has impacted the industry's deal flow both in realisations and deployment. Fundraising too has also been affected by uncertainty and shifting plans. It is against this backdrop that we deliver our results for the 12 months to 31 December 2023. With a successful year for our funds, our portfolio and our Investment Company, we are pleased to see the differentiated approach of Pollen Street serve us well and set us up to deliver long-term sustainable growth.

WELL-PLACED STRATEGY

Pollen Street was founded following the global financial crisis, our strategies are designed to thrive in times of change. We look to work with top-rate management teams to enable them to build great businesses that can win in their markets. Our strategies are designed and proven to perform through different macro environments to deliver consistent returns and our balance sheet serves to provide stable income and to accelerate the growth of our Asset Manager.

OUR ASSET MANAGER BUSINESS

Pollen Street is an alternative asset manager dedicated to financial and business services. We have built a wealth of expertise in the industry and a deep network of passionate people to enable us to deliver consistent and sustainable returns.

A PRIVATE EQUITY STRATEGY BUILDING NEXT GENERATION MARKET LEADERS

Our Private Equity strategy focusses on backing mid-market companies in the financial and business services sector. We typically take majority stakes in companies whose headquarters are in Europe. These companies are often founder led and we seek to apply deep sector specialist knowledge and a proven operational framework to accelerate revenue and profit growth with an objective to deliver top-tier returns overall with low variance of outcomes.

A typical investment will benefit from the key growth trends, which form the basis of our investment themes, from the unbundling of services driven by demand for more convenient personalised experiences, to the wide-ranging impact of the digital transformation of the entire sector. We pinpoint these drivers of change and align our investment strategy to support businesses at the forefront of these opportunities. Our network of experts is brought together in The Hub, our powerful ecosystem that delivers deep expertise across digital transformation, technology innovation, ESG and Business Development. The Hub provides a systematic approach to building and growing businesses. The team are hands-on driving collaboration and knowledge sharing across the portfolio.

The wider Pollen Street network has been built through years of experience across the industry and gives us access to deal flow, expertise and talent.

The performance of our Private Equity strategy over 2023 is testament to the resilience of our approach and the relevance of our strategy in the current market landscape. Our portfolio has delivered strong revenue and profit growth and we continue to see attractive opportunities for deployment on a careful and selective basis.

A DIFFERENTIATED CREDIT STRATEGY

In Private Credit, our strategy is to provide predominantly senior secured, asset-based lending to non-bank lenders, leasing businesses, technology companies, and other companies with diverse portfolios of financial or hard assets. Our credit facilities are typically senior secured with significant credit protection created through both asset security and transaction structuring. We take direct security over large and diverse pools of assets that generate revenue and cash flow of our borrowers, alongside full corporate guarantees with comprehensive covenants and our investments are designed to withstand significant stress in the macro environment to deliver low volatility returns.

Following the global financial crisis, and the subsequent retrenchment of the banks from lending markets, Pollen Street identified opportunities to fill the funding gap in what is a large and growing market with a targeted and considered approach. We are experts in this large and growing market, with a deep network and experience that allows us to identify opportunities and target an underpenetrated part of the market. Our team focuses on the mid-market where our support and capital is most needed.

CONTINUED MOMENTUM IN FUNDRAISING

We are pleased to report a significant step up in AuM for the year, driven by our Private Equity Fund V raise as well as new capital raised in a continuation fund.

Overall, we delivered 25 per cent AuM growth (31 December 2022: 13 per cent) over the course of the year. We are grateful for the strong support from our existing and new investors across our strategies. In 2024, we expect to complete our fund raising of Private Equity Fund V as well as completing the first close of Private Credit Fund IV expected imminently.

GROWING RETURNS IN OUR INVESTMENT COMPANY

In 2023 we continued to deliver consistent performance in the Investment Company, delivering Income on Net Investment Assets of £30.2 million (2022: 28.3 million). The Investment Company port-

[1] Operating profit on a proforma basis is calculated as if the combination had occurred prior to 1 January 2022.

folio stands at £533 million (31 December 2022: £588 million).

We highlighted at the time of the Combination, and in previous reporting, the intention to transition the Investment Company from predominantly holding direct investments sourced in our Private Credit strategy to holding investments in Pollen Street funds. This shift creates strong alignment and synergies where the balance sheet is able to benefit from the returns generated by a diverse portfolio of investments across Private Equity and Private Credit while supporting fundraising by demonstrating strong alignment with investors and providing a catalyst for raising additional third-party capital, in turn driving higher management fee income for the Group and Shareholders.

As such, the Investment Company plays an important role in driving sustainable growth for Pollen Street as a whole. We believe that this approach will help to accelerate the growth in AuM as well as launch new strategies. To date the Investment Company has committed over £120 million across our vehicles. We expect fund investments to represent approximately half of the Investment Company assets with the allocation to higher yielding Equity Assets increasing to approximately 30 per cent over the medium term.

OUR COMMITMENT TO SUSTAINABILITY & ESG PROGRESS

At Pollen Street we are committed to investing responsibly and developing and enhancing our focus on actions that generate a positive impact for our investors, people, portfolio and wider society.

Over the year we have made excellent progress against our ESG targets. We have recorded improved ESG scores across our portfolio using our proprietary scoring mechanism with an average score improvement of 2.5 points across our Private Equity portfolio. In our Credit portfolio we have now introduced a total of eight ESG margin ratchets, providing accountability for our borrowers to improve ESG metrics.

We continue to focus on portfolio companies where we see a potential for positive impact for both investors, people and planet. A recent example is our Private Equity investment Assessio, the leading talent assessment software platform in the Nordics. Assessio operates in an exciting and growing market solving current challenges such as talent shortages and development but its solutions also support companies in their Diversity Equity and Inclusion ("DEI") efforts.

We are proud that the Group maintained carbon neutral status for 2023. To further progress our ambitions on climate, we are now using the Private Markets Decarbonisation Roadmap as a firm and across our funds portfolio to help accelerate our journey to Net Zero.

Sustainability remains a core part of our investment strategy. We aim to help portfolio companies make Net Zero progress; set and measure diversity and inclusion targets; and operate to the highest possible governance standards.

Alongside continuing to strengthen our ESG programme and foundations, our focus for ESG in 2024 includes the following areas:

- Sustainable value creation: Aligning ESG criteria to strategic business drivers to drive engagement and performance.
- Climate & Net zero: Working across the portfolio to develop net zero commitments and strategies and strengthen processes to better understand the impacts of climate change, in line with the Task Force for Climate related Financial Disclosures ("TCFD").
- Data & reporting excellence: Using a reporting and scoring framework to rank and compare portfolio investments, and to identify improvements; continue to address evolving regulations on sustainability disclosures.

OUR OUTLOOK: ACCELERATING PROGRESS TOWARDS CREATING A FAST-GROWING HIGH-PERFORMING PRIVATE CAPITAL ASSET MANAGER

Our progress in 2023 has positioned us well to drive long-term organic growth. We had previously issued financial guidance that Fee-Paying AuM would be £4 to £5 billion between 30 September 2024 and 30 September 2025. We expect to exceed the £4 billion threshold during 2024 and are raising guidance to grow AuM to £10 billion in the longer term. This is discussed further in the CFO Report.

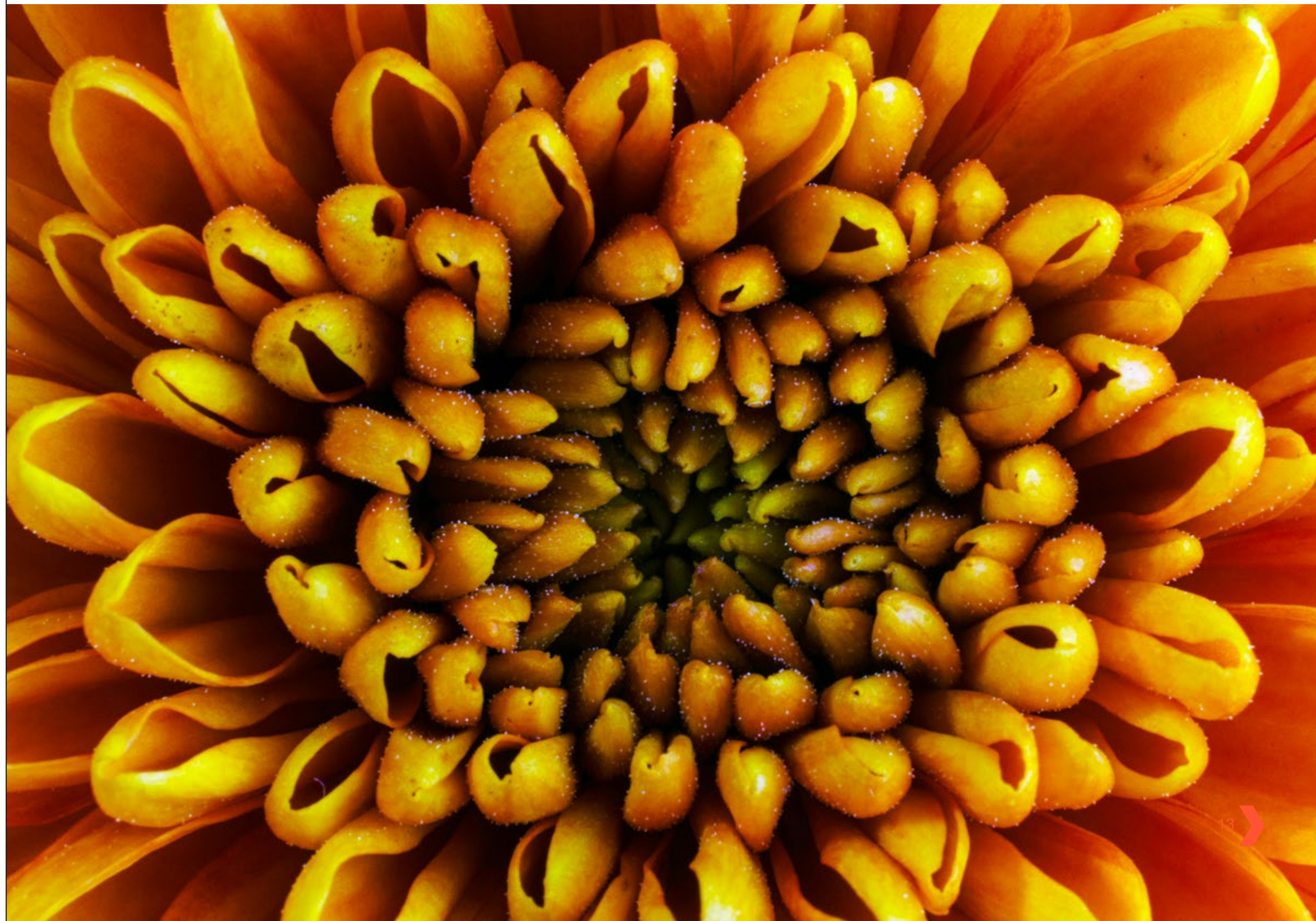
Looking ahead in 2024 for Pollen Street Group Limited, in both Private Credit and Private Equity, we are seeing strong performance, resilience and an attractive pipeline of new opportunities.

Our key priorities for 2024 are:

- final close of Private Equity Fund V;
- first close of Private Credit Fund IV;
- building cross product relationships with strategic investors;
- continuing to deploy the Investment Company capital in new Pollen Street funds and assets; and
- delivering operational leverage through our platform as we continue to grow AuM.

As I reflect on a successful year for Pollen Street, I would like to thank our investors and shareholders for their support; the whole Pollen Street team for their dedication and immense work over the year; and the Board for its support and guidance. I am energised by our progress in 2023 and look forward to the opportunities ahead in 2024.

Lindsey McMurray
Chief Executive Officer
20 March 2024



Michael England
Partner

> **"We pinpoint these drivers of change and align our investment strategy to support businesses at the forefront of these opportunities."**

PRIVATE EQUITY STRATEGY

This section gives insight into our Private Equity strategy. The Group earns management fees and carried interest from managing and advising funds investing in this strategy.

Our Private Equity strategy focuses on backing mid-market companies in the financial and business services sector. We typically take majority stakes in companies whose headquarters are in Europe. These companies are often founder led and we seek to apply deep sector specialist knowledge and a proven operational framework to accelerate revenue and profit growth with an objective to deliver top-tier returns overall with low variance of outcome.

A typical investment will benefit from the key growth trends which form the basis of our investment themes, from the unbundling of services driven by demand for more convenient personalised experiences, to the wide-ranging impact of the digital transformation of the entire sector. We pinpoint these drivers of change and align our investment strategy to support businesses at the forefront of these opportunities.

Our strategy has been in place since 2008 and has been tested through many market events and cycles. Throughout this period, we have developed a robust and disciplined approach to investing as evidenced by our strong track record over time. We identify companies that have high potential for digital adoption and a loyal customer base that can thrive in times of structural change. This experience has given us valuable skills and a keen understanding of risks and opportunities in the market.

HOW IT WORKS: CLEAR OPPORTUNITY SET AND ESTABLISHED INVESTMENT STRATEGY

Our investment strategy focuses on a rich opportunity set within five diverse sub-sectors, where we seek to identify the key themes that drive growth:

- Payments;
- Wealth;
- Insurance;
- Technology-enabled services; and
- Lending.

Our thematic origination populates a pipeline of fast-growing, technology-enabled businesses with solid foundations for us to help create customer-centric, data-driven organisations who can become market leaders.

Within these investment theses, we seek to drive growth through our established operational framework, which is built upon four key pillars:

- Technology innovation and digital transformation;
- Buy, build and consolidation;
- Globalisation and product development; and
- ESG embedding.

2023 – DELIVERING GROWTH AND BUILDING MOMENTUM

We have seen strong performance in our Private Equity funds, with impressive revenue and EBITDA growth, continued deployment activity in Private Equity Fund IV and progress on exits.

Six new investments were completed in the year, including Finsolutia, a leading technology driven credit and real estate platform; Wide Group S.P.A, one of the leading innovative insurance brokers in Italy was acquired in May 2023; Assessio, the Nordic's leading talent assessment software platform and Niio, in the European wealth and asset management software market. Alongside this, there have been exits from both the Fund III and Fund IV portfolios.

Private Equity Fund V has been our core focus for fundraising in the year, as we continue to develop new relationships with investors and deepen existing ones. In addition to fundraising in Fund V, there was a step up in AuM due to the raising of our second continuation fund, reflecting the particularly strong performance of two of our existing assets and the potential for future growth.

With the good progress made in 2023 – and our focus on delivery, deployment and exits in 2024 – our funds remain well positioned for growth and to provide top-tier returns for our investors and shareholders.

Michael England
Partner
20 March 2024

Matthew Potter
Partner

"We provide asset-based funding to support everything from building homes, backing small businesses and software companies, energy efficient home improvements, and electric vehicle financing."

PRIVATE CREDIT STRATEGY

This section gives insight into our Private Credit strategy. The Group earns management fees, performance fees and carried interest from managing and advising funds investing in this strategy.

Asset-based finance is the funding behind the everyday credit that powers our economy and society. We provide funding to support everything from building homes, funding SMEs & corporates and vehicle financing. We do this by providing predominantly senior secured loans to non-bank lenders, banks, leasing businesses and technology companies that are serving these end markets taking security over their diverse portfolios of cash flow producing assets, such as loans, leases and vehicles, alongside corporate guarantees.

We are experts in this large and growing market, with a deep network and experience that allows us to identify opportunities and target an underpenetrated part of the market. Our team focuses on the mid-market where we believe the greatest opportunity and largest financing gap exists meaning we can create the most favourable risk reward profile.

Following the global financial crisis, and the subsequent retrenchment of the banks from lending markets, Pollen Street identified opportunities to fill the funding gap in what is a large and growing market with a targeted and considered approach. Our asset-backed lending aims to deliver uncorrelated returns to other private debt strategies with a through the cycle approach designed to withstand significant stress. Direct asset-backing combined with seniority, comprehensive covenants and bespoke structuring delivers significant downside protection whilst Pollen Street's ability to access a hard to reach market through our large, dedicated team means we consistently generate premium returns versus other private and public debt strategies.

We are also passionate about the potential for positive impact through the financing that we provide whether by funding new mass market homes, driving regional economic growth, funding green alternatives to transport and levelling up. Our capital facilitates this impact by enabling our borrowers to build and grow their businesses whether building homes, leasing electric vehicles or lending to regional small businesses.

HOW IT WORKS: STRUCTURING FOR PROTECTION

The investment strategy seeks to combine the benefits of the asset-backed and corporate lending markets following a tested and a structured investment approach that has delivered strong returns and low volatility. Significant credit protection is created through both asset security and transaction structuring with senior loans secured directly against large and diverse pools of assets that generate the revenue and cash flow of the borrowers as well as securing a full corporate guarantee with comprehensive covenants.

We seek to follow a structured investment approach that focuses on:

- Diverse asset-backing: predominantly senior loans secured on highly diverse tangible assets to maintain credit protection;
- Bespoke structuring: highly structured investments that seek to create strong downside protection and align incentives with our borrowers;
- Conservative leverage on assets with tangible value: substantial credit protection from borrower cash equity, asset pool profits and corporate guarantees;
- Robust cash generation: lending against highly cash generative, short duration, granular assets;
- Covenants: structured to create alignment with our borrowers.

2023 – CONSISTENT PERFORMANCE AND PREPARING FOR FUTURE GROWTH

In 2023 the Private Credit business has been focused on deploying Private Credit Fund III and the SMAs and capitalising on an investor friendly market with higher returns. This strategy has paid dividends with Private Credit Fund III almost fully deployed and fundraising started for Private Credit Fund IV with first close expected imminently. We also won a sizeable new SMA mandate from a UK public pension plan, which closed in early 2024 building upon the fundraising momentum and increased investor awareness of Pollen Street's Private Credit business.

The portfolio has performed well in the year with the higher interest rate environment driving increased deal returns and new investments being completed at higher spreads as we faced a less competitive investment environment. There were 16 new transactions or upsizes (2022: 25) that were completed during the year totalling £0.4 billion (2022: £0.7 billion) of investment commitments with new deals incorporating sustainability linked factors including ESG margin ratchets to incentivise our borrowers to improve their impact.

We continue to develop and review a strong pipeline of new opportunities alongside fundraising for Private Credit Fund IV. The market trends that drove opportunities in 2023 are set to continue to contribute to a less competitive environment on the lending side. On the fundraising side asset-based lending is gaining traction with an increased awareness of the benefits it can offer investors as they build out a private debt portfolio. We are capitalising on our leading position in this market and expect to continue to win new relationships in 2024 and beyond.

Matthew Potter
Partner
20 March 2024

Julian Dale
Chief Financial Officer

"It has been a successful year, with strong fundraising performance, growth in our financial performance and progress towards our medium-term targets."

CFO REPORT

MOMENTUM TOWARDS OUR TARGETS

I am pleased to present Pollen Street's financial results for 2023. It has been a successful year, with strong fundraising performance, growth in our financial performance and progress towards our medium-term targets.

We completed the first close of Private Equity Fund V with further closes completed throughout the second half of the year. The fee rates on this fund are in line with our historic rates and we have clear visibility over additional closes. First close sets the date from which the Group charges fees for all investors, including in subsequent closes and so this gives us a line of sight to future revenue growth.

We launched a new continuation fund in November 2023 to acquire two high-performing companies from our existing funds to enable us to continue to support the growth of both businesses. It is expected to generate £5 million per annum of revenue for the Group over 2024 and beyond.

We also completed final close of Private Credit Fund III in April 2023 and closed a new £0.2 billion SMA in February 2024.

Fundraising across both strategies brings total AuM to £4.2 billion as at 31 December 2023 (31 December 2022: £3.4 billion). We are pleased with the strong support from new and existing investors in both Private Equity and Private Credit. We expect to substantially complete the fundraising of Private Equity Fund V during the year and first close of Private Credit Fund IV is expected imminently. We remain confident in delivering total commitments in line with our targets.

Income on Net Investment Assets within the Investment Company was £30.2 million (2022: £28.3 million). This increase in income reflects the impact of increased interest rates together with resilient credit performance.

The total income for the Group was £103.2 million (2022: £63.7 million) and the operating profit for the Group was £44.5 million for 2023 (2022: £27.3 million). This represents a material increase with the main driver being growth in the Asset Manager segment from the date that it was acquired, 30 September 2022, as part of the Combination.

BASIS OF PREPARATION

In addition to the statutory results, we also present proforma results for the Group for the year ended 31 December 2022 that incorporate the earnings from the Asset Manager, as if the Combination had completed prior to the start of 2022. This basis explains the performance of the combined entity more fully because it includes a full history of Pollen Street Capital Holdings Limited and its subsidiaries. These are referred to as "Proforma 2022". The statutory results for the year ended 31 December 2023 are referred to as "2023" and the year ended 31 December 2022, "Statutory 2022".

On 24 January 2024, the Group completed a scheme of arrangement to effectively change the listing category of the Company's shares to that of a commercial company from an investment company and to introduce a Guernsey incorporated holding company, named Pollen Street Group Limited, as the new parent of the Group. The purpose of the Scheme is to better reflect the Group's operations as a commercial enterprise, broaden the universe of potential investors, improve the marketability and liquidity of Pollen Street shares and bring the listing classification in line with our quoted peer group. The Company has therefore ceased to be classified as an investment trust during 2024 and will incur corporation tax in its Investment Company for the year ended 31 December 2024 and subsequently.

On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited following shareholder approval received on 11 October 2023. This is referred to as the Distribution. Pollen Street Limited and its current subsidiaries have therefore ceased all asset management activities, however they continue their operations of investing in Credit Assets and Equity Assets. Pollen Street Capital Holdings Limited and its subsidiaries have been classified as "For Distribution" and presented in a separate column in the financial statements. Whilst the Distribution changes the activities of the entities within Pollen Street's overall business and therefore affects the presentation of the financial results for the Company and Group, it does not change the activities of the overall business from a shareholder's perspective. Further information on the Combination and the Reorganisation is provided in Note 1 to the Financial Statements.

ASSET MANAGER GROWTH

Assets under management are tracked on a total AuM and fee-paying basis. Total AuM broadly 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 point when the subsequent fund holds its first close. Co-investment vehicles are typically non-fee paying. Fee-Paying AuM for Private Credit is the net invested amount. See pages 221 to 223 for the full definitions.

Total AuM grew to £4.2 billion as at 31 December 2023 (31 December 2022: £3.4 billion), driven by fundraising under the Private Equity strategy. Fundraising has increased Average Fee-Paying AuM for the Private Equity strategy to £1.5 billion (Statutory 2022: £1.1 billion; Proforma 2022: £1.1 billion).

Average Fee-Paying AuM	2023 (£ billion)	Statutory 2022 (£ billion)	Proforma 2022 (£ billion)
Private Equity	1.5	1.1	1.1
Private Credit	1.4	1.3	1.2
Total	**2.9**	**2.4**	**2.3**

The Asset Manager segment delivered £15.9 million of operating profit over 2023 (Statutory 2022: £2.9 million; Proforma 2022: £9.5 million). The Group tracks the performance of this segment using Fund Management EBITDA, which is the operating profit less the depreciation of the office lease[2]. The Fund Management EBITDA for 2023 was £15.2 million, which has grown by 79 per cent from £8.5 million for Proforma 2022.

The EBITDA growth of the Asset Manager is driven by Fund Management Income growing at 32 per cent to £49.2 million for 2023 (Statutory 2022: £10.2 million; Proforma 2022: £37.4 million). 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.

Administration Costs together with the depreciation of the lease asset was a charge of £34.0 million for 2023 (Statutory 2022: £7.5 million; Proforma 2022: £28.9 million). This represents an increase of 18 per cent, driven predominantly by incremental headcount growth. This moderate increase reflects a well-invested cost base, leading to a high drop through from incremental revenue to profitability. We have invested in headcount principally in the Investor Relations team to support capital raising across the Group and to internalise some capital raising costs. This has increased the fundraising capacity of the Group and improved the efficiency of capital raising in the longer term.

Asset Manager Profitability	2023 (£ million)	Statutory 2022 (£ million)	Proforma 2022 (£ million)
Fund Management Income	49.2	10.2	37.4
Administration Costs[4]	(33.3)	(7.3)	(27.9)
Operating Profit	**15.9**	**2.9**	**9.5**
Depreciation of Lease Asset	(0.7)	(0.2)	(1.0)
Fund Management EBITDA	**15.2**	**2.7**	**8.5**

[2] *The accounting cost of the office lease is the depreciation of the lease asset*

The Management Fee Rate for 2023 excluding the incremental income and AuM from Accelerator II would have been 1.36 per cent demonstrating growth in management rate driven by funding raising under the Private Equity strategy. Including Accelerator II, the Management Fee Rate was 1.17 per cent (Statutory 2022: 1.28 per cent; Proforma 2022: 1.27 per cent). The change in rate is driven by an 18 per cent year on year increase in the Management Fee Income offset by a 33 per cent increase in Average Fee-Paying AuM. The ratio is expected to stabilise over time to fall within 1.25 per cent to 1.5 per cent medium-term guidance range as the impact of Accelerator II is diluted across the Group's other AuM.

Performance fees and carried interest for 2023 were 30 per cent of Fund Management Income for the period (Statutory 2022: 24 per cent; Proforma 2022: 23 per cent). This is in excess of the medium-term guidance range of 15 to 25 per cent and reflects strong performance across the portfolios as portfolio companies continued to grow revenue and profits.

The Fund Management EBITDA Margin increased to 31 per cent for 2023 (Statutory 2022: 26 per cent; Proforma 2022: 23 per cent). We expect 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.

Asset Manager Financial Ratios	2023	Statutory 2022	Proforma 2022
Management Fee Rate *(% of Average Fee-Paying AuM)*	1.17%	1.28%	1.27%
Performance Fee *(% of Fund Management Income)*	30%	24%	23%
Fund Management EBITDA Margin *(% of Fund Management Income)*	31%	26%	23%

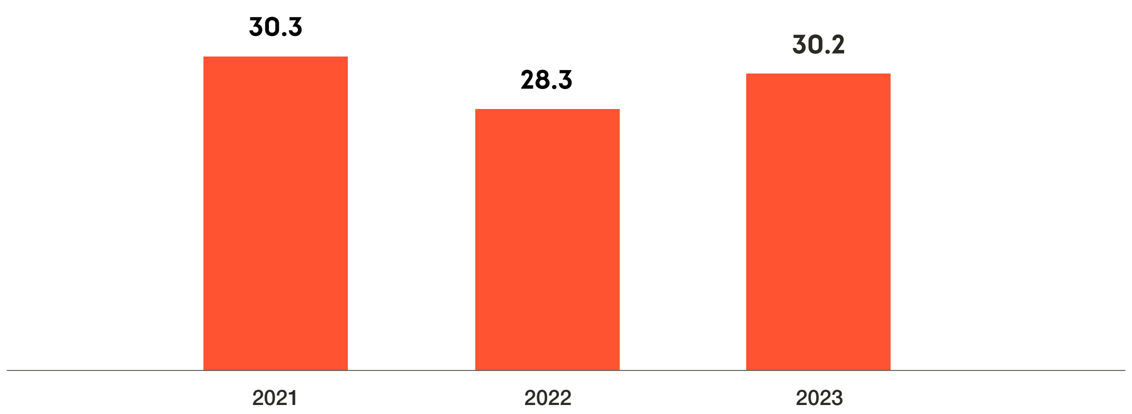
INVESTMENT COMPANY GROWING RETURNS

The Group's £533 million (31 December 2022: £588 million) investment portfolio is well diversified across deals and borrowers. The Investment Company has committed over £120 million into funds managed by Pollen Street to date. This reflects our plans to steadily grow Investment Company commitments in the Asset Manager to help accelerate growth. We expect fund investments to represent approximately half of the Investment Company assets with the allocation to higher yielding Equity Assets increasing to approximately 30 per cent over the medium term.

Our Investment Asset portfolio maintained its track record of performance throughout the year and delivered Income on Net Investment Assets of £30.2 million. This return is up from £28.3 million in 2022. The step-up was driven by higher returns on new investments as capital is recycled from investments made and hedged in a different interest rate environment. The Group has reduced its Investment Asset portfolio slightly to create capacity for the Investment Company to make commitments to Pollen Street managed funds, with the net debt-to-tangible-equity ratio reducing to 54 per cent as at 31 December 2023 (31 December 2022: 69 per cent). Returns are expected to increase as leverage normalises and the allocation to higher yielding Equity Assets increases.

Investment Asset Segment	2023	2022
Investment Assets	£533 million	£588 million
Average Net Investment Assets	£344 million	£355 million
Income on Net Investment Assets	£30.2 million	£28.3 million
Return on Net Investment Assets	8.8%	8.0%

INCOME ON NET INVESTMENT ASSETS (£ MILLION)



PROFIT AFTER TAX

The profit for the year for the Group was £40.4 million for 2023 (Statutory 2022: £26.4 million; Proforma 2022: £32.9 million). This represents a material increase in profits compared to both a statutory and proforma basis. The main drivers of increase were the operating profit from Asset Manager segment of £15.9 million (Statutory 2022: £2.9 million; Proforma 2022: £9.5 million) and growth in the operating profit of the Investment Company to £30.2 million from £28.3 million, reflecting the impact of increasing interest rates.

The operating loss of the Central segment was £1.6 million (Statutory 2022: £3.9 million loss[3]; Proforma 2022: £2.0 million loss). This relates to ongoing start-up losses of the US asset management business in addition to certain exceptional costs incurred in the first half of 2023.

The charge for depreciation and amortisation was £1.4 million (Statutory 2022: £0.5 million; Proforma 2022: £1.4 million). This principally relates to a charge of £0.7 million of depreciation of the lease asset (Statutory 2022: £0.3 million; Proforma 2022: £1.0 million) and £0.5 million (Statutory 2022: £0.2 million; Proforma 2022: £0.2 million) associated with the amortisation of the intangible assets.

The Investment Company has not incurred corporation tax to date, because it is an investment trust. However, the Group has incurred corporation tax in its Asset Manager business, which is not an investment trust. The effective tax rate for 2023 was 18 per cent of Fund Management EBITDA (Statutory 2022: 15 per cent; Proforma 2022: 18 per cent).

[3] *The statutory operating loss for 2022 included £3.4 million of expenses incurred in the acquisition of Pollen Street Capital Holdings Limited.*

	2023 (£ million)	Statutory 2022 (£ million)	Proforma 2022 (£ million)
Operating profit of Asset Manager	15.9	2.9	9.5
Operating profit of Investment Company	30.2	28.3	28.3
Operating loss of Central segment	(1.6)	(3.9)	(2.0)
Operating profit of Group	**44.5**	**27.3**	**35.8**
Depreciation and amortisation	(1.4)	(0.5)	(1.4)
Profit before tax	**43.1**	**26.8**	**34.4**
Corporation tax	(2.7)	(0.4)	(1.5)
Profit after tax	**40.4**	**26.4**	**32.9**

Profit for the year on continuing operations was £38.9 million (2022: 30.6 million) and profit for the year from assets held for distribution to the new parent was £1.5 million (2022: Loss of £4.3 million) as reported in the Consolidated Statement of Comprehensive Income.

LEVERAGE

The Group uses leverage in the Investment Company. As at 31 December 2023 the Group had £210.8 million of leverage (2022: £263.6 million) and £19.7 million of cash (2022: £23.3 million). This is equivalent to a net debt-to-tangible equity ratio of 54 per cent (2022: 69 per cent). It is less than the borrowing limit set by the Board of 100 per cent.

DIVIDENDS

Pollen Street declared dividends of £32 million for 2023, an increase of £2 million from the prior year (2022: £30 million). This was in line with the dividend targets previously issued by the Board. This reflects a quarterly dividend of 16.0p per share in relation to the first three quarters of the year and 13.0p per share for the last quarter of the year. As part of the terms of the Combination, former Pollen Street Capital Holdings Limited shareholders waived dividends paid to them in 2022 and 2023 on approximately 50 per cent of the shares issued to them by the Group.

Future dividends are expected to be declared by the new parent, Pollen Street Group Limited, on a semi-annual basis. Following the conversion to a commercial company, these dividends will no longer be designated as interest distributions. The Board of Pollen Street Group Limited has stated its dividend target for 2024 is to declare dividends of no lower than £33 million and is aiming to grow dividends progressively thereafter. These targets are the same as the targets previously issued by Pollen Street Limited.

OUTLOOK

Pollen Street Limited remains in a strong position for growth in 2024. The portfolio of Investment Assets are performing well with Income and Returns on Net Investment Assets increasing. We had previously issued financial guidance for the Return on Net Investment Assets to be circa 8% in the long-term. Given the performance over 2023 and the outlook for the portfolio, we are now upgrading the guidance for Return on Net Investment Assets to rise to low double digits within 2 to 3 years.

We had previously issued financial guidance that Fee-Paying AuM would be £4 to £5 billion within 2 to 3 years of the completion of the Combination on 30 September 2022. Fee Paying AuM was £3.4 billion as at 31 December 2023 and we expect to exceed the £4 billion threshold during 2024. We are therefore upgrading guidance to grow AuM to £10 billion within 4 to 5 years.

The outlook for Pollen Street Group Limited and its subsidiaries is also strong. Fund Management Income is expected to step up further following fundraising in Private Equity Fund V, which will benefit from catch-up fees for closes occurring in 2024, and Private Credit Fund IV. The balance sheet assets have strong downside protection from credit risk and are positioned to benefit from rising interest rates.

Pollen Street Group Limited announced a Capital Allocation Framework and Buyback Programme immediately prior to the publication of these Annual Report and Accounts. Under this framework, surplus capital will be returned to shareholders through share buybacks that are expected to constitute approximately 2 to 5 per cent per annum of the outstanding share capital of the Group.

	Financial Guidance
AuM	Upgraded: £10 billion of Total AuM within 4 to 5 years
Management Fee Rates	Maintained: c.1.25–1.50 per cent Average Fee-Paying AuM over the long term
Performance Fees and Carry	Maintained: c.15–25 per cent of total Fund Management Income on average over the long term
Fund Management EBITDA Margin	Maintained: Long-term fund management adjusted EBITDA margin in excess of 50 per cent
Return on Net Investment Assets	Upgraded: rise to low double digits within 2 to 3 years*
Dividend	Maintained: Targeted at no lower than £33 million in 2024 and progressive thereafter

**Return on Net Investment Assets is measured before the charge for corporation tax*

Julian Dale
Chief Financial Officer
20 March 2024

ESG

ENVIRONMENTAL, SOCIAL & GOVERNANCE

OUR APPROACH TO ESG

We are committed to operating and investing responsibly. This means we constantly maintain and improve our approach to make sure we focus on actions that generate positive impact for our investors, people, portfolio and wider society.

In 2023, Pollen Street continued to make progress, helping portfolio companies 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.

HIGHLIGHTS INCLUDE:

- **Continued focus on ESG measurement:** This was the second year of using ESG scores in our proprietary data model. We score and rank our investments in both Private Credit and Private Equity and track progress against the previous years. All Private Equity companies improved their scores compared to the prior year, and we used the scoring with borrowers in Private Credit, with eight ESG margin ratchets now in place (4 as at the end of 2022).
- **Strengthening approaches to climate risk and working towards net zero:** Pollen Street maintained carbon neutral status for its 2023 emissions. As part of our collaboration with the Initiative Climat International, we are supporting the creation of a common industry understanding of net zero. We use the newly launched Private Markets Decarbonisation Roadmap to show and guide the portfolio's progress. The Group has also strengthened approaches to understanding and mitigating climate risks as per the Task Force on Climate-Related Financial Disclosures ("TCFD") framework, including scenario analysis.
- **Continuing to drive strong governance** which is core to our operating model, where we believe that a fairer, more transparent business supports strong and sustainable growth.

DRIVING ESG PROGRESS

We track our commitment to positive ESG outcomes through direct and measurable goals. Pollen Street has set a number of targets 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 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 for borrowers 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.

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 Environment, Social and Governance areas. Below we set out our key objectives, highlights and focus areas under the Environmental, Social and Governance pillars.

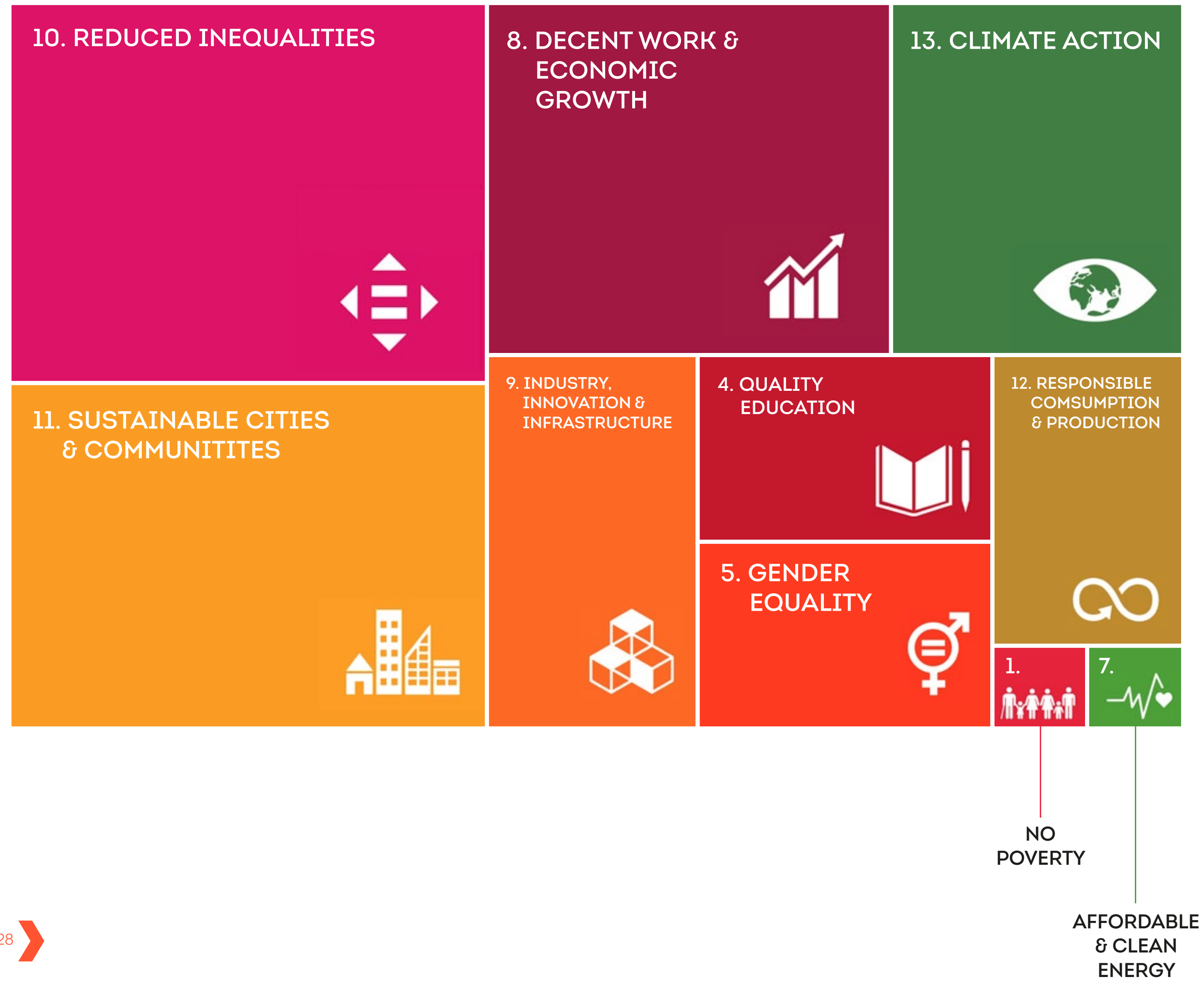
	DRIVING A POSITIVE IMPACT IN A TANGIBLE WAY FOR THE REAL ECONOMY		
	ENVIRONMENT	SOCIAL	GOVERNANCE
AMBITION	› Create a lasting environmental impact	› Promote DEI and provide finance for socially-impactful products & propositions	› Regulatory best practice through all operational processes
	› Consider climate risk as part of investment and risk management process › Minimise operational carbon footprint, supporting carbon reduction plans and net zero commitments › Fund green alternatives for sustainable homes and transport	› Financial 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 DEI	› ESG 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 borrowers
RECENT HIGHLIGHTS	› Fourth year of carbon measurement › Introduced Private Markets ecarbonisation roadmap to map portfolio activities › Maintained carbon neutral status for the Group for its 2023 emissions	› Strengthened Community & Charity efforts with Future First and The Felix Project › DEI initiatives across firm and portfolio with a focus on social mobility – 10,000 Black Interns and EY Foundation	› ESG margin ratchet now in place for eight credit facilities › ESG scores improved in all Private Equity companies › 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 › Formalise 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 corporate oversight and regulatory governance frameworks › Continue to deliver ESG training and education across the firm and portfolio › Strengthen supply chain sustainability procedures
PRINCIPAL SDG ALIGNMENT	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION

OUR STRATEGY AND SDG ALIGNMENT

At Pollen Street our framework helps contribute to the UN SDGs. The SDGs provide a lens through which investors can align themselves with the needs of the wider world. The metrics we collect from our Private Equity and Credit portfolios enable us to develop deeper insights into where our investing has an impact.

Across both Private Equity & Credit, our investments align to multiple SDGs. We have performed an analysis of contributions towards the achievements of the SDGs portfolio company and Credit platforms, including the Credit platforms within the Investment Company. The chart below shows the results of this analysis. SDGs where we have the most material impact are shown with the largest area and SDGs with a smaller impact are shown with a smaller area.

HOW OUR INVESTMENTS ALIGN TO SDGS



ESG IN THE INVESTMENT PROCESS

Our approach to investing is guided by our purpose and to focus on actions that generate positive impact for our investors, people, portfolio companies and wider society. As a core part of our investment process, we engage with both our Private Credit and Private Equity partners to identify ESG risks and impact areas that are relevant to them and where we can support them. Further information on our approach is set out in our **2022 ESG report**.

ESG DATA AND SCORING – HELPING INVESTMENTS TO ACHIEVE ESG GOALS

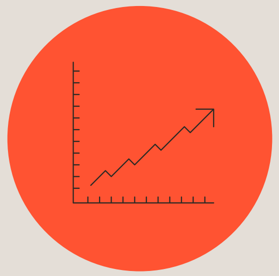
We treat our approach to ESG data and analytics with the same rigour that we approach any other strategic driver of our business, which means we are better equipped than ever to track and build on our positive impact.

We collect over 50 data points for each portfolio company and active credit partner on an annual basis which inputs into our proprietary scoring system and enables us to report in line with investor and industry standards including the ESG Data Convergence Initiative and Sustainable Finance Disclosure Regulations ("SFDR"), and what is relevant for Pollen Street to assess ESG sustainability and practice across our investments.

Over the past year, we continued to strengthen our approach to ESG data, using the scoring and dashboards across our portfolio investments. This enabled us to work across the businesses to identify and implement action plans and also to strengthen ESG data collection, improving engagement and performance.

HIGHLIGHTS FROM 2022 SCORES (PRIVATE EQUITY):

All Portfolio Companies Improved Scores



2.5

Average score improvement (out of 18)

100%

Portfolio companies with ESG policy

We will publish more details, including relevant data points and scores for the 2023 reporting period, as part of our annual ESG report later this year.

ESG RATCHET TO STRENGTHEN COMMITMENTS TO ESG AND SUSTAINABILITY ACROSS OUR CREDIT STRATEGY

In 2022 we 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 net zero, and there is a corresponding margin increase if their scores do not improve or meet agreed thresholds. This has been effective in engaging borrowers more closely to improve their sustainability performance.

Eight ESG ratchets are now rolled out across our borrowers.

SUSTAINABLE INVESTING

We are committed to promoting positive societal and environmental impacts directly in the companies we invest in and the products they offer. But we can also amplify this impact through the support and influence we have on our portfolio, with funding for more sustainability initiatives or simply access to our resources and expertise.

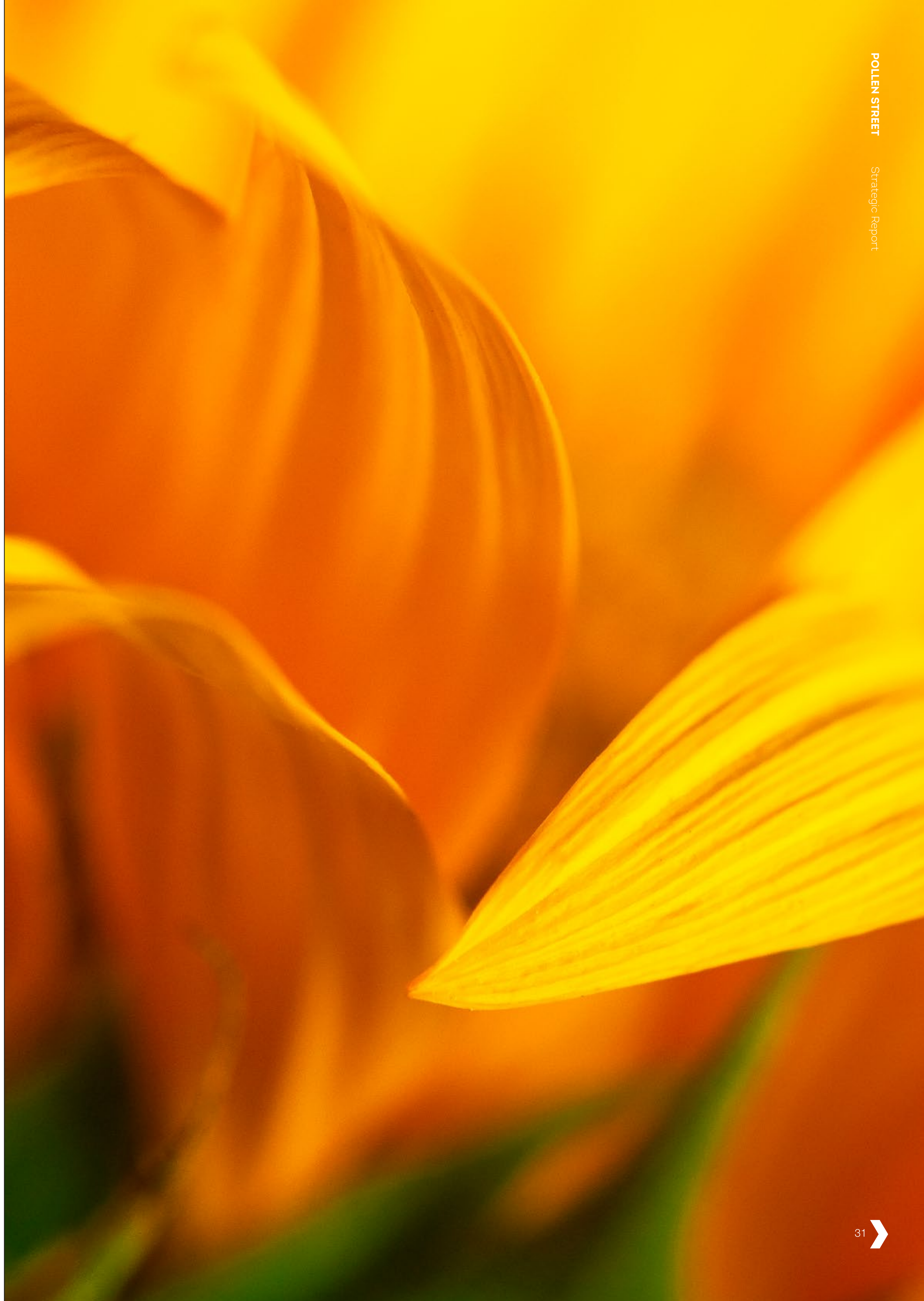
In 2023, we continued to invest in businesses that provide products and propositions that deliver a positive impact. In Private Equity, we invested in Assessio, Nordic's leading talent assessment software platform, with a mission to ensure zero talent waste and ensuring the labour market is open to everyone. In Private Credit, we invested in Octopus Electric Vehicles.

LOOKING AHEAD

As set out in our latest **2022 ESG report**, we continue to strengthen best-practice and collaboration using our ESG framework, with a focus on improving the ESG performance of our investments, mitigating risks and creating value for our investors and stakeholders.

Focus areas for 2024 include improvements to the reporting and scoring mechanism, and strengthening approaches to assess and monitor supply chain sustainability as well as ongoing stewardship activities across the Private Equity and Private Credit portfolios.

With the evolving ESG regulatory and reporting landscape, we will work across the firm, and our Private Equity and Private Credit portfolio to ensure an understanding of relevant requirements and that reporting roadmaps are in place to meet the reporting deadlines with accurate and relevant disclosures. We will also continue to develop the Group's approach to climate risk management aligned to the TCFD.



CASE STUDIES

punkta

Improving ESG score through focused engagement

Andrzej Sobkowiak
CFO

Over the last 12 months, we have devoted time and effort to rethink our approach, study legislative changes and analyse our common experiences in individual companies belonging to the Punkta Group in terms of shaping, steering, communicating, and reporting our ESG strategies, goals and activities.

"Building a sustainable, resilient, and purpose-driven organisation"

We developed and implemented our Group ESG Strategy and policies, with support from Pollen Street and external consultants. We created a dedicated ESG team to effectively manage the ESG strategy implementation which meets 2-3 times per month, to coordinate and monitor the progress of all ongoing and planned ESG projects.

E We support the goals of the circular economy of gradually reducing energy consumption and eliminating waste. We care about the environment around us, trying to improve its condition starting from the simplest things we can do as a company to reduce our environmental impact.

S We work on building the economic and social value of our businesses through close cooperation with the society around us and respect for our business partners.

G We believe that good and effective corporate governance, with a professional ESG approach, is essential for building a strong organisation.

iwoca

ESG ratchet encouraging ESG excellence

Seema Desai
COO

With Pollen Street's support, we have really moved the needle at iwoca on our ESG efforts, particularly on our environmental strategy. Pollen Street provided us with a score sheet which identified some gaps, gave us a financial incentive which helped us focus on closing them, and shared expertise to help us get started. Within just six months, we have made some significant steps forward.

We started by setting up a task force of 'iwocans' who are passionate about improving our sustainability, and who are defining and implementing projects to reduce our environmental impact – from improving our office recycling and food waste management, to organising a series of talks with expert speakers on environmental issues. We have also measured our carbon footprint, worked with a third party to audit our measurement, offset our emissions to achieve carbon neutral status, set ambitious targets towards achieving net zero and started reporting on ESG progress to our Board. We are on a journey now, we are grateful to Pollen Street for the help they have given us along the way.

Assessio

New Private Equity investment driving fair and inclusive recruitment

Assessio supports a fair and inclusive labour market with an innovative platform which incorporates quality recruitment, strong leadership and maximised potential. The solution is based on research, expertise and high-quality data for unbiased hiring decisions.

INDUSTRY INITIATIVES ALIGNMENT

We are proud to participate in a number of organisations and initiatives to advance collaboration, best-practice and transparency on ESG and sustainability across the industry and broader society.

RESPONSIBLE INVESTMENT

SIGNATORY OF

We have been a signatory to the United Nations' Principles for Responsible Investment since 2019. We received a 4* rating in both the Strategy and Governance and Private Equity modules in the most recent rankings.

Under the EU SFDR, Pollen Street has committed to progressive Article 8 for current Private Equity and Credit funds, and is working to align processes and disclosures with Article 8 requirements across all future funds.

DIVERSITY, EQUITY & INCLUSION (DEI)

We are advocates and partners to a number of diversity organisations and initiatives, to advance awareness and representation across the industry.

CLIMATE CHANGE

Pollen Street has joined the initiative Climat International (ICI) and is signing up to the ICI commitments in order to participate with industry peers and share best practice to address Private Equity's exposure to climate change risk.

We are also a member of Fairr Initiative, the world's fastest—growing investor network focusing on ESG risks in the global food sector.

ESG REPORTING EXCELLENCE

An inaugural member of the ESG Data Convergence Initiative since 2021.

A joint investor initiative to collectively increase the quality, consistency, and comparability of ESG data in private markets.

TASK FORCE ON CLIMATE-RELATED DISCLOSURES

This report describes Pollen Street's progress against the TCFD requirements in preparation for compliance with these in future reporting periods by Pollen Street Group Limited.

As Pollen Street was an investment trust during the reporting period, we are not obligated to comply with TCFD, however we have made voluntary disclosures on progress against TCFD requirements in 2023, in preparation for adopting these in the future.

ADDRESSING CLIMATE RISKS AND OPPORTUNITIES

In an era marked by increased awareness of climate change, evolving stakeholder expectations, as well as requirements related to evolving ESG related regulation, Pollen Street is dedicated to integrating climate considerations into our investment strategy and decision-making processes.

As a key component of this commitment, we have undertaken a comprehensive TCFD assessment to evaluate the potential impact of climate-related factors on our operations and overall financial performance.

As an asset manager specialising in financial and business services, our portfolio encompasses a diverse range of investments, including SME & Consumer lending, insurance and fintech enterprises. These sectors are not only integral to the global economy but also face unique challenges and opportunities related to climate change, sustainability and the transition to a low-carbon economy.

Key Objectives Of The TCFD Report:

1. Risk Identification and Assessment:
We aim to identify and assess climate-related risks associated with Pollen Street's investment strategy, evaluating the potential physical, regulatory and transitional risks that may impact the long-term performance of our assets.

2. Opportunity Analysis:
Recognising that climate change presents not only risks but also opportunities, we explore how our investments can contribute to a more sustainable and resilient financial sector.

3. Scenario Analysis:
To enhance our risk management capabilities, we have conducted qualitative scenario analyses aligned with TCFD recommendations. These scenarios help us understand the potential impact of different climate-related outcomes, enabling us to make informed decisions that consider a range of possible futures.

4. Disclosure of Findings:
Transparent communication is essential in building trust with our stakeholders. We have described our progress against the 11 recommendations of the TCFD, across four key pillars of Governance, Strategy, Risk Management and Metrics and Targets.

By publishing this TCFD report, we aim to set a benchmark for responsible and climate-conscious investment practices within the financial services sector. We remain committed to adapting our strategies to mitigate risks, seize opportunities and contribute to a sustainable, low-carbon future.

2023 HIGHLIGHTS

GOVERNANCE	› Continued to strengthen Board and ESG Committee oversight. › Building capacity through engagement with a third-party specialist advisor on ESG matters, SLR Consulting, to build a robust operational framework.
STRATEGY	› Engaged SLR Consulting to perform GAP analysis, develop TCFD roadmap and to support scenario analysis and risks and opportunities identification. › Engaged with UNPRI, Initiative Climat International and other industry groups to incorporate best-practice climate and decarbonisation frameworks.
RISK MANAGEMENT	› Identified and assessed climate-related risks and opportunities at the firm level and produced a qualitative scenario risk assessment. › Strengthened climate considerations in business processes and decision-making.
METRICS AND TARGETS	› Fourth year of carbon emissions measurement at firm and portfolio level. › Maintained carbon neutral status at a Group level and committed to setting net zero target by 2025. › Leveraging the Private Markets Decarbonisation Roadmap as a guide and to understand investments' progress against net zero targets.

GOVERNANCE

The organisation's governance around climate-related risks and opportunities.

1. Board oversight of climate-related risks and opportunities

The Board, assisted by the ESG Committee and the Risk Committees, provides ultimate oversight over the Group's ESG strategy, including management of any material climate-related risks and opportunities, and ensures that appropriate policies and procedures are in place.

The Board Risk Committee meets four times a year and is responsible for oversight of all risk matters across the Group including climate-related risks, which are included on the risk register. ESG is now a standing agenda item and the Committee are provided with relevant information and metrics as required.

The Non-Executive Directors on the Board have deep corporate and regulatory expertise with experience of implementing TCFD and managing climate risks from their Board positions on large listed companies. The Board recognises that ESG factors and climate concerns can have a material impact on the Group's performance. ESG and climate-related training will be incorporated into the Risk Committee agendas at appropriate intervals.

2. Management's role in assessing and managing climate-related risks and opportunities

The ESG Committee, which is one of the Group's management-level committees, is responsible for overseeing the implementation of the Group's responsible investment policies and initiatives, including climate matters across the firm and broader portfolio, meeting on a quarterly basis. The Investment Committee, comprising senior investment partners from across the Group, considers and reviews ESG and climate-related risks and opportunities as part of due diligence and the investment decision-making process across the Private Equity and Private Credit strategies, reviewing the summary of risks, opportunities and associated post-investment action plans.

The Group has a dedicated Head of ESG, who, supported by the ESG Committee is responsible for setting the strategic direction of ESG at Pollen Street and communicating and instructing relevant Pollen Street staff and portfolio stakeholders on the contents of the ESG Policy. The Head of ESG sits within the Pollen Street Hub, which is a team within Pollen Street that works across the portfolio and the firm to drive the ESG agenda and to share best practice. In conjunction with the ESG team, the investment teams are responsible for:

- ensuring that ESG considerations are fully embedded within the investment process; and
- escalation of ESG issues identified as part of diligence and monitoring of investments; with appropriate follow-up with investee companies to ensure these are being addressed and documented.

Regular training on climate-related and regulatory matters is provided to staff to support the identification of climate risks and opportunities. These include recorded sessions led by third party climate and regulatory experts.

The Group's governance priorities for 2024 are:

- continue to enhance Board oversight and governance frameworks as related to climate- related matters. This includes processes and mechanisms for information sharing and reviews; and
- continued focus on Group-wide education of the impacts of climate change, emerging regulations and relevant regulatory developments, including training to address any Board or management skills gaps on this area.

STRATEGY

The Strategy Pillar of TCFD includes the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material. This includes the following areas as related to the TCFD framework:

3. Description of the climate-related risks and opportunities the organisation has identified over the short, medium and longterm.

4. Impact of climate related risks and opportunities on the organisation's businesses, strategy and financial planning.

5. Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Process undertaken for risk identification and assessment:
The Group previously performed an initial materiality assessment of climate-related risks and opportunities. Given the nature of the Group's day-to-day activities across our offices, which are leased and are in metropolitan areas, the impacts of both transition and physical climate-related risks were considered low. However, we recognise that the changing climate (2023 was the hottest year on record) has the potential to impact the Group's operations and performance.

As part of the exercise to strengthen our approach to climate risk, in 2023, we commissioned a third-party, SLR Consulting, to support the development of a framework to better understand the impacts a changing climate and the net zero transition has on Pollen Street's operations and investments.

The work included the following elements:
- TCFD diagnostic gap analysis and roadmap, reviewing how climate risks are incorporated into the Group's risk management framework;
- Initial materiality assessment;
- Engaging external support to develop a long list of risks and opportunities;
- Internal workshop and engagement to prioritise risks and opportunities linked to different time horizons; and
- Qualitative scenario analysis.

Scenario Analysis
We have undertaken an initial qualitative scenario analysis as part of the engagement with SLR Consulting, to validate and score identified climate risks relevant to Pollen Street. The analysis incorporated vulnerability, likelihood and impact over three climate scenarios (orderly transition, disorderly transition and hot house world) and over three time horizons (short, medium and long-term).

Identifying and prioritising climate risks and opportunities
We undertook a qualitative climate-related risk and opportunity workshop with representatives from the investment teams and business functions. The purpose was to score and summarise material transition and physical risks and opportunities relevant to the business, and which might result in indirect financial impacts to Pollen Street. Risks were assessed as to both probability and potential impact over with the results presented below.

Time horizons considered were selected based on Pollen Street's broader business planning cycles and targets. These are defined as:

- Short term – 0-2 years
- Medium term – 2-7 years
- Long term – 7+ years

Due to the nature of its operations and investments in the financial services sector, Pollen Street found that transition risks were most material to the business, with physical risks presenting a lower financial impact.

Acute physical risks were considered a lower impact. This is because Pollen Street operates in an office-based services sector and so impact to staff and operations is minimal, even in extreme conditions, resulting in low financial impact from loss of productivity.

Over the course of 2024, we will be undertaking further work to analyse these risks and to ensure that the Group has sufficient mitigating actions in place to minimise any potential impacts.

Assessment of climate-related opportunities
Pollen Street has identified and invested in opportunities to support solutions that support the transition to a sustainable economy, enabling businesses and people to improve their resilience to climate-related risks and contribute positively to sustainability goals. These include investments in sectors such as electric vehicles and green home improvements.

We are also committed to integrating climate related risks and opportunities into our investment strategy, considering the following areas:

- the ability to decarbonise our investment portfolio, supporting the implementation of net zero commitments and carbon reduction strategies; and
- investment in products and solutions that help reduce negative environmental impacts

Addressing climate risk as part of the investment process
In our investment process, whilst we aim to avoid investing in companies whose products, services or practices cause environmental harm, we recognise that our portfolio companies and borrowers have ESG risks and opportunities, which vary by company, sector, and jurisdiction, as well as holding periods of investments.

As an organisation, ESG and environmental matters play a significant role as part of the pre-investment evaluation. For example, the team have invested in creating a proprietary approach to rating potential investments' ESG performance and we track performance against ESG KPIs across investments, where environmental KPIs are a key component. And, during our due diligence process, we undertake a review of climate risks and the investee's environmental management processes and we also consider the propositional impact for climate opportunities specific to the investment opportunity and underlying business sector. We also conduct regular forums for portfolio companies to share best practices as relates to climate and ESG.

We will continue to update and improve due diligence processes for both Private Equity and Credit strategies to include additional climate risk considerations, as well as to develop a process to perform climate scenario analysis for portfolio companies and borrowers under various emissions scenarios.

Financial Planning
We will be strengthening our financial planning processes to incorporate climate-related scenarios and potential impacts over different time horizons. This will help us understand how different climate-related outcomes may affect the financial performance of our investments, allowing us to make informed decisions and develop robust strategies for the future.

Strategic Resilience
As the Group invests primarily in Financial and Business services sectors, we consider the risk of significant effects of climate change associated with a 2°C or lower scenario on the Group's direct operations to be limited in terms of proportionality to the Group's broader risk agenda. Relevant disaster recovery policies are in place to ensure the safe and continued operation of our office and IT infrastructure, which are overseen by the Executive Committee supported by relevant departments such as IT and ESG.

As part of our ESG strategy across the investment process, we work with investee companies to understand potential climate risks, and to set mitigation and decarbonisation strategies across investment horizons. This includes regular forums and webinars to share best-practices on this topic, leveraging external expertise and also learnings from across portfolio companies who are more advanced in this area.

Pollen Street will continue to evaluate climate related risks and opportunities, and quantify the impact on the financial statements in accordance with the timelines and based off likelihood and materiality.

The Group's strategic priorities for 2024 are:

- the Group will further develop the register of climate change risks and opportunities, reflecting best practice, to help inform the Group's strategy and financial planning across different timelines;
- the Group will also refresh the climate-related scenario analysis, including a 2°C or lower scenario; and
- the Group will consider plans for financial quantification of climate scenarios as well as transition planning linked to any material identified climate risks.

RISK MANAGEMENT

Across the investment process, climate-related risks are reviewed and addressed as per below.

STAGE	KEY FEATURES
Origination	• High-level screening of exposure to material climate risks of the investment opportunities • Understanding of potential climate opportunities
Due Diligence	• Review of climate risks and assessment of environmental management processes of the investees through a due diligence questionnaire and ESG score • Consider the propositional impact for climate opportunities specific to the investment opportunity and underlying business sector
Investment period	• Manage climate-related risks and opportunities through ongoing monitoring and engagement with portfolio companies and borrowers • Ensure effective processes to identify and manage risks are employed, with reporting and disclosures meeting regulatory requirements • Annual collection of GHG emissions (administered via third party) and other climate-related data to assess score and progress • Share best practice climate practices via ESG forums and communications, leveraging external expertise as applicable

6. The organisation's processes for identifying and assessing climate-related risks
As set out in the risk management & principal risks and uncertainties section on page 56, the Group has developed a comprehensive risk management framework, with the Board overseeing the management of key and emerging risks, including climate and other ESG risks, which are included on the Group risk register.

We assess climate-related risks and opportunities across our investment portfolio. This includes analysing both physical risks and transition risks. Physical risks refer to the direct impacts of climate change, such as extreme weather events, sea-level rise, and changes in temperature patterns. Transition risk encompass the financial impacts of transitioning to a low-carbon economy, including policy and regulatory changes, market shifts, and technological advancements. We also consider the potential impact of climate-related risks on different asset classes and sectors.

As we detail above, scenario analysis is undertaken to assess the potential financial impacts of different climate-related scenarios and identify areas of vulnerability.

The Group has a set of minimum standards to ensure climate change risks are assessed and measured within the investment process, which are incorporated into initial deal team investment assessments and ongoing portfolio management. This includes reviewing counterparty approach to environmental factors and collecting metrics to identify the environmental impacts of their operations, and to implement reasonable measures to minimise any negative impacts.

7. The organisation's processes for managing climate-related risks
Any climate-related risks are managed by the ESG and investment teams with support from other parts of the business as appropriate. The risks are also subject to challenge from our second line risk management function and within the scope of our internal audit programme.

Across our investment strategies, ESG forms a key part of our active ownership and engagement activities. We work closely with the companies' management teams, using our influence to support implementation of appropriate ESG policies, initiatives and KPIs. This includes climate-related risks such as measurement of carbon emissions. We ensure that each portfolio company board of directors is accountable for ESG and that it regularly reviews progress against agreed ESG roadmaps. Each company assigns an ESG point of contact and the Group supports them in identifying and managing material risks.

Pollen Street believes that the Group has an important role to play in managing ESG risks for society.

8. Processes for the integration of identifying, assessing and managing climate-related risks into the organisation's overall risk management
By integrating climate-related risks into our risk management framework, we aim to enhance the long-term resilience and sustainability of the Group. We continuously monitor and review our risk management practices adapting to evolving climate-related challenges and seize opportunities for sustainable growth. Our commitment to effective risk management ensures that we are well-positioned to navigate the changing landscape of climate-related risks, and capitalise on the opportunities presented by the transition to a low-carbon economy.

The monitoring of climate-related risks is integrated into Pollen Street's existing risk management and investment monitoring processes. Identified climate risks are monitored on a regular basis, including progress against ESG roadmaps, initiatives and KPIs. In addition, the ESG team, with support from the Investment teams, conducts an annual portfolio-wide ESG review which includes climate-related risks.

Over the last year we have developed our proprietary ESG scoring model and we measure carbon footprint across the firm and portfolio. This enables us to analyse and track progress against our net zero targets, as well as to identify further improvement opportunities.

The Group's risk management priorities for 2024 are:

- further develop corporate risk management framework to integrate climate-related risks;
- enhance tools and data for analysing and reporting on climate risk; and
- leverage best practice such as Initiative Climat International tools and knowledge to support our climate risk management processes.

METRICS AND TARGETS

The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

9. Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
As part of our annual ESG data collection, we regularly monitor a broad range of climate-related metrics along with a wider set of ESG measures. The metrics that we track range from standardised KPIs such as the adoption of climate-related policies and appropriate governance through to KPIs specific to individual portfolio companies. We also measure and report on greenhouse gas emissions from across all Private Equity portfolio companies and Credit counterparties, using a third party to undertake the assessment. We also incorporate climate-related metrics into our ESG scoring mechanism, which is used as a basis to target ESG improvements and action plans for portfolio companies and borrowers.

Key metrics tracked include:

- Carbon emissions tracking – Scope 1,2 and 3 GHG emissions;
- Implementation and status of net zero commitments and decarbonisation strategies
- % of renewable energy usage.

For credit facilities which have ESG margin ratchets in place, a key factor is also on achieving accredited net zero targets.

We are also now adopting the Private Markets Decarbonisation roadmap developed as part of our collaboration with the Initiative Climat International as a framework for understanding the portfolio's decarbonisation activities and progress towards net zero. Data on alignment is collected as part of the annual ESG data collection and used to help guide and set decarbonisation targets across the portfolio, leveraging science-based targets methodologies or equivalent.

10. Disclosure of Scope 1, Scope 2 and, if appropriate, Scope 3 (GHG) emissions and the related risks.
We have performed an annual carbon footprint measurement exercise since 2019 with the results for the Group shown below for the past three years. The numbers in the table below were calculated using a third-party, KeyESG, for Pollen Street.

		2023 tCO2e	2022 tCO2e	2021 tCO2e
Scope 1	Direct emissions form the organisation's activity			
Scope 2	Emissions from the use of purchased electricity	1.2	2.4	5.8
Scope 3	Indirect emissions that occur in value chain, including emissions upstream and downstream			
	Business travel	376.9	117.0	24.3
	Employee commuting including working from home	14.9	11.0	53.7
	Waste	8.0	2.7	1.8
	Water	0.5	0.4	0.4
	Upstream leased assets	1.1		
	Downstream transportation and distribution			0.5
	Total Scope 3 emissions	401.4	131.1	80.7
Total	**Total Scopes 1,2, and 3 emissions**	**402.6**	**133.5**	**86.5**
Intensity	Scope 1 and 2 emissions per FTE	0.01	0.03	0.08
	Scope 1,2 and 3 emissions per FTE	4.8	1.7	1.2
	Scope 1,2 and 3 emissions per £bn AUM	95.9	38.9	26.9

The method used for calculating GHG emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 represents the direct emissions from owned or controlled sources (such as gas boilers or owned fleet vehicles), Scope 2 represents the indirect emissions from the generation of purchased electricity and Scope 3 represents other indirect emissions across our value chain (including business travel, employee commuting including work from home, waste and water and excluding purchased goods and services and financed emissions).

Comparisons with previous reporting year
As per previous years, the Group has no Scope 1 emissions. Scope 2 emissions have decreased in the year due to vacating the US office facility part way through the year. Scope 3 emissions have increased in the year predominantly due to increased travel supporting fund-raising activities in the US and Asia, and due to recent portfolio investments and pipeline activity across Europe. Upstream leased assets relate to emissions from a serviced office facility in Austin, Texas (which replaced the US office in New York in the year).

Actions taken to reduce carbon emissions
We continue to support our employees to make greener choices through cycle-to-work schemes and a salary sacrifice scheme for electric vehicles. We purchase renewable electricity for our London offices which reduces our Scope 2 emissions under the market-based GHG protocol methodology, and we continuously optimise processes and technologies to reduce energy consumption and to minimise travel where possible.

Whilst we recognise that these do not reduce our operational emissions, we also purchase accredited carbon credits to achieve carbon neutral status. These cover our scopes 2 and 3 emissions as recorded in the above table.

Streamlined energy and carbon reporting (SECR)
During 2023, the Group consumed 152mWh of electricity, of which 146mWh was purchased via renewable energy tariffs. 146mWh of the consumption were purchased and consumed in the UK. The associated Scope 2 emissions (market-based) are reported in the above table under the GHG protocol methodology.

11. Targets used by the organisation to manage climate-related risks and opportunities and performance against targets
Pollen Street set a target to be carbon neutral by the end of 2022, which was maintained in 2023. This was achieved, not only by making carbon reductions, but also by purchasing accredited carbon offsets for our scope 1, 2 and 3 emissions through Ecologi. In addition to committing to maintain carbon neutral status for each year, we have set the target to commit to net zero by 2025.

We also set targets for portfolio companies to set net zero commitments within five years of Pollen Street investment. Working with Initiate Climat International, we are now using the Private Markets Decarbonisation roadmap to map the activities and progress towards this goal as detailed above.

We also score portfolio companies on their climate and environmental management strategies as part of our deal scoring model, setting expectations to improve practice in this area and to put in place meaningful carbon reduction plans. We use these scores as part of an ESG margin ratchet for Credit investments, subject to achieving ESG performance targets.

Our priorities for metrics and targets for 2024 are:
- continue to strengthen measurement activities for carbon emissions, including broadening Scope 3 emissions of underlying investments and financed emissions;
- formalise net zero commitments and ensure the portfolio is setting its own meaningful targets, leveraging science-based methodology; and
- ensure tracking of operational carbon reduction plans in line with the Private Markets decarbonisation roadmap.

Alison Collins
Head of ESG
20 March 2024

STAKEHOLDER ENGAGEMENT & SECTION 172 STATEMENT

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Group as set out in Section 172 of the Companies Act 2006.

Fulfilling this duty naturally supports the Group in achieving its objectives and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Group explains how the Directors have discharged their duty under Section 172 below.

Understanding the views and interests of our stakeholders helps the Board to make reasonable and balanced decisions. Working closely with our stakeholders is an integral part of our business model and strategy and the Board seeks to understand the needs and priorities of the Group's stakeholders, and these are taken into account during all its discussions and as part of its decision-making process.

The Board defines the Group's key stakeholders as individuals or groups who have an interest in, or are affected by, the activities of our business; accordingly, the Board has considered its key stakeholders to be shareholders, fund investors, employees, borrowers & portfolio companies and regulators. Information on environmental, human rights, employee, social and community issues is set out on pages 78 to 83.

SHAREHOLDERS

Continued shareholder support and engagement is critical to the existence of the business and the delivery of the long-term strategy of the business.

The Group's shareholders include institutional, professional, professionally advised and retail investors. The Group understands the need to effectively communicate with existing and potential shareholders, briefing them on strategic and financial progress and attaining feedback. The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders.

How We Engage

Engagement includes the Annual Report and Accounts, and the Interim Report, results presentations immediately following the publication of two preceding items, quarterly trading updates, the Annual General Meeting[4] (the "AGM"), publications made on the Group's website and individual shareholder meetings.

The Group welcomes engagement from shareholders at the AGM as it sees it as an important opportunity for all shareholders to engage directly with the Board. The Board values any feedback and questions it receives from shareholders ahead of and during the AGM and will take action or make changes, when and as appropriate. All Directors attended the 2023 AGM either in person or via electronic means. All voting at general meetings is conducted by way of a poll. Following the Reorganisation, all shareholders of Pollen Street Group Limited have the opportunity to cast votes in respect of proposed resolutions by proxy, either electronically or by post. Following the AGM, the voting results for each resolution will be published and made available on the Group's website.

The Annual Report and Accounts and Interim Report are made available on the Group's website and are circulated to shareholders. These reports provide shareholders with a clear understanding of financial performance and position of the Group. The Group also publishes quarterly trading updates, which are available on the website. The publication of these is announced via the London Stock Exchange. Feedback and questions the Group receives from the shareholders and analysts help the Board evolve its reporting.

In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by contacting the management team or writing to the Chair at the registered office. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels. Feedback can also be gained via the Group's corporate brokers, which is communicated to the Board.

The Group's corporate brokers maintain an active dialogue with shareholders and potential investors at scheduled meetings or analyst briefings following financial results and provide the Board with regular reports and feedback on key market issues and shareholder concerns. This includes market dynamics and corporate perception.

What Matters to Them?

From our engagement over the year, we know that our shareholders are focused on a range of matters including: the growth in the financial performance of the business compared to guidance and market expectation, the performance of our funds, the change of listing category of the Company's shares, the share price performance including the dislocation from the underlying value and the liquidity in trading of the shares.

FUND INVESTORS

The Group manages funds on behalf of third-party investors. Continued support from our fund investors is critical to enable the Group to grow its AuM and deliver the Group's strategy. It is our priority to maintain our investors' trust through continuous engagement to ensure their ongoing investment and support.

How We Engage

The Group maintains an ongoing dialogue with investors to ensure there is a clear understanding of expectations and performance. Fund performance is presented on quarterly update calls.

What Matters to Them?

From our engagement over the year, we know that our investors are focused on a range of matters including: the performance of the funds in which they invest as well as regular and detailed updates on fund performance.

EMPLOYEES

The Group's continued success is a direct result of its people and it would not be able to meet its strategic goals without engaged and motivated employees. It is therefore critical that our employees remain well informed and have the ability to share their opinions and ideas within a respectful corporate culture.

How We Engage

We pro-actively engage with our employees in a number of different ways, including:

- a bi-monthly company-wide townhall focusing on new investment activity and general business activities and a regular newsletter. This allows us to provide employees with general business and strategy updates, an update on portfolio performance and news, latest deals, and other news such as awards and recent media coverage;
- new investment announcements and news alerts keeping employees up to date with our latest deals, strategic focus, and news as it happens;

[4] Former shareholders of the Company were granted shares in Pollen Street Group Limited as part of the Reorganisation. As such eligible shareholders will be able to attend the annual general meeting of the Pollen Street Group Limited rather than Pollen Street Limited. Further information is available in the Annual General Meeting section of the Corporate Governance Statement. See section 5, page 221 for the definition of terms.

- annual engagement and DEI survey, allowing us to understand employee engagement and sentiment and collect DEI data. We report back to employees the results of the survey and in response to the feedback collated we agree tangible actions for the year ahead. In addition, we publish the results of our survey in our annual ESG report;
- a learning and development curriculum called "Grow at Pollen Street", which includes a series of bite-size lunchtime sessions covering a multitude of topics (for example Climate and Net Zero and Dissecting Deals), along with development orientated initiatives and speaker events to support our business strategy;
- employees are also encouraged to share news across the team regarding specific successes or events (such as Corporate Social Responsibility events);
- managers meet with their direct reports on a regular basis to better understand levels of engagement and to identify any particular challenges/concerns. This is supplemented by an embedded performance process that encourages ongoing dialogue regarding performance and progression; and
- the Human Resources team meets with employees on a regular basis to understand engagement and to support employee development. Furthermore, there is an employee engagement strategy focusing on annual events and observances that acts as a conduit for bringing our people together and a people update is presented at monthly Executive Committee meetings, ensuring people, culture and engagement remain a strategic priority. In turn, relevant content is included and discussed at Board level.

The Board has carefully considered the methods described in the Financial Reporting Council's UK Corporate Governance Code (the "UK Corporate Governance Code") for engaging with employees. These methods include appointing a representative from the workforce as a Director; establishing a formal workforce advisory panel and designating a Non-Executive Director as an employee representative. The Board concluded that these methods are not appropriate given Pollen Street's size and instead relies on the approaches described in the bullet points above, which the Board considers to be effective. The Board will keep these matters under review in the future.

What Matters to Them?

From our engagement over the year, we know that our employees are focused on a range of matters including: professional and personal development, operating within a progressive and entrepreneurial environment where they can voice ideas and concerns, recognition of their successes and contribution along with appropriate reward and advancing social mobility within the industry.

BORROWERS & PORTFOLIO COMPANIES

The Group maintains ongoing dialogue with a broad range of borrowers and potential portfolio companies to seek investment opportunities as part of its asset management business. The Group aims to demonstrate to these stakeholders that it can help them grow to deliver their own business objectives.

From our engagement over the year, we know that our borrowers and portfolio companies are focused on a range of matters including working with a partner that helps them to grow their business, is able to provide the capital that they need for growth and contributes to wider social matters such as ESG progression.

REGULATORS

The Group regularly considers how it meets various regulatory and statutory obligations, how it follows voluntary and best-practice guidance and how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer term.

The mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. The remainder of this section uses two case studies to demonstrate how the Board fulfilled its duties under Section 172 and the related engagement activities.

CASE STUDY 1:

Introduction of a Holding Company & Change of Listing Category

On 23 March 2023, the Company announced a proposal to introduce a Guernsey incorporated holding company as the new parent of the Group such that the Company's shareholders cease to own shares in the premium-listed investment company and instead become shareholders in a premium listed commercial company (the "Proposal"). On 18 September 2023, the Company published a circular inviting shareholders to vote on formal proposals to execute the changes.

How Were Stakeholders Considered and Consulted?

Prior to announcing, the Board discussed the Proposals with the Company's brokers and legal advisers, who considered how other companies had executed similar conversions. The Company's brokers also consulted existing shareholders, and shared their views with the Board, and advised how potential new shareholders may view the changes.

After the announcement of the Proposal but prior to publication of the Circular, the Board received updates from the management team and the Company's brokers on feedback received from existing shareholders, which was generally supportive of the Proposal. Several prospective shareholders also expressed their support for the Proposal.

What Was the Outcome of Such Engagement?

The Company's shareholders approved the Proposal in a Court Meeting and a General Meeting both held on 11 October 2023, with the Scheme completing on 24 January 2024.

The transaction has delivered the changes that were approved by the shareholders and is supporting the Company's strategic goals of attracting new shareholders to the register, which is expected to improve the liquidity and marketability of the stock.

CASE STUDY 2:

Risk & Opportunities of Generative Artificial Intelligence

Generative artificial intelligence ("Gen AI") is a computer-based system capable of generating text, images, synthetic data, or other media, in an apparently intelligent way. These systems have been growing in capability over the last few years, culminating in the release of GPT-4, a commercial Gen AI product released by OpenAI, in March 2023. The release of this product made headlines across the world due to the vast capability advancement that it made.

Many opportunities and risks have emerged from this rapid technological change. These risks are not well understood by society due to the speed of development of the technology and the as-yet unknown capability of the technology.

How Were Stakeholders Considered and Consulted?

The Board has monitored the developments in Gen AI and worked with the management team to ensure that the Group is controlling the risks as well as exploring the potential opportunities.

The Board reviewed management's plan for deployment of the technology across the business and portfolio companies.

The Group has engaged with portfolio companies to ensure they are best placed to manage the risks and opportunities.

What Was the Outcome of Such Engagement?

To date, the Group has conducted a deep dive review of the Gen AI risks at a Board meeting and reviewed updates to policies to ensure they are appropriate for Gen AI. Finally, staff updates and training plans have been adapted to ensure all staff are aware of the risks and opportunities.

This is clearly an area of rapid change and therefore remains on the Board's and the Risk Committee's agendas.

BUSINESS REVIEW

This section, which forms part of the Strategic Report, covers other business and statutory disclosures.

KEY INFORMATION

During the year ended 31 December 2023, Pollen Street Limited was a closed-ended investment company incorporated and domiciled in the United Kingdom on 2 December 2015 with registered number 09899024. On 14 February 2024, the Company re-registered as a private company following the completion of the Reorganisation. The registered office is 11-12, Hanover Square, London, United Kingdom, W1S 1JJ.

PRINCIPAL ACTIVITIES

During the year ended 31 December 2023, the Company carried out its business as an investment trust. Its principal activity was investing in Credit Assets and Equity Assets in addition to owning 100 per cent of its investment manager group, Pollen Street Capital Holdings Limited with a view to achieving the Group's investment objective. Investment companies are a way for investors to make a single investment that gives a share in a much larger portfolio. A type of collective investment, they allow investors opportunities to spread risk and diversify in investment opportunities which may not otherwise be easily accessible to them. For more information on investment companies, please see: www.theaic.co.uk/guide-to-investment-companies.

On 24 January 2024, the Company ceased to be classified as an investment trust following completion of the Scheme. On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited. As such, Pollen Street Limited and its current subsidiaries have ceased all asset management activities, however they continue their operations of investing in Credit Assets and Equity Assets.

INVESTMENT OBJECTIVE

Prior to 24 January 2024, the Company was a closed-ended investment company. The investment objective was to provide shareholders with an attractive level of dividend income and capital preservation and growth through execution of its business model.

Following the completion of the Reorganisation on 24 January 2024 and the re-registration of Pollen Street Limited as a private company on 14 February 2024, the investment objective was discontinued.

INVESTMENT ASSET PORTFOLIO

The Group uses its balance sheet to invest in assets or funds originated under its strategies. Assets may be originated directly onto the Investment Company's balance sheet or the Investment Company may invest into funds managed or advised by the Asset Manager. The Directors believe that this approach will help to accelerate the launch of new strategies and grow AuM.

The downside protection built into the majority of the investment portfolio has limited the impact of macroeconomic events on the expected credit loss ("ECL") provision. The ECL balance for the portfolio of Credit Assets at amortised cost has reduced from £9.3 million as at 31 December 2022 to £8.3 million as at 31 December 2023 on gross Investment Assets of £452.8 million (31 December 2022: £533 million). The £1.0 million reduction in the impairment balance was mainly driven by stable credit performance and repayments of the asset. The credit impairment release for the year was £1.0 million (2022: £0.2 million). The impairment release is attributable to the Company's continued focus on senior secured Credit Assets and a cautious approach to provisioning.

A number of the Group's loans are secured against underlying collateral. The Directors do not consider the value of this collateral to directly influence the probability of default or 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 this collateral generates income for the Group's borrowers that supports the borrowers' ability to service the loan from the Group and therefore indirectly influence the probability of default and the trigger for a significant increase in credit risk. However, given the Group's activities, its performance is linked to the health of the economy and consequently, if economic expectations deteriorate against current expectations, the Group could experience further impairments.

BORROWING

The Board has set a limit on net borrowings at 100 per cent of tangible net asset value. The limit was adhered to in the year ended 31 December 2023 and the year ended 31 December 2022.

HEDGING

The Group hedges currency exposure between Sterling and any other currency in which the Group's assets may be denominated, including US Dollars and Euros.

The Group seeks to arrange suitable hedging contracts, such as foreign exchange swap agreements and other foreign currency derivative contracts in a timely manner and on terms acceptable to the Company to hedge its foreign exchange risk. Details of derivative financial instruments in place at 31 December 2023 and 31 December 2022 can be found in Note 20 of the financial statements.

CORPORATE ADVISORS AND SERVICE PROVIDERS

The Group uses a diverse range of advisers and service providers, such as the Company Secretary, Registrar and corporate brokers to support its business. The Board maintains regular contact with these providers, primarily at the Board and Committee meetings.

The Group formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service.

CORPORATE AND OPERATIONAL STRUCTURE

On 30 September 2022, the Company acquired 100 per cent of Pollen Street Capital Holdings Limited, a limited company incorporated under the law of Guernsey as a company limited by shares pursuant to the Companies (Guernsey) Law, 2008. The Company was considered to control Pollen Street Capital Holdings Limited and its subsidiaries from this date through it holding 100 per cent of the issued shares. On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited. The Company's control over Pollen Street Capital Holdings Limited and its subsidiaries was considered to cease on this date.

On 20 June 2019 the Group incorporated Sting Funding Limited ("Sting"), a limited company incorporated under the law of England and Wales. The Group is considered to control Sting through holding 100 per cent of the issued shares. Sting became active on 28 August 2019 when it drew down on a debt facility backed by commercial and second charge residential mortgages.

The Company also controls Bud Funding Limited ("Bud"), a limited company incorporated under the law of England and Wales. The Company is considered to control Bud through its exposure to the variable returns of the vehicle through holding of a junior note issued by it. Bud was incorporated on 2 November 2020.

As a result, the financial statements for the year ended 31 December 2023 and 31 December 2022 are prepared on a consolidated basis.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

Throughout 2023, the Company was categorised as an Alternative Investment Fund ("AIF") in accordance with the United Kingdom's Alternative Investment Fund Managers regime ("UK AIFMD") and Pollen Street Capital Limited had been appointed to act as the Group's Alternative Investment Fund Manager ("AIFM"). The responsibilities of the AIFM included ensuring that the Group's assets were valued appropriately in accordance with the relevant regulations and guidance. In addition, Indos Financial Limited had been appointed as a depository. Indos Financial Limited had delegated certain custody functions, as permitted by UK AIFMD, to Sparkasse Bank Malta plc (the "Custodian").

Following completion of the Reorganisation in January 2024, the Company ceased to be classified as an AIF and therefore the depositary arrangements with Indos Financial Limited were terminated. However, Pollen Street Capital Limited continues to manage the assets of the Company in return for management and performance fees.

RISK MANAGEMENT

Effective risk management underpins the successful delivery of our strategy and longer-term sustainability of the business, and offers an integrated approach to the evaluation, control and monitoring of the risks that the Group faces.

A clear organisational structure with well defined, transparent, and consistent lines of responsibility exists, and effective processes to identify, manage, monitor, and report the risks the Group is or might be exposed to, or the Group poses or might pose to others, have been implemented. The risks arising from the pursuit of the business' strategy, as well as the risks to achieving the Group's strategy have been analysed carefully and arrangements in place are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the Group. The Board is responsible for oversight of the Group's risk management systems and processes, and oversees the management of the key risks across the organisation.

The Group's culture is expressed through the record of good conduct of its personnel, the dedicated governance arrangements that it has embedded within all areas of the business, as well as staff that are sensitive to the need to maintain appropriate management and control of the business. As well as the adoption of a robust governance structure, the Group demonstrates a strong control culture with clear oversight of responsibilities, with the adoption of a tailored set of systems and controls together with ongoing compliance monitoring. The monitoring and control of risk is a fundamental part of the management process within the Group.

The Group's governance structure is by way of committees, designed to ensure that the Board has adequate oversight and control of the Group's activities. The effectiveness of the governance framework is considered by senior management on an ongoing basis such that in the event that a material deficiency in control environment or risk management framework of the Group is identified, it shall be addressed without undue delay. The Group's Investment Committees are responsible for all investment decisions across all funds including setting investment objectives, consideration and approval of new investments, divestments, ESG risks and opportunities, and material matters in relation to current investments, ensuring that risks are considered consistently across our portfolios.

The Group has established the Risk Committee as a Board-level Committee with responsibility for risk oversight. The Group has also established the Risk and Operation Committee as a management level Committee to provide stewardship of the risk framework of the Group, promote the risk awareness culture for all employees, and review the key risk together with the management approach to each risk. More details of the Risk Committee are set out on pages 90 to 91.

RISK MANAGEMENT FRAMEWORK

The Group has developed a comprehensive risk management framework to ensure that all risks are being managed within the Board's risk appetite. All areas of the business are engaged in the risk management work and the Group has a strong risk culture. All staff actively manage risk and build mitigants into their processes, and risk issues are escalated promptly and dealt with transparently.

The risk management framework can be split into three main areas.

Risk Architecture

- Committee structure and terms of reference
- Roles and responsibilities
- Internal reporting requirements
- External reporting controls

Risk Management Strategy

- Risk appetites and attitude to risk
- Specific risk statements / policies
- Risk assessment techniques
- Risk priorities for the year

Risk Management Protocols

- Tools and techniques
- Risk Classification system
- Responding to incidents, issues and events
- Documentation and record keeping

The Group's risk management framework includes risk identification, risk appetite, accountability, risk limits, controls and reporting. These components, when used together, enable effective oversight of risk across the Group.

The Group has established a three lines of defence model for managing risk. The first line of defence is the staff that have primary responsibility for managing a particular risk on a day-to-day basis. First line staff are responsible for understanding and implementing effective internal controls; they should identify, assess, control and mitigate risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives.

The second line of defence is the Risk and Compliance teams. They are responsible for oversight and challenge of the first line's management of risk. The second line provides regular challenge as part of its quality assurance of first line activity, monitoring the operation of first line controls, ensuring that the first line is operating within the Group's defined policies, procedures, and risk appetite and tolerance parameters. A compliance monitoring programme is in place and a risk-based suite of tests are undertaken on a quarterly basis. The second line also regularly reviews and reports on the status of the risks recorded within the Group's risk registers.

The third line of defence is the internal audit function. It is responsible for providing assurance to the Board and senior management that the first and second lines of defence are operating in line with policy and in compliance with the requisite laws and regulations. The internal audit function is provided by Deloitte, ensuring that the function remains truly independent, has access to the latest industry development and has increased flexibility of service. The internal audit programme includes the review of the effectiveness of risk management processes and recommendations to improve the internal control environment.

RISK ENVIRONMENT 2023

Global events throughout 2023 resulted in geopolitical tension with knock-on macroeconomic ramifications. Carbon emissions climbed during the year adding pressure in an ever-shrinking window for transition to a 1.5°C world. Food and energy costs continued to be affected by global unrest, tepid growth impacted on markets, and volatility remained. Despite the global challenges witnessed throughout 2023, the Group's overall risk profile has remained relatively stable.

The risk management function will continue to ensure preparedness where possible and consider both current and emerging risks and update our risk profile accordingly. As we enter 2024, we remain confident that we are best placed to learn from the challenges presented to us and emerge stronger.

PRINCIPAL RISKS & UNCERTAINTIES

The Group's assessment of risk has identified a broad range of internal and external factors which it believes could adversely impact the Group. The following summary of key risks has been identified as having the potential to be material; it is not exhaustive of those faced by the Group. It includes emerging risks and has been reviewed by the Risk and Operations Committee and the Risk Committee on a regular basis and recorded on the Group's risk register.

KEY

Risk Description **Risk Management** **2023 Summary**

ECONOMIC & MARKET CONDITIONS

Risk Description	Risk Management	2023 Summary
Economic and market factors may affect the Group's investments, track record or ability to raise new capital.	Pollen Street operates closed ended funds without redemption rights for investors, allowing a greater degree of freedom to pursue investment objectives throughout macroeconomic cycles. Regular investment reviews are undertaken. The Investment Committees focus on investment strategy, exit processes and refinancing strategies throughout the life of an investment. Early involvement of Investment Committees as new investment ideas are identified ensures that the Group can capitalise from downturns in markets in certain conditions. Periods of market volatility may allow the Group to make investments at attractive prices and terms.	The portfolios remained resilient throughout 2023. AuM continued to grow and performance remained in line with expectations. The year ended with a strong pipeline of opportunities in place. We continue to monitor performance and act accordingly when required.

FUNDRAISING

Risk Description	Risk Management	2023 Summary
The inability to secure new fund mandates or raise capital under existing mandates in an ever increasingly competitive market affecting the Group's revenue and cash flows.	The Group has a consistent track record of fundraising and delivering strong returns to investors. The Group has invested in its Investor Relations team to support capital raising across the Group and to internalise some capital raising costs. The investment team has sector specialist knowledge of and expertise in the industries that it invests in, and the investment team has an extensive network and investment experience to enable it to identify opportunities attractive to potential investors.	The risk at the end of 2023 was somewhat elevated given recent market volatility. Management and the in-house Investor Relations team continue to be actively focused on fundraising across the business. The Group is making efforts to broaden its investor base and is targeting new geographies and investors as part of its ongoing fundraising activities. We remain confident that the target size for future funds expected in 2024 remains on track.

MANAGEMENT FEE RATES AND OTHER FUND TERMS

Risk Description	Risk Management	2023 Summary
The management fee rates, and other terms that the Group receives to manage new funds could be reduced, affecting the Group's ability to generate revenue.	The Board believes that management fee rates generated are supported by the Company's track record and the growing allocations to alternative investment market investments.	Pollen Street's management fee revenue is long term and contractual in nature. Management fees on funds raised during 2023 were in line with comparable funds raised in prior years.

ON-BALANCE SHEET INVESTMENT UNDERPERFORMANCE

Our Investment Assets are exposed to credit and market risks. They may be impacted by adverse economic and market conditions, including through higher impairment charges or reduced valuations.

In addition, credit risk, market risk (such as interest rate risk, currency risk & price risk), capital management risks and liquidity risk exists.

The Group has a clear track record of delivering investment returns that are resilient to market conditions and in line with published guidance.

Investments are monitored closely as part of the Group's ongoing investment monitoring programmes, adhering to the funds' investment strategy. Input is given by all Investment Committee members to ensure return objectives are met, and to anticipate and discuss any underperformance.

The Group has a diversified, granular portfolio of assets. Loans are subject to stringent underwriting and stress testing.

Investment performance remains strong. Further information is set out in more detail in Note 22.

ESG AND SUSTAINABILITY PERFORMANCE

Risks associated with the physical effects of climate change, the risks that arise as economies transition towards greener solutions, and the risk of a regulatory breach associated with SFDR, TCFD, FCA, SEC reporting.

Poor or insufficient management of ESG risks or adverse developments may impact the Group's reputation as an investor.

Risks of an anti-ESG legislation leading to unintended consequences for the Group.

The ESG Committee oversees Pollen Street's ESG matters, including ESG-related risks. The Risk and Operations Committee as well as the Board Risk Committee has responsibility for oversight of ESG risk matters.

ESG is considered as an evolving risk given the nature of the Group's investments. The Group is strengthening its approach to climate-related risk identification and mitigation, including the TCFD framework and disclosing accordingly.

The Group has a set of minimum standards to ensure ESG risks are assessed and measured, which are incorporated into initial deal team investment assessments and ongoing portfolio management. This includes reviewing counterparty approach to environmental factors and collecting metrics to identify the environmental impacts of their operations.

Pollen Street has recently undertaken a project to identify and assess climate-related risks and opportunities at the Group level, providing recommendations to strengthen climate considerations in business processes and decision-making.

Anti-ESG legislation, predominantly in the United States, has emerged recently with the potential impacts hard to assess.

Pollen Street acknowledges that the Group has an important role to play in manging ESG risks for society. No material ESG risks related to the financial statements were identified during 2023.

TALENT AND RETENTION

Failure to attract, retain and develop talented individuals to ensure that the Group is able to deliver key performance objectives, an inclusive and diverse workforce to ensure the right skills are in the right place at the right time to deliver the Group's strategy.

Inadequate succession planning for key individuals.

The Group has reward and retention schemes in place for all employees, aligning individual, team, and organisational goals, driving value for the Group.

The Group invests in both leadership development and ongoing development opportunities for all employees and has introduced a comprehensive induction programme for all new hires.

Pollen Street is committed to raising awareness and encouraging diversity amongst the workforce and the ESG Committee spends significant time and effort progressing Pollen Street's DEI agenda.

The business has continued to strengthen its team throughout 2023. In addition, there is a well-considered approach to resourcing and succession.

INFORMATION SECURITY & RESILIENCE

Risks associated with information security and resilience, including:

- failure to invest and successfully implement appropriate technology;
- financial loss, data loss, business disruption or damage to reputation from failure of IT systems;
- data protection & information security;
- business continuity, disaster recovery and operational resilience; and
- financial or reputation losses arising from a cyber attack.

The Group maintains strong technical and operational controls against identified cyber and information security threats.

Staff awareness, being key to any modern defence plans, is enhanced through new joiner and ongoing training, and regular communications to staff about relevant threats observed across the industry.

Redundant and resilient systems are deployed to protect the Group's assets and are validated through regular testing and simulations.

The Group holds a defined incident response plan as a set of guideline procedures to be followed in the event of an information security attack or breach. The primary aim of any response is to protect the Group's assets, remediate any issues and minimise the impact of the breach as quickly as possible. The plan sets out communication, oversight and other considerations to be undertaken.

The Group invests annually in detailed external security reviews and penetration tests. All technology and security policies have been reviewed and updated during the year.

The technology team is appropriately sized to manage the various security demands and utilises industry standard tooling to ensure monitoring and response management is efficient and thorough.

The Group tested its Disaster Recovery Plan and Business Continuity Plans in 2023 with no material findings.

EMERGING RISK IDENTIFICATION

The Risk Management Function continually scans the horizon to identify and communicate emerging risks facing the Group, which are expected to have a significant impact within 1 to 10 years. Emerging risks are those which may arise, or ones that already exist but have evolved. They are characterised by a high degree of uncertainty in terms of impact and likelihood and may have a substantial impact on the operations of the Group.

The Group monitors its emerging risks, supporting organisational readiness for external volatility, incorporating input and insight from both a top-down and bottom-up perspective:

- Top-down: Emerging risks identified by the Risk Committee and the Board, helping to define the overall attitude of the Group to risk.
- Bottom-up: Emerging risks identified at a business level and escalated where appropriate by the Risk and Operations Committee.

Geopolitical, macro and climate risk continued to dominate the headlines during 2023 and look set to continue. Technology risk, data ethics and AI continue to challenge companies, with both the emergence of new technologies whose effects have yet to be understood, and information reliability is becoming an area of concern. Skills shortages are set to become increasingly common given a competitive labour market and new business areas.

Emerging risks have been incorporated in the description of risks in the table above. The Risk Committee will continue to monitor these risks and respond to the evolving risk landscape.

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code, including revisions published in 2023, and the corresponding provision 36 of the Association of Investment Companies Code of the UK Corporate Governance Code (the "AIC Code"), the Directors have assessed the prospects of the Group over the three-year period to Pollen Street Group Limited's AGM in 2027. The Board believes this period to be appropriate, taking into account the current trading position and the potential impact of the principal risks that could affect the viability of the Group.

At the year-end, the Group had cash balances of £19.7 million and £585.8 million of net assets. This strong financial position supports the ongoing viability of the Group.

To prepare the viability statement, the Board has considered the prospects of the Group in light of its current position and has considered each of the Group's principal risks, uncertainties and mitigating factors that are detailed on pages 56 to 59, to develop a comprehensive scenario analysis for viability. These projections consider the Group's income, net asset value and the cash flows over the three-year period under a range of scenarios. The scenarios are not a business plan in itself, but rather a prudent view of how the Group may evolve, based principally upon its growth to date, in order to demonstrate its viability. Analysis to assess viability focused on the risks of delivery of the growth of the business and a series of projections have been considered, including changing new business volumes and the performance of the Investment Assets. As part of these scenarios, the Directors have considered the Reorganisation, which is described in the Corporate Background & Basis of Preparation section of the Strategic Report, and reviewed financial and non-financial covenants in place for all debt facilities with no breaches anticipated.

The recent geopolitical and macroeconomic disruption has also been considered in these scenarios.

All the analysis indicates that due to the stability and cash-generating nature of the Investment Asset portfolio, as well as the long-term debt facilities in place, the Group would be able to withstand the impact of the risks identified. Based on the robust assessment of the principal risks, prospects and viability of the Group, the Board confirms that they have reasonable expectation that the Group will be able to continue operation and meet its liabilities as they fall due over the three-year period to Pollen Street Group Limited's AGM in 2027. The Board also continuously monitors the financial performance of the Group against key financial metrics and ratios, ensuring a strict discipline in the financial management of the business.

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 date of this Annual Report and Accounts. These financial projections have been performed for the Group under various new business volumes and stressed scenarios, and in all cases the Group is able to meet its liabilities as they fall due. 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 2022 and 2023.

The Directors consider these scenarios to be the most relevant risks to the Group's operations. As part of these projections, the Directors have considered the Reorganisation and tested the effect of this on the continuing Group by assuming no further cash flows received from Pollen Street Capital Holdings Limited. Finally, the Directors reviewed financial and non-financial covenants in place for all debt facilities 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 Group also has detailed policies and processes for managing the risk, set out in the Strategic Report on pages 53 to 60.

02. CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were Robert Sharpe, Lindsey McMurray, Jim Coyle, Gustavo Cardenas, Julian Dale, Joanne Lake and Richard Rowney. All Directors have also been appointed to the Board of the new parent company, Pollen Street Group Limited.

ROBERT SHARPE

Chair of the Board
Appointed: 14 December 2015

Chair of the Nomination Committee.
Member of the Remuneration Committee.

Robert has over 45 years' experience in retail banking and is currently Chair at MetroBank plc and Hampshire Trust Bank plc. He has held an extensive number of board appointments both in the UK and the Middle East including Non-Executive Director at Aldermore Bank plc, George Wimpy plc, Barclays Bank UK Retirement Fund, Vaultex Limited, LSL Properties plc, RIAS plc and several independent Non-Executive Director roles at banks in Qatar, UAE, Oman and Turkey. Robert was previously Chief Executive Officer at West Bromwich Building Society, a role he took to chart and implement its rescue plan. Prior to this, he was Chief Executive Officer at Portman Building Society and Bank of Ireland in the UK.

LINDSEY MCMURRAY

Chief Executive Officer
Appointed: 30 September 2022

Lindsey founded Pollen Street Capital Limited in 2013 and is the CEO as well as Chair of the Investment Committee. Lindsey has been investing in Private Equity and Private Credit for over 25 years. Lindsey has built Pollen Street into a fast growing, purpose led asset manager investing with the mega-trends across financial and business services, with diversified assets under management, referred to as AuM, based across Private Equity and senior secured Credit.

Before she founded Pollen Street Capital Limited, Lindsey led the team managing the £1.1 billion Special Opportunities Fund within RBS and spent six years as a Partner at Cabot Square Capital, focusing on operating investments in real estate and other asset-backed investments.

Lindsey serves as Non-Executive Director of several portfolio companies including Shawbrook Bank and Cashflows Europe. She has a First Class Honours degree in Accounting and Finance and studied for an mPhil in Finance from Strathclyde University. Outside of work Lindsey is a keen runner and has successfully completed the Marathon Des Sables in 2007 and 2011. She also supports several charities with a particular focus on mentoring children in state schools, supporting climate action initiatives through producing documentary films, and supporting the speech and language charity, Auditory Verbal UK, which provided early years therapy to her daughter Grace.

JIM COYLE

Senior Independent Director
Appointed: 14 December 2015

Chair of the Audit Committee. Member of the Risk Committee, the Nomination Committee and the Remuneration Committee

Jim is a Non-Executive Director, Chair of the Audit Committee, member of the Risk Committee and member of the Chair's Nominations and Remuneration Committee at HSBC UK Bank plc and Chair of HSBC Trust Company (UK) Ltd. Chair of Marks & Spencer Unit Trust Management Limited; and a Non-Executive Director of Marks and Spencer Financial Services plc. He is also Deputy Chair of the Oversight Board and member of the Audit Governance Board of Deloitte LLP. Former appointments include: Chair of the Board and Chair of the Audit and Risk Committee of World First UK Limited; Chair of Supply@ME Capital PLC, Chair of the Audit and Risk Committee of Scottish Water, member of Committees of the Financial Reporting Council, Group Financial Controller for Lloyds Banking Group; Group Chief Accountant of Bank of Scotland; member of the Audit Committee of the British Bankers Association; Non-Executive Director of the Scottish Building Society; and Non-Executive Director and Chair of the Audit Committee of Vocalink plc.

GUSTAVO CARDENAS

Non-Executive Director
Appointed: 1 November 2022

Gustavo Cardenas is a Managing Director at Wafra, where he leads Wafra's strategic partnership investment mandates in both established and growth state asset management businesses. While at Wafra, Gustavo has completed several direct minority investments, financings and secondary investments. Previously, Gustavo was a Vice President at Hamilton Lane, focused on co-investments and fund investments. He began his career in investment banking at Bank of America Securities and then at Mesoamerica Partners, a Central American financial group. Gustavo earned a BA from Harvard College and an MBA from the Wharton School of Business.

JULIAN DALE

Chief Financial Officer
Appointed: 30 September 2022

Julian is the Chief Financial Officer of Pollen Street. He is responsible for all finance and risk management activities across the Group. He has spent all of his professional career in financial services focused on finance and risk topics in asset management, specialist lending, retail banking, investment banking and strategy consultancy for financial institutions across the United Kingdom, Europe, the Middle East and South Africa. Prior to joining the team, Julian was Chief Financial Officer of Castle Trust, which he helped to grow over a period of seven years from a start-up into a multi-niche specialist lender. He started his career at Oliver Wyman strategy consultants where he spent seven years focusing on finance and risk matters across the financial services industry. He has a first class degree in engineering from Cambridge University.

JOANNE LAKE

Independent Non-Executive Director
Appointed: 1 January 2021

Chair of the Remuneration Committee. Member of the Audit Committee, the Risk Committee and the Nomination Committee

Joanne has over 35 years' experience in financial and professional services and also acts as independent Non-Executive Chair of Made Tech Group plc, the AIM-listed leading provider of digital, data and technology services to the UK public sector, Senior Independent Director of Main Market-listed land promotion, property development and investment, and construction group, Henry Boot PLC, and is an independent Non-Executive Director at AIM-listed Gateley (Holdings) plc, the legal and professional services group and Braemar PLC, an established international provider of shipping, marine and energy services. Joanne is a Chartered Accountant and has previously held senior roles at UK investment banks including Panmure Gordon, Evolution Securities and Williams de Broe and in audit and business advisory services with PwC. Joanne is also a fellow of the Institute of Chartered Accountants in England & Wales and a member of its Corporate Finance Faculty and is a fellow of the Chartered Institute for Securities and Investment.

RICHARD ROWNEY

Independent Non-Executive Director
Appointed: 1 July 2019

Chair of the Risk Committee. Member of the Audit Committee, the Nomination Committee and the Remuneration Committee

Richard is Group CEO of Nucleus Financial Group a leading retirement and wealth management specialist managing over £83 billion of assets. The Group incorporates the businesses of James Hay Pensions, Nucleus Platforms and Curtis Banks and has created one of the largest retirement platforms in the UK. Nucleus is backed by HPS Investment Partners, Epiris and FNZ and is the leading consolidator in the platform market. The business recently purchased Third Financial with completion anticipated in the Autumn, subject to regulatory approval. He is also a Non-Executive Director at MSP Capital Limited. Prior to this, Richard was Group Chief Executive of LV=, a leading financial services provider and a mutual where he worked as an executive member of the board for 13 years. Richard left LV= at the end of 2019 following the sale of the General Insurance business to the Allianz Group. Richard had led the business to win the Moneywise Most Trusted Life Insurer award as well as YouGov's UK's Most Recommended Insurer. Prior to his position as Chief Executive Officer he had been Managing Director of the group's Life & Pensions business which he successfully turned into one of the UK's leading protection and retirement specialist companies. Prior to his time at LV= Richard held various Chief Operating Officer and risk roles across Barclays corporate and retail banking. Richard holds a first-class degree in Geography from the University of Leeds and an MBA from Henley Business School and completed the Harvard Management Programme in 2006.

DIRECTORS' REPORT

The Directors of Pollen Street Limited (company number 09899024) present their report and audited financial statements of the Company and its subsidiaries, referred to as the Group, for the year ended 31 December 2023.

During the year, shares issued by the Company were listed on the Main Market of the London Stock Exchange. However, following completion of the Scheme on 24 January 2024, the shares were delisted and the Company changed its status from a public company to a private company. As such, a number of the disclosure and corporate governance requirements that are applicable to listed companies ceased to apply to Pollen Street Limited. Despite this, the Directors have prepared this Annual Report and Accounts for Pollen Street Limited retaining compliance with these standards, where they are appropriate. Further information is available in the Corporate Governance Statement.

The Distribution does not change the activities of the overall business for Pollen Street Group Limited and its subsidiaries. However, it does change the activities of the companies within the Group and it does affect the presentation of the financial statements. From 24 January 2024, the Company has ceased to be classified as an investment trust and Pollen Street Limited and its current subsidiaries have ceased all asset management activities, however they continue their operations of investing in Credit Asset and Equity Assets. Further information on the Combination and the Reorganisation is provided in Note 1 to the Financial Statements.

The information regarding the Company's principal activities and business review and details of the Directors' overarching duty in relation to Section 172 of the Companies Act 2006 are set out in the Strategic Report.

BOARD MEMBERS

The names and biographical details of the Board members who served on the Board as at the year-end can be found on pages 63 to 68.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITIES

In accordance with the Company's Articles and s.234(2) of the Companies Act 2006, a qualifying third-party indemnity is in force to the extent permitted by law for the benefit of each of the Directors in respect of liabilities incurred as a result of their office. For those liabilities for which Directors may not be indemnified, the Company maintains insurance for the Directors in respect of liabilities arising from the performance of their duties. During the year under review the Group maintained directors' and officers' liability insurance for its Directors and Officers as permitted by Section 233 of the Companies Act 2006. The directors' and officers' liability insurance has been renewed and will remain in place under the current renewal until February 2025.

STATUS OF THE COMPANY

The Company was incorporated in England and Wales on 2 December 2015 and started trading on 23 December 2015, immediately upon the Company's listing.

Throughout 2023 the Company was classified as an investment company within the meaning of Section 833 of the Companies Act 2006. The Company also operated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company conducted its affairs so that it was able to maintain its status as an investment trust during 2023. The Company's investment manager was Pollen Street Capital Limited, a subsidiary of the Group.

Following the implementation of the Scheme on 24 January 2024, the Company ceased to be categorised as an investment trust, because it no longer meets a necessary condition that requires the Company's shares to be listed on a regulated market. Following the Reorganisation, the Company is also no longer classified as an AIF under UK AIFMD.

SHARE CAPITAL

As at 31 December 2023, the Company had 64,209,597 ordinary shares in issue (31 December 2022: 68,922,582). During the year ended 31 December 2022, 522,807 of shares were bought back and held in treasury.

On a winding up or a return of capital by the Company, the ordinary shareholders are entitled to the capital of the Company.

No shares have been purchased by the Company during the year ended 31 December 2023 or up to 20 March 2024 being the latest practical date prior to the issue of this report. The 4,712,985 shares held in treasury were cancelled on 8 December 2023.

DIVIDENDS & DIVIDEND POLICY

During 2023 the Company's policy was to pay dividends on a quarterly basis. As such the dividends were declared as interim dividends. The dividends in relation to or paid during the year ended 31 December 2023 and the year ended 31 December 2022 are set out in Note 19 to the financial statements. A reconciliation of movements in reserves is presented in the Statement of Changes in Shareholders' Funds on pages 126 to 127 of the financial statements. The Company may make distributions from retained earnings, revenue reserves, special distributable reserves or from realised capital gains.

Pollen Street declared a quarterly dividend of 16.0p per share in relation to the first three quarters of the year and 13.0p per share for the last quarter of the year. As part of the terms of the Combination, former Pollen Street Capital Holdings Limited shareholders waived dividends paid to them in 2022 and 2023 on approximately 50 per cent of their shares issued to them by the Group.

SUBSTANTIAL SHARE INTERESTS

The Company has been advised that the following parties had an interest in 3 per cent or more of the issued share capital of the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules ("DTR"). This information was correct as at 24 January 2024, being the date of delisting of the Company's shares.

The following table shows the parties that had made disclosures to the Company of interests of 3 per cent or more in the issued share capital of the Company as at 31 December 2023.

Shareholders	Number of shares held	Percentage of issued ordinary share capital with voting rights held	Nature of holding
Lindsey McMurray	11,582,090	18.04%	Indirect
Quilter Plc	9,988,000	15.56%	Indirect
CC Beekeeper Ltd	4,012,006	6.25%	Direct
Minerva Analytics Ltd	4,000,000	6.23%	Indirect
Matthew Potter	3,721,422	5.80%	Indirect
Michael England	3,666,569	5.71%	Indirect
Close Asset Management Limited	2,879,687	4.48%	Direct
Ian Gascoigne	2,700,501	4.21%	Indirect
Thameside 1979 Settlement	2,467,000	3.84%	Direct
CC Hive LP	2,221,416	3.45%	Direct
M&G Plc	1,998,641	3.11%	Indirect

ARTICLES OF ASSOCIATION

Any amendments to the Company's Articles of Association must be made by special resolution.

POLITICAL & CHARITABLE DONATIONS

The Group has not made any political donations during the year and intends to continue its policy of not doing so for the foreseeable future.

The Group donated £117,000 to charity during 2023 (2022: £25,000).

CAPITAL REQUIREMENTS

During 2023, the Company was subject to the following externally imposed capital requirements:

- the Company's Articles of Association restrict borrowings to the value of its share capital and reserves;
- as a public company, the Company had a minimum share capital of £50,000;
- the Company may only pay dividends out of distributable profits and the Company must be able to meet one of the two capital restriction tests imposed on investment companies by company law;
- the Company's borrowings are subject to covenants limiting the total exposure based on a cap of borrowings as a percentage of the eligible borrowing base; and
- some of the Group's entities are regulated by the Financial Conduct Authority or the Guernsey Financial Services Committee and have minimum regulatory capital requirements.

The Group has complied with all the above requirements during the year ended 31 December 2023. Following the completion of the Reorganisation and privatisation of the Company during 2024, the Company is no longer subject to the minimum share capital requirement of £50,000 because this is only applicable to public companies.

DIRECTORS' INTERESTS

Directors' interests in the share capital of the Company at the year-end are contained in the Directors' Remuneration Report on pages 94-97.

Prior to completion of the Combination, Lindsey McMurray entered into a written and legally binding relationship agreement with the Company. Under the terms of the agreement, Lindsey McMurray undertook that she would: conduct all transactions and arrangement with any member of the Group on arm's length and on normal commercial term; for the duration of her appointment as a member of the Board, disclose to the Board any matter which could give rise to a potential conflict of interest between herself (and any family member or related trust) and a member of the Group; and not exercise her powers to prevent Pollen Street Limited from being managed in accordance with the principles of good governance and in compliance with the with UK Listing Authority's listing rules (the "Listing Rules"), UK Listing Authority's disclosure guidance and transparency rules (the "Disclosure Guidance and Transparency Rules"), the market abuse regulation (as defined in the relationship agreement) and the Corporate Governance Code. Lindsey McMurray was entitled to appoint two-sevenths of the Board for so long as certain persons with whom she is deemed to be acting in concert collectively hold at least two-sevenths of the Company's shares or one-seventh of the Group Board for so long as such persons hold at least one-seventh of the Company's shares. Following completion of the Reorganisation, this relationship agreement was replaced by relationship agreements between Lindsey McMurray, other employee shareholders of the Group and the new parent company of the group, being Pollen Street Group Limited.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has established an ongoing process for identifying, evaluating and managing risk on behalf of the Group. The Board has carried out a robust assessment of its principal and emerging risks and the controls to help mitigate these. Further details of the Group's principal and emerging risks and uncertainties can be found in the Strategic Report on pages 56 to 59 and details of the Group's internal controls can be found on page 83. Details of the Group's hedging policies are set out in the Strategic Report on page 51.

INDEPENDENT AUDITORS

The Company's independent auditors, PricewaterhouseCoopers LLP ("PwC"), were reappointed at the Company's AGM in 2023 and have expressed willingness to continue to act as the Group's auditors for the forthcoming financial year. This is the third year that Claire Sandford has served as senior statutory auditor.

AUDIT INFORMATION AND DISCLOSURE OF INFORMATION TO AUDITORS

As required by Section 418 of the Companies Act 2006, the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Group's auditor are unaware and each Director has taken all the steps required of a Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

CHANGE OF CONTROL

There are no significant agreements to which the Company is a party that might be affected by a change of control of the Company except for:

- the agreement in relation to the Company's debt facility, where the lender is not obliged to fund a utilisation except in relation to a rollover loan and if negotiations to continue the facility are not concluded within 30 days, the liability may be repayable.
- awards under the Company's Deferred Bonus Plan generally would have vested in full (to the extent not already vested) on a change of control of the Company.

GREENHOUSE GAS EMISSIONS

The Environmental, Social and Governance section in the Strategic Report provides further details on the Group's greenhouse gas emissions.

FUTURE DEVELOPMENTS

Indications of likely future developments in the business are discussed in more detail in the Strategic Report.

REGULATORY DISCLOSURES

The disclosures below are made in relation to Listing Rule 9.8.4. These disclosures are provided voluntarily given that the Listing Rules ceased to apply to Pollen Street Limited from the date of completion of the Reorganisation being 24 January 2024.

Listing Rule	
9.8.4 (1) – capitalised interest	The Group has not capitalised any interest in the year under review.
9.8.4 (2) – unaudited financial information	The Company publishes a quarterly trading update in addition to its Interim Report and Annual Report and Accounts.
9.8.4 (4) – incentive schemes	The Group's incentive schemes are described in the Directors' Remuneration Report and the Annual Report on Remuneration.
9.8.4 (5) and (6) – waiver	No Director of the Company has waived or agreed to waive any current or future emoluments from the Group.
9.8.4 (7), (8) and (9)	During the year under review, no shares were issued by the Company.
9.8.4 (10) (11) – contract of significance & contract for the provision of service	Lindsey McMurray and the other senior management of Pollen Street were considered to be controlling shareholders during the year ended 31 December 2023 under the Listing Rules because together they held more than 30 per cent of the shares in issue. During the year under review, the only contracts of significance subsisting to which the Group is a party and in which a Director of the Group is or was materially interested or between the Group and a controlling shareholder are customary employment contracts and the relationship agreement described in the Directors' Interests section on the previous page.
9.8.4 (12) and (13) – waiving dividends	As part of the terms of the Combination, former Pollen Street Capital Holdings Limited shareholders waived dividends paid to them in 2022 and 2023 on approximately 50 per cent of their shares issued to them by the Group. See Note 19 for more information.
9.8.14	Not applicable.

SUBSEQUENT EVENTS

On 9 January 2024, a dividend of 13.0 pence per ordinary share was approved and duly paid on 1 March 2024.

On 24 January 2024, the Group completed the Scheme that effectively transitioned the listing category of the Company's shares to that of a commercial company and introduced Pollen Street Group Limited as the new parent of the Group.

On 14 February 2024, the Company: re-registered as a private company; changed its name from Pollen Street plc to Pollen Street Limited; and completed the Distribution whereby the entire issued share capital in Pollen Street Capital Holdings Limited was distributed to Pollen Street Group Limited.

As a result of the Reorganisation, the Company ceased to be classified as an investment trust and ceased to be classified as an AIF.

Further information on the Scheme and the Distribution is provided in Note 1 to the Financial Statements.

APPROVAL

The Directors' Report was approved by the Board of Directors on 20 March 2024 and signed on its behalf by:

Link Company Matters
Company Secretary
20 March 2024

CORPORATE GOVERNANCE STATEMENT

Introduction from the Chair

I am pleased to introduce this year's Corporate Governance Statement. In this statement we explain how the Company operated in 2023 and complied with relevant corporate governance standards and note the changes to corporate governance obligations post-Reorganisation. This corporate governance statement forms part of the Directors' Report.

The Directors are ultimately responsible for the stewardship of the Company and this section explains how the Directors have fulfilled their corporate governance responsibilities. The Board remains fully committed to high standards of corporate governance. The governance arrangements were reviewed as part of the Combination with Pollen Street Capital Holdings Limited and again as part of the Reorganisation. These reviews concluded that the governance arrangements were appropriate for the Group.

Throughout 2023, shares issued by the Company were listed on the Main Market of the London Stock Exchange and the Company also operated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. As such the Company complied with the Companies Act as applicable to quoted companies, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code throughout 2023. The Board considered that the AIC Code was more appropriate for the Company than the UK Corporate Governance Code. The AIC Code was revised and published in February 2019. It provides a comprehensive guide to best-practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the UK Corporate Governance Code. The AIC Code is available from the AIC's website at **www.theaic.co.uk**. The UK Corporate Governance Code is considered to be more appropriate for the Group going forwards given the Reorganisation. The current UK Corporate Governance Code was published by the Financial Reporting Council ("FRC") in July 2018. A copy of the Code is available from the website of the Financial Reporting Council at **www.frc.org.uk**.

On 24 January 2024, the Company's shares were delisted from the London Stock Exchange and it re-registered as a private company. As such the Company is no longer required to comply with the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. However, compliance with the Companies Act as applicable to private companies remains mandatory. Despite this, the Directors have sought to comply with the Listing Rules, the Disclosure and Transparency Rules and the UK Corporate Governance Code, where they are appropriate, as a matter of good governance. However, the Board has decided not to comply with provision 5 of the UK Corporate Governance Code, which prescribes methods to be used by the Board for engagement with employees. The Board's approach to engaging with employees is set out on page 47.

The new parent company of the Group following the Reorganisation, Pollen Street Group Limited, is a premium listed commercial company and it will comply with the Listing Rules. The governance arrangements of Pollen Street Group Limited were established to be consistent with those of the Company prior to the delisting of its shares. As such, Pollen Street Group Limited has the same directors, the same committees, the same terms of reference and the same policies as the Company prior to the delisting of its shares, with other corporate governance arrangements replicated as appropriate. The annual report and accounts for Pollen Street Group Limited for the financial year ended 31 December 2023 will be published on the Group's website on or before 30 April 2024.

THE BOARD OF DIRECTORS

The Board consists of seven Directors: five Non-Executive Directors and two Executive Directors. Four of the Non-Executive Directors are considered independent. Biographies of the Directors are shown on pages 63 to 68 and demonstrate the wide range of skills and experience that they bring to the Board. The Directors possess business and financial expertise relevant to the direction of the Company and consider themselves to be committing sufficient time to the Company's affairs.

Each Non-Executive Director has been appointed pursuant to a letter of appointment entered into with the Company in accordance with the Company's Articles of Association. The Directors' appointment can be terminated in accordance with the Company's Articles of Association and without compensation. There are no agreements between the Company and any Director which provide for compensation for loss of office in the event that there is a change of control of the Company. Each Executive Director has entered into a service agreement with the Group as set out in the Directors' Remuneration Policy.

Copies of the letters of appointment and service agreements are available on request from the Company Secretary and will be available at the Pollen Street Group Limited 2024 AGM.

TIME COMMITMENT

The Nomination Committee considers the time commitments of proposed director candidates prior to appointment to ensure that they are able to dedicate sufficient time to the role. Directors' external commitments are reviewed on a regular basis to ensure they continue to devote sufficient time to the role. All Directors are required to obtain prior approval before taking on any additional external appointments. Directors are expected to attend all Board and relevant Committee meetings and attendance in 2023 is set out in the table below. The Nomination Committee noted that some Directors have a number of other significant appointments. The Committee is satisfied that each Director has sufficient time to dedicate to Pollen Street, which is evidenced by attendance at Board and sub-committee meetings over 2023.

THE OPERATION OF THE BOARD

The Board of Directors meets at least six times a year and more often if required. The table below sets out the Directors' attendance at Board and Committee meetings from 1 January 2023 to 31 December 2023.

MEETING ATTENDANCE

Director	Board (Regular Meetings)	Board (Additional Meetings)*	Board Sub-Committee	Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee
Robert Sharpe	5/5	3/3	1/1	-	-	3/3	2/2
Lindsey McMurray	5/5	2/3	-	-	-	-	-
Jim Coyle	5/5	3/3	1/1	5/5	4/4	3/3	2/2
Gustavo Cardenas **	2/5	2/3	1/1	-	-	-	-
Julian Dale	5/5	2/3	1/1	-	-	-	-
Richard Rowney	4/5	1/3	-	4/5	3/4	2/3	2/2
Joanne Lake	5/5	3/3	1/1	5/5	4/4	3/3	2/2
Total	**5**	**3**	**1**	**5**	**4**	**3**	**2**

**Three formal additional Board meetings and over 10 informal additional Board meetings were held during the year to discuss matters relating to the Reorganisation, these meetings did not require the attendance of all directors.*
*** Due to time zone constraints Gustavo Cardenas was unable to attend a number of meetings. Mr Cardenas was consulted prior to and after the meetings he was unable to attend to ensure that any matters he wished to raise were considered]*

No individuals other than the Committee or Board members are entitled to attend the relevant meetings unless they have been invited to attend by the Board or relevant Committee.

Directors are provided with a comprehensive set of papers for each Board or Committee meeting, which equips them with sufficient information to prepare for the meetings.

The Board has a formal schedule of matters specifically reserved to it for decision, which includes:

- the Group's structure, including share issues;
- reviewing and approving Board changes;
- considering and authorising Board conflicts of interest;
- monitoring financial performance;
- reviewing and approving the Company's Annual Report and Accounts and Interim Report including associated accounting policies;
- reviewing and approving the Group's gearing targets and limits;
- the review and approval of terms of reference and membership of Board Committees; and
- reviewing and approving directors' and officers' liability insurance.

There is a procedure in place for the Directors to take independent professional advice at the expense of the Company.

CULTURE

The Directors have considered and defined the Company's culture, purpose and values. By identifying the important elements of the Company's dynamic and driven culture, the Directors assess and monitor it and ensure that it remains aligned with the Company's purpose, values and strategy. The Board promotes a culture of openness and debate.

The Company operates around five core values; expert, caring, enterprising, progressive and driven. We aim to be a purpose-led asset manager delivering consistent returns and sustainable growth for our investors and stakeholders alongside positive impact for our people, portfolio companies and wider society. The culture of the Board is considered as part of the annual review of the board effectiveness and the strategy review processes.

CHAIR AND SENIOR INDEPENDENT DIRECTOR AND DIVISION OF RESPONSIBILITIES

The Chair, Robert Sharpe, considers himself to have sufficient time to spend on the affairs of the Company. Mr Sharpe has no significant commitments other than those disclosed in his biography on page 63.

The Senior Independent Director, Jim Coyle, considers himself to have sufficient time to spend on the affairs of the Company. Mr Coyle has no significant commitments other than those disclosed in his biography on page 65.

The following sets out the division of responsibilities between the Chair and the Senior Independent Director ("SID").

Role of the Chair

The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair:

- demonstrates objective judgement;
- promotes a culture of openness and debate;
- facilitates constructive Board relations and the effective contribution of all Non-Executive Directors;
- ensure appropriate delegation of authority from the Board to executive management;
- ensures that Directors receive accurate, timely and clear information;
- in addition to formal general meetings, offers regular engagement with major shareholders in order to understand their views on governance and performance;
- ensures that the Board as a whole has a clear understanding of the views of shareholders;
- develops a productive working relationship with the Chief Executive Officer, providing support and advice, while respecting executive responsibility; and
- acts on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors by recognising the strengths and addressing any weaknesses of the Board.

Role of the Senior Independent Director

The role of the Senior Independent Director is to provide a sounding board to the Chair and to serve as an intermediary for the other Directors and shareholders. Led by the Senior Independent Director, the Non -Executive directors meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary. The Senior Independent Director is also available to meet with shareholders to provide a channel for any shareholder concerns with the Chair.

INDEPENDENCE OF DIRECTORS

Robert Sharpe, Jim Coyle, Richard Rowney and Joanne Lake were considered, on appointment, to be free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement and have remained so since. The Board is of the view that there are no relationships or circumstances relating to the Company that are likely to affect the judgement of any of the independent Directors.

Care will be taken at all times to ensure that the Board is composed of members who, as a whole, have the required knowledge, abilities and experience to properly fulfil their role and are sufficiently independent.

DECISION-MAKING

The importance of the stakeholder considerations, in the context of decision making, is taken into account at every Board and Committee meeting. All discussions involve careful considerations of the longer-term consequences of any decisions and their implications for stakeholders.

The Board adopts the following general approach in its discussions and decision-making:

- The papers for each meeting include a reminder of Directors' Section 172 duties and the Group's key stakeholders. The Chair of the Board and committee chairs ensure that the ensuing discussions are properly informed by all relevant Section 172 matters.
- The Board assesses and approves the Group's purpose, values and strategy, ensures the strategy is aligned with the culture, and is responsible for promoting those values and culture.
- The Board regularly monitors progress on the implementation of the strategy and associated business plan, and reviews both annually to ensure they remain appropriate.
- Details of how the Board and its committees engage with our key stakeholders can be found on pages 46 of this Corporate Governance Statement.
- The Board and its committees consider the potential consequences of its decisions in the short, medium and long term. It ensures that the Group's risk management processes identify any resulting risks to the business and its stakeholders, and have plans to appropriately address these risks.

BOARD EVALUATION

The performance of the Board and its Committees and Directors as well as the independence of the Directors was evaluated by means of a tailored questionnaire during 2023. The questionnaire was completed by all Board members. It examined the effectiveness of the Board in the following areas:

- behaviours and dynamics;
- purpose and strategy;
- stakeholder relationships;
- governance; and
- priorities for change.

The independence of the Directors and their ability to commit sufficient time to the Company's activities was considered as part of the evaluation process.

Directors also completed a self-evaluation and an appraisal of the Chair. The responses to the Board evaluation were anonymised and collated by the Company Secretary and then reviewed by each committee and the Board. The conclusion of the work was that the Board and all committees worked well and there are not significant concerns among the Directors about the Board's effectiveness. Areas identified for further consideration included improving information flow between the Company, the Board and committees to ensure coverage of key issues; maintaining oversight of business performance and resilience whilst considering further opportunities for sustainable growth and updating processes and information regarding the Group following the Reorganisation. It was also acknowledged that increased diversity on the Board was required and that this would be addressed as part of succession planning.

The Senior Independent Director led the appraisal of the Chair and received all completed questionnaires and subsequently met with all Directors excluding the Chair to discuss the results. The comments received from this meeting were then discussed with the Chair.

The Chair received all Director self-appraisal forms and these were discussed with the other Directors to provide an opportunity for Directors to raise any matters of concern. All Directors were deemed to be fulfilling their duties effectively, to have the skills and experience relevant to the leadership and direction of the Company and to be making a significant contribution to the Board. The Directors were satisfied with progress against actions arising from the 2022 evaluation including continuing to closely monitor and observe the Company's risk and control systems; maintaining business performance and resilience and looking for further opportunities for sustainable growth.

TRAINING

The Company Secretary, the Company's legal advisers and the management team offer a comprehensive induction programme to new Directors to ensure they have the necessary knowledge of the Group, their duties and obligations as Directors and other matters as may be relevant from time to time. During the year the Group's legal advisors provided refresher training on Director's duties to all Board members. Board members are encouraged to keep up to date and attend training courses on matters that are directly relevant to their involvement with the Company.

BOARD APPOINTMENT, ELECTION & TENURE

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006.

None of the Directors consider length of service as an impediment to independence or good judgement but, if they felt that this had become the case, the relevant Director would stand down.

The Board considers that all of the current Directors contribute effectively to the operation of the Board and the strategy of the Company. The Board has appointed Lucy Tilley to become Chief Financial Officer of the Pollen Street Group Limited and its subsidiaries during 2024, with Julian Dale stepping down from that role.

DIRECTORS' SUCCESSION PLAN

The Board is aware of the need to consider Board tenure, independence and ensure continuity and a smooth transition of Directors and maintenance of an appropriate balance of skills, experience and diversity at all times. The Board is discussing the most appropriate plan of orderly rotation which will be implemented in due course.

MANAGEMENT AGREEMENT

The performance of the Company's investment manager, Pollen Street Capital Limited, which is a sister company of Pollen Street Limited following the Reorganisation, is monitored closely by the Board. The Board is satisfied that the investment manager has performed in line with expectations and the Board is of the opinion that the continuing appointment of the Pollen Street Capital Limited on the terms agreed is in the best interests of shareholders. The performance of the Company's Investment Manager is reviewed by the whole Board rather than a management engagement committee, because this is considered to be a more effective way of monitoring the investment manager's performance and it is reflective of the new operating structure of the Group following the Combination.

CONFLICTS OF INTEREST

The Company's Articles of Association provide that the Directors may authorise any actual or potential conflict of interest that a Director may have, with or without imposing any conditions that they consider appropriate on the Director in question. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest, and, in such circumstances, they are not counted in the quorum at the relevant Board meeting. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. A schedule is maintained of each Director's potential conflicts of interest.

BOARD DIVERSITY

The Board is comprised of a mixture of individuals that have an appropriate balance of skills and experience to meet the needs of the Company and to date appointments are made first and foremost on the basis of merit and taking into account the recognised benefits of all types of diversity.

The Board acknowledges the new Financial Conduct Authority ("FCA") amendments to the Listing Rules which apply to listed companies for financial years starting on or after 1 April 2022 and that set positive diversity targets and build on the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review regarding ethnic representation on boards. The Board supports the recommendation to have greater female and ethnic representation and wider diversity on the Board and includes this as a key consideration in its succession planning. Lucy Tilley's appointment to the Board will improve the gender diversity of the Board. The Group maintains the following targets:

- at least 40 per cent of individuals on the Board to be women;
- at least one senior Board position to be held by a woman; and
- at least one individual on the Board to be from a minority ethnic background.

The following tables show the gender diversity and the ethnic diversity of the Board as at 31 December 2023.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	71%	3	1	50%
Women	2	29%	1	1	50%
Not specified/ prefer not to say					

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	86%	4	2	100%
Mixed/Multiple Ethnic Groups					
Asian/Asian British					
Black/African/ Caribbean/ Black British					
Other ethnic group, including Arab	1	14%	0	0	0%
Not specified/prefer not to say					

The table below shows the gender diversity across the organisation as at 31 December 2023.

	Number of employees	Number in Senior Management
Men	55	8
Women	29	1
Not specified/prefer not to say		

COMMITTEES

As set out on page 84, the Committee structure was reviewed by the Board in 2023. The Board has established the following Committees. Details of membership of the Committees is set out on page 84. The terms of reference of each Committee are available from the Company Secretary. Each Committee reports to the Board on its proceedings at the next Board meeting after each meeting.

Audit Committee

The Board has delegated certain responsibilities to its Audit Committee. An outline of the remit of the Audit Committee and its activities during the year are set out on pages 84 to 89.

The Audit Committee is chaired by Jim Coyle and meets at least on a quarterly basis. It is responsible for ensuring that the financial performance of the Group is properly reported and monitored and provides a forum through which the Group's external auditors may report to the Board. The Audit Committee reviews and recommends to the Board the Annual Report and Accounts, the Interim Report, quarterly trading updates and any other financial announcements.

Risk Committee

The Board has delegated certain responsibilities to its Risk Committee. An outline of the remit of the Risk Committee and its activities during the year is set out on pages 90 and 91.

The Risk Committee is chaired by Richard Rowney and meets on a quarterly basis. The Risk Committee is responsible for: reviewing the Group's internal control and risk management systems, in collaboration with the Audit Committee in respect of financial control; setting and monitoring the Company's risk appetite; carrying out a robust assessment of the Company's emerging and principal risks; and key policies and processes for identifying and assessing both financial and non-financial business risks and the management of these risks along with an assessment of their robustness, appropriateness and effectiveness.

The Risk Committee reviews and approves statements to be included in the Annual Report and Accounts concerning internal controls and risk management; and assesses the adequacy of the levels of professional indemnity insurance and other insurance cover maintained for the Company.

The principal risks and uncertainties for the Group are set out in detail on pages 56 to 59.

Remuneration Committee

The Board has delegated certain responsibilities to its Remuneration Committee. The Committee is chaired by Joanne Lake and meets at least twice a year.

The primary responsibility of the Committee is to consider and make recommendations to the Board on Directors' remuneration. Further details on the work of the Remuneration Committee can be found in the Directors' Remuneration Report on pages 94 to 97.

Nomination Committee

The Board has delegated certain responsibilities to its Nomination Committee. The Nomination Committee is chaired by Robert Sharpe and meets at least twice a year. The report of the Nomination Committee is set out on pages 92 to 93.

COMPANY SECRETARY

The Board has direct access to the advice and services of the Company Secretary, which is responsible for ensuring that the Board and Committee procedures are followed, and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between the Board and management, ensuring the timely delivery of information and reports to the Board and for ensuring that statutory obligations of the Company are met.

ANNUAL GENERAL MEETING

Following the Reorganisation, the sole shareholder of the Company is Pollen Street Group Limited. Former shareholders of the Company were granted shares in Pollen Street Group Limited as part of the Reorganisation. Pollen Street Group Limited's AGM will be held prior to 30 June 2024 and the notice of meeting will be circulated at least 21 days in advance of the meeting date. Eligible shareholders will be able to attend and vote at this AGM. Pollen Street Group Limited's shareholders are encouraged to attend the AGM and to participate in proceedings. The chair of the board and the directors of Pollen Street Group Limited, together with representatives of the Group, will be available to answer shareholders' questions at the AGM. Proxy voting figures will be available to shareholders at Pollen Street Group Limited's AGM.

SHAREHOLDER ENGAGEMENT

The Group holds regular discussions with major shareholders, the feedback from which is provided to and greatly valued by the Board. The Directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company. Further information about the Company can be found on the Company's website.

INTERNAL CONTROL REVIEW AND ASSESSMENT PROCESS

The Group has established internal control frameworks to provide reasonable assurance on the effectiveness of the internal controls. The Board has appointed Deloitte LLP as internal auditor of the Group.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and for reviewing the effectiveness of the Group's system of internal controls including financial, financial reporting, operational, compliance and risk management. The Board has in place a robust process to assess and monitor the risks of the Group. The Board has reviewed the effectiveness of systems of internal control and risk management. During the year under review, the Board has not identified any significant failings or weaknesses in its internal control systems.

The Group has established a risk matrix, consisting of the key risks and controls in place to mitigate those risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. Details of the Group's risks can be found on pages 56 to 61 of the Strategic Report, together with an explanation of the controls that have been established to mitigate each risk. This provides a basis for the Risk Committee and the Board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified.

The system of internal control and risk management is designed to meet the Group's particular needs and the risks to which it is exposed. The Board recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

ANTI-BRIBERY & CORRUPTION

The Company has reviewed the compliance with the Bribery Act 2010. These matters are reviewed regularly by the Audit Committee and Risk Committee.

WHISTLE BLOWING POLICY

The Company has a whistleblowing policy and there are processes in place to encourage workers to report concerns or suspicions about any wrongdoing. There is also a dedicated whistleblowing e-mail address, which the Chief Compliance Officer is responsible for monitoring.

APPROVAL

This report was approved by the Board of Directors on 20 March 2024.

Robert Sharpe (on behalf of the Board)
Chair
20 March 2024

REPORT OF THE AUDIT COMMITTEE

As Chair of the Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31 December 2023.

MEMBERSHIP

The Audit Committee is chaired by Jim Coyle. Jim is a Chartered Accountant and maintains his membership of the Institute of Chartered Accountants of Scotland. As such, he has relevant financial experience. The other members of the Audit Committee are Joanne Lake and Richard Rowney. They both have recent and relevant financial experience, as a result of their involvement in financial services and other industries. The members' biographies can be found on pages 63 to 68.

The Group's CEO and CFO are not members of the Committee but attend meetings at the invitation of the Chair of the Committee. PwC, as external auditor, and members of the Group's management team also regularly attend meetings.

Full details of the number of Committee meetings and attendance by individual Committee members can be found on page 77.

THE ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is defined in its terms of reference, which are available from the Company Secretary. The roles and responsibilities of the Audit Committee include to:

- monitor the financial reporting process;
- review and monitor the integrity of the Annual Report and Accounts and the Interim Report and review and challenge where necessary the accounting policies of the Group;
- review the adequacy and effectiveness of the Group's internal financial and internal control and risk management systems, in collaboration with the Risk Committee in relation to financial controls;
- make recommendations to the Board on the reappointment or removal of the external auditors and to approve their remuneration and terms of engagement;
- review and monitor the external auditors' independence and objectivity; and
- review the performance of the internal audit function.

THE COMMITTEE'S CHALLENGE OF INFORMATION

The Committee recognises the importance of its role, on behalf of shareholders and wider stakeholders, to ensure the integrity of the Group's financial reporting and risk management processes. We rely on a number of sources to ensure this integrity, including the views of the external auditor.

The Committee has worked with the management team over the course of 2023 to continue to improve the quality and timeliness of written and oral reporting to the Committee and we are pleased with the progress to date. These continued improvements have enriched the debate and discussion at meetings of the Committee and supported the Committee to fulfil its responsibilities, which are set out below. For example, the Audit Committee held a meeting in February 2024, to challenge the key assumptions and judgements used in preparing the Annual Report and Accounts.

This included a review of the International Financial Reporting Standards ("IFRS") 9 assumptions, the application of IFRS 5 to this year's financial report and the valuation of carried interest and direct equity investments. In addition to this, the Audit Committee reviewed management's preparation for the full-year accounts including the key accounting judgements proposed by management. The review concluded that management judgements were satisfactory.

SIGNIFICANT MATTERS CONSIDERED DURING THE YEAR

The Audit Committee met five times during the year under review and considered the following items:

- the Group's Annual Report and Accounts for the year ended 31 December 2022;
- the Group's Interim Report for the six months ended 30 June 2023;
- the audited historical financial information of Pollen Street Capital Holdings Limited for the year ended 31 December 2022 contained in the circular dated 18 September 2023;
- the Group's historical financial information for the six months ended 30 June 2023 contained in the prospectus dated 27 November 2023;
- the appropriateness of the Group's accounting policies and whether appropriate estimates and judgements have been made and disclosed in preparation of the above documents;
- the independence, effectiveness and reappointment of the external auditor;
- the audit plan for the Group's audits shared by the external auditors;
- the Company's policy on non-audit services provided by the external auditor;
- approval of the Internal Audit Charter and regular updates on Internal Audit;
- the Group's approach to the going concern assessment and viability statement as to the longer-term viability of the Group;
- the ongoing impact and risks associated with recent geopolitical and macroeconomic events, including the impact of and significant increases in inflation and interest rates; and
- the Group's ESG and climate related risks and disclosures, including the process by which management gather ESG data and metrics and the supporting documents, the relevance of material climate-related matters, including the risks of climate change and transition risks associated with the goals of the Paris Agreement.

SIGNIFICANT ACCOUNTING MATTERS

The Audit Committee met on 21 February 2024 and 19 March 2024 to review the Report and Accounts for the year ended 31 December 2023. The Audit Committee considered the following significant issues, including principal risks and uncertainties in light of the Group's activities and matters communicated by the external auditors during their audit, all of which were satisfactorily addressed.

Issue considered	How the Committee gained assurance
Risk of misappropriation of assets and ownership of investments	The Audit Committee has reviewed key controls over the assets of the Group over the course of 2023. The Board has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Group's assets. The Company's Depositary has issued reports on the status of the assets to the Directors for review.
Risk on valuations of Investment Assets held at fair value	The Audit Committee received presentations in 2023 from the management team including deep dives on selected investments. After challenging the assumptions, the Committee concluded that the valuations held were reasonable.
Goodwill recognised on the acquisition of Pollen Street Capital Holdings Limited that is an asset held for distribution to the new parent	The Audit Committee has reviewed the goodwill that has been recognised on the Statement of Financial Position of the Group. The Audit Committee was presented with the goodwill impairment test as at 11 October 2023, the date that the goodwill was assigned as an asset held for distribution to the new parent. After challenging the assumptions of the goodwill impairment model, the Committee concluded that there is no goodwill impairment. The Audit Committee recognises that an impairment review is required for the goodwill, and that judgement is required in the underlying calculations used to test the value in use of goodwill. In addition, as part of the IFRS 5 requirements, the goodwill's fair value was assessed as at 31 December 2023. After challenging the assumptions of the goodwill fair value model, the Committee concluded the goodwill's fair value is higher than its carrying amount, and so it was appropriate to hold the goodwill at its carrying amount.
Accounting for carried interest	The Audit Committee has reviewed and discussed the accounting and presentation of carried interest, which required a number of estimates and judgements which are explained in Note 3. Whilst IFRS does not prescriptively lay out the accounting treatment for carried interest, the Audit Committee is satisfied that the IFRS principles and framework have been applied consistently in the estimates and judgements.
The risk of material misstatement of expected credit losses under IFRS 9 Financial instruments	The Audit Committee view credit provisioning as a key accounting estimate area for the Group. As in previous years, the Committee received presentations from the management team explaining key judgement areas, such as consistency of approach and the Group's business mix. After challenging the assumptions, the Committee concluded that the provisioning approach and key judgements were reasonable. A particular focal area for the Committees in 2023 has been on the actual and forecasted impact of the more recent geopolitical events on expected credit losses. The Committee has carefully challenged a number of the assumptions underpinning reporting under IFRS 9.

Issue considered	How the Committee gained assurance
Going concern and viability statement	The Audit Committee reviewed a paper from the management team in support of the going concern basis and the longer-term viability of the Group. The Committee noted the stability of the Group's business model, its successful track record, the Group's three-year financial projections and the results of internal stress testing, and concluded this provided sufficient evidence to support the Board's viability statement set out on page 60. The Committee will continue to monitor this area closely given the macroeconomic uncertainty described in the Strategic Report.
Fair, balanced and understandable	The approach taken by the Committee in determining whether the Annual Report is, when taken as a whole; fair, balanced and understandable, is described in greater detail in this Audit Committee report.
Investment Trust Status	The Audit Committee confirms that the Company has remained compliant with the requirements to maintain its investment trust status during the year ended 31 December 2023, however the Audit Committee notes that the Company has ceased to be an Investment Trust during 2024 as part of the Reorganisation.

EXTERNAL AUDITORS

The Group's external auditors, Pricewaterhouse-Coopers LLP ("PwC"), were appointed on 16 May 2016 and last re-appointed on 15 June 2023 at the Company's AGM. Following completion of the Reorganisation, Pollen Street Group Limited will appoint the auditor for Pollen Street Limited and consider any audit tender requirements.

The individual at PwC who acts as the Group's senior statutory auditor is Claire Sandford. Claire became senior statutory auditor in 2021. The audit partner rotation was completed in accordance with the Financial Reporting Council's Revised Ethical Standard 2019.

The audit and non-audit fees for the year under review can be found in Note 7 to the financial statements.

NON-AUDIT SERVICES

In relation to non-audit services, the Audit Committee has reviewed and implemented a policy on the engagement of the auditors to supply non-audit services and this is reviewed on an annual basis. All requests or applications for other services to be provided by the auditors over a threshold are submitted to the Audit Committee and will include a description of the services to be rendered and an anticipated cost. The Audit Committee will review the scope and size of any such services provided and any consequent impact upon the auditors' independence.

The Group's policy follows the requirements of the Financial Reporting Council's Revised Ethical Standard for Auditors published in December 2019. The policy specifies a number of prohibited services which it is not permitted for the auditors to provide under the revised Ethical Standard.

The auditors were commissioned to act as reporting accountants over the historical financial information of the Group for the six months ended 30 June 2023 and historical financial information for Pollen Street Capital Holdings Limited for the year ended 31 December 2022 as part of the Reorganisation. These are permissible services and classified as non-audit services with the fees disclosed in Note 7.

EXTERNAL AUDIT INDEPENDENCE

The Committee has undertaken a formal assessment of PwC's independence, which included a review of:

- a report from PwC describing its arrangements to identify, report and manage any conflicts of interest;
- its policies and procedures for maintaining independence and monitoring compliance with relevant requirements; and
- the value and type of non-audit services provided by PwC.

The Audit Committee monitors the auditors' objectivity and independence on an ongoing basis. In determining PwC's independence, the Audit Committee has assessed all relationships with PwC and received confirmation from PwC that it is independent and that no issues of conflicts arose during the year. The Audit Committee is therefore satisfied that PwC is independent.

EXTERNAL AUDIT EFFECTIVENESS

The Audit Committee monitors and reviews the effectiveness of the external audit process on an annual basis and makes recommendations to the Board on its reappointment, remuneration and terms of engagement of the auditors. Over the reporting period, the Audit Committee reviewed management's proposed judgements. The Committee asked the auditor to review key areas and to ensure that they were challenging management's judgement with appropriate professional scepticism. Key areas included new accounting policies required for the Reorganisation, the application of IFRS 5 following the Reorganisation other key judgements such as IFRS 9 and valuation of Investment Assets held fair value through profit or loss.

Each item was reviewed in turn with the auditor to confirm that they were applying professional scepticism. Further disclosure on the challenges provided and the audit work done is provided in the independent auditor's report on page 112. In addition, the chair of the Audit Committee met with the audit partner and assessed PwC's performance to date. The review involved an examination of the auditors' remuneration, the quality of its work including the quality of the audit report, the quality of the audit partner and audit team, the expertise of the audit firm and the resources available to it, the identification of audit risk, the planning and execution of the audit and the terms of engagement.

The Audit Committee has direct access to the Group's auditors and provides a forum through which the auditor's report to the Board. Representatives of PwC attend regular meetings of the Audit Committee.

INTERNAL AUDIT

Deloitte LLP ("Deloitte") have been appointed as internal auditors of the Group. This appointment was effective from February 2023. During the year Deloitte completed an internal audit on anti-money-laundering and counter terrorist financing controls within the organisation. Deloitte also commenced a review of the Group's marketing and distribution controls to be completed during 2024.

FAIR, BALANCED & UNDERSTANDABLE REPORTING

Following the year-end, the Audit Committee reviewed the 2023 Annual Report and Accounts to consider whether they provide a true and fair view of the Group's affairs at the end of the year and provided shareholders with the necessary information in a fair, balanced and understandable way to enable them to assess the Group's position, performance, business model and strategy.

There was a rigorous review process and challenge at different levels within the Group to ensure balance and consistency. The Committee also reviewed copies of the 2023 Annual Report and Accounts during the drafting process to ensure key messages and themes being followed throughout the Annual Report and Accounts were aligned with the Company's position, performance and strategy intentions, and that the narrative in the report and financial statements was consistent throughout.

When forming its opinion, the Committee considered the following questions to encourage challenge and assess whether the Annual Report and Accounts was fair, balanced and understandable:

Is the Report fair?	• Is the whole story presented? • Have any sensitive material areas been omitted? • Are the KPIs disclosed at an appropriate level based on the financial reporting?
Is the Report balanced?	• Is there a good level of consistency between the front and back sections of the Annual Report and Accounts? • Is the Annual Report and Accounts a document for shareholders and other stakeholders?
Is the Report understandable?	• Is there a clear and understandable framework to the Annual Report and Accounts? • Are the Annual Report and Accounts user-friendly, easy to understand and presented in straightforward language?

EFFECTIVENESS

The Committee's effectiveness was reviewed as part of the Board evaluation process, with results presented in December 2023, and it was concluded that the Committee was operating effectively. Board effectiveness will continue to be a priority for the Board and our approach to evaluating effectiveness will continue to evolve in accordance with our strategic objectives. Details of the process followed and outcomes are set out in the Board Evaluation section of the Corporate Governance Statement on page 118.

TERMS OF REFERENCE

The Committee has formal terms of reference which are available from the Company Secretary. The terms of reference are reviewed by the Board on a regular basis.

CONCLUSION

After completion of its review, the Committee was satisfied that, when taken as a whole, the Group's Annual Report and Accounts were fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

APPROVAL

This report was approved by the Audit Committee on 20 March 2024.

Jim Coyle
Chair of the Audit Committee
20 March 2024

REPORT OF THE RISK COMMITTEE

As Chair of the Risk Committee, I am pleased to present the Committee's report for the year ended 31 December 2023. This report includes a summary of the role of the Risk Committee and the significant matters considered during the year.

MEMBERSHIP

The Risk Committee is chaired by Richard Rowney. Jim Coyle and Joanne Lake are also members. All three members have risk and broader business experience due to the senior positions they hold or have held in other listed or publicly traded companies and/or similar large organisations and possess the necessary range of experience required to provide effective challenge to management. The members' biographies can be found on pages 63 to 68.

The Group's CEO and CFO are not members of the Committee but attend meetings at the invitation of the Chair of the Committee together with the Group's Chief Compliance Officer. PwC, as external auditor, and members of the Group's management team, also regularly attend meetings.

The Committee met four times during 2023. Full details of the number of Committee meetings and attendance by individual Committee members can be found on page 77

THE ROLE OF THE RISK COMMITTEE

The responsibilities of the Risk Committee include to:

- oversee the Group's risk management and compliance activities;
- set and monitor the Group's risk appetite;
- review the Group's internal control and risk management systems, in collaboration with the Audit Committee in respect of financial controls;
- carry out a robust assessment of the Group's emerging and principal risks;
- review the Group's key risk policies, including the risk management, market abuse, related party transactions and significant transaction policies;
- review and approve risk statements to be included in the Annual Report and Accounts concerning internal controls and risk management; and
- oversee the Group's internal capital and risk assessment ("ICARA").

Further details of the duties and responsibilities of the Risk Committee can be found in the terms of reference.

SIGNIFICANT MATTERS CONSIDERED DURING THE YEAR

The Committee considered the following items during the year under review:

- the Group's risk appetite statement, taking in consideration the risk profile of the Group, it's risk registers and dashboard, and internal audit reports relating to the Risk and Compliance functions and other risk matters;
- risk and compliance reports received from the risk and compliance teams, which included information relating to compliance monitoring activities, debt facilities, compliance with covenants and regulatory horizon scanning;
- updates and deep dives on a selection of the Group's Investment Assets and on generative artificial intelligence;
- an update on the Task Force on Climate-Related Financial Disclosures Framework ("TCFD") and its impact on both physical and other climate risks of the Company;
- the Group's policies in relation to risk management, including the Group Market Abuse policy and Risk Management policy;
- the Group's ICARA, including risk assessment and corresponding mitigation;
- IT security risks to the Group, and the controls put in place to mitigate these risks. Results of the business continuity plan and disaster recovery tests; and
- drafts of the risk sections contained in the Annual Report.

Details of the Group's risk management process and the management and mitigation of key risks can be found on pages 86 to 87. The Board, through the Risk Committee, has carried out a review of the principal risks facing the Group and agreed with how they have been represented within the Annual Report.

EFFECTIVENESS

The Committee's effectiveness was reviewed as part of the Board evaluation process, with results presented in December 2023, and it was concluded that the Committee was operating effectively. Board effectiveness will continue to be a priority for the Board and our approach to evaluating effectiveness will continue to evolve in accordance with our strategic objectives. Details of the process followed and outcomes are set out in the Board Evaluation section of the Corporate Governance Statement on page 118.

TERMS OF REFERENCE

The Committee has formal terms of reference which are available from the Company Secretary. The terms of reference are reviewed by the Board on a regular basis.

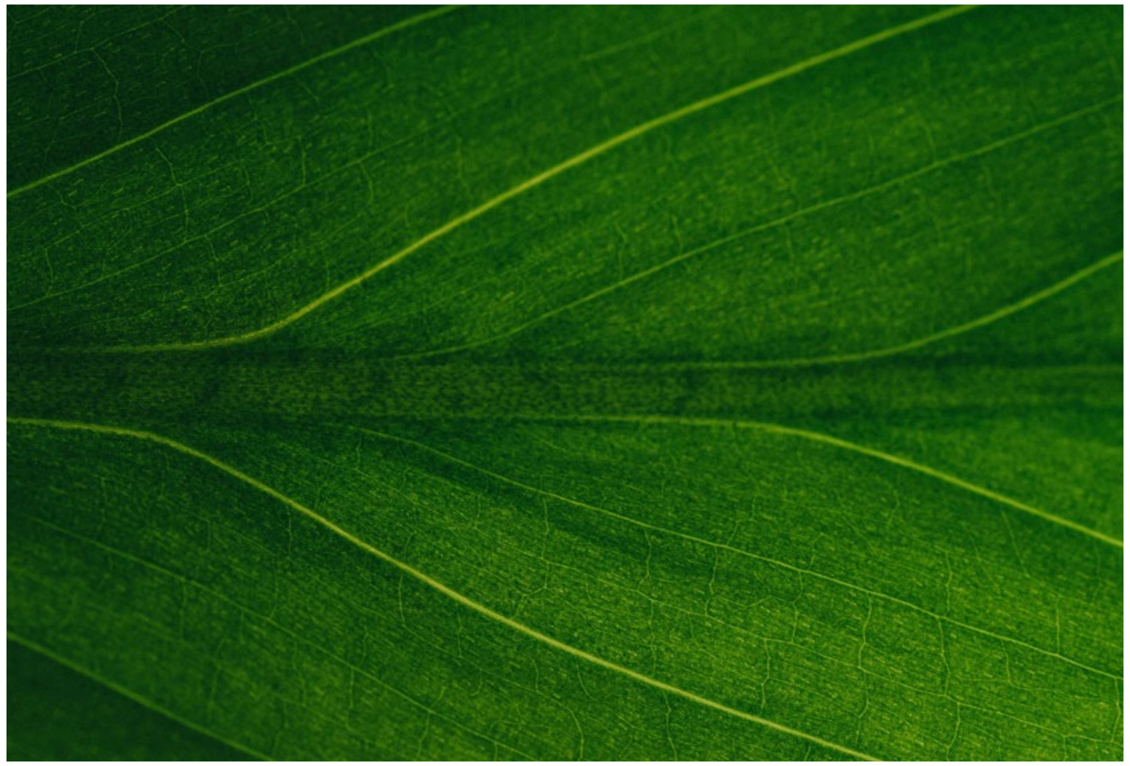
CONCLUSION

After completion of its review, the Risk Committee was satisfied that the Group was operating within the risk appetite set by the Board and, when taken as a whole, the Group's Annual Report and Accounts provide the information necessary for shareholders to assess the Group's risk position.

APPROVAL

This report was approved by the Risk Committee on 20 March 2024.

Richard Rowney
Chair of the Risk Committee
20 March 2024



REPORT OF THE NOMINATION COMMITTEE

As Chair of the Nomination Committee, I am pleased to present the Committee's report for the year ended 31 December 2023.

MEMBERSHIP

The Nomination Committee is chaired by Robert Sharpe. The other members are Jim Coyle, Joanne Lake and Richard Rowney. All members have extensive experience acting on boards. The members' biographies can be found on pages 63 to 68.

The Group's CEO is not a member of the Committee but attends meetings at the invitation of the Chair of the Committee together with external advisers as required.

Full details of the number of Committee meetings and attendance by individual Committee members can be found on page 77.

THE ROLE OF THE NOMINATION COMMITTEE

Effective governance requires a breadth of skills, experience, knowledge and diversity making the work of the Nomination Committee a key part of the Board's oversight.

The responsibilities of the Nomination Committee include to:

- review the structure, size and composition of the Board, taking into account the balance of skills, knowledge, experience and the provisions of the Company's Board Diversity Policy, and to make recommendations to the Board with regard to any changes;
- ensure plans are in place for orderly succession for both the Board and senior management positions, and to oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in future;
- keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- identify and nominate for the approval of the Board candidates to fill Board vacancies as they arise;
- evaluate the balance of skills, knowledge, experience and diversity on the Board before any appointment is made by the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected;
- consider the membership of any other Board Committees as appropriate, in consultation with the chairs of those Committees; and
- oversee a formal and rigorous annual evaluation process in relation to the performance and effectiveness of the Board, its Committees, the Chair of the Board and individual Directors, and to review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning.

SIGNIFICANT MATTERS CONSIDERED DURING THE YEAR

During the year under review, the Nomination Committee met two times.

The Committee's main focus during the year was in relation to the appointment of Lucy Tilley to become CFO of the Group during 2024. More specifically, the Committee considered the following items during the year under review:

- approval of a role definition for the search for a CFO candidate and the selection of Lomond Consulting Limited as the executive search firm to conduct the search. Lomond Consulting Limited was selected based their experience of recruiting similar roles. No Director has any connection to Lomond Consulting Limited;
- consideration of certain candidates for the CFO role and whether they would bring appropriate skills, knowledge, experience and diversity to support the long-term success of the business;
- approval of Lucy Tilley as the favoured candidate for the CFO role with the appointment to become effective during 2024;
- review of the structure, size and composition of the Board;
- review of the diversity of the Board and ensuring that the Company has an adequate plan in place to comply with the Board diversity targets set out in Listing Rules ;
- review of Directors' biographies and the reasons for their reappointment;
- discussion of succession planning for the Chair and other Directors; and
- review of the results of the annual evaluation of the Board and Committee's performance.

EFFECTIVENESS

The Committee's effectiveness was reviewed as part of the Board evaluation process, with results presented in December 2023, and it was concluded that the Committee was operating effectively. Furthermore, the Committee recognises the importance of succession planning and will continue to work closely with the Directors regarding this. During the year the Committee oversaw the evaluation process to evaluate the effectiveness of the Board and all Committees. Details of the process followed and outcomes are set out in the Board Evaluation section of the Corporate Governance Statement on page 118.

TERMS OF REFERENCE

The Committee has formal terms of reference which are available from the Company Secretary. The terms of reference are reviewed by the Board on a regular basis.

CONCLUSION

After completion of its review, the Nomination Committee was satisfied that the Board had the breadth of skills, experience, knowledge and diversity appropriate for the enlarged Group.

APPROVAL

This report was approved by the Nomination Committee on 20 March 2024.

Robert Sharpe
Chair of the Nomination Committee
20 March 2024

DIRECTORS' REMUNERATION REPORT

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023.

REMUNERATION PHILOSOPHY AT POLLEN STREET

Our continued success is a direct result of our talented and committed people, a group of collaborative, inquisitive and diverse professionals. Our people are our most valuable asset, and it is this belief that governs the way in which we conduct out business and how we recognise, celebrate and reward our people.

At Pollen Street we truly value our people and their differences. It is our different experiences, backgrounds, expertise and identities that promote an environment of entrepreneurial and progressive thinking. We therefore consider a diverse and inclusive workforce critical to our success. Irrespective of how our people identify, where they come from, where they went to school or any other factor that differentiates them, they can truly thrive at Pollen Street.

We take a very considered approach to attracting and recruiting exceptional talent, people who embody our values and high performing culture. We have built a comprehensive development curriculum for our employees, something that remains a continuous priority to ensure every employee can thrive and have a challenging and rewarding career at Pollen Street.

We have a driven, entrepreneurial culture underpinned by meritocracy and effective risk management and our remuneration structures reflect this. Alongside market competitive salaries and a comprehensive benefits package, discretionary annual bonuses are awarded based on individual performance and the performance of the Group.

We will continue to review our approach to remuneration to ensure we build upon our pay-for-performance culture, and we maintain our strong levels of employee engagement.

The Committee uses a range of information to ensure that remuneration is appropriate across the Group. This includes internal and external benchmarking such as salary surveys, the CEO Pay Ratio and the Gender Pay Gap. There is further disclosure on the CEO Pay Ratio and the Gender Pay Gap in the Annual Report on Remuneration.

Separately, certain employees of the Group participate in carried interest schemes linked solely to the fund performance. This is not considered to be remuneration; carried interest represents a separate relationship between the fund investors and the relevant employees and is an investment requiring the individuals to put their own capital at risk.

SUMMARY OF DIRECTORS' REMUNERATION POLICY

Our Directors' Remuneration Policy is designed to promote the delivery of sustainable long-term performance and growth through the long-term nature of the incentive plans (annual bonuses, bonus deferral and the Long-Term Incentive Plan), the variety of performance measures used, and the balanced scorecard approach to target setting and performance assessment.

Executive Directors receive a combination of base salary, pension contributions, annual bonus and other benefits. The annual bonus is based on a set of financial and non-financial performance objectives. Each Executive Director has a target and maximum opportunity level based upon performance criteria.

The criteria are reinforced by malus and clawback provisions as outlined in the Directors' Remuneration Policy.

Non-Executive Directors receive a fixed fee based on their role; however Gustavo Cardenas is not independent, because he is a shareholder representative of CC Hive LP and CC Beekeeper Ltd, and does not receive a fee.

The Remuneration Committee commissioned Aon plc ("Aon") to advise on the development of our Directors' Remuneration Policy and the design of two new discretionary share plans appropriate for the business as part of the Board's preparation for the Combination with Pollen Street Capital Holdings Limited. The Remuneration Committee consulted with major shareholders on the proposed policy prior to its approval at the general meeting held on 1 June 2022, with strong support from our shareholders. On the date of completion of the Combination, the Executive Directors were appointed to the Board of the Company and the Remuneration Committee took on oversight responsibility for remuneration across the newly combined Group. The Directors' Remuneration Policy takes into account market best practice, industry specific considerations, guidelines from UK institutional shareholders and advisory bodies and reflects best practice within our regulatory framework.

The full Directors' Remuneration Policy may be found on the Company's website in the circular dated 10 May 2022 at spring.honeycombplc.com.

REMUNERATION PAYABLE TO DIRECTORS IN RESPECT OF 2023

The Annual Report on Remuneration sets out the remuneration outcomes for the Directors for the year. The Executive Directors received a combination of salary, benefits, pension contributions and bonus. The base salary for the Executive Directors remained unchanged from the previous financial year and is disclosed in the Annual Report on Remuneration. The bonus award was set based on a set of performance criteria. These criteria were set in advance of the period using a range of measures of the financial results of the business. They include growing AuM, delivering EBITDA, ensuring risk management and compliance are effective and delivering ESG outcomes. This ensures that selective investing and careful portfolio management, undertaken within the necessary risk and compliance framework are considered when measuring performance. Furthermore, our commitment to ESG, including our continued focus on sustainability, DEI and culture are also carefully assessed. This approach reflects the Board's strong focus on not only the financial performance of the Group but also the way in which business is conducted, and the role the Company plays from an environmental, social and governance perspective. Performance against these criteria was ahead of target for 2023.

Although the Group's Long-Term Incentive Plan ("LTIP") was approved by shareholders at the general meeting on 1 June 2022, as explained in the Directors' Remuneration Policy, the Company will not make any awards under the LTIP to the Executive Directors or other employees for a period of two years from completion of the Combination and therefore no LTIP awards were granted to the Executive Directors in 2023.

The Chair of the Board receives a fixed fee at a rate equivalent to £170,000 per annum. The other Non-Executive Directors receive base fees of £65,000 per annum plus £10,000 per annum for each committee chair plus £10,000 per annum for the Senior Independent Director. The fees were set following a benchmarking exercise of Non-Executive Director fees for comparable businesses conducted by Aon. The Annual Report on Remuneration sets out in full the remuneration for Directors in respect of 2023 (see pages 98 to 99).

MEMBERSHIP

The Remuneration Committee comprises of Joanne Lake, Robert Sharpe, Jim Coyle and Richard Rowney as four independent Non-Executive Directors, all of whom have remuneration experience due to the senior positions they hold or have held in other listed or large organisations. It is chaired by Joanne Lake. The members' biographies can be found on page 63 to 68.

The Group's CEO is not a member of the Remuneration Committee but attends meetings at the invitation of the Chair of the Committee together with the Group's Chief People Officer as considered necessary. An individual is not present when the Remuneration Committee is discussing the individual's remuneration.

Full details of the number of Remuneration Committee meetings and attendance by individual Remuneration Committee members can be found on page 77.

THE ROLE OF THE REMUNERATION COMMITTEE

The purpose of the Remuneration Committee is to assist the Board in fulfilling its oversight responsibilities related to the remuneration of Executive Directors and employees of the Group. Its responsibilities include to:

- oversee all remuneration matters across the Group ensuring alignment with long-term shareholder interests and Company culture;
- ensure the Executive Directors' remuneration is implemented within the terms of the shareholder-approved Directors' Remuneration Policy;
- oversee the choice of financial and non-financial performance criteria for Executive Directors' annual bonus awards, taking account of Group and individual performance, and wider circumstances; and
- ensure the contractual terms on termination of any Executive Director, and any proposed payments, are appropriate and fair to both the individual and the Company, and underperformance is not rewarded.

Further details of the duties and responsibilities of the Remuneration Committee can be found in the terms of reference.

SIGNIFICANT MATTERS CONSIDERED DURING THE YEAR

The Remuneration Committee met three times during the period. The Remuneration Committee considered the following items during the year under review:

- approval of the remuneration package for Lucy Tilley's appointment as CFO of the Group to become effective during 2024 based on benchmarking of market salaries for comparable roles;
- review of the bonus awards for the Company's Executive Directors for 2023;
- review of bonus awards for members of the Executive Committee for 2023;
- oversight of the bonus award process for staff for 2023;
- review of the Executive Directors' remuneration scorecard for 2024, including the performance criteria; and
- review of the Committee effectiveness as part of the Board evaluation process.

The Remuneration Committee commissioned Aon to advise on the development of a Directors' Remuneration Policy during 2022 and the design of two new discretionary share plans appropriate for the business as part of the Board's proposal for the Combination with Pollen Street Capital Holdings Limited. Aon was selected and its fees were determined through a competitive tender process. Aon does not have any connection to any Director of the Company. Aon provided no further services to the Company, and the fees for the advice provided were at market rate and amounted to £177,000. There has not been an update of this work during 2023.

EFFECTIVENESS

The Remuneration Committee's effectiveness was reviewed as part of the Board evaluation, with results presented in December 2023, and it was concluded that the Remuneration Committee was operating effectively. Board effectiveness will continue to be a priority for the Board and our approach to evaluating effectiveness will continue to evolve in accordance with our strategic objectives. Details of the process followed and outcomes are set out in the Board Evaluation section of the Corporate Governance Statement on page 118.

TERMS OF REFERENCE

The Remuneration Committee has formal terms of reference which are available from the Company Secretary. The terms of reference are reviewed by the Board on a regular basis.

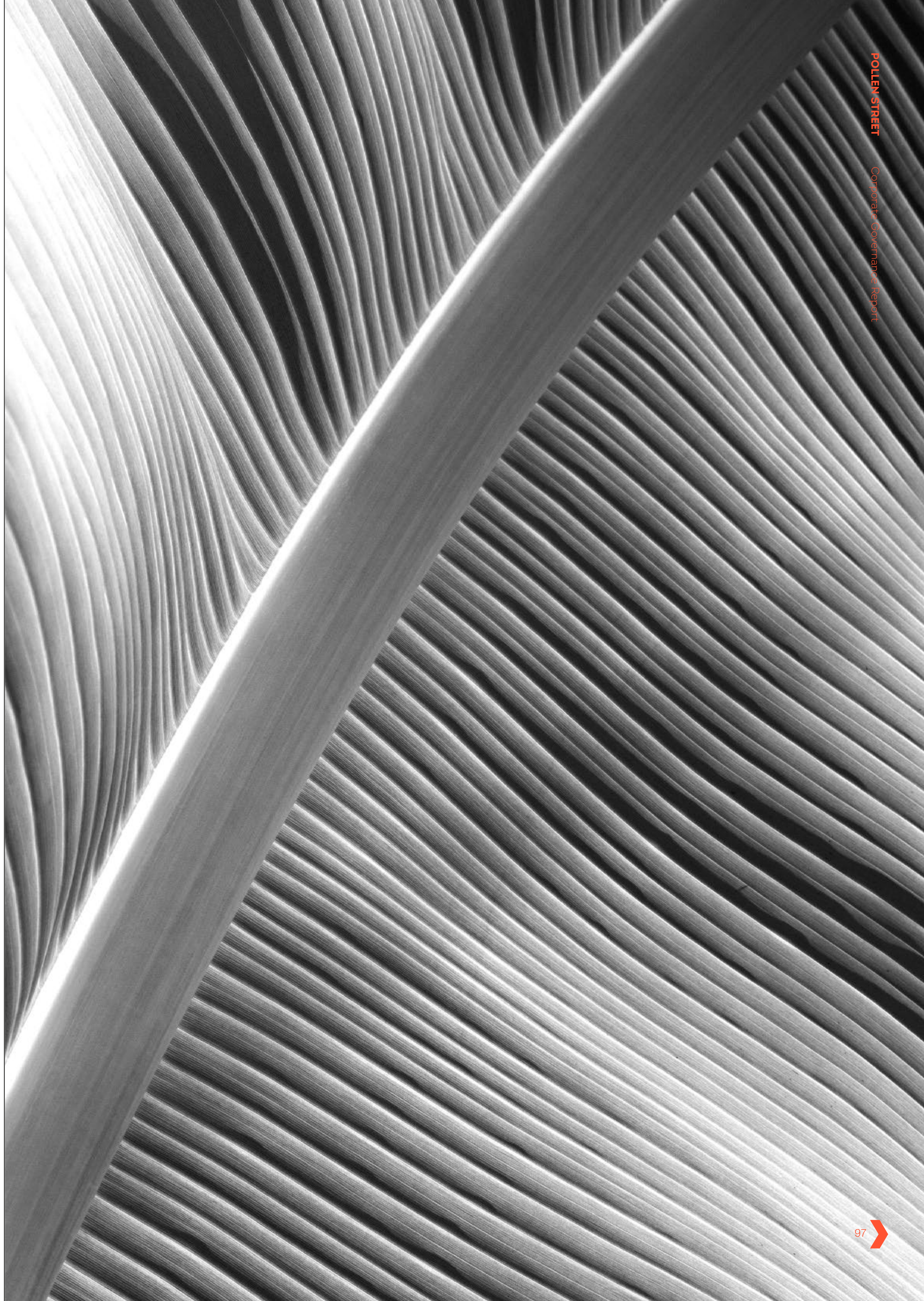
CONCLUSION

The Remuneration Committee was satisfied that Pollen Street had effective remuneration practices across all levels of the organisation and had complied with Pollen Street's remuneration policies. Pollen Street's approach to remuneration is considered to be well balanced, focusing on both the delivery of corporate objectives as well as attracting and retaining talent without encouraging excessive risk taking.

APPROVAL

This report was approved by the Remuneration Committee on 20 March 2024.

Joanne Lake
Chair of the Remuneration Committee
20 March 2024



ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The following table shows the single total aggregate Directors' remuneration for the year ended 31 December 2023.

Total remuneration payable for the year ended 31 December 2023

Director	Salary & Fees[1]	Other Benefits[2]	Annual Bonus[3]	LTIP awards	Pension	Total Fixed Remuneration	Total Variable Remuneration	Total
Robert Sharpe	170,000	-	-	-	-	**170,000**	-	**170,000**
Lindsey McMurray	550,000	10,388	600,000	-	-	**560,388**	600,000	**1,160,388**
Jim Coyle	85,000	-	-	-	-	**85,000**	-	**85,000**
Gustavo Cardenas	-	-	-	-	-	**-**	-	**-**
Julian Dale	350,000	13,900	200,000	-	1,321	**365,221**	200,000	**565,221**
Joanne Lake	75,000	-	-	-	-	**75,000**	-	**75,000**
Richard Rowney	75,000	-	-	-	-	**75,000**	-	**75,000**
Total	**1,305,000**	**24,288**	**800,000**	**-**	**1,321**	**1,330,609**	**800,000**	**2,130,609**

[1] Salary and fees paid to the Directors during the year do not include employers' national insurance costs
[2] Executive Directors receive private family medical insurance, life insurance and permanent health insurance
[3] See page 102 for details on the Executive Director performance criteria and deferred bonus

The following table shows the single total aggregate Directors' remuneration for the year ended 31 December 2022. This comprises salary, pension, other benefits, and bonus for the Executive Directors from their appointment on 30 September 2022 to the end of the financial year. Prior to 30 September 2022, the Executive Directors were not employed by the Group, therefore these remuneration disclosures represent part of a year for the Executive Directors and a full year for the Non-Executive Directors.

The Non-Executive Directors were paid an additional fee for their work in relation to the Combination during 2022. This fee was £50,000 for the Chair of the Board and £40,000 for the other Non-Executive Directors. Joanne Lake was paid an additional fee of £5,000 in 2022 for her work as Chair of the Remuneration Committee over 2021. Gustavo Cardenas was appointed as a shareholder representative effective from 1 November 2022 and is not paid a fee.

Total remuneration payable for the year to 31 December 2022

Director	Salary & Fees[1]	Other Benefits[2]	Annual Bonus[3]	LTIP awards	Pension	Total Fixed Remuneration	Total Variable Remuneration	Total
Robert Sharpe	137,923	-	-	-	-	**137,923**	-	**137,923**
Lindsey McMurray	138,462	10,507	176,000	-	-	**148,969**	176,000	**324,969**
Jim Coyle	102,615	-	-	-	-	**102,615**	-	**102,615**
Gustavo Cardenas	-	-	-	-	-	**-**	-	**-**
Julian Dale	87,885	10,132	112,000	-	881	**98,898**	112,000	**210,898**
Joanne Lake	101,346	-	-	-	-	**101,346**	-	**101,346**
Richard Rowney	96,346	-	-	-	-	**96,346**	-	**96,346**
Total	**664,577**	**20,639**	**288,000**	**-**	**881**	**686,097**	**288,000**	**974,097**

In considering the variable remuneration awards to be made to the Executive Directors, the Remuneration Committee took into account their individual performance, and how they have contributed towards the overall performance of the Group, in line with the performance criteria set out in the next section.

[1] Salary and fees paid to the Directors during the year do not include employers' national insurance costs
[2] Executive Directors receive private family medical insurance, life insurance and permanent health insurance
[3] See page 102 for details on the Executive Director performance criteria and deferred bonus

BUSINESS PERFORMANCE & EXECUTIVE DIRECTOR REMUNERATION

The Remuneration Committee set a range of stretching targets for the Executive Directors to ensure that variable remuneration is appropriately linked to business performance. The targets take into account remuneration practices across the sector as well as Pollen Street's remuneration of all employees. Pollen Street has a robust performance management process in place for its employees that supports a pay-for-performance culture for all staff. The Executive Director's balanced scorecard approach includes financial metrics and strategic non-financial objectives, as set by the Remuneration Committee, that measure the overall performance of the business to ensure variable remuneration clearly links to business performance. These measures are discussed with employees as part of the Group's objective setting process to ensure alignment between the remuneration of the Executive Directors and remuneration across the Group and employees are aware that the same process is applied to Executive Directors' pay. Furthermore, to promote transparency and to ensure remuneration practices remain well informed, the Group whilst not obligated to do so elects to undertake and publish gender pay gap reporting and CEO pay ratio information.

The following table and notes summarise the applicable performance criteria, how performance is measured, the applicable weighting for each criteria and the performance outcome for the year ended 31 December 2023

KPI	Threshold	Target	Stretch	2023 Outcome	Weighting
EBITDA	£40 million	£44 million	£48 million	£45.4 million	40%
Average Fee-Paying AuM	£2.6 billion	£2.9 billion	£3.2 billion	£2.95 billion	40%
Risk & ESG	Threshold	On Target	Ahead of Target	On Target	20%

The following table summarises the applicable performance criteria for the year ended 31 December 2022:

KPI	Threshold	Target	Stretch	2022 Outcome	Weighting
EBITDA	£32 million	£36 million	£40 million	£36.8 million	40%
Average Fee-Paying AuM	£2.0 billion	£2.3 billion	£2.6 billion	£2.3 billion	40%
Risk & ESG	Threshold	On Target	Ahead of Target	Ahead of Target	20%

The criteria operated as intended and the Remuneration Committee did not adjust the performance targets during the year or override any of the outcomes except as set out below.

EBITDA

Performance Measurement

EBITDA means the Group's profit according to IFRS reporting standards before interest, tax, depreciation and amortisation, adjusted to exclude exceptional items and start-up losses of the US business, but including the full costs of the office leases despite these costs being reported as depreciation of a lease asset and associated financing costs under IFRS 16 as well as the debt costs for the Group's debt facilities.

The target was set to be in line with the market consensus for results for the Group. The stretch target was set to be approximately 10 per cent above target; similarly the threshold was set to be approximately 10 per cent below the target.

Performance for 2023

The EBITDA for 2023 was ahead of the target, closing the year at £45.4 million. This is 35 per cent ahead of the target level set by the Remuneration Committee, leading to an outcome of 68 per cent of the maximum award under this criteria.

AUM

Performance Measurement

The AuM performance criteria was set as the Average Fee-Paying AuM for the year under review. Average Fee-Paying AuM means, in respect of the Group, the average of the opening and closing:

- investor commitments for active fee-paying Private Equity funds;
- invested costs for other fee-paying Private Equity funds;
- the total assets for the Company's investment portfolio; and
- the net invested amount for fee-paying private Credit funds.

The target was set to be in line with the market consensus. The stretch target was set to be approximately 10 per cent above target; similarly, the threshold was set to be 10 per cent below the target.

PERFORMANCE FOR 2023

AuM for 2023 was ahead of target, with Average Fee-Paying AuM at £2.95 billion. This is ahead of the target level set by the Remuneration Committee leading to an outcome of 58 per cent of the maximum award under this criteria.

RISK & ESG

Performance Measurement

The target was set as the following with performance that fell short of this deemed to represent the threshold:

- no undue regulatory interactions;
- no material adverse findings in the external audit or internal audit;
- no material cyber incidents results in a material loss to the firm or an investor; and
- ESG metrics collected on 80 per cent of Private Equity and Private Credit counterparties.

The stretch target was set as the following:

- no undue regulatory interactions including no reporting of undue outcomes to the regulator;
- no material adverse findings in the external audit or internal audit and recommendations being addressed in line with appropriate timeframes;
- no cyber incidents resulting in any significant loss to the firm or an investor;
- ESG metrics collected on 100 per cent of Private Equity and Private Credit counterparties; and
- the Group maintaining carbon neutral status by year-end.

Performance for 2023

During 2023 there were no materially adverse interactions with any regulatory body or adverse findings as the result of either internal or external audits. Furthermore, there were no cyber incidents resulting in any significant loss to the firm or an investor. From an ESG perspective, 100 per cent of Private Equity portfolio companies and 80 per cent of Private Credit counterparties have provided metrics as per the proprietary scoring model introduced. Pollen Street is also very proud of the work undertaken to ensure it maintained carbon neutral status and continues to make progress towards its net zero ambitions. The Remuneration Committee concluded that this performance measure should be assessed as being "On Target" for the year leading to an outcome of 50 per cent of the maximum award under this criteria.

WEIGHTING

Each Executive Director bonus award is calculated by weighting together the performance against each KPI, with performance at the "threshold" level corresponding to a nil bonus, performance at the "target" level corresponding to a bonus at 100 per cent of the Executive Director's salary, performance at the "stretch" level corresponding to 200 per cent of the Executive Director's salary and performance between these levels calculated on a pro rata basis. The Remuneration Committee and Lindsey McMurray agreed to reduce Lindsey McMurray's award to £600,000 to support the long-term interests of the Group. The Remuneration Committee and Julian Dale agreed to reduce Julian Dale's bonus to £200,000 as part of the terms of his exit from the Group. The results of this process are shown in the annual bonus column in single total figure of remuneration, above. In accordance with the Directors' Remuneration Policy, annual bonuses will be paid in part upfront in cash, with 35 per cent of any bonus deferred into share-based awards granted under the Deferred Bonus Plan ("DBP") of Pollen Street Group Limited. Accordingly for the year ended 31 December 2023, £210,000 of the bonus awarded to Lindsey McMurray and £70,000 of the bonus awarded to Julian Dale will be deferred into awards of shares in the Pollen Street Group Limited granted under the DBP and will vest over a period of three years from the date of grant, subject to the terms of the DBP. For the year ended 31 December 2022, £61,600 of the bonus awarded to Lindsey McMurray and £39,200 of the bonus awarded to Julian Dale was deferred under the DBP. See the section on Director's interests later in this report for more information. Awards granted under the DBP are subject to malus and clawback provisions.

PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The following table sets out the percentage change in Directors' remuneration for the year ended 31 December 2023. The Executive Directors' annual salaries have not change from the prior period. The percentage change for the salaries of the Executive Directors in the Salary and Fees column is driven by the prior period only including part of a year of the Executive Directors salary.

Director	Salary and Fees	Other Benefits	Short-term incentives
Robert Sharpe	23%	n/a	n/a
Lindsey McMurray	297%	(1%)	241%
Jim Coyle	(17%)	n/a	n/a
Gustavo Cardenas	n/a	n/a	n/a
Julian Dale	297%	37%	79%
Joanne Lake	(26%)	n/a	n/a
Richard Rowney	(22%)	n/a	n/a

The following table sets out the percentage change in Directors' remuneration for the year ended 31 December 2022. Only Directors who were employed during 2022 are shown in the table.

Director	Salary and Fees	Other Benefits	Short-term incentives
Robert Sharpe	138%	n/a	n/a
Jim Coyle	92%	n/a	n/a
Joanne Lake	110%	n/a	n/a
Richard Rowney	99%	n/a	n/a

BENCHMARKING

We undertake periodic benchmarking, looking at data from a variety of peers across a range of companies and sectors, including but not limited to listed and non-listed alternative asset managers, investment banks and consultancies.

We commissioned a leading compensation consultancy to provide us with relevant benchmarking data for our Executive Directors during 2022. This data along with additional data from a range of relevant private and public companies has been carefully considered when determining compensation levels. There has not been an update of this work during 2023.

DIRECTORS' INTERESTS (AUDITED)

The following table shows the interests of the Directors and their connected persons in shares in the Company as at 31 December 2023:

Director	Number of shares held 31 December 2023	Shareholding requirement (% of salary)	Requirement met
Robert Sharpe	-	-	No requirement
Lindsey McMurray	11,582,090	200%	Yes
Jim Coyle	-	-	No requirement
Gustavo Cardenas	-	-	No requirement
Julian Dale	221,281	200%	Yes
Joanne Lake	2,713	-	No requirement
Richard Rowney	-	-	No requirement

The following table shows the interests of the Directors and their connected persons in shares in the Company as at 31 December 2022:. There have been no changes in the interests of the Directors and their connected persons since 31 December 2022:

Director	Number of shares held 31 December 2022	Shareholding requirement (% of salary)	Requirement met
Robert Sharpe	-	-	No requirement
Lindsey McMurray	11,582,090	200%	Yes
Jim Coyle	-	-	No requirement
Gustavo Cardenas	-	-	No requirement
Julian Dale	221,281	200%	Yes
Joanne Lake	2,713	-	No requirement
Richard Rowney	-	-	No requirement

During employment, Executive Directors are required to build and maintain a shareholding equivalent to 200 per cent of their base salary. Following completion of the Scheme, the requirement applies to shares issued by Pollen Street Group Limited rather than Pollen Street Limited. The shareholdings of the CEO and CFO exceeded their requirement on completion of the Combination. Any Executive Director leaving the Group is required to maintain shareholding equivalent to 200 per cent of their previous base salary, or, if lower, their actual level of shareholding on departure, for a period of two years following departure in accordance with the Directors' Remuneration Policy.

The Directors do not hold any scheme interests at the reporting date. However, £210,000 of the bonus awarded to Lindsey McMurray and £70,000 of the bonus awarded to Julian Dale in respect of the financial year ended 31 December 2023 will be deferred into awards of shares in Pollen Street Group Limited granted under the DBP and will vest over a period of three years from the date of grant, subject to their continued employment. Awards granted under the DBP will be subject to malus and clawback provisions.

Lindsey McMurray and Julian Dale were awarded £100,800 worth of share-based awards between them in March 2023 as the inaugural award under the terms of the DBP. During 2023, Lindsey McMurray and Julian Dale both elected to use the co-investment opportunity available under the deferred bonus plan, where they agreed to apply the after tax proceeds of the awards to co-investment opportunities, as such the awards vested early and were due to be paid to them in cash as the co-investment opportunities are funded.

VOTING AT ANNUAL GENERAL MEETING AND GENERAL MEETING

The table below sets out the votes cast on the Directors' Remuneration Report at the 2023 Annual General Meeting held on 15 June 2023 and the votes cast on the Directors' Remuneration Policy at a general meeting held on 1 June 2022.

A number of shareholders were not permitted to vote on the Directors' Remuneration Policy under the rules of the Takeover Code. These are reported as abstentions in the table below.

	Votes for (% of votes cast)	Votes against (% of votes cast)	Abstentions (number of votes)
Directors' Remuneration Report	93.76%	6.24%	56,519
Directors' Remuneration Policy, the LTIP and the DBP	82.41%	17.59%	2,722,084

CEO PAY RATIO

UK regulations require companies with more than 250 UK employees to publish a ratio of the remuneration of the Group's Chief Executive Officer to that of the Group's UK employees. Pollen Street has less than 250 employees, so it is not required to publish this information, but it has elected to do so to promote transparency. The table below outlines the ratio of the CEO's single total remuneration figure to the remuneration of the Group's UK workforce as at 31 December 2023, which is consistent with the period used for the Single Figure Table of Remuneration for the Directors. The numbers are presented on an annualised basis. The Remuneration Committee uses this information as part of its consideration of remuneration awards.

There are different methodologies that companies can adopt when calculating CEO pay ratio. Pollen Street has elected to use the approach whereby we calculate the pay and benefits of all of our UK- based employees for the relevant period in order to determine the total remuneration at the 25th percentile, the median and the 75th percentile. This is referred to as Method A. Employee pay data is based upon full-time equivalent pay as at 31 December 2023. Pay for part-time workers and new joiners has been calculated on a full-time and annualised basis, in-line with the Single Figure methodology used for calculating the CEO single total remuneration figure. The CEO remuneration was annualised for 2022.

CEO Pay Ratio

Financial Year-End	Method	Lower Quartile	Median	Upper Quartile
31 December 2023	A	10:1	5:1	3:1
31 December 2022	A	16:1	6:1	4:1

The CEO pay ratio has not been presented for the previous five years given the change in composition of the Group following the Combination. This disclosure will be expanded in future reports, in line with applicable regulations.

REMUNERATION OF EMPLOYEES BY QUARTILE

The following table shows the employees' remuneration by quartile for the year ended 31 December 2023:

Remuneration of employees by quartile

	Lower Quartile	Median	Upper Quartile
Salary	£75,000	£135,000	£175,000
Total pay and benefits	£110,000	£230,000	£360,000

The following table shows the employees' remuneration by quartile for the year ended 31 December 2022:

Remuneration of employees by quartile

	Lower Quartile	Median	Upper Quartile
Salary	£70,000	£120,000	£160,000
Total pay and benefits	£80,000	£215,000	£320,000

GENDER PAY

We have elected to disclose the following gender pay information as at 31 December 2023 to promote transparency despite not being required to do so by law:

- Gender pay gap (mean and median)
- Gender bonus gap (mean and median)

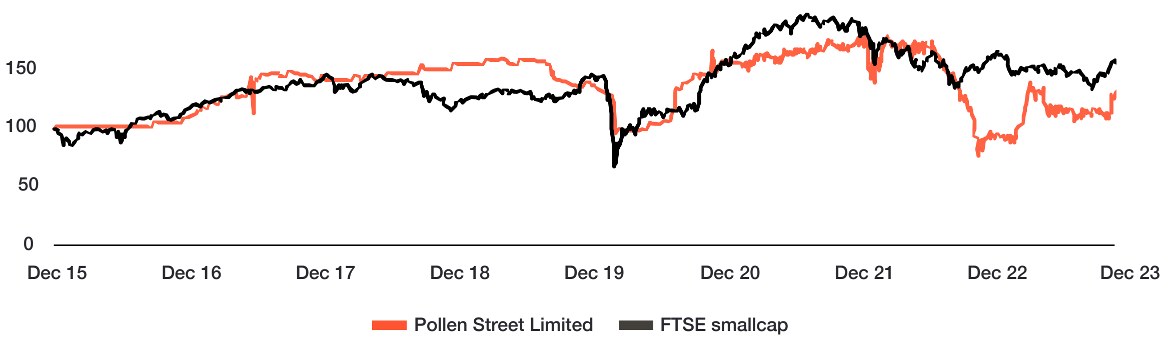
Gender pay gap should not be confused with equal pay gap which compares the pay of men and women undertaking the same or similar role. We ensure equal pay for equal work irrespective of gender. Gender pay gap is a UK measure comparing the pay of all men and all women regardless of role and seniority. The Remuneration Committee uses this information as part of its consideration of remuneration awards.

	31 December 2023	31 December 2022
Mean pay gap	37%	37%
Mean bonus gap	50%	64%

PERFORMANCE GRAPH AND TABLE

The graph below compares the total shareholder return on the Company's shares from the date of listing to 31 December 2023 with that of the FTSE All-Share Total Return Index. The FTSE All-Share index is considered an appropriate comparison because Pollen Street is a constituent of the index.

Share Price Performance: Pollen Street Limited Compared to FTSE Small Cap Index



The following table shows the total remuneration of the CEO for the year ended 31 December 2023. In accordance with the Directors' Remuneration Policy, no long-term incentive awards will be granted to the CEO for a period of two years following completion of the Combination.

	For the year ended 31 December 2023
CEO single figure total remuneration	1,160,388
Bonus (% of maximum opportunity)	55%
Long-term incentive (% of maximum opportunity)	n/a

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table shows the Group's expenditure on employee pay compared to distributions to shareholders in the year ended 31 December 2023. The Directors do not consider there to be meaningful information to present for prior years given the Combination completed towards to end of 2022.

	For the year ended 31 December 2023
	£'000
Distributions to shareholders	32,095
Aggregate personnel expenses	23,534

PAYMENTS TO FORMER DIRECTORS AND FOR LOSS OF OFFICE

No payments were made to former Directors of the Company or in relation to loss of office during the year.

DIRECTORS' SERVICE AGREEMENTS

The Group's policy is for Executive Directors to have ongoing service contracts and the Group's Non-Executive Directors to have letters of appointment, which are deemed appropriate for the nature of the Group's business. The Executive Director service agreements have a notice period of 12 months and the Non-Executive Director letters of appointment have a notice period of three months from either party.

The Directors' Remuneration Policy includes a summary of the main terms of the Directors' service agreements. The Directors' Remuneration Policy may be found on the Company's website in the circular dated 10 May 2022 at **spring.honeycombplc.com**

IMPLEMENTATION OF DIRECTORS' REMUNERATION POLICY FOR 2024

From 24 January 2024, the Directors are remunerated for their directorships of Pollen Street Group Limited. The remuneration arrangements for Directors are, otherwise, not expected to change materially for 2024. Both Julian Dale's and Lucy Tilley's remuneration is in line with the remuneration of the CFO role described below. In addition, the Remuneration Committee has agreed to provide Lucy Tilley with additional remuneration in order to buy-out remuneration that will be forfeited on her leaving her former employer. Further disclosure on this will be included in subsequent reports.

Base salary and fees

The base salary and fees for Directors are set out in the table below

Role	Salary or Fee
CEO	£550,000
CFO	£350,000
Chair of the Board	£170,000 (inclusive of any supplemental fee)
Non-Executive Basic Board Fee	£65,000
Committee Chair Supplemental Fee	£10,000
Senior Independent Director Supplemental Fee	£10,000

Pension

Executive Directors remain eligible to participate in the Group's pension scheme. Under the scheme, the Company contributes up to 3 per cent of salary. The scheme is aligned with the wider workforce.

Other Benefits

Executive Directors remain eligible to participate in the Group's private family medical insurance, life insurance, permanent health insurance, an electric vehicle scheme and other benefits. The benefits are aligned with the wider workforce.

Annual Bonus

The CEO and CFO are eligible to participate in the annual bonus plan for 2024. The award is based on KPIs similarly to the approach for 2023. These KPIs take into account the profitability, AuM and risk & ESG performance of the business. The Remuneration Committee considers the prospective disclosure of performance targets to be commercially sensitive. There will be retrospective disclosure in next year's Annual Report and Accounts. As contained in the Directors' Remuneration Policy, the CEO and CFO will not be granted an award under the LTIP for a period of two years following completion of the Combination

REMUNERATION COMMITTEE

The report of the Remuneration Committee includes a description of the committee's membership, its role, the significant matters considered during the year, its effectiveness and terms of reference.

CORPORATE GOVERNANCE CODE

The Company's remuneration practices were designed to comply with the six principles set out in provision 40 of the UK Corporate Governance Code, as summarised below. Further information is available on the Company's website in the circular dated 10 May 2022.

- Clarity – The Directors' Remuneration Policy is as clear as possible and full details are described in straightforward concise terms to shareholders and the workforce.
- Simplicity – Remuneration structures are as simple as possible and aligned to the Private Equity and alternative investments sector, whilst at the same time incorporating the necessary structural features appropriate for a listed company to ensure a strong alignment to performance and strategy and minimising the risk of rewarding failure.
- Risk – The Directors' Remuneration Policy has been shaped to discourage inappropriate risk-taking through a weighting of incentive pay towards long term incentives, the balance between financial and nonfinancial measures in the relevant employee share plans and in employment and post-employment shareholding requirements.
- Predictability – The Remuneration Committee maintains clear caps on incentive opportunities and uses its available discretion if necessary.
- Proportionality – There is an industry-appropriate balance between fixed pay and variable pay, and incentive pay is weighted to sustainable long-term performance. Incentive plans are subject to performance targets that consider both financial and non-financial performance linked to strategy, and outcomes will not reward poor performance.
- Alignment to culture – The Remuneration Committee considers the Company's culture and wider workforce policies when shaping and developing Executive Director remuneration policies to ensure that there is coherence across the organisation. There is a strong emphasis on the fairness of remuneration outcomes across the workforce.

APPROVAL

This report was approved by the Remuneration Committee on 20 March 2024.

Joanne Lake
Chair of the Remuneration Committee
20 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Statement of Directors' Responsibilities in Respect of the Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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

DIRECTORS' CONFIRMATIONS

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Robert Sharpe (on behalf of the Board)
Chair
20 March 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POLLEN STREET LIMITED

Report on the audit of the financial statements

OPINION

In our opinion, Pollen Street Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2023; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Shareholders' Funds and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

BASIS FOR OPINION

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

Independence

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

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

Other than those disclosed in Note 7 to the financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and the financial significance of components.
- We performed audit procedures over components considered financially significant in the context of the Group (full scope audit). For four other components, specific audit procedures were performed over selected significant account balances.

Key audit matters

- Valuation of the allowance for expected credit losses on credit assets at amortised cost (Group and Company).
- Valuation of equity assets and carried interest assets at fair value (Group and Company).
- Goodwill (Group).

Materiality

- Overall Group materiality: £5,800,000 (2022: £5,800,000) based on 1% of net assets.
- Overall Company materiality: £5,700,000 (2022: £5,800,000) based on 1% of net assets.
- Performance materiality: £4,350,000 (2022: £4,350,000) (Group) and £4,270,000 (2022: £4,350,000) (Company).

The scope of our audit

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

Key audit matters

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

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of the allowance for expected credit losses on credit assets at amortised cost (Group and Company) Credit assets recorded at amortised cost amounted to £444,490k for the Group and Company as at 31 December 2023 (2022: £523,877k). The amount is net of the allowance for expected credit losses ('ECL') in accordance with IFRS 9 of £8,311k (2022: £9,281k) for the Group and Company. Determining ECL involves judgement and is subject to a high degree of estimation uncertainty. Various assumptions are required when estimating ECL. The significant assumptions that we focused on in our audit included those for which variations had the most significant impact on ECL. This was determined to be the loss given default ("LGD") for: • real estate lending, and • structured lending. LGD on these loans is primarily determined by assumptions over collateral value including estimates of discounts, time to repossession and recovery costs. The level of estimation uncertainty and judgement has remained high during 2023 as a result of the uncertain macroeconomic and geopolitical environment, high levels of inflation and a rising interest rate environment. This leads to uncertainty around judgements made in determining estimation of expected cash flows and collateral valuations. Refer to Report of the Audit Committee 'Significant accounting matters'; Note 2 Principal accounting policies 'Expected credit loss allowance for financial assets measured at amortised cost'; Note 3 Significant accounting estimates and judgements 'Expected credit loss allowance for financial assets measured at amortised cost'; and Note 12 Credit assets at amortised cost.	We understood and evaluated the design of controls over the estimation of ECLs over Credit Assets at amortised cost. We understood and assessed the ECL methodology and assumptions applied by the Group by reference to accounting standards and industry practice and tested the techniques used in estimating the ECL. We performed substantive testing over the following, with the assistance of our credit specialists: • We critically assessed the appropriateness of the significant assumptions and methodologies used for models and judgemental adjustments, including the selection of key parameters such as probabilities of default, LGD and the selection of macroeconomic scenarios. • We performed analysis to understand the sensitivity of the ECL to changes in the LGDs based on collateral valuation. • On a sample basis, we tested the collateral value used to determine the LGD for a sample of real estate loans, including obtaining supporting evidence such as the most recent valuation report for the collateralised assets received by management, where available. We performed procedures to test that the valuation report was from a Royal Institute of Chartered Surveyors approved valuer and performed indexation testing to the latest available HPI data. We also performed research on publicly available platforms to confirm the existence of the underlying properties and compared the valuation to that of similar properties. • For all structured lending we obtained an understanding of the underlying collateral type and projected cash flows on which the ECL assessment is based. We compared the cash flows and collateral to management's loan monitoring conclusions and obtained supporting information, such as third party agreed upon procedures reports on underlying collateral and backtested the collateral valuation to recent asset sales, where applicable. • We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias. We evaluated and tested the disclosures over credit assets recorded at amortised cost made in the financial statements. Based on the procedures performed and the evidence obtained, we found management's judgements used in the determination of the ECLs to be reasonable, and the financial statement disclosures to be materially compliant with the requirements of IFRS.

Key audit matter	How our audit addressed the key audit matter
Valuation of equity assets and carried interest assets at fair value (Group and Company) Equity assets held at fair value amounted to £26,839k (2022: £16,449k) for the Group and £26,839k (2022: £15,659k) for the Company at 31 December 2023. Carried interest assets at fair value amounted to £15,967k as at 31 December 2023 (2022: £6,495k) for the Group (Company: nil). These investments are unlisted and, as such, the fair value measurement involves judgement and is subject to a high degree of estimation uncertainty. The valuation requires the use of inputs which are not readily observable in the market, such as management's earnings multiples. Refer to Report of the Audit Committee 'Significant accounting matters'; Note 2 Significant accounting estimates and judgements 'Equity asset valuation' and 'Carried interest'; Note 9 Investment assets at fair value through profit or loss and Note 10 'Carried interest'.	We understood and evaluated the design of controls over estimating the fair value of equity assets and carried interest assets. With the assistance of our valuation experts, we understood and assessed the valuation methodology applied by reference to accounting standards and industry practice and tested the techniques used in determining the fair value. We performed substantive testing over the following. We tested the accuracy and reasonableness of inputs used in valuations, including comparison to recent relevant transactions and other market performance information. Our procedures included: • On a sample basis, we compared management's earnings multiple based valuation to valuations estimated using alternative approaches, such as tangible book value multiples. • We assessed the appropriateness of the comparable peer sets used by management and independently verified peer company trading multiples. • We tested the appropriateness of underlying investee entity financial information and the impact and sensitivity of the valuation to other plausible scenarios. Specifically for the carried interest we obtained the fund and carried interest partnership agreements and tested the calculation to ensure that carried interest was allocated to the Group appropriately. We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias. We evaluated and tested the disclosures over equity assets and carried interest assets made in the financial statements. Based on the procedures performed and the evidence obtained, we found management's judgements used in the valuation of equity assets and carried interest assets at fair value to be reasonable, and the financial statement disclosures to be materially compliant with the requirements of IFRS.

Key audit matter	How our audit addressed the key audit matter

Goodwill (Group)

On 30 September 2022, the Group acquired the entire shareholding of Pollen Street Capital Holdings Limited via an all share transaction. The total consideration paid was £235,781k. This purchase price was allocated to the assets acquired and the remaining balance was recognised as goodwill at initial recognition.

On 11 October 2023, the transfer of the Company's entire holdings in Pollen Street Capital Holdings Limited to Pollen Street Group Limited ("PSGL") became highly probable. The distribution was completed on 14 February 2024.

Goodwill and other assets and liabilities of Pollen Street Capital Holdings Limited held by the Group were classified as held for distribution from 11 October 2023 under IFRS 5. In line with IFRS 5, immediately prior to classification as held for distribution an impairment assessment was performed to determine whether the goodwill of £227,191k as at 11 October 2023 was impaired.

Management performed the impairment assessment and estimated a recoverable amount using a value in use ('VIU') approach. The recoverable amount was in excess of the carrying value and no impairment was recognised as at the date of initial classification as held for distribution.

The methodology used to estimate the VIU is dependent on various assumptions, both short-term and long-term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement and market data. The significant assumptions with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount included:

- Forecast cash flows of the acquired business over 5 years and 3 months, including assumptions over new fundraisings;
- Long term growth rates; and
- Discount rates applied to the forecast cash flows.

Refer to Report of the Audit Committee 'Significant accounting matters'; Note 2 Principal accounting policies 'Goodwill'; Note 3 Significant accounting estimates and judgements 'Impairment assessment for goodwill'; Note 4 'Business Combination'; Note 5 'Assets held for distribution to the new parent company' and Note 6 'Goodwill and Intangible assets'.

We understood and evaluated the design of controls over the determination of the recoverable amount of the goodwill balance.

We understood and assessed the methodology and inputs used to assess the value in use of Goodwill as at 11 October 2023 prior to classification as held for distribution.

We performed substantive testing of the 11 October 2023 goodwill balance, including the following:

- We inspected the model used to estimate the goodwill VIU and recalculated the VIU to confirm the calculations used were accurate.
- We challenged the achievability of management's forecast cash flows by reference to historical performance and the fundraising track record, Board approved forecasts and external consensus forecasts.
- With the assistance of our valuation experts, we determined a reasonable range for the discount rate and long term growth rate used within the VIU model and compared it to the rates used by management.
- We recalculated the sensitivity of the VIU to reasonable variations in significant assumptions.
- We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias.

Based on the procedures performed and the evidence obtained, we found management's judgments used in determining the carrying value of the goodwill to be reasonable, and the financial statement disclosures to be materially compliant with the requirements of IFRS.

How we tailored the audit scope

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

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We performed a risk assessment, giving consideration to relevant external and internal factors, including climate change, economic risks and the Group's strategy. We also considered our knowledge and experience obtained in the prior year audits. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality

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

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

	Financial statements - Group	Financial statements - Company
Overall materiality	£5,800,000 (2022: £5,800,000).	£5,700,000 (2022: £5,800,000).
How we determined it	1% of net assets	1% of net assets
Rationale for benchmark applied	We have applied this benchmark (rounded down to the nearest hundred thousand) which is a generally accepted auditing practice for investment trust companies which applied to the Group during the year.	We have applied this benchmark (rounded down to the nearest hundred thousand), which is a generally accepted auditing practice for investment trust companies which applied to the Company during the year.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £5,500,000 and £320,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £4,350,000 (2022: £4,350,000) for the Group financial statements and £4,270,000 (2022: £4,350,000) for the Company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £300,000 (Group audit) (2022: £300,000) and £300,000 (Company audit) (2022: £300,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

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

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting.
- Obtaining and evaluating management's going concern assessment.
- Understanding and evaluating the Group's financial forecasts and the Group's stress testing of the forecast cash flows, including the severity of the stress scenarios that were used.
- Validation of year end financial resources such as cash and interest rate borrowings.
- Obtaining and evaluating debt compliance certificates and covenants testing.
- Evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

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

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

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

REPORTING ON OTHER INFORMATION

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

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

With respect to the Strategic report and Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic report and Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

CORPORATE GOVERNANCE STATEMENT

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

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

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

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

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

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

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation, including the Company's qualification as an investment trust under the Corporation Tax Act 2010. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of the various numerical aspects of the eligibility conditions;
- Reviewing Board meeting and other relevant Committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;
- Challenging assumptions and judgements made by management in determining significant accounting estimates, in particular in relation to the valuation of equity assets and carried interest assets at fair value, the allowance for expected credit losses on amortised cost assets, and accounting for goodwill (see related key audit matters above);
- Identifying and testing journal entries meeting specific fraud criteria, including those posted with certain account combinations and posted by unexpected users;
- Obtaining confirmations from third parties to confirm the existence of a sample of balances; and
- Incorporating unpredictability in the selection of the nature, timing and extent of audit procedures performed.

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

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

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

Use of this report

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

Other Required Reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the directors on 16 May 2016 to audit the financial statements for the thirteen months ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the periods ended 31 December 2016 to 31 December 2023.

Claire Sandford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 March 2024

3. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2023			For the year ended 31 December 2022		
			Analysis of Items for Distribution	Non GAAP Total		Analysis of Items for Distribution	Non GAAP Total
		£'000	£'000	£'000	£'000	£'000	£'000
Management fee income	7	-	28,912	28,912	-	6,212	6,212
Carried interest and performance fee income	7, 10	-	11,480	11,480	-	1,578	1,578
Interest income on Credit Assets held at amortised cost	7	57,668	-	57,668	51,986	-	51,986
Gains on Investment Assets held at fair value through profit or loss		5,102	-	5,102	3,909	-	3,909
Total income		**62,770**	**40,392**	**103,162**	**55,895**	**7,790**	**63,685**
Credit impairment release	12	970	-	970	206	-	206
Third-party servicing costs		(2,374)	-	(2,374)	(2,511)	-	(2,511)
Net operating income		**61,366**	**40,392**	**101,758**	**53,590**	**7,790**	**61,380**
Administration costs	7	(2,065)	(34,626)	(36,691)	(8,450)	(11,135)	(19,585)
Finance costs	7	(20,360)	(230)	(20,590)	(14,517)	-	(14,517)
Operating profit		**38,941**	**5,536**	**44,477**	**30,623**	**(3,345)**	**27,278**
Depreciation	7	-	(927)	(927)	-	(322)	(322)
Amortisation	6, 7	-	(480)	(480)	-	(160)	(160)
Profit before tax		**38,941**	**4,129**	**43,070**	**30,623**	**(3,827)**	**26,796**
Tax		-	(2,664)	(2,664)	-	(435)	(435)
		38,941	**1,465**	**40,406**	**30,623**	**(4,262)**	**26,361**
Profit after tax from continuing operations		38,941			30,623		
Transfer of profit after tax from items for distribution		1,465			(4,262)		
Profit for the year		**40,406**			**26,361**		
Other comprehensive income Foreign currency translation reserve from assets held for distribution		(453)			-		
Total comprehensive income		**39,953**			**26,361**		
Basic and diluted earnings per share (pence) from continuing operations	14	60.6 p			72.2 p		
Basic and diluted earnings per share (pence)	14	62.9 p			62.1 p		

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

On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited as part of the Reorganisation described in Note 1. As such the Group has classified the activities of Pollen Street Capital Holdings Limited as held for distribution to owners in accordance with IFRS 5. The income from these activities is disclosed in the 'Analysis of items for Distribution' columns of this statement with income from all other activities disclosed in the Continuing Operations columns. Further disclosure is presented in Note 5.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2023			As at 31 December 2022
	Notes	£'000	Analysis of items for Distribution £'000	Non-GAAP Total £'000	Total £'000
Non-current assets					
Credit Assets at amortised cost	12	444,490	-	444,490	523,877
Investment Assets held at fair value through profit or loss	9	88,220	-	88,220	64,506
Fixed assets	15	-	-	-	1,414
Goodwill and intangible assets	6	-	-	-	231,031
Lease assets	16	-	-	-	4,776
Carried interest	10	-	-	-	7,052
Total non-current assets		**532,710**	**-**	**532,710**	**832,656**
Current assets					
Cash and cash equivalents	5, 24	18,550	1,196	19,746	23,303
Receivables	5, 17	4,003	13,939	17,942	12,870
Fixed assets	5, 15	-	1,344	1,344	-
Goodwill and intangible assets	5, 6	-	230,551	230,551	-
Lease assets	5, 16	-	4,056	4,056	-
Carried interest	5, 10	-	17,332	17,332	-
Assets for distribution	5	268,418	-	-	-
Total current assets		**290,971**	**268,418**	**290,971**	**36,173**
Total assets		**823,681**	**268,418**	**823,681**	**868,829**
Current liabilities					
Payables	5, 18	1,567	17,582	19,149	19,221
Lease payables	5, 16	-	4,152	4,152	1,201
Current tax payable	5	-	981	981	2,158
Deferred tax liability	5,13	-	2,628	2,628	
Derivative liabilities held at fair value through profit or loss	5, 20	179	-	179	916
Interest-bearing borrowings	11	132,738	-	132,738	60,598
Liabilities for distribution	5	25,343	-	-	-
Total current liabilities		**159,827**	**25,343**	**159,827**	**84,094**
Total assets less current liabilities		**663,854**	**243,075**	**663,854**	**784,735**
Non-current liabilities					
Lease payables	16	-	-	-	4,067
Deferred tax liability		-	-	-	94
Interest-bearing borrowings	11	78,026	-	78,026	203,035
Total non-current liabilities		**78,026**	**-**	**78,026**	**207,196**
Net assets		**585,828**	**243,075**	**585,828**	**577,539**
Shareholders' funds					
Ordinary share capital	26	642		642	689
Share premium		-		-	299,599
Retained earnings		8,560		8,560	-
Revenue reserves		-		-	2,363
Capital reserves		-		-	(2,361)
Other reserves		576,626		576,626	277,249
Total shareholders' funds		**585,828**		**585,828**	**577,539**
Net asset value per share (pence)	28	**912.4p**		**912.4p**	**899.5p**

On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited as part of the Reorganisation described in Note 1. As such the Group has classified the activities of Pollen Street Capital Holdings Limited as held for distribution to owners in accordance with IFRS 5. The assets and liabilities related to these activities are disclosed in the 'Analysis of items for Distribution' column of this statement with all other assets and liabilities disclosed in the Continuing Operations column. Further disclosure is presented in Note 5.

The financial statements on pages 123 to 214 of Pollen Street Limited (company number 09899024), which includes the notes, were approved and authorised by the Board of Directors on 20 March 2024 and were signed on its behalf by:

Robert Sharpe, Chairman

COMPANY STATEMENT OF FINANCIAL POSITION

		As at 31 December 2023	As at 31 December 2022
	Notes	£'000	£'000
Non-current assets			
Credit Assets at amortised cost	12	444,490	523,877
Investment Assets held at fair value through profit or loss	9	88,220	62,853
Investments in subsidiaries		-	239,027
Total non-current assets		**532,710**	**825,757**
Current assets			
Cash and cash equivalents	5, 24	14,402	18,229
Receivables	5, 17	4,775	3,831
Assets held for distribution - investments in subsidiaries		239,027	-
Total current assets		**258,204**	**22,060**
Total assets		**790,914**	**847,817**
Current liabilities			
Payables	5, 18	4,182	5,174
Derivative liabilities held at fair value through profit or loss	20	179	916
Deemed loan	25	60,412	29,227
Interest-bearing borrowings	11	70,282	30,141
Total current liabilities		**135,055**	**65,458**
Total assets less current liabilities		**655,859**	**782,359**
Non-current liabilities			
Deemed loan	25	3,114	63,809
Interest-bearing borrowings	11	74,912	139,226
Total non-current liabilities		**78,026**	**203,035**
Net assets		**577,833**	**579,324**
Shareholders' funds			
Ordinary share capital	26	642	689
Share premium		-	299,599
Retained earnings		296	-
Revenue reserves		-	4,148
Capital reserves		-	(2,361)
Other reserves		576,895	277,249
Total shareholders' funds		**577,833**	**579,324**
Net asset value per share (pence)	28	**899.5**	**902.2**

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

On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited as part of the Reorganisation described in Note 1. As such the Group has classified the activities of Pollen Street Capital Holdings Limited as held for distribution to owners in accordance with IFRS 5. The assets and liabilities related to these activities are disclosed in the 'Assets held for distribution - investments in subsidiaries' line item of this statement with all other assets and liabilities disclosed in the Continuing Operations column. Further disclosure is presented in Note 5.

Advantage has been taken of the exemption under Section 408 of the Companies Act 2006 and accordingly the Company has not presented a statement of comprehensive income for the Company alone. The profit on ordinary activities after taxation of the Company for continuing operations was £30.2 million (2022: £28.1 million) for the year ended 31 December 2023 and there were no profits from assets held for distribution to the new parent within the Company (2022: nil).

The financial statements on pages 123 to 214 of Pollen Street Limited (company number 09899024), which includes the notes, were approved and authorised by the Board of Directors on 20 March 2024 and were signed on its behalf by:

Robert Sharpe, Chairman

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2023

	Ordinary Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distrib-utable Reserves £'000	Merger Reserves £'000	Foreign Currency Trans-lation Reserve £'000	Total Equity £'000
Shareholders' funds as at 1 January 2023	**689**	**299,599**	**-**	**2,363**	**(2,361)**	**51,979**	**225,270**	**-**	**577,539**
Profit after taxation	-	-	-	40,406	-	-	-	-	40,406
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 revenue and capital reserves to retained earnings*	-	-	8,560	(11,105)	2,361	-	-	184	-
Shareholders' funds as at 31 December 2023	**642**	**-**	**8,560**	**-**	**-**	**351,625**	**225,270**	**(269)**	**585,828**

For the year ended 31 December 2022

	Ordinary Share Capital** £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distribut-able Reserves £'000	Merger Reserves £'000	Total Equity £'000
Shareholders' funds as at 1 January 2022	**352**	**299,599**	**4,790**	**(2,244)**	**56,845**	**-**	**359,342**
Ordinary shares issued	295	-	-	-	-	235,486	235,781
Transaction costs for share issuance	-	-	-	-	-	(10,216)	(10,216)
Ordinary shares bought back	42	-	-	-	(4,866)	-	(4,824)
Profit after taxation	-	-	26,478	(117)	-	-	26,361
Dividends paid in the year	-	-	(28,905)	-	-	-	(28,905)
Shareholders' funds as at 31 December 2022	**689**	**299,599**	**2,363**	**(2,361)**	**51,979**	**225,270**	**577,539**

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

*Includes £184,000 of Other Comprehensive Income transferred to Foreign Currency Translation Reserve in relation to the year ended 31 December 2022.

**Includes £42,000 of Ordinary Share Capital transferred to the Special Distributable Reserves for buybacks that occurred prior to 1 January 2022.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2023

	Ordinary Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distrib-utable Reserves £'000	Merger Reserves £'000	Total Equity £'000
Shareholders' funds as at 1 January 2023	**689**	**299,599**	**-**	**4,148**	**(2,361)**	**51,979**	**225,270**	**579,324**
Profit after taxation	-	-	-	30,173	-	-	-	30,173
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 revenue & capital reserves to retained earnings	-		296	(2,657)	2,361	-	-	-
Shareholders' funds as at 31 December 2023	**642**	**-**	**296**	**-**	**-**	**351,625**	**225,270**	**577,833**

For the year ended 31 December 2022

	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distribut-able Reserves £'000	Merger Reserves £'000	Total Equity £'000
Shareholders' funds as at 1 January 2022	**352**	**299,599**	**4,790**	**(2,244)**	**56,845**	**-**	**359,342**
Ordinary shares issued	295	-	-	-	-	235,486	235,781
Transaction costs for share issuance	-	-	-	-	-	(10,216)	(10,216)
Ordinary shares bought back	42	-	-	-	(4,866)	-	(4,824)
Profit / (Loss) after taxation	-	-	28,263	(117)	-	-	28,146
Dividends paid in the year	-	-	(28,905)	-	-	-	(28,905)
Shareholders' funds as at 31 December 2022	**689**	**299,599**	**4,148**	**(2,361)**	**51,979**	**225,270**	**579,324**

There may be factors that restrict the value of the reserves that can be distributed and these factors may be complex to determine. Distributable reserves may therefore not be the total of retained earnings and the special distributable reserve.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Cash flows from operating activities:			
Profit after taxation	5, 7	40,406	26,361
Adjustments for:			
(Advances) / repayments of Investments at amortised cost		80,357	42,322
Change in expected credit loss	12	(970)	(206)
Purchase of Investments at fair value	5, 9	(44,227)	(12,237)
Receipt of Investments at fair value	5, 9	22,935	1,033
Net change in unrealised (gains)/losses		(5,659)	(1,804)
Finance costs	5, 9	20,590	14,517
Foreign exchange revaluation		2,893	(2,263)
Corporation tax	5	1,357	80
Change in carried interest	5	(10,280)	(1,593)
Depreciation of fixed assets	5, 15	207	56
Depreciation of lease assets	5, 16	720	266
Amortisation of intangible assets	5, 6	480	160
(Increase) / decrease in receivables	5	(5,072)	2,668
Increase / (decrease) in payables	5	(72)	2,082
(Decrease) / increase in derivatives		(737)	808
Net cash inflow from operating activities before tax paid		**102,928**	**72,250**
Tax paid	5	(105)	(2,560)
Net cash inflow from operating activities		**102,823**	**69,690**
Cash flows from investing activities:			
Cash acquired from Pollen Street Capital Holdings	5	-	2,662
Purchase of fixed assets	5	(137)	(269)
Net cash (outflow) / inflow from investing activities		**(137)**	**2,393**
Cash flows from financing activities:			
Payments of lease liabilities	5	(1,350)	(338)
Redemption of shares		-	(4,824)
Transaction costs for issuance of shares		-	(9,120)
Drawdown of interest-bearing borrowings	11	37,000	76,925
Repayments of interest-bearing borrowings	11	(91,094)	(82,291)
Interest paid on financing activities		(19,135)	(13,175)
Dividends paid in the year	19	(31,664)	(28,905)
Net cash (outflow) from financing activities		**(106,243)**	**(61,728)**
Net change in cash and cash equivalents		**(3,557)**	**10,355**
Cash and cash equivalents at the beginning of the year		23,303	12,948
Cash and cash equivalents	5, 24	**19,746**	**23,303**

Interest received for the Group and Company for the year ended 31 December 2023 was £53.9 million (for the year ended 31 December 2022: £53.9 million). Dividends received for the Group and Company for the year ended 31 December 2023 was £1.5 million (for the year ended 31 December 2022: £2.0 million).
Refer to note 5 for the statement of cash flows for the assets held for distribution to the new parent.
The notes to the accounts form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Notes	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Cash flows from operating activities:			
Profit after taxation	7	30,173	28,146
Adjustments for:			
(Advances) / repayments of Investments at amortised cost		80,357	42,322
Change in expected credit loss	12	(970)	(206)
Purchase of Investments at fair value	9	(45,879)	(12,145)
Receipt of Investments at fair value	9	22,935	1,033
Net change in unrealised (gains)/losses		(5,659)	(1,804)
Finance costs	9	14,411	10,950
Foreign exchange revaluation		3,228	(2,262)
Business combination expenses		-	(3,246)
(Increase) / Decrease in receivables		(944)	2,723
(Decrease) in payables		(992)	(1,686)
(Decrease) / increase in derivatives		(737)	808
Net cash inflow from operating activities		**95,923**	**64,633**
Cash flows from financing activities:			
Redemption of shares		-	(4,824)
Transaction cost for issuance of shares		-	(9,120)
Receipt of deemed loans	25	-	22,789
Repayment of deemed loans	25	(29,510)	(12,079)
Drawdown of interest-bearing borrowings	11	37,000	35,000
Repayments of interest-bearing borrowings	11	(62,000)	(50,000)
Interest paid on financing activities		(13,576)	(9,765)
Dividends declared and paid	19	(31,664)	(28,905)
Net cash (outflow) from financing activities		**(99,750)**	**(56,904)**
Net change in cash and cash equivalents		**(3,827)**	**7,729**
Cash and cash equivalents at the beginning of the year		18,229	10,500
Cash and cash equivalents	24	**14,402**	**18,229**

Interest received for the year ended 31 December 2023 was £46.9 million (for the year ended 31 December 2022: £41.1 million).
The notes to the accounts form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Pollen Street Limited was incorporated on 2 December 2015 and is domiciled and registered in England and Wales with registered number 09899024. The Company was originally named Honeycomb Investment Trust plc. The name was changed to Pollen Street plc on 6 October 2022 then Pollen Street Limited on 14 February 2024. Pollen Street Limited is referred to as the Company and together with its subsidiaries, it is referred to as the Group or Pollen Street. The registered office and principal place of business of the Group and Company is: 11-12 Hanover Square, London, W1S 1JJ.

On 30 September 2022, the Company combined with Pollen Street Capital Holdings Limited by way of an all share combination, which is referred to as the Combination. The Combination occurred on 30 September 2022 and was effected by the Company acquiring 100 per cent of the share capital of Pollen Street Capital Holdings Limited with newly issued shares in the Company as the consideration. As such the Company's financial statements incorporate Pollen Street Capital Holdings Limited and its subsidiaries from 30 September 2022, the point at which it became a subsidiary of the Company.

On 24 January 2024, the Group introduced a new Guernsey incorporated holding company, named Pollen Street Group Limited, as the immediate and ultimate parent of the Company by way of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006. As part of this, the shares of the Company were delisted and cancelled; new shares were issued by the Company to the Pollen Street Group Limited and Pollen Street Group Limited issued new shares to the former shareholders of the Company which were admitted to trading on the London Stock Exchange's 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, the Company re-registered from a public company to a private company and distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent company, Pollen Street Group Limited, referred to as the Distribution. The Scheme and the Distribution are together referred to as the Reorganisation.

As a result of these changes, the Company classified the activities of Pollen Street Capital Holdings Limited as held for distribution to owners in accordance with IFRS 5, ceased to prepare the financial statements on a basis compliant with the Statement of Recommended Practice for investment trusts issued by the Association of Investment Companies in July 2022 and ceased to be classified as an investment trust. However, the Company continues its operations of investing in Credit Assets and Equity Assets. The activities classified as for distribution to owners are continuing operations for Pollen Street Group Limited and its subsidiaries.

2. Principal Accounting Policies

BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. They comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Committee as adopted in the UK, including interpretations issued by the IFRS Interpretations Committee and interpretations issued by the International Accounting Standard Committee ("IASC") that remain in effect.

These financial statements have been prepared using consistent accounting policies as applied by the Group in previous years, on a going concern basis and under the historic cost convention as modified by the revaluation of financial assets held at fair value through profit and loss as applicable. The Directors consider that the Group has adequate financial resources to enable it to continue operations for a period of no less than 12 months from the approval of these accounts. In order to reach this conclusion, the Directors have reviewed the financial projections of the Group from the date of this report until Pollen Street Group Limited's AGM in 2027, which shows that the Group will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. These financial projections have been performed under various stressed scenarios and in all cases the Group is able to meet its liabilities as they fall due.

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 2022 and 2023. The Directors consider these scenarios to be the most relevant risks to the Group's operations.

As part of these projections, the Directors have considered the Reorganisation that is described above. All operations undertaken by Pollen Street Capital Holdings Limited have therefore been classified as held for distribution to owners under IFRS 5 and are on the basis that Pollen Street Capital Holdings Limited will be a wholly owned subsidiary of Pollen Street Group Limited and have therefore not been included in the projections. Further information on this matter is presented in the section on assets held for distribution to the new parent company, later in this Note and also in Note 5. The Directors note that 100 per cent of the share capital of the Company is now held by Pollen Street Group Limited.

Due to the Reorganisation described in Note 1, Pollen Street Limited classified the activities of Pollen Street Capital Holdings Limited as held for distribution to owners in accordance with IFRS 5 and ceased to prepare the financial statements on a basis compliant with the Statement of Recommended Practice for investment trusts issued by the Association of Investment Companies in July 2022. The Group therefore reallocated reserves from revenue and capital reserves, to retained earnings. If the Group had shown revenue and capital reserves during the year, the amount for revenue reserves would have been £11.1 million (31 December 2022: £2.4 million) and the amount for capital reserves would have been £(2.4) million (31 December 2022: £(2.4) million).

The principal accounting policies adopted by the Group are set out below and all values are rounded to the nearest thousand pounds unless otherwise indicated.

CHANGES TO ACCOUNTING POLICIES

There were no changes to accounting standards during the year that were applicable to the Group. Following the Reorganisation, the Group has applied IFRS 5 to the operations of the business that have been distributed to owners. Further information on this matter is presented in the section on assets held for distribution to the new parent company, later in this Note.

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.

On 30 September 2022, the Company acquired 100 per cent of Pollen Street Capital Holdings Limited with newly issued shares in the Company as consideration. Pollen Street Capital Holdings Limited is a limited company incorporated under the law of Guernsey as a company limited by shares pursuant to the Companies (Guernsey) Law, 2008, with company number 58102. This transaction is referred to as the Combination. The Company is considered to control the Pollen Street Capital Holdings Limited and its subsidiaries and so the Group has consolidated Pollen Street Capital Holdings Limited and its subsidiaries with effect from 30 September 2022. As explained in note 1, Pollen Street Limited classified the activities of Pollen Street Capital Holdings Limited as held for distribution to owners in accordance with IFRS 5. Pollen Street Capital Holdings Limited is still consolidated in the financial statements on a line by line basis, but is shown in a new column for assets held for distribution to the new parent.

The Group also assessed the consolidation requirements for the carried interest partnerships and certain underlying entities or funds which the Group holds as investments.

For the carried interest partnerships in funds in existence prior to completion of the Combination on 30 September 2022, the Directors considered the nature of the relationships between the Group, the funds, the fund investors, the carried interest partnerships and participants in the carried interest partnerships. The Directors also considered any influence that the Group had in the setup of the carried interest partnerships in order to assess the power to control the carried interest 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 the interest in the carried interest partnership, the Group is considered to have significant influence. It was therefore determined that these carried interest partnerships are accounted for as associates as explained in the investments in associates section. The key judgemental areas for the accounting of carried interest partnerships are in Note 3, Significant accounting estimates and judgements. The carried interest partnerships are presented in the Carried Interest line on the Statement of Financial Position.

For the underlying entities or funds, the Directors considered the nature of the relationships between the Group, the underlying entities or funds and the investors. The Directors also considered any influence that the Group had in the setup 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. Where the Group holds more than 20 per cent of the interest in the underlying entities, funds or carried interest participations, it is considered to have significant influence. It was therefore determined that these underlying entities or funds are accounted for as associates as explained in the investments in associates section. The key judgemental areas for the accounting of the underlying entities or funds are in Note 3, Significant accounting estimates and judgements. The underlying entities or funds are presented in the Investments Assets held at fair value through profit or loss line on the Statement of Financial Position.

The Group also consolidates Bud Funding Limited ("Bud") and Sting Funding Limited ("Sting").

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 co-terminus reporting dates.

Refer to Note 21 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 percent of the voting rights.

The Group acquired carried interest rights in the most recent flagship funds as part of the Combination. The rights are in the form of partnership interests in carried interest partnerships. The Group has between 1 per cent and 25 per cent of the total interests in these partnerships. Where the Group has in excess of 20 per cent interest, the Group is considered to have significant influence over the partnerships and the partnerships are considered to be an associate. The 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 Group also holds more than 20 per cent of interest in certain underlying entities or funds. These entities are treated as associates. The Group elects to hold investments in associates at 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 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.

Details of how the Group classifies and measures assets at FVTPL are in the classification and measurement section on page 135.

ASSETS HELD FOR DISTRIBUTION TO THE NEW PARENT COMPANY

The Group classifies assets and liabilities as held for distribution to owners, under IFRS 5, if their carrying amounts will be recovered principally through a distribution of the assets and liabilities to shareholders of the Company or the Group rather than through continuing use. The criteria for the classification as held for distribution is regarded as met only when the sale is highly probable, the assets and liabilities are available for immediate sale in their present condition and the sale is expected to complete within one year from the date of the classification.

Assets and liabilities held for distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 and the deferred tax asset, which are measured in accordance other relevant accounting standards. Costs to sell are the incremental costs directly attributable to the disposal of the assets and liabilities, excluding finance costs and income tax expense. Assets held for distribution to owners are not depreciated or amortised. Interest and other expenses attributable to the liabilities held for distribution to owners continue to be recognised.

Assets and liabilities classified as held for distribution to owners are presented separately as current items in the consolidated and company statement of financial position and the results of the assets and liabilities held for distribution to owners are presented separately in the statement of comprehensive income.

On 11 October 2023, the shareholders of the Company approved resolutions at a Court Meeting and General Meeting for the distribution of its subsidiary, Pollen Street Capital Holdings Limited, to its new parent, Pollen Street Group Limited, as part of the Reorganisation. This transaction is referred to as the Distribution and it completed on 14 February 2024. Pollen Street Limited and its current subsidiaries have therefore ceased all asset management activities, however they continue their operations of investing in Credit Assets and Equity Assets.

All operations undertaken by Pollen Street Capital Holdings Limited were therefore classified as held for distribution to owners, also described as held for distribution to new parent, on 11 October 2023. The Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Company Statement of Financial Position have been presented in columnar format with the 'For Distribution' columns representing the activities that are being distributed to the new parent and the 'Con tinuing Operations' column representing the activities that will remain in Pollen Street Limited. A 'Total' column has also been presented for information.

Additional disclosures, including disclosure of the effect of the Distribution on the Consolidated Statement of Cash Flows are provided in Note 5. All other notes to the financial statements include amounts for continuing operations. The notes to the accounts include a column that presents the total of the continuing operations and assets held for distribution to the new parent which is a non-GAAP measure.

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 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 sales in prior years, the reasons for such sales and expectations about future sales activity. However, information about sales 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 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 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 fair value through profit and loss ("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 carried interest rights acquired by the Group as part of the Combination are recognised as associates at fair value or as a contract asset. Refer to Note 10 for further details on carried interest.

The Group does not hold any FVOCI assets.

CLASSIFICATION AND MEASUREMENT – FINANCIAL LIABILITIES

In both the current year and prior year, 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 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 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 costs 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 12).

EXPECTED CREDIT LOSS ALLOWANCE FOR FINANCIAL ASSETS MEASURED AT AMORTISED COST

The impairment charge in the income statement includes the change in expected credit losses which are recognised for loans and advances to customers, other financial assets held at amortised cost and certain loan commitments.

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, referred to as "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, entities continue to recognise lifetime ECL but now recognise 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

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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:

Consumer:

- Short-term forbearance;
- Extension of terms granted;

Structured/SME/Property:

- Significant increase in credit spread, where this information is available;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase the risk of default; 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 mortgages, 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:

- Any cases of forbearance, for example where the borrower is deceased or insolvent.
- 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.
- The criteria above have been applied to all Credit Asset at amortised costs 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. As at 31 December 2023 as well as 31 December 2022, 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 chosen to use in the ECL calculation. Oxford updates these scenarios on a quarterly basis to reflect changes to the macroeconomic environment. Pollen Street 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 Pollen Street 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. 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. Further information as to how the Group manages its credit risk on trade and other receivables is disclosed in Note 23. 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.

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EXPECTED CREDIT LOSS ALLOWANCE FOR CASH AND CASH EQUIVALENTS

Balances with banks are short-term in nature, are held in reputable institutions (refer to Note 24) and are considered to have a very low risk of credit losses, therefore the ECL was estimated as immaterial and was not booked.

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.

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 fair value through profit or loss ("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 interest rates and the credit risk using similar techniques to those described in the section of expected credit loss allowance for financial assets measured at amortised costs later 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 Pollen Street.

Credit Assets at FVTPL consist of loans, together with similar investments, made by the Investment Company 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. See the section on Classification and measurement – Financial assets earlier in this Note. Examples of credit instruments include investment in Private Credit funds managed or advised by Pollen Street or other 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. As at 31 December 2023, the majority of credit assets at FVTPL were priced at their amortised cost value given that they were 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 (being 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 5, on 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group 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 forms 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

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 expense on a straight-line basis over the lease term.

CARRIED INTEREST RECEIVABLE

Carried interest receivable represents a contract asset under IFRS 15. The carried interest receivable amounts are recorded 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. The entitlement to carried interest and the amount is determined by the level of accumulated profits exceeding an agreed threshold or hurdle over the lifetime of each fund. 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, subject to catch-up provisions, 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.

The Group acquired carried interest rights in certain funds that were part of the acquisition of Pollen Street Capital Holdings Limited. These rights were not part of the Group prior to the Combination and part of the shares issued to former shareholders of Pollen Street Capital Holdings Limited were in consideration for the fair value of acquiring rights to this carried interest. The rights are in the form of partnership interests in carried interest partnerships. The Group has between 10 and 25 per cent of the total interests in these partnerships. Where the Group has in excess of 20 percent of the rights, the Group is considered to have significant influence over the partnerships and the partnership is considered to be an associate. Associates are entities in which the Group has an investment and over which it has significant interest, but not control, through participation in the financial and operating policy decision. The Group has therefore recognised these interests as associates at fair value.

CASH AND CASH EQUIVALENTS

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

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).

FINANCIAL LIABILITIES

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

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.

TAXATION

Throughout 2023, Pollen Street Limited had approval under Section 1158 of the Corporation Tax Act 2010 to be an investment trust and so was not liable for taxation on capital gains. The tax expense of the Group arose within the Asset Manager segment and comprised current and deferred tax.

Following the Reorganisation that occurred on 24 January 2024, Pollen Street Limited ceased to be classified as an investment trust. As such Pollen Street Limited will incur corporation tax on its profits for the year ended 31 December 2024. Further information on the Reorganisation is available in Note 1.

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 statement of financial position.

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 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.

DEEMED LOANS

- The deemed loans are a non-derivative financial liability with fixed or determinable repayments that are not quoted in an active market. Deemed loans in relation to the Company arise from loans originated by the Company and subsequently sold to in a special purpose entity to reduce the cost of borrowing, in this case Sting Funding Limited and Bud Funding Limited. Although the loans are no longer legally owned by the Company, the Company maintains the economic risks and rewards of the underlying assets and therefore does not meet the criteria to derecognise.
- Loans and related transaction costs are measured at initial recognition at fair value and are subsequently measured at amortised cost using the EIRM. International accounting standards ("IAS") makes it clear that assets should only appear on one statement of financial position. IFRS require a reporting entity, as part of the derecognition assessment, to consider whether the transfer includes a transfer to a consolidated subsidiary. Derecognition cannot be achieved by merely transferring the legal title to a financial asset to another party. The substance of the arrangement must be assessed in order to determine whether an entity has transferred the economic exposure associated with the rights inherent in the asset (i.e., its risks and rewards) and, in some cases, control of those rights.
- In the case of the Company, it has not met the requirements of derecognition in relation to the deemed loans given the economic exposure associated with the rights inherent in the assets (i.e., its risks and rewards), have been retained. As such the Company fails to meet the requirements for derecognition and continues to recognise the financial assets and as such has a deemed loans liability to the relevant special purpose entity. At a consolidated Group level, the deemed liability is eliminated.

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.

CAPITAL RESERVES

Capital reserves arise from:

- gains or losses on disposal of equity investments during the year;
- increases and decreases in the valuation of equity investments held at the year-end; and
- other capital charges and credits charged to this account in accordance with the accounting policies above or as applied to the capital column of the Consolidated Statement of Comprehensive Income, prepared under guidance issued by the Association of Investment Companies.

All of the above are accounted for in the Consolidated Statement of Comprehensive Income. Any other gains or losses, charges or credits from investments still held or otherwise are included in the revenue reserves.

Following completion of the Scheme, the capital reserves and revenue reserves were reallocated to a newly created retained earnings reserve on 31 December 2023.

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.

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.

Management fees and performance fees are charged to the Investment Company by Pollen Street Capital Limited, an indirect subsidiary of Pollen Street Limited. These fees are shown in Note 7, 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 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 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 revenue reserves except the following which formed part of capital reserves:

- transaction costs which are incurred on the purchases or sales of Equity Assets designated as fair value through profit or loss are expensed to capital in the consolidated statement of Comprehensive Income;
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the equity investments held can be demonstrated; and
- management fees and performance fees attributable to equity that were incurred by the Company and were payable to Pollen Street Capital Holdings Limited were allocated to the Capital column on the Consolidated Statement of Comprehensive Income.

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.

FINANCE COSTS

Finance costs are accrued on the EIR basis and are presented as a separate line on the statement of comprehensive income.

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 7 for further details.

Prior to the Combination on 30 September 2022, the Group had a single business segment, which was the Investment Company.

3. Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those 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. UK company law and IFRS require 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 ("ECL") 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, SME and consumer 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. As noted on page 138, 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 31 December 2023.

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 4.5% in December 2024, and the Bank of England base rate to be at 4.85% by the end of 2024 before gradually reducing to 2.0% by the end of 2027. The downside scenario forecasts unemployment to rise sharply over the coming year, reaching a peak of 7.2% in late 2026 and remaining relatively high thereafter, staying above 5.7% by the end of 2032. To counter the economic downturn, the downside scenario forecasts the base rate to fall more quickly to 3.88% by December 2024. See note 12 for the sensitivity analysis.

As at 31 December 2023	Base	Upside	Down-side
UK unemployment rate yearly change	0.24%	(0.15%)	1.56%
UK HPI yearly change	(5.85%)	(2.32%)	(11.93%)
UK Base Rate	4.85%	5.75%	3.88%

As at 31 December 2022	Base	Upside	Down-side
UK unemployment rate yearly change	4.66%	4.24%	5.99%
UK HPI yearly change	(5.90%)	(3.15%)	(10.63%)
UK Base Rate	4.00%	5.25%	3.50%

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 as a capital item. 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. Sensitivity analysis has been performed on the equity investment valuations in Note 9.

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

The Group participates in carried interest in the underlying funds. 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 rights are in the form of partnership interests in carried interest partnerships. Carried interest is accounted for as revenue under IFRS 15, where the carried interest is obtained as part of the service that the Group provides to the funds, and it is held at fair value, where the Group acquired carried interest rights as part of the Combination.

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 10.

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 Limited Partner ("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 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 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 31 December 2023 (31 December 2022: 1 to 28 per cent), 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 IAS28, 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. Details of the associates are set out in Note 21.

4. Business Combination

There were no business combinations in the year ended 31 December 2023.

In the prior year, the Company acquired 100 per cent of the shares in Pollen Street Capital Holdings Limited on 30 September 2022. The Company controls Pollen Street Capital Holdings Limited so it has been consolidated from 30 September 2022. In the prior year, the Group expensed £3,352,000 of costs associated with the acquisition of the shares in Pollen Street Capital Holdings Limited. The costs associated with the issuance of shares of £10,216,400 were presented in merger reserves in the Statement of Financial Position and Statement of Changes in Shareholders' Funds.

The following table shows the fair value of the consideration transferred and the acquisition-date fair value of each major class of the consideration:

As at 30 September 2022	£'000
Consideration	**235,781**
Purchase price allocation	
Pollen Street Capital Holdings Limited net asset value	(4,590)
Intangible assets	(4,000)
Total value of assets acquired	**(8,590)**
Goodwill	**227,191**

The goodwill recognised on acquisition of the Pollen Street Capital Holdings Limited is made up of one cash-generating unit, which includes future management and performance fees arising from the acquired company and its subsidiaries.

Consideration

The consideration for the acquisition of Pollen Street Capital Holdings Limited was in the form of issuance of shares in Pollen Street Limited to the owners of Pollen Street Capital Holdings Limited. The gross amount was £235,781,304, which was the number of shares issued on 30 September 2022 of 29,472,663 multiplied by the prior day closing share price of £8.00 per share.

In aggregate, the consideration shares represented approximately 45.6 per cent of the enlarged share capital of Pollen Street Limited on the completion date being 30 September 2022.

Pollen Street Capital Holdings Limited net asset value

Pollen Street Capital Holdings Limited net asset value was formed of the following balance sheet items on the date of completion, being 30 September 2022:

As at 30 September 2022	£'000
Pollen Street Capital Holdings Limited net asset value:	
Receivables	15,054
Payables	(23,729)
Carried interest	5,459
Other assets	7,806
Closing balance	**4,590**

Receivables

The fair value of the receivables acquired in Pollen Street Capital Holdings Limited 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 investment fund management and advisory services provided to Pollen Street Capital Holdings Limited's customers. The customers include investors in funds that Pollen Street Capital Holdings Limited manages or advises; as such, Pollen Street Capital Holdings Limited has detailed and up-to-date information on the financial position and outlook of its counterparties. The significant majority of the receivable balances were trade debtors that are generally collected on a monthly or quarterly basis and had been collected by 31 December 2023.

Payables

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

Carried interest

Carried interest refers to the share of the profits of a third-party fund earned by Pollen Street Capital Holdings Limited and its subsidiaries. The Group's carried interest participations are defined and agreed with the Limited Partners in each fund's Limited Partnership Agreement. The exact measurement for the carried interest in different funds can differ, such as containing different hurdle rates and waterfalls.

Other assets

Other assets are primarily formed of fixed tangible assets including investments in funds managed or advised by the Investment Manager and a third-party fund management company. The other assets also included £2.6 million of cash and cash equivalents.

Intangible assets

The intangible assets represent customer relationships which arose as part of the acquisition of Pollen Street Capital Holdings Limited. See Note 6 for further details.

5. Assets Held for Distribution to the New Parent Company

On 14 February 2024, the Company distributed the entire issued share capital in Pollen Street Capital Holdings Limited to its new parent, Pollen Street Group Limited. This is referred to as the Distribution. All operations undertaken by Pollen Street Capital Holdings Limited were therefore classified as held for distribution to owners, also described as held for distribution to new parent, on 11 October 2023 being the date that shareholders approved the resolutions for the Distribution. See Note 1 and Note 2 for further information.

The following table shows the group of assets and liabilities held for distribution as at 31 December 2023:

As at 31 December 2023	Notes	Items for Distribution £'000
Current assets		
Cash and cash equivalents	24	1,196
Receivables	17	13,939
Fixed assets	15	1,344
Goodwill and intangible assets	6	230,551
Lease assets	16	4,056
Carried interest	10	17,332
Total current assets		**268,418**
Total assets		**268,418**
Current liabilities	-	-
Payables	18	17,582
Lease payables	16	4,152
Current tax payable	13	981
Deferred tax liability	13	2,628
Total current liabilities		**25,343**
Total assets less current liabilities		**243,075**
Net assets		**243,075**

The table above shows the consolidated balance of the items held for distribution, which are net of intercompany amounts. The intercompany eliminations amount not shown above is for £3.9 million, which is added to the net assets of £243.1 million shown above to total the amount being distributed of £247.0 million.

The Company assets held for distribution comprise investments in subsidiaries of £239.0 million. See note 21 for further details on subsidiaries.

The following table shows the cash flows from the group of assets and liabilities held for distribution as at 31 December 2023:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	£'000	£'000
Net cash flows from operating activities	1,312	1,951
Net cash used in investing activities	(1,487)	2,055
Net cash used in financing activities	(1,350)	(1,285)
Net decrease in cash and cash equivalents	**(1,525)**	**2,721**
Cash and cash equivalents at beginning of year	2,721	-
Cash and cash equivalents at the end of year	**1,196**	**2,721**

As part of the Distribution, the Group was required to account for the assets that are held for distribution at the lower of their carrying amount and fair value. A fair value assessment was carried out as at 31 December 2023 on the assets held for distribution, which had a carrying value of £243.1 million (31 December 2022: nil) and a fair value of £326.8 million (31 December 2022: nil).

6. Goodwill and Intangible Assets

On 11 October 2023, the Group classified the goodwill and intangibles recognised as part of the acquisition of Pollen Street Capital Holdings Limited in 2022 as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

The table below shows the total goodwill and intangible assets held by the Group:

Group	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Opening balance	**231,191**	**-**	**231,191**	**-**	**-**
Additions	-	-	-	231,191	231,191
Reallocation to assets held for distribution to the new parent	(231,191)	231,191	-	-	-
Total income	**-**	**231,191**	**231,191**	**231,191**	**231,191**
Accumulated amortisation					
Opening balance	(160)	-	**(160)**	-	-
Amortisation	(480)	-	**(480)**	(160)	(160)
Reallocation to assets held for distribution to the new parent	640	(640)	**-**	-	-
Closing balance	**-**	**(640)**	**(640)**	**(160)**	**(160)**
Net book value	**-**	**230,551**	**230,551**	**231,031**	**231,031**

The table below shows the total goodwill held by the Group:

Group	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Opening balance	**227,191**	**-**	**227,191**	**-**	**-**
Additions				227,191	227,191
Reallocation to assets held for distribution to the new parent	(227,191)	227,191	-	-	-
Net book value	**-**	**227,191**	**227,191**	**227,191**	**227,191**

The table below shows the total intangible assets held by the Group:

Group	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Opening balance	**4,000**	**-**	**4,000**	**-**	**-**
Additions	-	-	-	4,000	4,000
Reallocation to assets held for distribution to the new parent	(4,000)	4,000	-	-	-
Closing balance	**-**	**4,000**	**4,000**	**4,000**	**4,000**
Accumulated amortisation					
Opening balance	(160)	-	**(160)**	-	-
Amortisation	(480)	-	**(480)**	(160)	(160)
Reallocation to assets held for distribution to the new parent	640	(640)	**-**	-	-
Closing balance	**-**	**(640)**	**(640)**	**(160)**	**(160)**
Net book value	**-**	**3,360**	**3,360**	**3,840**	**3,840**

Goodwill

Goodwill is calculated as the consideration for an acquisition less the value of the assets acquired. The goodwill, shown in Note 4 above, relates to the acquisition of the Pollen Street Capital Holdings Limited.

As per the requirements of IAS 36 "impairment of assets", goodwill is tested for impairment annually. The goodwill recognised as part of the acquisition above is compared to a financial model used to estimate the value in use of Pollen Street Capital Holdings Limited. The value in use involves identifying the cashflows associated with the revenue streams of Pollen Steet Capital Holdings Limited and carrying out a forecast of future cashflows that are discounted back to their net present value based on discount rates obtained from relevant industry comparable information.

Goodwill was tested for impairment on 11 October 2023, the date that the Group considered that it was highly probable that the Distribution would take place and no impairment was identified. The cashflows have been forecast five years and three months into the future (2022: 3 years projections used), where the final year is assigned a terminal value. The value in use of goodwill was £296 million (31 December 2022: £300 million) which is £69 million (31 December 2022: £73 million) above the goodwill value of £227 million presented by the Group. The value in use model has a number of assumptions; the most significant assumptions are the future income projections that are based on Pollen Street Capital Holdings Limited's forecast profit after tax, the discount rate used of 12.4 per cent (31 December 2022: 11.3 per cent), and the long-term growth rate of 3.6 per cent (31 December 2022: 2.5 per cent).

The future cashflow projections are based on management's best estimate using historical performance and third-party data and applying assumptions to future potential funds.

The following table shows the sensitivity of the value in use to the key inputs as at 11 October 2023:

Group	Sensitivity applied	Increase rate £'000	Decrease rate £'000	Change at which VIU equates to carrying value of goodwill
Profit after tax	+/-50%	147,793	(147,793)	Decrease of 23%
Long-term growth rate	+/-100bps	30,622	(24,386)	Decrease of 350bps
Discount rate	+/-100bps	(33,945)	42,781	Increase of 230bps

The following table shows the sensitivity of the value in use to the key inputs as at 31 December 2022:

Group	Sensitivity applied	Increase rate £'000	Decrease rate £'000	Change at which VIU equates to carrying value of goodwill
Profit after tax	+/-10%	30,000	(30,000)	Decrease of 24%
Long-term growth rate	+/-50bps	16,790	(14,988)	Decrease of 305bps
Discount rate	+/-50bps	(16,820)	20,478	Increase of 250bps

Intangible assets

The intangible assets arose as part of the acquisition, and represents existing customer relationships of Pollen Street Capital Holdings Limited. The intangible assets have a finite life, which is estimated to be up to the end of 2028, and so the intangibles are amortised on a straight-line basis up to the end of 2028 and are included in Administration costs on the statement of comprehensive income. See Notes 2 and 4 for further information on intangible assets.

7. Operating Segments

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

The Asset Manager segment encompasses the activities of the Group that provide investment management and investment advisory services to a range of funds under management within Private Equity and Private Credit strategies. The primary revenue streams for the Asset Manager segment consist of management fees and performance fees or 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 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 Income on Net Investment Assets of the Investment Company segment represents the operating profit of the segment and is referred to as the Net Investment Income in the Strategic Report.

	For the year ended 31 December 2023			
Group	**Asset Manager £'000**	**Investment Company £'000**	**Central £'000**	**Group £'000**
Management fee income	34,332	-	(5,420)	28,912
Carried interest and performance fee income	14,831	-	(3,351)	11,480
Interest income on Credit Assets held at amortised cost	-	57,668	-	57,668
Gains through profit or loss on Investment Assets held at fair value	-	5,102	-	5,102
Total income	**49,163**	**62,770**	**(8,771)**	**103,162**
Credit impairment release	-	970	-	970
Third-party servicing costs	-	(2,374)	-	(2,374)
Net operating income	**49,163**	**61,366**	**(8,771)**	**101,758**
Administration costs	(33,006)	(10,833)	7,148	(36,691)
Finance costs	(230)	(20,360)	-	(20,590)
Operating profit	**15,927**	**30,173**	**(1,623)**	**44,477**
Depreciation	(927)	-	-	(927)
Amortisation	-	-	(480)	(480)
Profit before tax	**15,000**	**30,173**	**(2,103)**	**43,070**

Group	Asset Manager £'000	Investment Company £'000	Central £'000	Group £'000
	For the year ended 31 December 2022			
Management fee income	7,750	-	(1,538)	6,212
Carried interest and performance fee income	2,411	-	(833)	1,578
Interest income on Credit Assets held at amortised cost	-	51,986	-	51,986
Gains on Investment Assets held at fair value	-	3,909	-	3,909
Total income	**10,161**	**55,895**	**(2,371)**	**63,685**
Credit impairment release	-	206	-	206
Third-party servicing costs	-	(2,511)	-	(2,511)
Net operating income	**10,161**	**53,590**	**(2,371)**	**61,380**
Administration costs	(7,224)	(10,821)	(1,540)	(19,585)
Finance costs	-	(14,517)	-	(14,517)
Operating profit	**2,937**	**28,252**	**(3,911)**	**27,278**
Depreciation	(322)	-	-	(322)
Amortisation	-	-	(160)	(160)
Profit before tax	**2,615**	**28,252**	**(4,071)**	**26,796**

All of the Credit Assets at amortised cost were held within the Pollen Street Limited, Sting Funding Limited and Bud Funding Limited. The Investment Assets held at fair value through profit or loss as at 31 December 2023 were £88.2 million (31 December 2022: £64.5 million), of which £88.2 million (31 December 2022: £62.9 million) were held within the Pollen Street Limited, Sting Funding Limited and Bud Funding Limited, and no Investment Assets (31 December 2022: £1.7 million) were held within Pollen Street Capital Holdings Limited and its subsidiaries.

Income

Management fee income, represents all income in the form of management fees arising in the Asset Manager. Carried interest and performance fee income includes income earned by the Asset Manager that is in the form of a performance fee or the carried interest share from the funds under management. Interest income relates to income earned by the Investment Company on loans provided to third parties. Gains/(Losses) on Investment Assets held at fair value include revenue earned by the Group on its Investment Asset portfolio.

There was realised carried interest of £1.2 million (2022: nil) arising from two Separately Managed Accounts ("SMAs"). The remaining carried interest income was unrealised. The Gains on Investment assets at fair value includes both realised and unrealised income.

Expenses

Credit impairments relate to any charges (releases) on the assets held at amortised cost within the Investment Company. Administrative costs include employee expenses such as salaries, bonuses and any employee benefits costs incurred by the Asset Manager.

The following table shows the fees payable to the Company's auditor PricewaterhouseCoopers LLP ("PwC"):

Group	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Fees for the statutory audit of the Company and consolidated financial statements	624	595
Fees for the statutory audits of the subsidiaries	262	224
Audit related assurance services – historical financial information	855	-
Non-audit fees – comfort letter	55	-
Total	**1,796**	**819**

The audit related assurance services and non-audit fees were in relation to work performed by PwC as Reporting Accountants in relation to historical financial information of the Group for the six-month period ended 30 June 2023 and historical financial information for Pollen Street Capital Holdings Limited for the year ended 31 December 2022 that was required by legislation.

Central

The Central column consists primarily of the elimination of inter-segment fees, which are fees charged by the Asset Manager to the Investment Company, losses from the US operations of Pollen Street Capital Holdings Limited, exceptional costs and the amortisation of intangibles acquired as part of the business combination.

Geographical analysis

The Group and Company had the following geographical exposures of its Credit Assets at amortised cost and Investment Assets held at fair value through profit or loss in GBP equivalent:

Group	As at 31 December 2023 £'000	As at 31 December 2022 £'000
UK	429,761	524,181
Europe	102,949	42,961
USA	-	21,241
Total	**532,710**	**588,383**

Company	As at 31 December 2023 £'000	As at 31 December 2022 £'000
UK	429,761	522,528
Europe	102,949	42,961
USA	-	21,241
Total	**532,710**	**586,730**

The majority of revenue was obtained in the UK. For the year ended 31 December 2023, the Group earned revenues from US and European investment assets of GBP equivalent 10.4 million (For the year ended 31 December 2022: GBP equivalent 3.8 million).

8. Employees

The following tables show the average monthly number of employees and the Directors during the year. For the prior year, the average includes the four Non-Executive Directors of Pollen Street Limited for the entire period and the addition of two executive Directors from 30 September 2022 alongside the Pollen Street Capital Holdings Limited staff from 30 September 2022, being the completion date of the acquisition that occurred in the prior year.

Group	For the year ended 31 December 2023 Average number of staff	For the year ended 31 December 2022 Average number of staff
Directors	7	5
Employees (the average for the respective period)	82	78
Total	**89**	**83**

Company	For the year ended 31 December 2023 Number of staff	For the year ended 31 December 2022 Number of staff
Directors	7	5
Total	**7**	**5**

There were no employees in the Company through-out the year (31 December 2022: nil) and the Com-pany had 7 Directors as at 31 December 2023 (31 December 2022: 7). The Group had a total of 84 employees as at 31 December 2023 (2022: 78). The following table shows the total staff costs incurred during the year. This includes the Group's five Non-Executive Directors of Pollen Street Limited. The total number of employees and Directors as at 31 December 2023 was 91 (31 December 2022: 85).

Group	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Wages and salaries	23,534	5,638
Social security costs	3,719	932
Defined contribution pension cost	148	24
Total	**27,401**	**6,594**

Wages and salaries include the expense recognised in relation to awards under the Group's deferred bonus plan.

9. 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 both Equity Assets and Credit Assets.

	For the year ended 31 December 2023			For the year ended 31 December 2022		
Group	**Equity Assets £'000**	**Credit Assets £'000**	**Total £'000**	**Equity Assets £'000**	**Credit Assets £'000**	**Total £'000**
Opening balance	16,449	48,057	**64,506**	15,659	33,111	**48,770**
Additions at cost	10,390	33,837	**44,227**	790	13,008	**13,798**
Realisations at cost	-	(22,935)	**(22,935)**	-	(1,033)	**(1,033)**
Gains through profit or loss	-	5,659	**5,659**	-	3,762	**3,762**
Realised gains through profit or loss	-	(2,747)	**(2,747)**	-	(1,958)	**(1,958)**
Foreign exchange revaluation	-	(490)	**(490)**	-	1,167	**1,167**
Closing balance	**26,839**	**61,381**	**88,220**	**16,449**	**48,057**	**64,506**
Comprising:						
Valued using an earnings multiple	1,566	11,090	**12,656**	1,559	10,457	**12,016**
Valued using a TNAV multiple	25,273	50,291	**75,564**	14,890	37,600	**52,490**
Closing balance	**26,839**	**61,381**	**88,220**	**16,449**	**48,057**	**64,506**

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

	For the year ended 31 December 2023			For the year ended 31 December 2022		
Company	**Equity Assets £'000**	**Credit Assets £'000**	**Total £'000**	**Equity Assets £'000**	**Credit Assets £'000**	**Total £'000**
Opening balance	15,659	47,194	**62,853**	15,659	33,111	**48,770**
Additions at cost	11,180	34,700	**45,880**	-	12,145	**12,145**
Realisations at cost	-	(22,935)	**(22,935)**	-	(1,033)	**(1,033)**
Gains through profit or loss	-	5,659	**5,659**	-	3,762	**3,762**
Realised gains through profit or loss	-	(2,747)	**(2,747)**	-	(1,958)	**(1,958)**
Unrealised Foreign exchange revaluation	-	(490)	**(490)**	-	1,167	**1,167**
Closing balance	**26,839**	**61,381**	**88,220**	**15,659**	**47,194**	**62,853**
Comprising:						
Valued using an earnings multiple	1,566	11,090	**12,656**	1,359	10,457	**11,816**
Valued using a TNAV multiple	25,273	50,291	**75,564**	14,300	36,737	**51,037**
Closing balance	**26,839**	**61,381**	**88,220**	**15,659**	**47,194**	**62,853**

Gains through profit or loss are presented in the 'Gains on Investment Assets held at fair value through profit or loss' in the consolidated statement of comprehensive income.

The Group and Company Credit Assets at fair value through profit and loss include investments made into three Private Credit funds that are also managed or advised by the Group: PSC Credit III (A) SCSp and (B) SCSp, PSC Credit (T) SCSp, one of the European Separately Managed Accounts ("SMAs"), and PSC US Badger LLC, one of the US SMAs. As at 31 December 2023, the Group held 12% of Credit III (31 December 2022: 7.5%), 1% of PSC Credit (T) SCSp (As at 31 December 2022: 1%) and 0% of PSC US Badger LLC (31 December 2022: 49%) as PSC US Badger LLC was wound down during the year. As at 31 December 2023, the undrawn commitment for the investment into flagship Credit III was £4.7 million (31 December 2022: £11.9 million), £0.8 million (31 December 2022: £0.8 million) for the investment in PSC Credit (T) SCSp and £0 million for the investment in PSC US Badger LLC (31 December 2022: £6.8 million). As at 31 December 2023, the Company holds the investments in Credit III and PSC Credit (T) SCSP (31 December 2022: the investment in PSC Credit (T) SCSp was held by a subsidiary of the Group).

The Group and Company Equity Assets at fair value through profit and 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 31 December 2023, the Group held 2% of PSC Accelerator II (A) LP's total commitments (31 December 2022: nil) and had drawn amounts of £10.4 million and undrawn commitments in PSC Accelerator II (A) of £10.5 million (31 December 2022: nil) and had 5% of the total commitments in PSC V (A) LP with no amounts drawn (31 December

2022: nil) and an undrawn commitment in PSC V (A) LP of £20 million (31 December 2022: nil).

The Asset Manager does not double charge fees in relation to these assets. The costs incurred by these funds are not included in the costs reported by the Group.

b) Fair value classification of total Investment Assets

The Group Investment Assets at fair value through profit or loss are classified as level 3 assets with a value as at 31 December 2023 of £88.2 million (31 December 2022: £64.5 million). The Company Investment Assets at fair value through profit or loss are classified as level 3 assets with a value on 31 December 2023 of £88.2 million (31 December 2022: £62.9 million). There were no movements for the Group and Company (2022: no movements) between the fair value hierarchies during the year.

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

The investments are in Equity Assets and Credit Assets, both of which are valued using different techniques, including recent transactions and recent rounds of funding by the investee entities and a market approach. Sensitivity to the quantitative information regarding the unobservable inputs for the Group and Company's Level 3 positions as at 31 December 2023 and 31 December 2022 is given below:

Valuation technique	Sensitivity applied	For the year ended 31 December 2023 £'000 Impact of sensitivity	For the year ended 31 December 2022 £'000 Impact of sensitivity
Earnings multiple	Earnings multiple changed by 1x	2,956	2,998
TNAV	TNAV changed by 10%	5,243	3,974

The earnings multiple used was between 1.5x and 11.3x (2022: 5.3x and 12.7x).

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

For the Group as at 31 December 2023:

Group	As Presented	Fair Value			
		Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'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 income	**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)**

For the Company as at 31 December 2023:

Company	As Presented	Fair Value			
		Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets					
Investments at amortised cost	444,490	-	-	475,484	475,484
Receivables	4,775	-	4,775	-	4,775
Cash and cash equivalents	14,402	14,402	-	-	14,402
Total assets	**463,667**	**14,402**	**4,775**	**475,484**	**494,661**
Liabilities					
Payable	(4,185)	-	(4,185)	-	(4,185)
Deemed Loan	(63,526)	-	(63,526)	-	(63,526)
Interest-bearing borrowings	(145,194)	-	(145,194)	-	(145,194)
Total liabilities	**(212,905)**	**-**	**(212,905)**	**-**	**(212,905)**

For the Group as at 31 December 2022:

Group	As Presented	Fair Value			
		Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets					
Investments at amortised cost	523,877	-	-	557,180	557,180
Receivables	12,870	-	12,870	-	12,870
Cash and cash equivalents	23,303	23,303	-	-	23,303
Total assets	**560,050**	**23,303**	**12,870**	**557,180**	**593,353**
Liabilities					
Payable	(19,221)	-	(19,221)	-	(19,221)
Interest-bearing borrowings	(263,633)	-	(263,633)	-	(263,633)
Total liabilities	**(282,854)**	**-**	**(282,854)**	**-**	**(282,854)**

For the Company as at 31 December 2022:

Company	As Presented	Fair Value			
		Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets					
Investments at amortised cost	523,877	-	-	557,180	557,180
Receivables	3,831	-	3,831	-	3,831
Cash and cash equivalents	18,229	18,229	-	-	18,229
Total assets	**545,937**	**18,229**	**3,831**	**557,180**	**579,240**
Liabilities:					
Payable	(5,174)	-	(5,174)	-	(5,174)
Deemed Loan	(93,036)	-	(93,036)	-	(93,036)
Interest-bearing borrowings	(169,367)	-	(169,367)	-	(169,367)
Total liabilities	**(267,577)**	**-**	**(267,577)**	**-**	**(267,577)**

Note 12 provides further details of the loans at amortised cost held by the Group and Company.

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

10. Carried Interest

On 11 October 2023, the Group classified the carried interest as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

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 31 December 2023			As at 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Carried interest at fair value	-	15,967	15,967	6,495	6,495
Carried interest receivable	-	1,365	1,365	557	557
Closing balance	**-**	**17,332**	**17,332**	**7,052**	**7,052**

The Company did not hold any carried interest during the year (31 December 2022: nil).

CARRIED INTEREST ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Movements during the year

Group	As at 31 December 2023			As at 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Opening balance	6,495	-	6,495	-	-
Additions at cost	-	-	-	5,459	5,459
Gains through profit or loss	10,672	-	10,672	1,036	1,036
Realised proceeds	(1,200)	-	(1,200)	-	-
Reallocation to assets held for distribution to the new parent	(15,967)	15,967	-	-	-
Closing balance	**-**	**15,967**	**15,967**	**6,495**	**6,495**

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 31 December 2023 of £16.0 million (31 December 2022: £6.5 million). There were no movements between the fair value hierarchies during the year (for the year ended 31 December 2022: 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:

		As at 31 December 2023		As at 31 December 2022	
Valuation Parameter	Sensitivity applied	Increase £'000	Decrease £'000	Increase £'000	Decrease £'000
Fund NAV	+/- 10%	4,450	(4,349)	2,995	(1,899)
Option volatility	+/- 10%	1,302	(716)	816	(569)
Option time to maturity	+/- 1 Year	1,532	(1,714)	867	(998)
Option risk free rate	+/- 1%	477	(475)	238	(235)

CARRIED INTEREST RECEIVABLE

Movements in the year

Group	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations	Analysis of items for Distribution	Total	Continuing Operations	Total
	£'000	£'000	£'000	£'000	£'000
Opening balance	557	-	557	-	-
Additions at cost	-	-	-	557	557
Gains through profit or loss	808	-	808	-	-
Reallocation to assets held for distribution to the new parent	(1,365)	1,365	-		
Closing balance	**-**	**1,365**	**1,365**	**557**	**557**

11. Interest Bearing Borrowings

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

Group	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Current liabilities		
Credit facility	132,493	60,379
Interest and commitment fees payable	437	415
Prepaid interest and commitment fees	(192)	(196)
Total current liabilities	**132,738**	**60,598**
Non-Current liabilities		
Credit facility	78,026	204,234
Prepaid interest and commitment fees	-	(1,199)
Total non-current liabilities	**78,026**	**203,035**
Total interest-bearing borrowings	**210,764**	**263,633**

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

Company	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Current liabilities		
Credit facility	70,088	30,000
Interest and commitment fees payable	194	141
Prepaid interest and commitment fees	-	-
Total current liabilities	**70,282**	**30,141**
Non-current liabilities		
Credit facility	74,912	140,000
Prepaid interest and commitment fees	-	(774)
Total non-current liabilities	**74,912**	**139,226**
Total interest-bearing borrowings	**145,194**	**169,367**

As at 31 December 2023, the Group and Company's main debt facility was £170 million provided by Goldman Sachs, being a £140 million term loan (31 December 2022: £140 million) and £30 million revolving credit facility (31 December 2022: £30 million). As at 31 December 2023, the term loan was fully drawn, and the revolving credit facility was £5 million drawn (31 December 2022: both were fully drawn). This main debt facility is charged interest at SONIA plus a margin and matures in September 2025.

As at 31 December 2023, the Group held an amortising term loan with an outstanding principal balance of £54.9 million (31 December 2022: £76.6 million) provided by National Westminster bank secured against a structured SME facility. The debt facility charges SONIA plus a margin and is an amortising term loan with the full £82 million drawn on day one. The facility matures in October 2024.

As at 31 December 2023, the Group held an amortising term loan with an outstanding principal balance of £7.5 million (31 December 2022: £18.0 million) provided by Duomo Funding plc secured against a structured SME facility. The debt facility charges SONIA plus a margin and is an amortising term loan with the full £35 million drawn on day one. The facility has a 49-year term.

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

Group	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Interest and commitment fees charged during the year	19,141	12,920
Other finance charges	1,219	1,597
Total finance costs	**20,360**	**14,517**

The table below shows the related debt costs incurred by the Company during the year:

Company	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Interest and commitment fees payable	13,529	9,813
Other finance charges	886	1,137
Total finance costs	**14,415**	**10,950**

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

Group	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Opening balance	263,633	267,657
Drawdown of interest-bearing borrowings	37,000	76,925
Repayments of interest-bearing borrowings	(91,094)	(82,291)
Finance costs	20,360	14,517
Interest paid on financing activities	(19,135)	(13,175)
Closing balance	**210,764**	**263,633**

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

Company	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Opening balance	169,367	183,182
Drawdown of interest-bearing borrowings	37,000	35,000
Repayments of interest-bearing borrowings	(62,000)	(50,000)
Finance costs	14,415	10,950
Interest paid on financing activities	(13,588)	(9,765)
Closing balance	**145,194**	**169,367**

The tables below analyses the Group's financial liabilities into relevant maturity groupings:

	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**

The tables below analyses the Group's financial liabilities into relevant maturity groupings:

Group	< 1 year £'000	1 – 5 years £'000	More than 5 years £'000	Total £'000
	As at 31 December 2022			
Credit facility	61,356	196,351	7,882	265,589
Interest and commitment fees payable	271	(2,069)	(158)	(1,956)
Total exposure	**61,627**	**194,282**	**7,724**	**263,633**

The tables below analyses the Company's financial liabilities into relevant maturity groupings:

Company	< 1 year £'000	1 – 5 years £'000	More than 5 years £'000	Total £'000
	As at 31 December 2023			
Credit facility	70,088	74,912	-	145,000
Interest and commitment fees payable	194	-	-	194
Total exposure	**70,282**	**74,912**	**-**	**145,194**

The tables below analyses the Company's financial liabilities into relevant maturity groupings:

Company	< 1 year £'000	1 – 5 years £'000	More than 5 years £'000	Total £'000
	As at 31 December 2022			
Credit facility	30,000	140,000	-	170,000
Interest and commitment fees payable	141	(774)	-	(633)
Total exposure	**30,141**	**139,226**	**-**	**169,367**

12. Credit Assets at Amortised Cost

(a) Credit Assets at amortised cost

The disclosure below presents the gross carrying value of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for Expected Credit Loss ("ECL") provision. See Notes 2 and 3 for more detail on the allowance for ECL.

The following table analyses loans by staging for both the Group and Company:

	As at 31 December 2023			As at 31 December 2022		
Group and Company	Gross Carrying Amount £'000	Allowance for ECL £'000	Net Carrying Amount £'000	Gross Carrying Amount £'000	Allowance for ECL £'000	Net Carrying Amount £'000
Credit Assets at amortised cost						
Stage 1	411,491	(693)	410,798	512,030	(1,013)	511,017
Stage 2	21,527	(576)	20,951	6,878	(678)	6,200
Stage 3	19,783	(7,042)	12,741	14,250	(7,590)	6,660
Total Assets	**452,801**	**(8,311)**	**444,490**	**533,158**	**(9,281)**	**523,877**

The fair value of collateral accepted as security for the stage 2 and stage 3 credit assets at amortised cost as at 31 December 2023 was £64.3 million (31 December 2022: £41.7 million).

The following table analyses ECL by staging for both the Group and Company:

	For the year ended 31 December 2023			
Group and Company	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
Opening balance	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)
Closing balance	**693**	**576**	**7,042**	**8,311**

	For the year ended 31 December 2022			
Group and Company	**Stage1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
Opening balance	952	946	8,888	10,786
Movement from stage 1 to stage 2	(2)	197	-	195
Movement from stage 1 to stage 3	(9)	-	359	350
Movement from stage 2 to stage 1	1	(242)	-	(241)
Movement from stage 2 to stage 3	-	(171)	314	143
Movement from stage 3 to stage 1	-	-	(260)	(260)
Movement from stage 3 to stage 2	-	87	(190)	(103)
Decreases due to repayments	(167)	(69)	(419)	(655)
Increases due to origination	20	-	-	20
Remeasurements due to modelling	281	(6)	71	346
Loans sold	(63)	(63)	(77)	(203)
Loans written off	-	(1)	(1,096)	(1,097)
Closing balance	**1,013**	**678**	**7,590**	**9,281**

(b) Expected Credit Loss allowance for IFRS 9
Under the expected credit loss model ("ECL") introduced by IFRS 9 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:

Group and Company	**For the year ended 31 December 2023 £'000**	**For the year ended 31 December 2022 £'000**
Opening balance	9,281	10,786
Release for year – Stage 1	(300)	(108)
Release for year – Stage 2	(21)	(23)
Release for year – Stage 3	(649)	(75)
Release for year – total	**(970)**	**(206)**
Loans sold & write-offs	-	(1,299)
Allowance for ECL	**8,311**	**9,281**

Measurement uncertainty and sensitivity analysis of ECL
The recognition and measurement of ECL is highly complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9.

The Group has adopted the use of three economic scenarios, representative of Oxford Economics view of forecast economic conditions, sufficient to calculate unbiased ECL. They represent a "most likely outcome" (the Base scenario) and two, less likely, outer scenarios, referred to as the "Upside" and "Downside" scenarios.

The ECL recognised in these financial statements reflects the effect on expected credit losses of a range of possible outcomes, calculated on a probability-weighted basis, based on the economic scenarios described in Note 3, including management overlays where required. The probability-weighted amount is typically a higher number than would result from using only the Base (most likely) economic scenario. ECLs typically have a non-linear relationship to the many factors which influence credit losses, such that more favourable macroeconomic factors do not reduce defaults as much as less favourable macroeconomic factors increase defaults. The ECL calculated for each of the scenarios represent a range of possible outcomes that have been evaluated to estimate ECL. As a result, the ECL calculated for the Upside and Downside scenarios should not be taken to represent the upper and lower limits of possible actual ECL outcomes. There is a high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100 per cent weight. A wider range of possible ECL outcomes reflects uncertainty about the distribution of economic conditions and does not necessarily mean that credit risk on the associated loans is higher than for loans where the distribution of possible future economic conditions is narrower.

For Stage 3 impaired loans, LGD estimates consider independent recovery valuations provided by external valuers where available, or internal forecasts corresponding to anticipated economic conditions.

Analysis shows that the ECL would have been £0.6 million higher, as at 31 December 2023 (31 December 2022: £0.7 million higher), if the weighting of the scenarios are changed to allocate a 100 per cent weight to the downside scenario. The sensitivity of the ECL has been further analysed by assessing the impact of £10.0 million of portfolio Credit Assets at amortised cost moving from Stage 1 to Stage 2 based on the ECL coverage of the loan book at the reporting date. The analysis shows that the ECL would have been £0.25 million higher (31 December 2022: £1.1 million higher) under this sensitivity as the provision coverage increases from Stage 1 to Stage 2.

(c) Disposals of Credit Assets at amortised cost
The Group and Company did not dispose of any assets for the year ended 31 December 2023 (for the year ended 31 December 2022: £43.8 million) and so no profit or loss was recorded during the year (for the year ended 31 December 2022: £2.1 million profit).

13. Corporation Tax

The tax charge for the year was £2.7 million (for the year ended 31 December 2022: £0.4 million). The Company incurred no tax during 2023 (for the year ended 2022: nil).

Factors affecting taxation charge for the year
The taxation charge for the year is lower than the standard rate of UK corporation tax of 25 per cent from 1 April 2023 (up to 31 March 2023: 19 per cent). A reconciliation of the taxation charge from 1 January 2023 to 31 December 2023 is based on the standard rate of UK corporation tax to the actual taxation charge is shown below.

	For the year ended 31 December 2023		
Group	**Continuing Operations £'000**	**Analysis of items for Distribution £'000**	**Total £'000**
Profit before taxation	38,941	4,129	43,070
Profit before taxation multiplied by the blended rate of UK Corporation tax (23.52%)	9,159	971	10,130
Effects of:			
Overseas dividends not chargeable to UK corporation tax	(306)	-	(306)
Interest distributions paid	(7,549)	-	(7,549)
Capital items exempt from corporation tax	(845)	-	(845)
Deferred tax movements not recognised	-	1,716	1,716
Movement in excess management expenses	(459)	-	(459)
Disallowed expenses	-	115	115
Prior year adjustments	-	(246)	(246)
Changes in tax rate for deferred tax	-	127	127
Fixed asset difference	-	4	4
Other income not taxable	-	(23)	(23)
Total tax charge in income statement	**-**	**2,664**	**2,664**

A reconciliation of the taxation charge from 1 January 2022 to 31 December 2022 is based on the standard rate of UK corporation tax to the actual taxation charge is shown below.

	For the year ended 31 December 2022			
Group	**Revenue (Continuing operations) £'000**	**Revenue (For distri-bution) £'000**	**Capital (Continuing operations) £'000**	**Total £'000**
Profit before taxation	28,370	(1,457)	(117)	26,796
Profit before taxation multiplied by the standard rate of UK corporation tax of 19.00%	5,390	(277)	(22)	5,091
Effects of:				
Capital items exempt from tax	(343)	-	-	(343)
Income distributions received not taxable	(372)	-	-	(372)
Disallowed expenses	-	710	-	710
Movement in excess management expenses	982	2	22	1,006
Interest distributions paid	(5,657)	-	-	(5,657)
Total tax charge in income statement	**-**	**435**	**-**	**435**

No corporation tax arose for the Company for continuing operations or assets held for distribution to the parent during the year ended 31 December 2023 and 31 December 2022. The corporation tax that arose during the year ended 31 December 2023 and 31 December 2022 was in relation to Pollen Street Capital Holdings Limited and its subsidiaries.

The revenue and capital reserves were combined into retained earnings in 2023 as described in Note 27.

The following table shows the deferred tax for the year:

Group	**For the year ended 31 December 2023 £'000**	**For the year ended 31 December 2022 £'000**
Opening balance	(94)	-
Prior year adjustment	(26)	-
Credit/(charge) to profit or loss	(2,508)	(94)
Closing balance	**(2,628)**	**(94)**

There was no withholding tax payable by the Group or Company at 31 December 2023 (31 December 2022: £nil) due to the changes made in the 2017 Finance Act whereby all interest distributions will be paid gross of tax, therefore withholding tax is retained by the Company and paid directly to HMRC. The deferred tax asset for the Group as at 31 December 2023 was £0.5 million (31 December 2022: Deferred tax liability £(0.09) million).

14. Earnings Per Share

Group and Company	**For the year ended 31 December 2023**			**For the year ended 31 December 2022**		
	Continuing Operations	**Analysis of items for Distribution**	**Total**	**Continuing Operations**	**Analysis of items for Distribution**	**Total**
Basic and diluted earnings per share (pence)	60.6 pence	2.3 pence	62.9 pence	72.2 pence	(10.0) pence	62.1 pence

The calculation for the year ended 31 December 2023 is based on profit after tax of £40.4 million (2022: £26.4 million) and a weighted average number of ordinary shares of 64,209,597 for the year ended 31 December 2023 (2022: 42,444,118).

15. Fixed Assets

On 11 October 2023, the Group classified the fixed assets within Pollen Street Capital Holdings Limited and its subsidiaries as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

The table below sets out the movement in Fixed Assets for the Group for continuing operations and for assets held for distribution to the new parent.

Group	**For the year ended 31 December 2023**			**For the year ended 31 December 2022**	
Cost	**Continuing Operations £'000**	**Analysis of items for Distribution £'000**	**Total £'000**	**Continuing Operations £'000**	**Total £'000**
Opening balance	1,470	-	1,470	-	-
Additions	137	-	137	1,470	1,470
Reallocation to assets held for distribution to the new parent	(1,607)	1,607	-	-	-
Closing balance	**-**	**1,607**	**1,607**	**1,470**	**1,470**
Accumulated depreciation					
Opening balance	(56)	-	(56)	-	-
Depreciation charge	(207)	-	(207)	(56)	(56)
Reallocation to assets held for distribution to the new parent	263	(263)	-	-	-
Closing balance	**-**	**(263)**	**(263)**	**(56)**	**(56)**
Net book value	**-**	**1,344**	**1,344**	**1,414**	**1,414**

The Group's fixed assets comprise of fixtures and fittings, office equipment and electric vehicles.
The Company does not have any fixed assets (31 December 2022: nil).

16. 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. One lease matured during the year ended 31 December 2023. The total cash outflow during the year in relation to leases was £1.4 million (31 December 2022: £0.3 million).

On 11 October 2023, the Group classified its leases as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

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

Group – Lease assets	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Cost					
Opening balance	5,042	-	5,042	-	-
Additions	-	-	-	5,042	5,042
Lease maturity	(169)	-	(169)	-	-
Reallocation to assets held for distribution to the new parent	(4,873)	4,873	-	-	-
Closing balance	**-**	**4,873**	**4,873**	**5,042**	**5,042**
Accumulated depreciation					
Opening balance	(266)	-	(266)	-	-
Depreciation expense	(720)	-	(720)	(266)	(266)
Lease maturity	169	-	169		
Reallocation to assets held for distribution to the new parent	817	(817)	-	-	-
Closing balance	**-**	**(817)**	**(817)**	**(266)**	**(266)**
Net book value	**-**	**4,056**	**4,056**	**4,776**	**4,776**

The table below shows the provision for restoration costs on lease contracts which has been recognised as part of the lease assets acquired:

Group – Lease provision	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Opening balance	99	-	99	-	-
Arising during the year	-	-	-	98	98
Unwinding of discount	1	-	1	1	1
Lease maturity	(18)	-	(18)		
Reallocation to assets held for distribution to the new parent	(82)	82	-	-	-
Closing balance	**-**	**82**	**82**	**99**	**99**

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

Group – Lease liabilities	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Opening balance	5,268	-	5,268	-	-
Additions	-	-	-	5,521	5,521
Accretion of interest	170	-	170	71	71
Payments	(896)	-	(896)	(324)	(324)
Reallocation to assets held for distribution to the new parent	(4,542)	4,542	-	-	-
Accretion of interest	-	59	59	-	-
Payments	-	(449)	(449)	-	-
Closing balance	**-**	**4,152**	**4,152**	**5,268**	**5,268**

The table below shows the lease liabilities by maturity:

Group – Lease liabilities	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Cost					
Current	-	4,152	4,152	1,201	1,201
Non-current	-	-	-	4,067	4,067
Closing balance	**-**	**4,152**	**4,152**	**5,268**	**5,268**

The following are the amounts recognised in the comprehensive income statement:

Group – Amounts recognised in profit or loss	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Depreciation expense lease assets	-	720	720	266	266
Finance costs	-	230	230	71	71
Total amount recognised in profit or loss during the year	**-**	**950**	**950**	**337**	**337**

Group – Finance costs	For the year ended 31 December 2023			For the year ended 31 December 2022	
	Continuing Operations £'000	Analysis of items for Distribution £'000	Total £'000	Continuing Operations £'000	Total £'000
Lease liability interest	-	229	229	70	70
Unwinding of discount (on restoration provision)	-	1	1	1	1
Total finance costs	**-**	**230**	**230**	**71**	**71**

The incremental borrowing rate ("IBR") has been estimated based on what the lessee would have to pay to borrow over a similar term as the leases at origination of the lease. The rate of the IBR is in line with the interest margin payable on the Group's debt facilities. If the IBR had been 1 per cent higher or lower, the impact on the lease liabilities would be as follows:

Group	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Lease assets		
Increase IBR by 1%	(210)	(243)
Decrease IBR by 1%	226	261
Lease liabilities		
Increase IBR by 1%	(110)	(156)
Decrease IBR by 1%	114	162

The Company has no lease assets or lease liabilities (2022: nil).

17. Receivables

On 11 October 2023, the Group classified the receivables arising within Pollen Street Capital Holdings Limited and its subsidiaries as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

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

	For the year ended 31 December 2023			For the year ended 31 December 2022	
Group	**Continuing Operations £'000**	**Analysis of items for Distribution £'000**	**Total £'000**	**Continuing Operations £'000**	**Total £'000**
Management fees and performance fees	-	6,496	6,496	1,956	1,956
Amounts due from debtors	394	4,161	4,555	1,659	1,659
Prepayments and other receivables	3,609	3,282	6,891	9,255	9,255
Closing balance	**4,003**	**13,939**	**17,942**	**12,870**	**12,870**

The receivables balance in the assets held for distribution to the new parent includes £6.5 million (31 December 2022: nil) of receivables from funds managed by the Group.

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

	For the year ended 31 December 2023			For the year ended 31 December 2022	
Company	**Continuing Operations £'000**	**Analysis of items for Distribution £'000**	**Total £'000**	**Continuing Operations £'000**	**Total £'000**
Amounts due from debtors	1,166	-	1,166	767	767
Prepayments and other receivables	3,609	-	3,609	3,064	3,064
Closing balance	**4,775**	**-**	**4,775**	**3,831**	**3,831**

The prepayments and other receivables balance for the Group and Company includes prepaid amounts of £1.4 million (31 December 2022: nil) in relation to the Scheme described in Note 1.

The above receivables do not carry any interest and are short term in nature. The Group considers that the carrying values of these receivables approximate their fair value. There were no impairments on receivables recorded during the year (31 December 2022: nil).

18. Payables

On 11 October 2023, the Group classified the payables arising within Pollen Street Capital Holdings Limited and its subsidiaries as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

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

Group	As at 31 December 2023			As at 31 December 2022	
	Continuing Operations £'000	**Analysis of items for Distribution £'000**	**Total £'000**	**Continuing Operations £'000**	**Total £'000**
Staff salaries and bonuses	-	12,935	12,935	12,377	12,377
Audit fee accruals	552	507	1,059	863	863
Deferred income	-	22	22	964	964
Other payables	1,015	4,118	5,133	5,017	5,017
Closing balance	**1,567**	**17,582**	**19,149**	**19,221**	**19,221**

The table below sets out a breakdown of the Company payables:

Company	As at 31 December 2023			As at 31 December 2022	
	Continuing Operations £'000	**Analysis of items for Distribution £'000**	**Total £'000**	**Continuing Operations £'000**	**Total £'000**
Staff salaries and bonuses	-	-	-	25	25
Audit fee accruals	552	-	552	584	584
Other payables	3,630	-	3,630	4,565	4,565
Closing balance	**4,182**	**-**	**4,182**	**5,174**	**5,174**

The payables in Company include an amount due to Pollen Street Capital Holdings Limited of £3.9 million (31 December 2022: £3.4 million).

19. Ordinary Dividends

The following table shows the dividends in relation to or paid during the year ended 31 December 2023 and the year ended 31 December 2022.

Dividend	Payment Date	Amount per Share (pence per share)	Total £'000
Interim dividend for the period to 31 December 2021	25 March 2022	20.00p	7,052
Interim dividend for the period to 31 March 2022	24 June 2022	20.00p	6,990
Interim dividend for the period to 30 June 2022	30 September 2022	20.00p	6,947
Interim dividend for the period to 30 September 2022	23 December 2022	16.00p	7,916
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

The following table shows the total dividends in relation to the year and the total dividends paid during the year.

Dividend	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Total dividend paid during the year	31,664	28,905
Total dividend in relation to the year	32,095	29,769

Former shareholders of Pollen Street Capital Holdings Limited, who received ordinary shares as consideration as part of the Combination, waived ordinary dividends paid to them in both 2022 and 2023 on approximately 50.0 per cent of such consideration shares, pursuant to the terms of the Combination. As a result, the interim dividends for the period to 30 September 2022, 31 December 2022, 31 March 2023, 30 June 2023 and 30 September 2023 were paid on 49,473,264 ordinary shares. The interim dividend for the period to 31 December 2023 was paid on 64,209,597 ordinary shares. Further information is available in the prospectus dated 26 September 2022, which is available on the Group's website.

20. Derivative Liabilities Held at Fair Value Through Profit or Loss

On 11 October 2023, the Group classified the derivatives arising within Pollen Street Capital Holdings Limited and its subsidiaries as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

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

Group	For the year ended 31 December 2023		For the year ended 31 December 2022	
	EUR £'000	USD £'000	EUR £'000	USD £'000
Opening notional balance	45,560	19,683	6,040	8,759
Reallocation to held for distribution	(1,155)	-	-	-
Movement in notional value	(1,418)	(323)	39,520	10,924
Closing notional balance	**42,987**	**19,360**	**45,560**	**19,683**

Company	For the year ended 31 December 2023		For the year ended 31 December 2022	
	EUR £'000	USD £'000	EUR £'000	USD £'000
Opening notional balance	40,956	19,683	1,674	8,759
Movement in notional value	2,031	(323)	39,282	10,924
Closing notional balance	**42,987**	**19,360**	**40,956**	**19,683**

The table below presents the movement in the undiscounted notional values of the foreign exchange forward contracts for the Group for assets held for distribution to the new parent:

Group	For the year ended 31 December 2023	For the year ended 31 December 2022
	EUR £'000	EUR £'000
Opening notional balance	-	-
Reallocation to assets held for distribution to the new parent	1,155	-
Movement in notional value	10,449	-
Closing notional balance	**11,604**	**-**

The Company did not have any derivatives held for distribution to the new parent (2022: nil).

The table below presents the movement in the mark-to-market value of the foreign exchange forward contracts for the Group and Company for continuing operations:

Group and Company	For the year ended 31 December 2023			For the year ended 31 December 2022		
	EUR £'000	USD £'000	Total £'000	EUR £'000	USD £'000	Total £'000
Opening balance	(839)	(77)	(916)	113	(221)	(108)
Fair value movement	648	89	737	(952)	144	(808)
Closing balance	**(191)**	**12**	**(179)**	**(839)**	**(77)**	**(916)**

There were no movements in the mark-to-market value of the foreign exchange forward contracts for the Group and Company for assets held for distribution to the new parent. The mark-to-market value is presented in the Derivative liabilities held at fair value through profit or loss line on the statement of financial position.

The fair value for the forward contracts is based on the forward rate curves for the respective currencies. The maturity date for derivatives that were held as at 31 December 2023 for the continuing operations and for derivatives held for distribution to the new parent was less than one year (31 December 2022: less than one year).

Fair value classification of derivatives

The Group and Company derivatives for continuing operations are classified as level 2 in the fair value hierarchy with a GBP equivalent value on 31 December 2023 of £(0.2) million (31 December 2022: £(0.9) million). There were no movements between the fair value hierarchies during the year. The derivatives are valued using market forward rates and are contracts with a third party and so they are not traded on an exchange.

The Group and Company derivatives for asset held for distribution to the new parent are classified as level 2 in the fair value hierarchy with a GBP equivalent value on 31 December 2023 of nil (31 December 2022: nil). There were no movements between the fair value hierarchies during the year. The derivatives are valued using market forward rates and are contracts with a third party and so they are not traded on an exchange.

21. Investment in Subsidiaries

Investments in consolidated entities

The consolidated financial statements of the Group include the following subsidiaries:

Name	Country of incorporation	Class of shares	Holding	Activity
Avant Credit of UK, LLC	USA	Ordinary	100%	Lending company
Bud Funding Limited	UK	Ordinary	100%	SPV
Financial Services Infrastructure Limited	UK	Ordinary	100%	Dormant
Honeycomb Finance Limited	UK	Ordinary	100%	Lending company
Juniper Lending Fund GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
Pollen Street Capital (US) Holdings LLC	USA	Ordinary	100%	Holding company
Pollen Street Capital (US) LLC	USA	Ordinary	100%	Investment management services
Pollen Street Capital Holdings Limited	Guernsey	Ordinary	100%	Holding company
Pollen Street Capital Limited	UK	Ordinary	100%	Investment management services
Pollen Street Capital Partners Limited	UK	Ordinary	100%	Holding company
PollenUp Limited	UK	Ordinary	100%	Dormant
PSC 3 Funding Limited	UK	Ordinary	100%	Dormant
PSC Accelerator GP Limited	Guernsey	Ordinary	100%	General partner
PSC Accelerator Nominee Limited	Guernsey	Ordinary	100%	Nominee
PSC Accelerator II GP Limited	Guernsey	Ordinary	100%	General partner
PSC Accelerator II GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Accelerator I (C) GP Limited	Guernsey	Ordinary	100%	General partner
PSC Accelerator Nominee II Limited	Guernsey	Ordinary	100%	Nominee
PSC Group Carry GP Limited	Guernsey	Ordinary	100%	General partner
PSC Credit (OE) I GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Credit (P) GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Credit (T) GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Credit Holdings LLP	UK	Capital contribution	100%	Investment management services
PSC Credit III GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Credit IV GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Credit Limited	Cayman	Ordinary	100%	Holding company

Name	Country of incorporation	Class of shares	Hold-ing	Activity
PSC Digital Limited	UK	Ordinary	100%	Holding company
PSC III Carry GP Limited	UK	Ordinary	100%	General partner
PSC III G GP Limited	Guernsey	Ordinary	100%	General partner
PSC III GP Limited	UK	Ordinary	100%	General partner
PSC Income Fund I GP LLC	USA	Ordinary	100%	General partner
PSC Investments (Q) GP Limited	UK	Ordinary	100%	General partner
PSC IV GP Limited	Guernsey	Ordinary	100%	General partner
PSC IV GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Marlin GP Limited	Guernsey	Ordinary	100%	General partner
PSC Nominee 1 Limited	UK	Ordinary	100%	Dormant
PSC Nominee 3 Limited	UK	Ordinary	100%	Dormant
PSC Nominee 4 Limited	Guernsey	Ordinary	100%	Nominee
PSC Plane GP (Guernsey) Limited	Guernsey	Ordinary	100%	General partner
PSC Saturn G GP Limited	Guernsey	Ordinary	100%	General partner
PSC Service Company Limited	UK	Ordinary	100%	Service company
PSC SPV I GP LLC	USA	Ordinary	100%	General partner
PSC US Credit GP MM LLC	USA	Ordinary	100%	General partner
PSC V GP Limited	Guernsey	Ordinary	100%	General partner
PSC V GP S.a.r.l	Luxembourg	Ordinary	100%	General partner
PSC Nominee 5 Limited	Guernsey	Ordinary	100%	Nominee
PSC Saturn G GP Limited	Guernsey	Ordinary	100%	General partner
Saturn GP Limited	UK	Ordinary	100%	General partner
SOF Annex Nominees Limited	UK	Ordinary	100%	Dormant
SOF General Partner (Guernsey) Limited	Guernsey	Ordinary	100%	General partner
SOF General Partner (Scotland) II Limited	UK	Ordinary	100%	General partner
SOF General Partner (UK) Limited	UK	Ordinary	100%	General partner
Special Opportunities Fund General Partner (Cayman) Ltd	Cayman	Ordinary	100%	General partner
Sting Funding Limited	UK	Ordinary	100%	SPV

All shares held in the Group's subsidiaries represent ordinary shares except otherwise stated.

Investments in unconsolidated structured entities

The Group has interests in a number of entities who act as general partner to a number of funds structured as limited partnerships. The limited partnerships are not treated as subsidiary undertakings of the Group because the rights of the general partners are exercised on behalf of other investors in the limited partnerships and, being fiduciary in nature, are not considered to result in power over the relevant activities of the limited partnerships. As such, the Group is considered an agent.

The list of such limited partnerships in which the Group has an interest at 31 December 2023 are:

Partnership	Jurisdiction
Juniper Lending Fund SCSp	Luxembourg
PSC Accelerator Carry LP	Guernsey
PSC Accelerator LP	Guernsey
PSC Accelerator II (A) LP	Guernsey
PSC Accelerator II (B) SCSp	Luxembourg
PSC Accelerator II (C) LP	Guernsey
PSC Accelerator II Carry LP	Guernsey
PSC Credit (OE) I SCSp	Luxembourg
PSC Credit (P) SCSp	Luxembourg
PSC Credit (T) SCSp	Luxembourg
PSC Credit (T) Carry SCSp	Luxembourg
PSC Credit III (A) SCSp	Luxembourg
PSC Credit III (B) SCSp	Luxembourg
PSC Credit III Carry SCSp	Luxembourg
PSC Credit IV (A) SCSp	Luxembourg
PSC Credit IV (B) SCSp	Luxembourg
PSC Credit IV Carry SCSp	Luxembourg
PSC Glebe LP	Guernsey
PSC III Carry LP	UK
PSC III G, LP	Guernsey
PSC III LP	UK
PSC III Pooling LP	UK
PSC Investments (C) LP	Guernsey
PSC Investments (Q) LP	UK

Partnership	Jurisdiction
PSC Investments B LP	UK
PSC Investments LP	UK
Special Opportunities Fund F LP	UK
PSC IV (C) SCSp	Luxembourg
PSC IV Carry, LP	Guernsey
PSC IV Partners LP	Guernsey
PSC IV, LP	Guernsey
PSC Marlin LP	Guernsey
PSC Neptune LP	Guernsey
PSC Plane (Guernsey) LP Incorporated	Guernsey
PSC Plane Carry LP	Guernsey
PSC US Badger LLC	Delaware
PSC US Buckeye LLC	Delaware
PSC US Wolverine LLC	Delaware
PSC V (A) LP	Guernsey
PSC V (B) SCSp	Luxembourg
PSC V Carry LP	Guernsey
PSC Venus LP	Guernsey
PSCM Carry LP	Guernsey
PSCM Pooling LP	Guernsey
SOF Carry LP	Guernsey
Special Opportunities Fund (Guernsey) LP	Guernsey
Special Opportunities Fund A LP	UK

Partnership	Jurisdiction
Special Opportunities Fund B LP	UK
Special Opportunities Fund C LP	UK
Special Opportunities Fund D LP	UK
Special Opportunities Fund Employee LP	Cayman

Partnership	Jurisdiction
Special Opportunities Fund G LP	UK
Special Opportunities Fund J LP	UK
Special Opportunities Fund S1 LP	UK
Special Opportunities Fund S2 LP	UK

The maximum exposure to loss for investments in unconsolidated limited partnerships is the carrying amount of any investments in limited partnerships and loss of future fees. As at 31 December 2023, the carrying amount was £75.1 million (31 December 2022: £26.9 million).

Associates

The Group accounts for investments in funds or carried interest partnerships that give the Group significant influence, but not control, through participation in the financial and operating policy decisions, as associates at fair value through profit or loss. Information about the Group's investments in associates measured at fair value is shown below.

The table below shows the investment fund that is accounted for as an associate by the Group. The investment fund is classified within Investment Assets at Fair Value Through Profit or Loss in the Group's Statement of Financial Position.

PSC US Badger LLC	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Investment at fair value	-	29,376
Other assets	-	977
Liabilities	-	(103)
Net Asset Value	**-**	**30,250**
Country of incorporation	**USA**	**USA**
Activity	**Private credit**	**Private credit**
Group's interest in the associate	**49%**	**49%**

PSC US Badger LLC realised its assets and returned the proceeds to its investors during 2023. The profit for the year ended 31 December 2023 was £1.3 million (for the year ended 31 December 2022: £2.8 million).

The table below shows the carried interest partnerships that are accounted for as associates by the Group. The carried interest partnerships appear as part of Carried interest in the Group's Statement of Financial Position.

	As at 31 December 2023						
Associates	**PSC V Carry LP £'000**	**PSC Accel-erator II Carry LP £'000**	**PSC IV Carry LP £'000**	**PSC Accel-erator Carry LP £'000**	**PSC Credit III Carry SCSp £'000**	**PSC US Wolver-ine LLC £'000**	**PSC Credit (T) SCSp £'000**
Net Assets Value	-	-	53,828	9,749	4,672	-	852
Country of incorporation	Guernsey	Guernsey	Guernsey	Guernsey	Luxem-bourg	USA	Luxem-bourg
Group's interest in the associate	25%	25%	25%	25%	25%	25%	25%

	As at 31 December 2022				
Associates	**PSC IV Carry LP £'000**	**PSC Accelerator Carry LP £'000**	**PSC Credit III Carry SCSp £'000**	**PSC US Wolverine LLC £'000**	**PSC Credit (T) SCSp £'000**
Carried interest receivable	22,012	1,184	1,229	648	355
Country of incorporation	Guernsey	Guernsey	Luxembourg	USA	Luxembourg
Group's interest in the associate	25%	25%	28%	25%	28%

22. Financial Risk Management

This Note details the management of financial risk and includes quantitative data on specific financial risks.

The Group has a comprehensive risk management framework that includes risk appetite statements, risk policies, procedures, a committee oversight structure, a risk register, risk reporting, monitoring and risk controls. Further details can be found in the Risk Management section on pages 53 to 61. The Board maintains oversight of this framework through the Board Risk Committee.

The most significant financial risks that the Group is exposed to are credit risk, market risk, capital management and liquidity risk. Market risk includes interest rate risk, foreign currency risk and price risk. Capital management includes the risk of there being insufficient capital, including insufficient capital of a particular type.

CREDIT RISK

Credit risk is the risk of loss arising from failure of a counterparty to pay the amounts that they are contractually due to pay. The Group is exposed to credit risk principally through the Investment Company.

The Investment Committee approves all investment decisions, and all investments are subject to extensive due diligence prior to approval. The performance of each investment is monitored by the Investment Committee by way of regular reviews of the investment and any collateral. Sector and asset class concentrations across the investment portfolio are closely monitored and controlled, with mitigating actions taken where appropriate.

Credit risk is mitigated through first loss protection, where the Group is senior to equity in the partner and where the Group benefits from underlying collateral, as well as diversification across the wide range of platforms that makes up its portfolio.

Credit risk is analysed further in Note 23.

MARKET RISK

In addition to the underlying trading performance of the Group's investment portfolio, the fair value or future cash flows of a financial instrument held by the Group may fluctuate because of changes in market prices. Market risk can be summarised as comprising three types of risk:

- **Interest rate risk –** the risk of loss arising from changes in market interest rates;
- **Currency risk –** the risk of loss arising from changes in foreign exchange rates; and
- **Price risk –** the risk of loss arising from changes in other market rates.

The Group's exposure, sensitivity to and management of each of these risks is described in further detail below. Management of market risk is fundamental to the Group's investment objective. The investment portfolio is continually monitored to ensure an appropriate balance of risk and reward.

a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group invests in Credit Assets which may be subject to a fixed rate of interest, or a floating rate of interest (which may be linked to base rates or other benchmarks). The Group's borrowings are subject to a floating rate of interest.

The Group intends to manage the mismatch it has in respect of the income generated by its Credit Assets, on the one hand, with the liabilities in respect of its borrowings, on the other hand, by matching any floating rate borrowings with investments in Credit Assets that are also subject to a floating rate of interest. To the extent that the Group is unable to match its funding in this way, it may use derivative instruments, including interest rate swaps, to reduce its exposure to fluctuations in interest rates, however some unmatched risk may remain. The Group has not used any interest rate derivative instruments in the current or prior year.

Exposure of the Group's and Company's financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are reset) and fixed interest rates (giving fair value risk) is shown below:

Group	As at 31 December 2023			As at 31 December 2022		
	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000
Credit Assets at amortised cost						
Credit Assets at amortised cost	266,965	177,525	444,490	282,847	241,030	523,877
Cash and cash equivalents	19,746	-	19,746	23,303	-	23,303
Interest-bearing borrowings	(210,764)	-	(210,764)	(263,633)	-	(263,633)
Total fixed and floating rate exposure	**75,947**	**177,525**	**253,472**	**42,517**	**241,030**	**283,547**

Company	As at 31 December 2023			As at 31 December 2022		
	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000
Credit Assets at amortised cost						
Credit Assets at amortised cost	266,965	177,525	444,490	282,847	241,030	523,877
Cash and cash equivalents	14,402	-	14,402	18,229	-	18,229
Interest-bearing borrowings	(145,194)	-	(145,194)	(169,367)	-	(169,367)
Deemed loan	(63,526)	-	(63,526)	(93,036)	-	(93,036)
Total fixed and floating rate exposure	**72,647**	**177,525**	**250,172**	**38,673**	**241,030**	**279,703**

A 1 per cent change in interest rates impacts Group income on the assets with a floating rate by £2.7 million for year to 31 December 2023 (for the year ended 31 December 2022: £2.8 million). For the year ended 31 December 2023, a 1 per cent change in interest rates impacts the debt expense on the floating rate liabilities by £2.1 million (for the year ended 31 December 2022: £2.6 million).

EFFECT OF IBOR

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other inter-bank offered rates ("IBORs") became a priority for global regulators. The Group's risk exposure that is directly affected by the interest rate benchmark reform predominantly comprises its portfolio of GBP Credit Assets that are measured at amortised cost, which as at the 31 December 2023 had an outstanding principal of nil (31 December 2022: £24.8 million) and liabilities of nil (31 December 2022: £nil).

For the GBP LIBOR reforms, the FCA decided to no longer compel panel banks to participate in the GBP LIBOR submission process after the end of 2021. The Group is now using the SONIA reference rates to measure the variable elements of its Credit Assets and obligations. GBP LIBOR was a "term rate", which means that it was published for a borrowing period, such as three months or six months, and was forward-looking, because it was published at the beginning of the borrowing period. SONIA is a backward-looking rate, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which SONIA currently does not. To transition existing contracts and agreements that reference GBP LIBOR to SONIA, adjustments for term differences and credit differences need to be applied to SONIA, to enable the two benchmark rates to be economically equivalent on transition.

As at 31 December 2023, the following table shows the Group and Company's assets that reference synthetic GBP LIBOR, which is a temporary bridging benchmark to aid the smooth transaction of contracts to SONIA:

	Carrying Value/Nominal Amount at:	
Group	As at 31 December 2023 Assets £'000	As at 31 December 2022 Assets £'000
Credit Assets at amortised cost	-	24,818
Total exposure	**-**	**24,818**

b) Currency risk

Currency risk arises from foreign currency assets and liabilities. The Group uses economic hedges to hedge currency exposure between the Pound Sterling and other currencies using foreign exchange contracts.

The Group monitors the fluctuations in foreign currency exchange rates and uses forward foreign exchange contracts to hedge the currency exposure of the Group's non-GBP denominated investments. The Group re-examines the currency exposure on a regular basis in each currency and manages the Group's currency exposure in accordance with market expectations. The Group did not designate any derivatives as hedges for accounting purposes as described under IAS 39 or IFRS 9 during the current or prior year and records its derivative activities on a fair value basis.

The Group's and Company's foreign exchange exposures are summarised in the tables below:

	As at 31 December 2023		As at 31 December 2022	
Group	**EUR £'000**	**USD £'000**	**EUR £'000**	**USD £'000**
Credit Assets at amortised cost				
Credit Assets at amortised cost	42,062	-	47,681	4,656
Investment Assets at fair value	1,828	16,006	-	17,982
Cash and cash equivalents	1,350	1,592	882	3,057
Total assets	**45,240**	**17,598**	**48,563**	**25,695**
Payables	-	-	(1,945)	-
Total liabilities	**-**	**-**	**(1,945)**	**-**
Net assets	**45,240**	**17,598**	**46,618**	**25,695**
Derivatives notional	(54,591)	(19,360)	(52,325)	(23,860)
Net exposure	**(9,351)**	**(1,762)**	**(5,707)**	**1,835**

	As at 31 December 2023		As at 31 December 2022	
Company	**EUR £'000**	**USD £'000**	**EUR £'000**	**USD £'000**
Credit Assets at amortised cost				
Credit Assets at amortised cost	42,062	-	47,681	4,656
Investment Assets at fair value	1,461	16,006	-	17,982
Cash and cash equivalents	1,159	1,592	882	3,057
Total assets	**44,682**	**17,598**	**48,563**	**25,695**
Net assets	**44,682**	**17,598**	**48,563**	**25,695**
Derivatives notional	(42,987)	(19,360)	(47,125)	(23,860)
Net exposure	**1,695**	**(1,762)**	**1,438**	**1,835**

If the GBP exchange rate increased by 10 percent against the above currencies, the impact on Group profit for the year ended 31 December 2023 would be £(0.96) million (for the year ended 31 December 2022: £0.57 million) and there is no change for the Company (for the year ended 31 December 2022: £0.08 million).

If the GBP exchange rate increased by 10 percent against the above currencies, there would be no impact on the profit of the continuing operations for the year ended 31 December 2023 (for the year ended 31 December 2022: £0.57 million) and the impact on the assets held for distribution to the new parent would be £(0.96) million (for the year ended 31 December 2022: nil).

c) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Group and market prices of its investments. This risk applies to financial instruments held by the Group, including Equity Assets, Credit Assets and derivatives. Sensitivity analysis on the Equity Assets is included in Note 9.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group and its subsidiaries have sufficient capital and the optimum combination of debt and equity. The Group also manages its capital position to ensure compliance with capital requirements imposed by the Financial Conduct Authority ("FCA") on certain subsidiaries within the Group.

The Group monitors capital using a ratio of debt to equity. Debt is calculated as total interest-bearing borrowings (as shown in the Consolidated Statement of Financial Position). The Group's net debt to tangible equity ratio was 54 per cent as at 31 December 2023 (31 December 2022: 69 per cent). It is less than the borrowing limit of 100 per cent set by the Board.

The Company held a minimum share capital of £50,000 throughout the year. The Company was no longer required to meet this after it had converted to a private company, which occurred on 14 February 2024.

During the year the Group was fully compliant with regulatory capital requirements and the covenants on its debt facilities.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to meet its obligations in respect of financial liabilities as they fall due.

The Group manages its liquid resources to ensure sufficient cash is available to meet its expected contractual commitments both under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. It monitors the level of short-term funding and balances the need for access to short-term funding, with the long-term funding needs of the Group.

The Group has the power, under its Articles of Association, to take out both short and long-term borrowings subject to a maximum value of 100 per cent of its share capital and reserves.

As at 31 December 2023 the Group had committed debt facilities totalling £235.4 million (31 December 2022: £264.6 million) with maturity dates ranging from October 2024 to December 2071. The facilities include a term and revolving facility secured on a range of assets.

As at 31 December 2023 the Group and Company had a committed debt facility totalling £170.0 million (31 December 2022: £170.0 million) with a maturity date of 4 September 2025. This facility includes a term and revolving facility secured on a range of assets. The facility starts amortising from 4 September 2024. The Group also has a £54.9 million amortising facility that matures 30 October 2024. The facility is structured as run-off financing in that the debt will paydown over the term of the facility. The Group also has a £10.6 million (31 December 2022: £18.0 million) amortising term loan with a 48-year term. Further details of the Company's and Group's debt facilities are in note 11.

The Group utilises its treasury system data such as live cash balance, debt balances and upcoming payment obligations in order to monitor liquidity on an ongoing basis.

The tables below show the cash flows of the Group's and Company's financial assets and liabilities on an undiscounted basis by contractual maturity:

	As at 31 December 2023				
Group	**<3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**5+ years £'000**	**Total £'000**
Credit Assets at amortised cost	72,218	103,751	239,781	24,729	440,479
Investment Assets at fair value through profit or loss	-	13,137	62,751	12,332	88,220
Receivables	5,569	9,922	2,451	-	17,942
Cash and cash equivalents	19,747	-	-	-	19,747
Total assets	**97,534**	**126,810**	**304,983**	**37,061**	**566,388**
Liabilities					
Payables	(14,042)	(3,314)	(1,793)	-	(19,149)
Interest-bearing borrowings	(2,052)	(130,686)	(74,912)	(3,114)	(210,764)
Total liabilities	**(16,094)**	**(134,000)**	**(76,705)**	**(3,114)**	**(229,913)**

	As at 31 December 2022				
Group	**<3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**5+ years £'000**	**Total £'000**
Credit Assets at amortised cost	-	126,504	380,426	26,231	533,161
Investment Assets at fair value through profit or loss	-	-	14,760	49,746	64,506
Receivables	7,601	2,481	2,788	-	12,870
Cash and cash equivalents	23,303	-	-	-	23,303
Total assets	**30,904**	**128,985**	**397,974**	**75,977**	**633,840**
Liabilities					
Payables	(15,073)	(1,684)	(2,464)	-	(19,221)
Interest-bearing borrowings	-	(30,000)	(216,563)	(18,050)	(264,613)
Total liabilities	**(15,073)**	**(31,684)**	**(219,027)**	**(18,050)**	**(283,834)**

	As at 31 December 2023				
Company	**<3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**5+ years £'000**	**Total £'000**
Credit Assets at amortised cost	72,218	103,751	239,781	24,729	440,479
Investment Assets at fair value through profit or loss	-	13,137	62,751	12,332	88,220
Receivables	1,162	3,613	-	-	4,775
Cash and cash equivalents	14,402	-	-	-	14,402
Total assets	**87,782**	**120,501**	**302,532**	**37,061**	**547,876**
Liabilities					
Payables	(4,182)	-	-	-	(4,182)
Interest-bearing borrowings	-	(70,282)	(74,912)	-	(145,194)
Deemed loan	-	(60,412)	-	(3,114)	(63,526)
Total liabilities	**(4,182)**	**(130,694)**	**(74,912)**	**(3,114)**	**(212,902)**

	As at 31 December 2022				
Company	**<3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**5+ years £'000**	**Total £'000**
Credit Assets at amortised cost	-	126,504	380,426	26,231	533,161
Investment Assets at fair value through profit or loss	-	-	13,897	48,956	62,853
Receivables	3,831	-	-	-	3,831
Cash and cash equivalents	18,229	-	-	-	18,229
Total assets	**22,060**	**126,504**	**394,323**	**75,187**	**618,074**
Liabilities					
Payables	(5,174)	-	-	-	(5,174)
Interest-bearing borrowings	-	(30,000)	(140,000)	-	(170,000)
Deemed loan	1,229	-	(76,563)	(18,050)	(93,384)
Total liabilities	**(3,945)**	**(30,000)**	**(216,563)**	**(18,050)**	**(268,558)**

23. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's credit risks arise principally through exposures to loans originated or acquired by the Group and cash deposited with banks, both of which are subject to risk of borrower default.

The Group establishes and adheres to stringent underwriting criteria. The Group invests in a granular portfolio of assets, diversified at the underlying borrower level, with each loan being subject to a maximum single loan exposure limit. This helps mitigate credit concentrations in relation to an individual customer, a borrower group or a collection of related borrowers.

The credit quality of loans is assessed through evaluation of various factors, including credit scores, payment data, collateral available from the borrower and other information.

The Group further mitigates its exposure to credit risk through structuring facilities whereby the facilities are secured on a granular pool of performing loans and structured so that the borrower provides the first loss, and the Group finances the senior risk.

Further risk is mitigated in the property sector as the Group takes collateral in the form of property to mitigate the credit risk arising from residential mortgage lending and commercial real estate.

Set out below is the analysis of the gross closing balances of the Group and Company's Credit Assets at amortised cost split by the credit risk band that each loan is assigned to at inception:

	As at 31 December 2023		
Group and Company	**Unsecured £'000**	**Secured £'000**	**Total £'000**
A & B	68	452,733	452,801
C, D & E	-	-	-
Total	**68**	**452,733**	**452,801**

	As at 31 December 2022		
Group and Company	**Unsecured £'000**	**Secured £'000**	**Total £'000**
A & B	21,444	511,715	533,158
C, D & E	-	-	-
Total	**21,444**	**511,715**	**533,158**

Each credit risk band is defined below:

Credit Risk Band	Definition
A	Highest quality with minimal indicators of credit risk
B	High quality, with minor adverse indicators
C	Medium-grade, moderate credit risk, may have some adverse credit risk indicators
D/E	Elevated credit risk, adverse indicators (e.g. lower borrowing ability, credit history, existing debt)

24. Cash and Cash Equivalents

On 11 October 2023, the Group classified the cash and cash equivalent arising within Pollen Street Capital Holdings Limited and its subsidiaries as assets held for distribution to the new parent. See Notes 1, 2 and 5 for further information.

Cash and cash equivalents consist of cash at bank and in hand.

	As at 31 December 2023			As at 31 December 2022	
	Continuing Operations £'000	**For Distribution £'000**	**Total £'000**	**Continuing Operations £'000**	**Total £'000**
Group cash at bank	18,550	1,196	19,746	23,303	23,303
Company cash at bank	14,402	-	14,402	18,229	18,229

Cash and cash equivalents comprise cash at bank including restricted cash that is held in reserve as part of the Group's borrowing arrangements. The Group's cash balances are generally held in call accounts with funds available on a same day basis and earn interest at the corresponding short-term interest rates.

The amount held in reserve for the continuing operations as at 31 December 2023 was £3.4 million (31 December 2022: £2.4 million). No amounts were held in reserve for assets held for distribution to the new parent (31 December 2022: nil).

25. Deemed Loan

The Company has two deemed loans as at 31 December 2023 (31 December 2022: two). Deemed loans only relate to the Company as they relate to loans originated by the Company and subsequently sold to a special purpose entity. The table below shows the deemed loans:

Company	**For the year ended 31 December 2023 £'000**	**For the year ended 31 December 2022 £'000**
Opening balance	93,036	82,326
Novations/(Redemptions)	(29,510)	10,710
Closing balance	**63,526**	**93,036**

26. Ordinary Share Capital

The table below details the issued share capital of the Company. On 8 December 2023, the Company cancelled its treasury shares. There were no other movements in share issuances by the Company in the year ended 31 December 2023.

For the year ended 31 December 2022, the Company issued 29,472,663 of shares on 30 September 2022 with a total value of £235,781,304, which was valued at the market price of £8.00 per share using the closing share price as at 29 September 2022 being the date on which the terms of the issue were fixed. The nominal value of £0.01 per share totalled £294,727 and was recognised in ordinary share capital. The remaining value of the shares of £235,486,577 was recognised in Merger Reserves. The costs associated with the issuance of shares of £10,216,400 were presented in merger reserves in the Statement of Financial Position and Statement of Changes in Shareholders' Funds.

No. Issued, allotted and fully paid ordinary shares of £0.01 each	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Opening number of shares	64,209,597	35,259,741
Shares issued during the year	-	29,472,663
Number of shares bought back	-	(522,807)
Closing number of shares	**64,209,597**	**64,209,597**

	Shares in issue at 1 January 2023	**Cancellation of treasury shares**	**Shares in issue at 31 December 2023**
Ordinary shares	64,209,597	-	64,209,597
Treasury shares	4,712,985	(4,712,985)	-

	Shares in issue at 1 January 2022	**Shares issued during the year**	**Buyback of Ordinary Shares**	**Shares in issue at 31 December 2022**
Ordinary shares	35,259,741	29,472,663	(522,807)	64,209,597
Treasury shares	4,190,178	-	522,807	4,712,985

The nominal value of ordinary shares as at 31 December 2023 was £0.6 million (31 December 2023: £0.6 million).

27. Other Reserves

On 21 March 2016, the Company cancelled it share premium account, following shareholder and court approval. Accordingly, £98.1 million, previously held in the share premium account, was transferred to the Special Distributable Reserve in 2015. On 21 November 2023, the Company cancelled its share premium account again, following shareholder and court approval. Accordingly, £299.6 million, previously held in the share premium account, was transferred to the Special Distributable Reserve in 2023. As at 31 December 2023 the special distributable reserve balance was £351.6 million (31 December 2022: £52.0 million).

Following completion of the Scheme, the Company is no longer subject to the Association of Investment Company requirements to show the Revenue and Capital reserves. As such, the two reserves were reallocated to a newly created retained earnings reserve on 31 December 2023. As at 31 December 2023, the Group had a retained earnings reserve balance of £8.6 million and the Company had a retained earnings reserve balance of £0.3 million.

Merger Reserves include the additional reserves accounted for as part of the acquisition that occurred during 2022. The Merger Reserve also includes the costs associated with the issuance of shares.

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

28. Net Asset Value Per Ordinary Share

The following table shows the net asset value per ordinary share:

Group	As at 31 December 2023	As at 31 December 2022
Net asset value per ordinary share pence	912.4	899.5p
Net assets attributable £'000	585,828	577,539

Company	As at 31 December 2023	As at 31 December 2022
Net asset value per ordinary share pence	899.9	902.2p
Net assets attributable £'000	577,833	579,324

The Group net asset value per ordinary share as at 31 December 2023 is based on net assets at the year-end of £585.8 million (31 December 2022: £577.5 million) and ordinary shares of 64,209,597 (31 December 2022: 64,209,597) in issue at the year-end. The Company net asset value per ordinary share as at 31 December 2023 is based on net assets at the year-end of £577.8 million (31 December 2022: £579.3 million) and ordinary shares of 64,209,597 (31 December 2022: 64,209,597) in issue at the year-end.

29. Contingent Liabilities and Capital Commitments

As at 31 December 2023 there were no contingent liabilities or capital commitments for the Group or Company (31 December 2022: none). As at 31 December 2023 the Group and Company had £6.3 million (31 December 2022: £88.9 million) of undrawn committed structured credit facilities and undrawn commitments in relation to secured real estate loans of £35.6 million (31 December 2022: £99.1 million).

The Group and Company Credit Assets at fair value through profit and loss include investments made into three Private Credit funds that are also managed or advised by the Group: PSC Credit III (A) SCSp and (B) SCSp, PSC Credit (T) SCSp, one of the European Separately Managed Accounts ("SMAs"), and PSC US Badger LLC, one of the US SMAs. As at 31 December 2023, the Group held 12% of Credit III (31 December 2022: 7.5%), 1% of PSC Credit (T) SCSp (As at 31 December 2022: 1%) and 0% of PSC US Badger LLC (31 December 2022: 49%) as PSC US Badger LLC was wound down during the year. As at 31 December 2023, the undrawn commitment for the investment into flagship Credit III was £4.7 million (31 December 2022: £11.9 million), £0.8 million (31 December 2022: £0.8 million) for the investment in PSC Credit (T) SCSp and £0 million for the investment in PSC US Badger LLC (31 December 2022: £6.8 million). As at 31 December 2023, the Company holds the investments in Credit III and PSC Credit (T) SCSP (31 December 2022: the investment in PSC Credit (T) SCSp was held by a subsidiary of the Group).

The Group and Company Equity Assets at fair value through profit and 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 31 December 2023, the Group held 2% of PSC Accelerator II (A) LP's total commitments (31 December 2022: nil) and had drawn amounts of £10.4 million and undrawn commitments in PSC Accelerator II (A) of £10.5 million (31 December 2022: nil) and had 5% of the total commitments in PSC V (A) LP with no amounts drawn (31 December 2022: nil) and an undrawn commitment in PSC V (A) LP of £20 million (31 December 2022: nil).

30. 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 remuneration of the Directors is set out in the Directors' Remuneration Report on pages 94 to 96. There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was interested and which are or were significant in relation to the Company's business other than as set out in the Regulatory Disclosures section of the Directors' Report. There were no other transactions during the year with the Directors of the Company.

For the period from 1 January 2022 to 30 September 2022 the Company paid £9.1 million of fees to Pollen Street Capital Limited. Pollen Street Capital Limited became a subsidiary of the Group following the acquisition of Pollen Street Capital Holdings Limited by the Company on 30 September 2022, as such, these transactions were no longer considered to be related party transactions.

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

The Group has a forward facility in place with Oplo Group Limited, a consumer lender that is controlled by funds managed by the Group. As at 31 December 2023 the facility had an outstanding balance of £6.2 million (31 December 2022: £8.2 million) included in Credit Assets at amortised cost in Note 12.

During the year, the Group made an investment of £9.0 million in Saturn Holdings Limited which is a wholly owned subsidiary of a Private Equity fund managed by the Group.

During the year, the Company made commitments to PSC Accelerator II (A) LP of £20.9 million and PSC V (A) LP of £20 million which are both funds management by the Group.

During the year, the Company 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 a portfolio company owned by a private equity fund that is managed by the Group. The derivatives exposure with Lumon is disclosed in Note 20.

As at 31 December 2023, there was £3.9 million (31 December 2022: £3.4 million) payable to the Investment Manager by the Company.

During the year, the Company cancelled all 4,712,985 treasury shares. There were no purchases of own shares during the year.

31. Ultimate Controlling Party

It is the opinion of the Directors that there is no ultimate controlling party throughout 2023 and up to 24 January 2024. As of 24 January 2024, Pollen Street Group Limited became the immediate parent and ultimate controlling party of Pollen Street Limited.

32. Subsequent Events

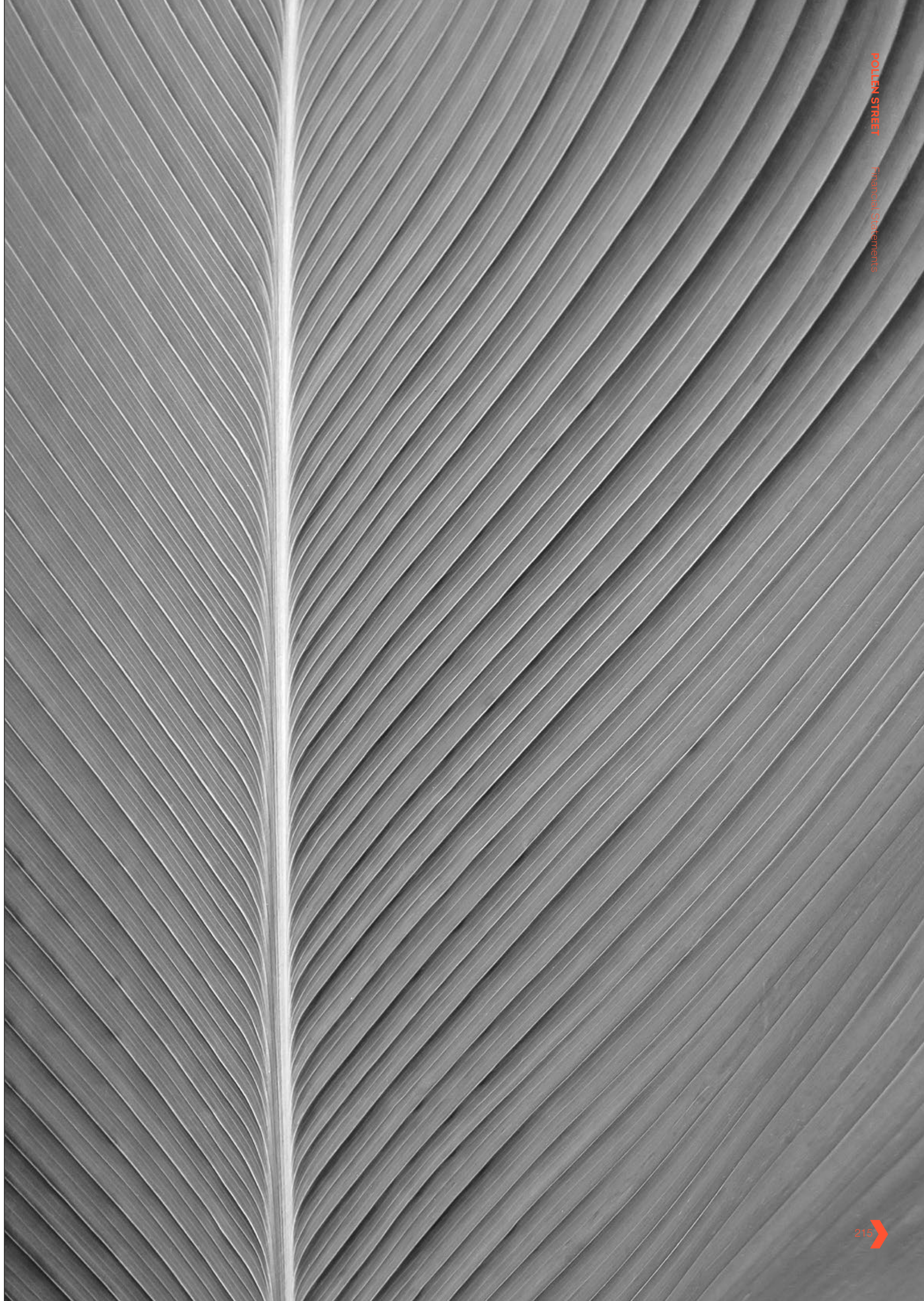
On 9 January 2024, a dividend of 13.0 pence per ordinary share was approved and duly paid on 1 March 2024.

On 24 January 2024, the Group completed the Scheme that effectively transitioned the listing category of the Company's shares to that of a commercial company and introduced Pollen Street Group Limited as the new parent of the Group.

On 14 February 2024, the Company re-registered as a private company, changed its name from Pollen Street plc to Pollen Street Limited; and completed the Distribution of the entire issued share capital of Pollen Street Capital Holdings Limited to Pollen Street Group Limited. The distribution included 64,209,597 shares with a distribution value of £247.0 million.

As a result of the Reorganisation, the Company ceased to be classified as an investment trust and ceased to be classified as an AIF.

Further information on the Scheme and the Distribution is provided in Note 1 to the Financial Statements.



04. SHAREHOLDERS' INFORMATION

DIRECTORS, ADVISERS & SERVICE PROVIDERS

DIRECTORS

Robert Sharpe

Lindsey McMurray

Jim Coyle

Gustavo Cardenas

Julian Dale

Joanne Lake

Richard Rowney

all at the registered office below

REGISTERED OFFICE

11-12 Hanover Square,
London,
United Kingdom,
W1S 1JJ

WEBSITE

www.pollenstreetgroup.com

SHARE IDENTIFIERS[10]

ISIN: GG00BMHG0H12

Sedol: BMHG0H1

Ticker: POLN

FINANCIAL ADVISERS AND BROKERS

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5H
England

Investec Bank plc
30 Gresham Street
London EC2V 7QP
England

REGISTRAR

Computershare Investor Services PLC
The Pavilions, Bridgewater Road
Bristol BS99 6ZZ
England

COMPANY SECRETARY

Link Company Matters Limited
6th Floor
65 Gresham Street
London EC2V 7NQ
England

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Website

The Company's website can be found at www.pollenstreetgroup.com. The site provides visitors with Company information and literature downloads.

The Company's profile is also available on third-party sites such as www.trustnet.com and www.morningstar.co.uk.

Annual and half-yearly reports

Copies of the annual and half–yearly reports may be obtained from the Company Secretary by calling 020 7954 9552 or by visiting www.pollenstreetgroup.com.

Share prices and Net Asset Value information

The Group's ordinary shares of 1p each are quoted on the London Stock Exchange[11]:

- SEDOL number: BMHG0H1
- ISIN number: GG00BMHG0H12
- EPIC code: POLN

The codes above may be required to access trading information relating to the Company on the internet.

Electronic communications with the Company

The Group's Consolidated Annual Report & audited financial statements, half-yearly reports and other formal communications are available on the Company's website. To reduce costs the Company's half-yearly financial statements are not posted to shareholders but are instead made available on the Company's website.

Whistleblowing

The Company has established a whistleblowing policy. The Audit Committee reviews the whistleblowing procedures of the Group to ensure that the concerns of their staff may be raised in a confidential manner.

Warning to shareholders – share fraud scams

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

How to avoid share fraud

- Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares
- Do not get into a conversation, note the name of the person and firm contacting you and then end the call
- Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details
- Use the firm's contact details listed on the Register if you want to call it back
- Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice before you hand over any money
- Remember: if it sounds too good to be true, it probably is!

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000.

Report a scam

If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

[10] *The share identifiers relate to the shares issued by the new Guernsey incorporated holding company, Pollen Street Group Limited following the Scheme on 24 January 2024. See Note 1 for further information.*

05.
DEFINITIONS AND RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES

DEFINITIONS

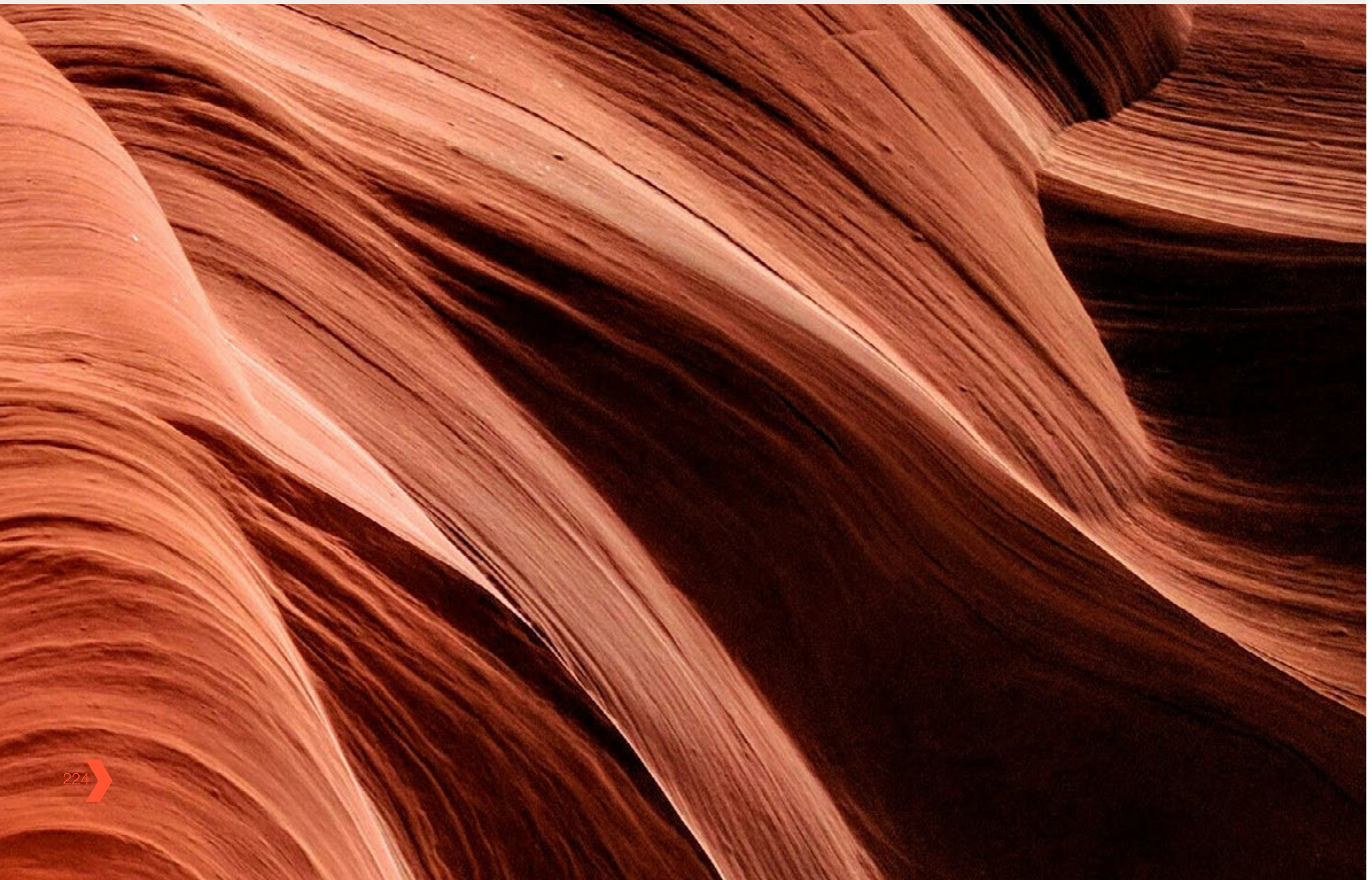
AGM	The Annual General Meeting of the Group. References to AGM in the past are for the Annual General Meeting of Pollen Street Limited. References to AGM in the future are for the Annual General Meeting of new parent company of the Group, Pollen Street Group Limited, following the Reorganisation that occurred on 24 January 2024.
AIFM	An Alternative Investment Fund Manager, as defined in UK AIFMD.
AIF	An Alternative Investment Fund, as defined in UK AIFMD.
Asset Manager	The business segment of the Group that is responsible for managing third-party AuM and the Investment Company's assets. All activities of this segment reside within Pollen Street Capital Holdings Limited and its subsidiaries.
AuM	The assets under management of the Group, defined as: • investor commitments for active Private Equity funds; • invested cost for other Private Equity funds; • the total assets for the Investment Company; and • investor commitments for Private Credit funds.
Average Fee-Paying AuM	The fee-paying asset under management of the Group, defined as: • investor commitments for active fee-paying Private Equity funds; • invested cost for other fee-paying Private Equity funds; • the total assets for the Investment Company; and • net invested amount for fee-paying Private Credit funds. • The average is calculated using the opening and closing balances for the year
Combination	The acquisition of 100 per cent of the share capital of Pollen Street Capital Holdings Limited by the Company with newly issued shares in Company as the consideration that completed on 30 September 2022. See Note 1 for further information.
Company	Pollen Street Limited, formerly named Pollen Street plc and also Honeycomb Investment Trust plc.
Credit Assets	Loans, together with similar investments, made by the Group to counterparties, including investments in to Private Credit funds managed or advised by Pollen Street.
Distribution	The distribution of the Company's subsidiary, Pollen Street Capital Holdings Limited, to its new parent, Pollen Street Group Limited, that was effected on 14 February 2024. See Note 1 for further information.
Equity Assets	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. Investments in Private Equity funds managed or advised by the Group are classified as Equity Assets. Carried interest receivable by the Group is not classified as an Equity Asset.
Fair Value	The amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Fund Management Administration Costs	The administration expenses of the Group's Asset Manager according to IFRS reporting standards excluding exceptional items and start-up losses of the US business, but including the full cost of the office leases despite these costs being reported as depreciation of a lease asset and financing costs under IFRS 16.
Fund Management EBITDA	Fund Management Income less Fund Management Administration Costs.
Fund Management Income	The income of the Group's Asset Manager according to IFRS reporting standards.
Fund Management EBITDA Margin	The ratio of the Fund Management EBITDA and the Fund Management Income, expressed as a percentage.
Group	Pollen Street Limited and its subsidiaries from time to time.
Investment Asset	The Group's portfolio of Credit Assets and Equity Assets.
Investment Company	The business segment of the Group that holds the Investment Asset portfolio and the debt facilities. As at 31 December 2023, all activities of this segment resided within Pollen Street Limited, Sting Funding Limited and Bud Funding Limited. During 2023, the Investment Assets that were held within Pollen Street Capital Holdings Limited, which have always been treated as part of the Investment Company, were transferred to Pollen Street Limited.
Management Fee Rate	The ratio of the Fund Management Income attributable to management fees and the Average Fee-Paying AuM, expressed as a percentage.
NAV	The net asset value which represents the total value of the Group's or Company's assets less the total value of its liabilities. It is common to express NAV on a per share basis.
Net Investment Assets	The Investment Assets plus surplus cash net of debt.
Performance Fee Rate	The ratio of the Fund Management Income attributable to performance fees and the total Fund Management Income, expressed as a percentage.
Pollen Street	The Group, being Pollen Street Limited and its subsidiaries from time to time.
Pollen Street Group Limited	The new parent company of the Group that was established as part of the Scheme. See Note 1 for further information
Private Credit	The Group's strategy for managing credit assets within its private funds.
Private Equity	The Group's strategy for managing equity assets within its private funds.
Registrar	An entity that manages the Company's shareholder register. The Company's registrar is Computershare Investor Services PLC.
Reorganisation	The Scheme together with the Distribution that was effected in the first quarter of 2024. See Note 1 for further information.
Return on Net Investment Assets	The ratio of the income before tax from the Investment Company to the Net Investment Assets, expressed as an annualised ratio.

Scheme	The scheme of arrangement that was effected on 24 January 2024, to change the listing category of the Company's shares to that of a commercial company from an investment company and to introduce a Guernsey incorporated holding company, named Pollen Street Group Limited, as the new parent of the Group. See Note 1 for further information.
Sterling Overnight Interbank Average Rate ("SONIA")	The effective overnight interest rate paid by banks for unsecured transactions in the British Sterling market.
UK AIFMD	The United Kingdom regime for regulation of Alternative Investment Funds and Alternative Investment Fund Managers. The regime is made up of a combination of UK regulations, the FCA handbook, in particular the FUND sourcebook, and European Union law that was formerly directly effective in the United Kingdom and that was transposed into United Kingdom law under the European Union (Withdrawal) Act 2018.

RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES

The alternative performance measures are used to improve the comparability of information between reporting periods, either by adjusting for uncontrollable or one-off factors that impact upon IFRS measures or, by aggregating measures, to aid the user to understand the activity taking place. Alternative performance measures are not considered to be a substitute for IFRS measures but provide additional insight on the performance of the business.



MANAGEMENT FEE RATE

Group	For the year ended 31 December 2023	For the year ended 31 December 2022 (Statutory)	For the year ended 31 December 2022 (Proforma)
	£'000	£'000	£'000
Management fee income for Asset Manager	34,332	7,750	7,750
Proforma management fee income for Asset Manager occurring between 1 January & 30 September 2022	-	-	21,230
Management fee income for Asset Manager	**34,332**	**7,750**	**28,980**
Average Fee-Paying AuM	2,947,322	2,395,056	2,281,161
Management Fee Rate	**1.17%**	**1.28%**	**1.27%**

The Management Fee Rate is calculated by dividing the management fee income for the Asset Manager by the Average Fee-Paying AuM.

For the year ended 31 December 2022, the Statutory Management Fee Rate has been annualised given that it only incorporates the management fee income for the Asset Manager between 1 October & 31 December 2022.

For the year ended 31 December 2022, a proforma Management Fee Rate has been presented in addition to the statutory ratio, which incorporates the management fee income for the Asset Manager occurring between 1 January & 30 September 2022, in addition to the statutory management fee income for the Asset Manager.

PERFORMANCE FEE RATE

Group	For the year ended 31 December 2023	For the year ended 31 December 2022 (Statutory)	For the year ended 31 December 2022 (Proforma)
	£'000	£'000	£'000
Carried interest & performance fee income for Asset Manager	14,831	2,411	8,451
Fund Management Income for Asset Manager	49,163	10,161	37,432
Performance Fee Rate (%)	**30%**	**24%**	**23%**

The Performance Fee Rate is calculated by dividing the carried interest and performance fee income for the Asset Manager by the Fund Management Income for the Asset Manager.

For the year ended 31 December 2022, a proforma Performance Fee Rate has been presented in addition to the statutory ratio, which incorporates the carried interest and performance fee income for the Asset Manager and the Fund Management Income for the Asset Manager occurring between 1 January & 30 September 2022, in addition to the statutory income amounts.

FUND MANAGEMENT EBITDA MARGIN

Group	For the year ended 31 December 2023	For the year ended 31 December 2022 (Statutory)	For the year ended 31 December 2022 (Proforma)
	£'000	**£'000**	**£'000**
Operating profit of the Asset Manager	15,927	2,937	9,537
Depreciation of lease asset	(720)	(266)	(1,005)
Fund Management EBITDA	**15,207**	**2,671**	**8,532**
Fund Management Income for Asset Manager	49,163	10,161	37,432
Fund Management EBITDA Margin	**31%**	**26%**	**23%**

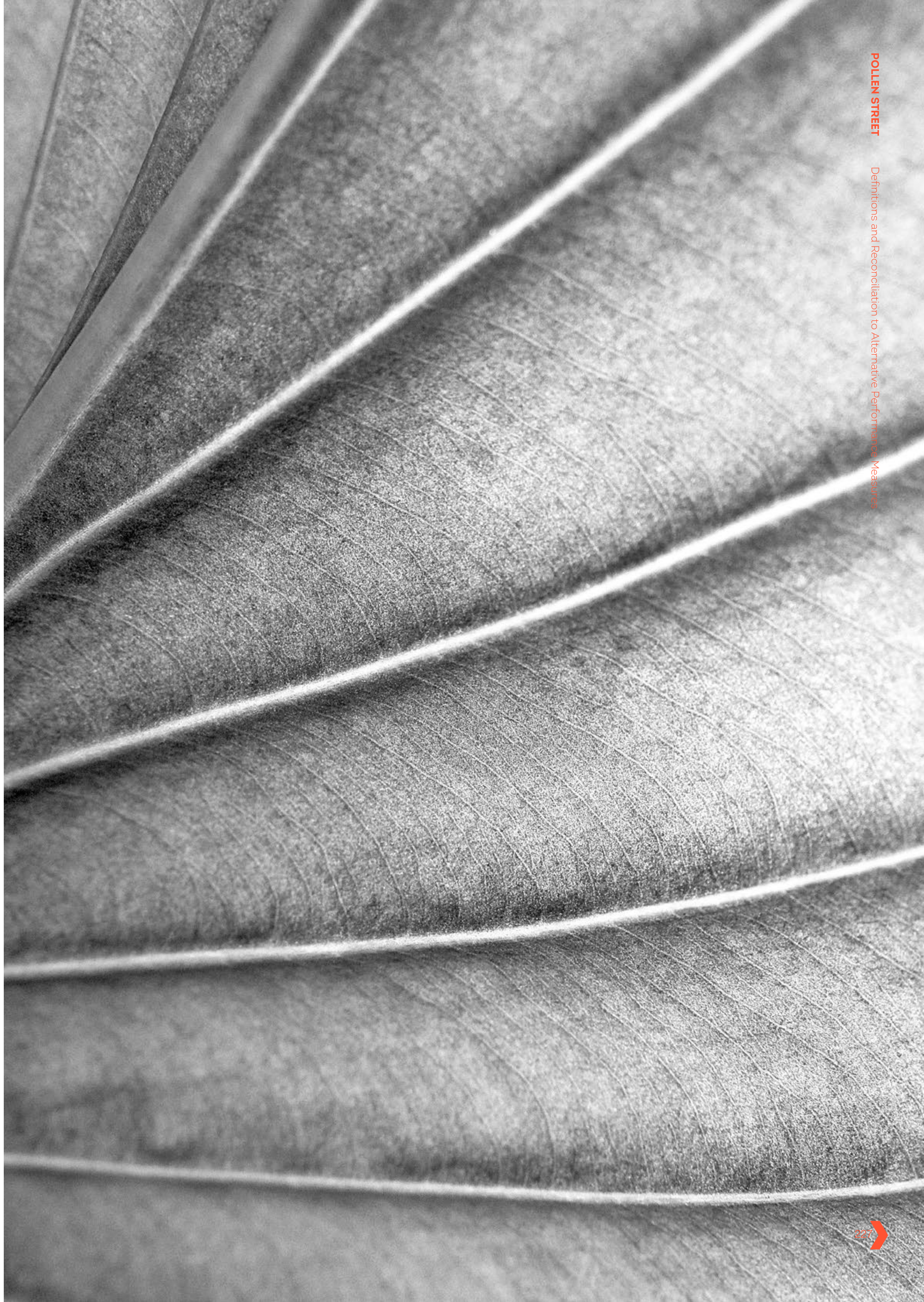
The Fund Management EBITDA is calculated by deducting the charge for the lease asset depreciation from the statutory operating profit of the Asset Manager. The Fund Management EBITDA Margin is calculated by dividing the Fund Management EBITDA by the Fund Management Income.

For the year ended 31 December 2022, a proforma Fund Management EBITDA and a proforma Fund Management EBITDA Margin has been presented in addition to the statutory measures, which incorporates the respective income, cost and profit items occurring between 1 January & 30 September 2022, in addition to the statutory amounts.

DEBT TO EQUITY RATIOS

Group	For the year ended 31 December 2023	For the year ended 31 December 2022
	£'000	**£'000**
Net Asset Value	585,828	577,539
Goodwill & Intangible Assets	(230,551)	(231,031)
Tangible Net Asset Value	**355,277**	**346,508**
Interest-Bearing Borrowings	210,764	263,633
Debt to tangible equity ratio	**59.3%**	**76.1%**
Cash and cash equivalents	19,746	23,303
Net debt to tangible equity ratio	**53.8%**	**69.4%**

The debt to tangible equity ratio is calculated as the Group's interest-bearing debt divided by the tangible net asset value, expressed as a percentage. The net debt to tangible equity ratio is calculated as the Group's interest-bearing debt less cash and cash equivalents, divided by the tangible net asset value expressed as a percentage.



CONTACT

Pollen Street Capital
11-12 Hanover Square
London
W1S 1JJ

+(44) 203 728 6750
info@pollencap.com
pollenstreetgroup.com