

Five Arrows Managers LLP

Report of the Members and Financial Statements
for the 9 months ended 31 December 2017

Members' report	2 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 - 20





Members' Report

The Members present their report and audited financial statements of Five Arrows Managers LLP ("the LLP" or "Partnership") for the nine months to 31 December 2017.

Principal Activities

The Partnership provides investment management services to a range of private equity and private debt vehicles, as part of the Rothschild & Co Group's Merchant Banking division.

The principal activity of the LLP going forward will be to perform similar investment management roles to Merchant Banking funds. The LLP will also, where required, invest in the CLO vehicles for which it acts as investment manager.

The LLP is ultimately owned by Rothschild & Co SCA, the French listed parent company. Further information on the Rothschild & Co Group can be found on the corporate website www.rothschildandco.com

Strategic developments

During the period, the LLP entered into several delegation agreements with its fellow subsidiaries, PO Participations SA (Luxembourg) and Five Arrows Managers SAS (France), in respect of managing parts of the portfolios of certain equity and debt Merchant Banking funds. In particular, this included Five Arrows Principal Investments, Five Arrows Credit Solutions, Five Arrows Direct Lending which respectively hold investments in mid-market private equity, mezzanine debt and uni-tranche debt companies.

In addition, the LLP continued to provide investment management and sub-advisory services to Luxembourg SICAV-SIFs (the Oberon Funds), Luxembourg Securitisation Vehicles and European and US CLOs (Collateralised Loan Obligation entities).

In August 2017 the LLP was approved as Collateral Manager on Contego CLO II, a vehicle which had previously been managed by a fellow subsidiary of the Rothschild Group, N M Rothschild & Sons Ltd. In order to adhere to regulatory requirements, the partnership acquired €17.6m of notes in the vehicle. This was funded by a combination of borrowing from Rothschilds Continuation Limited, a parent Company of the LLP, and a further capital injection of €7.1m from the immediate parent company, Rothschild Credit Management Ltd.

Following this transaction, the LLP now has investments in three CLOs which it provides investment management or sub-advisory services to, namely Contego CLO III BV, Contego CLO II BV and Ocean Trails CLO VI LLC.

Change of financial year end

Rothschild & Co SCA announced on 31 March 2017 that it would change its financial year end from 31 March to 31 December. The LLP has changed its year end in line with this and, consequently, this set of financial statements is for the 9 month period ended 31 December 2017. The comparative figures for the LLP's income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes are for the 12 months from 1 April 2016 to 31 March 2017.



Members

The Majority Member, Rothschild Credit Management Limited, owns a 98% share of the initial capital in the LLP. The other 2% is owned by Rothschilds Continuation Limited.

Results and distributions

The results for the period are shown in the Statement of Comprehensive Income on page 7. The LLP's balance sheet as detailed on page 8 shows a satisfactory position with Members' interests amounting to €19,655,553 (31 March 2017: €12,473,926). The LLP retains positive reserves and adequate levels of liquidity.

Members' Profit allocation

Profits are shared among the Members in accordance with the terms of the Partnership Agreement dated 20 March 2012 (and as amended from time to time).

Members' drawings

At the discretion of the Majority Member, each Member shall be entitled to take drawings from their distribution account in advance of profits being credited to this account.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Audit Information

The Members who held office at the date of approval of this Members' Report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware, and each Member has taken all the steps that he ought to have taken as a Member to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare LLP financial statements for each financial year. Under that law the Members have elected to prepare the LLP financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the loss of the LLP for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- assess the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.



The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

The Members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Members

Peter Barbour, for and on behalf of Rothschild Credit Management Limited
Designated Member
New Court, St Swithin's Lane, London EC4N 8AL
20 March 2018

Independent auditor's report to the members of Five Arrows Managers LLP

Opinion

We have audited the financial statements of Five Arrows Managers LLP ("the LLP") for the period ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair

view; 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; assessing the LLP'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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

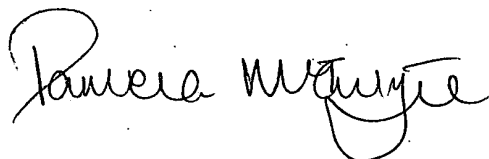
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Pamela McIntyre (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square

London E14 5GL

20 March 2018



Statement of comprehensive income

For the 9 months ended 31 December 2017

	Nine months to 31 December 2017	Year to 31 March 2017
	€	€
Management fees	9,562,445	3,438,914
Management fee rebates	(654,268)	(16,857)
Net fee income	8,908,177	3,422,057
Service fee expenses	(8,462,768)	(3,732,914)
Administrative expenses	(8,668)	(7,494)
Interest income	873,412	819,932
Interest expense	(335,295)	(285,413)
Operating profit	974,858	216,168
Foreign exchange gains/(losses)	27,455	(5,863)
Profit for the period	1,002,313	210,305
Other comprehensive Income		
(Losses) on available-for-sale debt securities	(219,000)	(151,255)
Total comprehensive income for the period	783,313	59,050

The notes on pages 11 to 20 form an integral part of these financial statements



Balance sheet

At 31 December 2017

		31 December 2017	31 March 2017
	Notes	€	€
Current assets			
Cash and cash equivalents	4	92,574	2,657,686
Available-for-sale debt securities	5	45,371,490	29,634,358
Equity securities	6	27,500	-
Receivables	7	11,883,021	7,465,361
Total current assets		57,374,585	39,757,405
Current liabilities			
Payables	8	(10,099,706)	(9,327,301)
Net current Assets		47,274,879	30,430,104
Non-Current liabilities			
Due to banks	9	(17,029,137)	(17,956,178)
Loan from fellow subsidiary	10	(10,590,189)	-
Net assets		19,655,553	12,473,926
Shareholders' equity			
Members' capital		19,171,686	12,114,297
Retained earnings		798,568	455,330
Available-for-sale reserve		(370,255)	(151,255)
Other reserves		55,554	55,554
Total Members' other interests		19,655,553	12,473,926

The financial statements on pages 7 to 20 were approved by the Members and were signed on their behalf by:

Peter Barbour
For and on behalf of Rothschild Credit Management Limited
Designated Member

20 March 2018

The notes on pages 11 to 20 form an integral part of these financial statements



Statement of changes in equity

For the 9 months ended 31 December 2017

	Members' capital	Retained earnings	Available for sale reserve	Other reserves	Total
	€	€	€	€	€
At 1 April 2017	12,114,297	455,330	(151,255)	55,554	12,473,926
Profit for the period	-	1,002,313	-	-	1,002,313
Other comprehensive income:					
Available-for-sale securities	-	-	(219,000)	-	(219,000)
Total comprehensive income	-	1,002,313	(219,000)	-	783,313
Issuance of capital	7,057,389	-	-	-	7,057,389
Distributions to members'	-	(659,075)	-	-	(659,075)
At 31 December 2017	19,171,686	798,568	(370,255)	55,554	19,655,553
At 1 April 2016	543,297	400,888	-	55,554	999,739
Profit for the period	-	210,305	-	-	210,305
Other comprehensive income:					
Available-for-sale securities	-	-	(151,255)	-	(151,255)
Total comprehensive income	-	210,305	(151,255)	-	59,050
Issuance of capital	11,571,000	-	-	-	11,571,000
Distributions to members'	-	(155,863)	-	-	(155,863)
At 31 March 2017	12,114,297	455,330	(151,255)	55,554	12,473,926

The notes on pages 11 to 20 form an integral part of these financial statements



Cash flow statement

For the 9 months ended 31 December 2017

		Nine months to 31 December 2017	Year to 31 March 2017
	Notes	€	€
Cash flow from operating activities			
Net profit for the financial period		1,002,313	210,305
Movement on accrued interest on debt securities	5	(58,177)	(190,880)
Unrealised foreign exchange on debt securities	5	1,683,481	-
Unrealised foreign exchange on bank borrowing	9	(960,427)	-
(Increase)/Decrease in receivables	7	(4,417,660)	(7,465,361)
Increase / (Decrease) in payables	8	772,405	8,769,900
Net cash flow from operating activities		(1,978,065)	1,323,964
Cash flow from financing activities			
Increase in Group borrowing	10	10,590,189	-
Increase in Bank borrowing	9	33,386	17,956,178
Issuance of Capital		7,057,389	11,571,000
Distributions to Members'		(659,075)	(155,863)
Net cash flow from financing activities		17,021,889	29,371,315
Cash flow from investing activities			
Purchase of debt and equity securities	5/6	(17,608,936)	(29,594,733)
Net cash flow from investing activities		(17,608,936)	(29,594,733)
Net increase/(decrease) in cash and cash equivalents		(2,565,112)	1,100,546
Cash and cash equivalents at beginning of period		2,657,686	1,557,140
Cash and cash equivalents at end of period	4	92,574	2,657,686

Interest receipts during the period were €1,006,515 (year to 31 March 2017: €659,052). Interest payments during the period were €319,445 (year to 31 March 2017: €285,413).

The notes on pages 11 to 20 form an integral part of these financial statements

Notes to the financial statements



(forming part of the financial statements)

1. Accounting Policies

Five Arrows Managers LLP is a limited liability partnership formed in the United Kingdom. The registered address is New Court, St Swithin's Lane, London, EC4N 8AL. The principal accounting policies which have been consistently adopted in the presentation of the financial statements are as follows:

a. Basis of preparation

The financial statements are prepared and approved by the Members in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, endorsed by the European Union ("EU") and with those requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

Standards affecting the financial statements

In the current period there have been no new or revised Standards or Interpretations that have been adopted that have materially affected the amounts reported in these financial statements.

Future accounting developments

Accounting standards first effective for accounting periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and includes revised guidance in respect of the classification and measurement of financial assets and liabilities and introduces additional requirements for liabilities and hedge accounting as well as a new expected credit loss model for calculating impairment on financial assets. The most significant impact for the Company is to change the current categorisation of financial assets (Available-for-sale debt securities) to Amortised Cost or Fair Value Through Profit or Loss, depending on the assets' original contractual terms. Based on our assessment to date, we anticipate the senior tranches of the debt securities to be measured at amortised cost and the junior tranches to be measured at fair value through profit or loss. In terms of resultant impact on the Company's position as at 31 December 2017, we do not expect the transfer of the AFS reserve to retained earnings or further impairment provisions on the tranches at Amortised Cost to have significant impact.

IFRS 15 Revenue from Contracts with Customers, which provides a principles-based framework for determining whether, how much and when revenue is recognised and replaces existing revenue standards. This new standard is not anticipated to have a material impact on the LLP.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Partnership will continue in operational existence for the foreseeable future which is at least twelve months from the date the financial statements are signed and be able to meet its liabilities as they fall due. Assets held at the period-end are short term, either fee receivable accounts or cash and accordingly liquid.

Notes to the financial statements



(forming part of the financial statements)

b. Members' interest

Any profits are shared among the Members per the Partnership Agreement dated 20 March 2012, as amended from time to time. At the discretion of the Managing Member, each Member shall be entitled to take drawings from their distribution account in advance of profits being credited to this account. Loan contributions may also be made to the Partnership by any or all of the Members on such terms as to repayment, interest and otherwise as may be agreed between the managing member and the member making the loan contribution.

c. Cash and cash equivalents

Cash for the purpose of the statement of cash flows, comprises money deposited with financial institutions that can be withdrawn without notice.

d. Functional and reporting currency

The majority of the Partnership's balance sheet is denominated in Euros and so accordingly is the Statement of Comprehensive Income. The functional currency of Rothschild Credit Management is therefore deemed to be the Euro, which is also adopted as the reporting currency.

e. Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euros at the rate of exchange ruling at the date of the transaction. Exchange differences are included in the Statement of Other Comprehensive Income.

f. Income recognition

Income represents management fees earned for the supply of services. These fees are accounted for on an accruals basis. Accordingly management fees are only recognised by the partnership and settled when the vehicle is sufficiently liquid and where various performance criteria are fulfilled. The timing of payments can therefore vary although, when not paid out, the fees continue to accrue to the fund. It will only be known for certain that the fees will be paid where the fulfilment of the criteria is confirmed at the determination date which is the date at which the amounts due under the management contracts are calculated. The date varies between each of the vehicles. Fees will only be recognised once the criteria have been confirmed and a payment to the Partnership is probable.

g. Management fee rebates

Management fee rebates, where applicable, are determined based on a negotiated rate between the Partnership and third-party investors.

h. Interest income and expenses

Interest income and expense represents interest arising out of investment and borrowing activities, including debt securities. Interest income and expense is recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cashflows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Partnership considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the financial asset.

Notes to the financial statements



(forming part of the financial statements)

i. Available-for-sale debt securities

Available-for-sale investments comprise non-derivative financial assets that are designated as available-for-sale on initial recognition. Available-for-sale investments are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income until the financial asset is sold, at which time the cumulative gain or loss is transferred to the income statement. Interest (determined using the effective interest rate method), impairment losses and translation differences on monetary items are recognised in the income statement as they arise. Translation differences on available-for-sale equities are included in the available-for-sale reserve in other comprehensive income.

j. Impairment of financial assets

Assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

Impairment losses are incurred if there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cashflows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal repayment; granting to the borrower a concession, for economic or legal reasons relating to the borrower's financial difficulty, that the lender would not otherwise consider; it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2. Financial Risk Management

The Partnership follows the financial risk management policies of a fellow subsidiary, N M Rothschild & Sons Limited.

a. Credit risk

Credit risk arises from exposures to clients and counterparties relating to the Partnership's investment activities. Limits on credit risk are set by the R&Co Executive Committee and by the Credit Committee. The Credit Committee reviews concentrations and makes recommendations on credit decisions to the R&Co Group Assets and Liabilities Committee. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. The Credit Committee reviews credit exposures on debt securities on a period basis. Financial assets subject to significant exposure to credit risk at the financial reporting date are all classified as Category 1, meaning exposures where the payment of interest or principal is not in doubt.

Credit risk concentrations

The Partnership monitors concentrations of credit risk by geographic location and by industry sector. The following tables show an analysis of credit risk by location and by sector. The location of debt securities is determined by reference to the location of the issuer of the security.

Notes to the financial statements

(forming part of the financial statements)



	UK and Channel Islands €	Other Europe €	US and Canada €	Other €	Total €
Credit risk by location					
At 31 December 2017					
Financial assets					
Cash and cash equivalents	92,574	-	-	-	92,574
Available-for-sale debt securities	-	32,886,492	12,484,998	-	45,371,490
Receivables	5,499,251	6,353,068	30,702	-	11,883,021
Total	5,591,825	39,239,560	12,515,700	-	57,347,085
At 31 March 2017					
Financial assets					
Cash and cash equivalents	2,657,686	-	-	-	2,657,686
Available-for-sale debt securities	-	15,542,585	14,091,773	-	29,634,358
Receivables	5,480,000	1,950,262	35,099	-	7,465,361
Total	8,137,686	17,492,847	14,126,872	-	39,757,405

	31 December 2017 €	31 March 2017 €
Credit risk by industry sector		
Financial assets		
Financial	57,347,085	39,757,405
Total	57,347,085	39,757,405

b. Market risk

Market risk comprises interest rate, foreign exchange and equity position risk.

Equities

The Partnership has exposure to equity price risk through holdings of equity investments. Each position is approved by senior management and is monitored on an individual basis. The equity positions relate to B shares held in investment vehicles for which the Partnership provides Investment Management services. The shares are held for purposes of the payment of performance fees, should they fall due.

Currency risk

The Partnership's exposure to the effects of fluctuations in foreign exchange rates on its financial position and cash flows is considered to be minimal. The table below summarises exposure to foreign exchange rate risk.

	31 December 2017 €	31 March 2017 €
USD		
Cash and cash equivalents	-	253,645
Available-for-sale debt securities	12,484,998	14,091,773
Receivables & Payables	(4,936,485)	(5,694,198)
Bank borrowing	(7,703,809)	(8,634,829)
Available-for-sale reserve	253,115	-
(Short) / Long	97,819	16,391
GBP		
Cash and cash equivalents	-	97,381
Receivables & Payables	38,686	(16,060)
Long	38,686	81,321

If the value of the USD increased by 1 per cent against Euro, then there would be a pre-tax gain to the income statement of €978 (31 March 2017: Pre-tax gain of €164). If the value of the GBP increased by 1 per cent against Euro, there would be a pre-tax gain to income statement of €387 (31 March 2017: Pre-tax gain of €813).

Notes to the financial statements



(forming part of the financial statements)

Interest rate risk

Based on amounts outstanding at the period, an increase in interest rates of 0.5% would result in an increase in the net interest income of €62,913, a decrease in interest rates of 0.5% would result in a decrease in net interest income of €23,384.

c. Liquidity risk

Liquidity risk is the risk that the LLP is unable to meet its obligations as they fall due or that it is unable to fund its commitments. The Partnership's policy is to ensure that it has sufficient resources to meet its financial commitments as they are expected to fall due. The table below analyses the Partnership's financial assets and liabilities based on contractual maturity.

	Demand/ next day €	2 days – 3m €	3m-1yr €	> 1 yr €	Total €
At 31 December 2017					
Cash and cash equivalents	92,574	-	-	-	92,574
Available-for-sale debt securities	-	249,057	-	45,122,433	45,371,490
Equity securities	-	-	-	27,500	27,500
Receivables	11,883,021	-	-	-	11,883,021
Total	11,975,595	249,057	-	45,149,933	57,374,585
Payables	(10,099,706)	-	-	-	(10,099,706)
Loan from fellow subsidiary	-	(4,104)	-	(10,586,085)	(10,590,189)
Due to Banks	-	(79,254)	-	(16,949,883)	(17,029,137)
Total	(10,099,706)	(83,358)	-	(27,535,968)	(37,719,032)
At 31 March 2017					
Cash and cash equivalents	2,657,686	-	-	-	2,657,686
Available-for-sale debt securities	-	190,880	-	29,443,478	29,634,358
Receivables	7,465,361	-	-	-	7,465,361
Total	10,123,047	190,880	-	29,443,478	39,757,405
Payables	(9,327,301)	-	-	-	(9,327,301)
Due to Banks	-	(67,508)	-	(17,888,670)	(17,956,178)
Total	(9,327,301)	(67,508)	-	(17,888,670)	(27,283,479)

d. Fair value of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain assets and liabilities held. Where no active market price or rate is available, fair values are determined using discounted cashflows. The values derived from this form of modelling are significantly affected by judgements and assumptions made concerning factors such as the amounts and timing of future cashflows, discount rates and credit quality.

The methods adopted to determine fair value of each type of financial asset or liabilities are summarised below:

- **Cash and cash equivalents.** The fair value is materially the same as the carrying value due to their short term nature.
- **Receivables and payables.** Fair value is considered to be the same as carrying value for these.
- **Debt and equity securities.** These are carried in the balance sheet at fair value, usually determined using market data. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected cashflows at market interest rates adjusted for appropriate credit spreads or using other valuation techniques.

Notes to the financial statements



(forming part of the financial statements)

The tables below analyse the fair value of assets and liabilities according to a three level valuation hierarchy, whereby the valuation level is determined using the following criteria:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from market data to a significant extent).

Level 3: Inputs for the asset or liability that are not based primarily on observable market data (unobservable inputs).

Financial assets and liabilities carried at fair value

	Carrying value equal to fair value €	Fair value €	Measured using		
			Level 1	Level 2	Level 3
			€	€	€
At 31 December 2017					
Financial assets					
Equity securities	27,500	27,500	-	27,500	-
Available-for-sale debt securities	45,371,490	45,371,490	-	43,510,513	1,860,977
Total	45,398,990	45,398,990	-	43,538,013	1,860,977
At 31 March 2017					
Financial assets					
Available-for-sale debt securities	29,634,358	29,634,358	-	27,678,492	1,955,866
Total	29,634,358	29,634,358	-	27,678,492	1,955,866

Financial assets and liabilities carried at amortised cost

	Carrying value €	Fair value €	Measured using		
			Level 1 €	Level 2 €	Level 3 €
At 31 December 2017					
Financial assets					
Cash and cash equivalents	92,574	92,574	-	92,574	-
Receivables	11,883,021	11,883,021	-	11,883,021	-
Total	11,975,595	11,975,595	-	11,975,595	-
Financial liabilities					
Due to Banks	(17,029,137)	(17,029,137)	-	(17,029,137)	-
Payables	(10,099,706)	(10,099,706)	-	(10,099,706)	-
Loans from fellow subsidiary	(10,590,189)	(10,590,189)	-	(10,590,189)	-
Total	(37,719,032)	(37,719,032)	-	(37,719,032)	-
At 31 March 2017					
Financial assets					
Cash and cash equivalents	2,657,686	2,657,686	-	2,657,686	-
Receivables	7,465,361	7,465,361	-	7,465,361	-
Total	10,123,047	10,123,047	-	10,123,047	-
Financial liabilities					
Due to Banks	(17,956,178)	(17,956,178)	-	(17,956,178)	-
Payables	(9,327,301)	(9,327,301)	-	(9,327,301)	-
Total	(27,283,479)	(27,283,479)	-	(27,283,479)	-

Notes to the financial statements



(forming part of the financial statements)

Assets measured at fair value based on Level 3

There were no significant transfers between assets valued at Level 1 and at Level 2 in the period. The movements in assets valued using Level 3 valuation are as follows:

	9 months to 31 December 2017 €	Year to 31 March 2017 €
Opening balance	1,955,865	-
Purchase of debt securities	-	2,015,000
Total gains and (losses) through other comprehensive income	(68,319)	(30,887)
Movements in accrued interest	359	28,557
Disposal	(26,928)	(56,805)
Closing Balance	1,860,977	1,955,865

The amount recognised in the income statement includes €101,044 (year to 31 March 2017: €131,192) in respect of assets held at the end of the reporting period.

The table below set out information about significant unobservable inputs used at 31 December in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

	Fair value €	Valuation technique €	Unobservable input	Fair value measurement sensitivity to unobservable
Available for sale debt securities	1,860,977	Discounted expected future cashflows	Discount rate used based on projected IRR	10% increase in discount rate would reduce fair value by €40,570

f. Capital management

The Partnership's capital management policy is to ensure it is strongly capitalised and compliant with regulatory requirements. The Partnership's regulator is the Financial Conduct Authority ("FCA") which sets and monitors capital requirements for UK regulated financial institutions. The minimum regulatory capital is derived from a combination of the requirements from Pillar 1 and Pillar 2 rules. Pillar 1 sets out the minimum capital requirements. Pillar 2 lays down a supervisory review process to evaluate an institution's own internal processes to assess its own capital needs including capital for risks not covered by Pillar 1. Processes are in place to ensure compliance with the minimum capital requirements. The table below summarises the composition of regulatory capital as reported to the regulator:

	31 December 2017 €	31 March 2017 €
Tier 1 capital		
Members' capital	19,171,686	12,114,297
Other eligible capital	140,629	9,107
Total tier 1 capital	19,312,315	12,123,404

During the period, an additional capital injection took place of €7,057,389.

3. Audit Fee

The fee receivable by the auditors and their associates in respect of the audit of these financial statements is €10,548 (year to 31 March 2017: €10,948). The fee is paid on a group basis by N M Rothschild & Sons Limited.

Notes to the financial statements



(forming part of the financial statements)

4. Cash and cash equivalents

	31 December 2017 €	31 March 2017 €
Cash held at a fellow subsidiary Bank – Rothschild Bank International	92,574	2,657,686
	92,574	2,657,686

Cash is held on deposit at Rothschild Bank International, interest is charged at the prevailing rate of each respective currency.

5. Available-for-sale debt securities

	31 December 2017 €	31 March 2017 €
Available-for-sale debt securities	45,122,433	29,443,478
Accrued interest	249,057	190,880
	45,371,490	29,634,358

Available-for-sale debt securities can be analysed as follows:

	31 December 2017 €	31 March 2017 €
-Listed	45,371,490	29,634,358

The movement can be analysed as follows:

	31 December 2017 €	31 March 2017 €
At beginning of period:	29,634,358	-
Additions	17,581,436	29,594,733
Losses from changes in fair value through available-for-sale reserve	(219,000)	(151,255)
Losses from unrealised foreign exchange	(1,683,481)	-
Changes in accrued interest	58,177	190,880
At end of period:	45,371,490	29,634,358

It is the policy of the LLP to value Debt securities using third party deal-arranger prices, where available.

6. Equity securities

	31 December 2017 €	31 March 2017 €
Equity securities	27,500	-
	27,500	-

Equity securities can be analysed as follows:

	31 December 2017 €	31 March 2017 €
-Unlisted	27,500	-

The movement can be analysed as follows:

	31 December 2017 €	31 March 2017 €
At beginning of period:	-	-
Additions	27,500	-
At end of period:	27,500	-

7. Receivables

	31 December 2017 €	31 March 2017 €
Amounts due from fellow subsidiaries	9,542,505	6,317,083
Unsettled distribution of management fees from 3 rd parties	2,340,516	1,148,278
	11,883,021	7,465,361

Notes to the financial statements

(forming part of the financial statements)



8. Payables

	31 December 2017 €	31 March 2017 €
Trade creditors and accruals	525,358	23,439
Amounts due to other group companies	9,574,348	9,303,862
	10,099,706	9,327,301

9. Due to Banks

	31 December 2017 €	31 March 2017 €
Due to Banks	17,029,137	17,956,178

The following table shows the contractual cash flows payable by the Partnership. Interest cashflows on the loan are based upon the rates prevailing at the period end.

	Demand-3m €	3m – 1yr €	1 yr – 5 yr €	5 yr >	Total €
Due to Banks	95,507	286,520	17,713,948	-	18,095,975

10. Loan from fellow subsidiary

	31 December 2017 €	31 March 2017 €
Loan from Rothschilds Continuation Limited – Nominal - €10.586m	10,590,189	-
	10,590,189	-

The following table shows the contractual cash flows payable on the loan. Interest cash-flows are estimated and shown up to 5 years only.

	Demand-3m €	3m – 1yr €	1 yr – 5 yr €	5 yr >	Total €
Loan from Rothschilds Continuation Limited	30,435	91,305	487,045	10,586,000	11,194,785

11. Related Party Transactions

Parties are considered to be related if one party controls, is controlled by or has the ability to exercise significant influence over the other party. This includes key management personnel, the parent companies, subsidiaries and fellow subsidiaries. The Members did not receive any remuneration in respect of their services to the LLP. Amounts receivable and payable from the parent companies were as follows:

	31 December 2017 €	31 March 2017 €
Receivable from Rothschild Credit Management Limited	5,480,000	5,480,000
Loan from Rothschilds Continuation Limited	(10,590,189)	-
Payable to Rothschild Credit Management Limited	(5,099,931)	(5,725,789)

Notes to the financial statements

(forming part of the financial statements)



Amounts receivable and payable from other related subsidiaries at the period-end were as follows:

	31 December 2017 €	31 March 2017 €
Payable to N M Rothschild & Sons Ltd	(4,474,417)	(3,578,073)
Receivable from Oberon GP S.a.r.l.	146,236	465,828
Receivable from PO Participations SA	2,843,339	320,906
Receivable from Five Arrows North America LLC	30,702	31,591
Receivable from Five Arrows (Scotland) General Partner Limited	19,251	-
Receivable from Five Arrows Managers SAS	1,022,978	-

The partnership held cash balances with the following other related subsidiaries

	31 December 2017 €	31 March 2017 €
Cash on deposit with Rothschild Bank International	92,574	2,657,686

Amounts recognised in the statement of comprehensive income in respect of the parent companies were as follows:

	31 December 2017 €	31 March 2017 €
Service fee expense to N M Rothschild & Sons Limited	8,462,768	203,079
Interest expense to N M Rothschild & Sons Limited	28,174	-
Distributions to Rothschild Credit Management Limited	659,075	154,621
Interest expense to Rothschilds Continuation Limited	4,104	-

Amounts recognised in the statement of comprehensive income in respect of fellow subsidiaries were as follows:

	31 December 2017 €	31 March 2017 €
Management fee income from Five Arrows Managers North America LLC	98,863	113,248
Management fee income from Oberon GP S.a.r.l.	274,268	408,631
Management fee income from PO Participations SA	2,884,697	730,723
Management fee income from Five Arrows Managers SAS	1,258,978	-
Interest expense to Rothschild Bank International	8,926	5,491

12. Parent Undertaking and Ultimate Holding Company

The largest group in which the results of the Partnership are consolidated is that headed by Rothschild Concordia SAS, incorporated in France, and whose registered office is at 23bis, avenue de Messine, 75008 Paris. The smallest group in which they are consolidated is that headed by Rothschild & Co SCA, a French public Limited partnership whose registered office is also at 23bis, avenue de Messine, 75008 Paris. The accounts are available on Rothschild & Co website at www.rothschildandco.com.

The Partnership's immediate parent company is Rothschild Credit Management Limited, a private company Limited by shares and incorporated in England and Wales whose registered office is at New Court, St Swithin's Lane, London, EC4N 8AL.

The Partnership's registered office is located at New Court, St Swithin's Lane, London EC4N 8AL. The registered number of the Partnership is OC302492.