

COMPANY REGISTRATION NUMBER: 06428281

Sator Capital Limited
Annual Report and Audited Financial Statements
31 December 2018



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Sator Capital Limited
Annual Report and Financial Statements
Year ended 31 December 2018

Contents	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report to the member	5
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the annual report and financial statements	11

Sator Capital Limited

Strategic Report

Year ended 31 December 2018

The directors have pleasure in presenting their strategic report of the Financial Statements of Sator Capital Limited (hereinafter "SCL" or the "Company"), for the year ended 31 December 2018 which has been prepared in accordance with the provisions applicable to small companies.

The Company is the designated investment manager of Sator Private Equity Fund, "A" L.P. (the "Fund"), a private equity fund launched on 5 December 2008 which pursues an investment strategy focused on turnaround/restructuring opportunities primarily in Italy across sectors, with a bias on financial services. The fund held its final closing on 5 March 2010 with total commitments of €500m. The private equity fund is invested in nine active portfolio companies with 4 investments in the financial services sector, 3 investments in the industrial and real estate sectors and the remaining 2 investments being venture capital investments. The Company's assets under management at the end of 2018 were circa €220.3m (i.e. £198m) (2017: €281.4m or £250m).

The results for the financial year are shown in the statement of comprehensive income on page 8. The Company's result of the year was a net profit of £1,076,461 (2017: £1,045,650).

Turnover: fee income was £3,125,081 (2017: £3,016,700), representing a 4% increase to last year. Fee income is subject to changes in the invested capital of the Fund, which remained broadly unchanged.

Costs: total administrative expenses amounted to £2,180,086 (2017: £2,279,042) representing a decrease of 4% compared to last year. The decrease is consistent with operational needs.

As of 31st December 2018, SCL's total assets amounted to £8,127,177 (+20% vs £6,768,138 in 2017) with a net cash position of £882,795 (-83% vs £5,313,048 in 2017) and shareholders' equity of £6,487,895 (+20% vs £5,395,733 in 2017). The latter remains well above the minimum capital adequacy requirement set by the Company's regulators.

PRINCIPAL RISKS AND UNCERTAINTIES

Senior management determine the Company's business strategy and risk appetite and constantly monitor the potential risks and how to mitigate them. These are managed through a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors have identified that business, operational, market and credit risks are the main areas of risk to which the Company is exposed. The identified risks are generally inherent to any alternative asset management company.

Given that SCL's revenue is entirely derived from the investment management of Sator Private Equity Fund, "A" L.P. through Sator GP Limited, SCL's principal risks relate to the credit default and liquidity risks associated with receipt of income on a timely basis by Sator GP Limited from the fund. These risks are managed through regular dialogue with Sator GP Limited to ensure that SCL maintains sufficient working capital to meet its liabilities as they fall due.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the Financial Conduct Authority that could lead to SCL being subject to a fine or a ban on trading activities. This is managed through regular review of SCL's compliance framework by Senior Management.

More specifically, as for the private equity fund, there is not a specific risk related to the possible closure of the fund as investors are contractually locked-in for a period of up to ten years with a two year grace period. Risks relate more to the fund's activity, such as negative performance of some investments, inability to refinance an investment due to the difficult market conditions or inability of large investors to meet their commitments.

Sator Capital Limited

Strategic Report *(continued)*

Year ended 31 December 2018

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

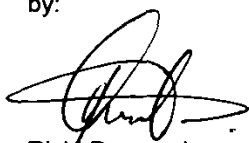
Credit risk is considered not material due to the Group and Company's exposure primarily towards affiliated companies. Foreign exchange risk is monitored as a large part of the assets and assets under management are denominated in Euro. The economic impact of this risk is mitigated by the fact that the Company's activity is split between the Sterling-based London office and the Euro-denominated Italian branch.

GOING CONCERN

The Company's business activities, together with the factors likely to affect their future development, performance and position are set out above. The financial and liquidity position of the Group and Company are reflected on the balance sheet. The Company has sufficient financial resources and an ongoing investment management contract.

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board of directors on 25 April 2019 and signed on behalf of the board by:



Rishi Ramanah
Director

Sator Capital Limited

Directors' Report

Year ended 31 December 2018

The directors present their report and the annual report and financial statements of the company for the year ended 31 December 2018.

Sator Capital company is a private company limited by shares, registered in England and Wales. The address of the registered office is 14 Golden Square, London, W1F 9JF. The company has a branch in Italy located at Via Cerva, 28, 20122 Milano. The principal activity of the company is that of an investment manager.

Directors

The directors who served the company during the year were as follows:

Mr Barone Luca
Mr Paolo Di Filippo
Mr Rishi Ramanah
Mr Giacomo Garbuglia

Dividends

The directors have proposed a dividend of £800,000 based on the 2017 results. The directors have not recommended a year-end dividend.

Future developments

The Directors do not consider that there will be any significant change in the activity of the Company for the foreseeable future.

Events after the end of the reporting period

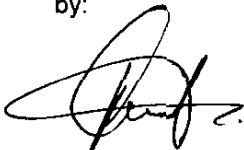
Particulars of events after the reporting date are detailed in note 24 to the annual report and financial statements.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 25 April 2019 and signed on behalf of the board by:



Rishi Ramanah
Director

Sator Capital Limited
Directors' Responsibilities Statement
Year ended 31 December 2018

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

Company law requires the directors to prepare an annual report and financial statements for each financial year. Under that law the directors have elected to prepare the annual report and financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland. Under company law the directors must not approve the annual report and financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these annual report and financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the annual report and financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Sator Capital Limited

Independent Auditor's Report to the Member of Sator Capital Limited

Year ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sator Capital Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Sator Capital Limited

Independent Auditor's Report to the Member of Sator Capital Limited *(continued)*

Year ended 31 December 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

Sator Capital Limited

Independent Auditor's Report to the Member of Sator Capital Limited *(continued)*

Year ended 31 December 2018

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in [the strategic report and] the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Theo Brennand FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Helier, Jersey, UK
25 April 2019

Sator Capital Limited
Statement of Comprehensive Income
Year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	3,125,081	3,016,700
Gross profit		3,125,081	3,016,700
Administrative expenses		(2,180,086)	(2,279,042)
Other operating income		452,732	596,008
Operating profit	5	1,397,727	1,333,666
Other interest receivable and similar income	9	14,913	10,579
Profit before taxation		1,412,640	1,344,245
Tax on profit	10	(336,179)	(298,595)
Profit for the financial year		1,076,461	1,045,650
Foreign currency retranslation		15,701	31,501
Total comprehensive income for the year		1,092,162	1,077,151

The Company has no other comprehensive income that should be reflected in the Statement of Comprehensive Income.

The above results relate to the continuing operations of the Company.

The notes on pages 11 to 21 form part of these annual report and financial statements.

Sator Capital Limited
Statement of Financial Position
as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	138,808	28,954
Investments	13	<u>1</u>	<u>1</u>
		138,809	28,955
Current assets			
Debtors	14	7,105,573	1,426,135
Cash at bank and in hand		<u>882,795</u>	<u>5,313,048</u>
		7,988,368	6,739,183
Creditors: amounts falling due within one year	15	<u>(1,239,516)</u>	<u>(981,394)</u>
Net current assets		<u>6,748,852</u>	<u>5,757,789</u>
Total assets less current liabilities		<u>6,887,661</u>	<u>5,786,744</u>
Provisions			
Taxation including deferred tax	16	(8,755)	—
Other provisions	16	<u>(391,011)</u>	<u>(391,011)</u>
		<u>(399,766)</u>	<u>(391,011)</u>
Net assets		<u>(6,487,895)</u>	<u>(5,395,733)</u>
Capital and reserves			
Called up share capital	19	4,000,000	4,000,000
Profit and loss account	20	<u>2,487,895</u>	<u>1,395,733</u>
Shareholder funds		<u>6,487,895</u>	<u>5,395,733</u>

These annual report and financial statements were approved by the board of directors and authorised for issue on 25 April 2019, and are signed on behalf of the board by:



Mr Rishi Ramanah
Director

Company registration number: 06428281

The notes on pages 11 to 21 form part of these annual report and financial statements.

Sator Capital Limited
Statement of Changes in Equity
Year ended 31 December 2018

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2017		4,000,000	1,118,582	5,118,582
Profit for the year			1,045,650	1,045,650
Other comprehensive income for the year	18	—	31,501	31,501
Total comprehensive income for the year		—	1,077,151	1,077,151
Dividends paid and payable	11	—	(800,000)	(800,000)
Total investments by and distributions to owners		—	(800,000)	(800,000)
At 31 December 2017		4,000,000	1,395,733	5,395,733
Profit for the year			1,076,461	1,076,461
Other comprehensive income for the year	18	—	15,701	15,701
Total comprehensive income for the year		—	1,092,162	1,092,162
At 31 December 2018		<u>4,000,000</u>	<u>2,487,895</u>	<u>6,487,895</u>

The notes on pages 11 to 21 form part of these annual report and financial statements.

Sator Capital Limited

Notes to the Annual Report and Financial Statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 14 Golden Square, London, W1F 9JF. The company has a branch in Italy located at Via Cerva, 28, 20122 Milano.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

Going concern

The accounts have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement, and is expected to continue to operate profitably in the foreseeable future. The Directors have reviewed the cashflow and projected income and expenses for at least twelve months after the date of approving these financial statements and deemed that the company has adequate financial resources to meet its obligations.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Sator S.p.A which can be obtained from the Italian Chamber of Commerce in Rome. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Cash flow statement

The Company is a subsidiary of Sator S.p.A. and the cash flows of this Group are included in the consolidated cash flow statement of the parent undertaking.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The directors' estimates are based on the evidence available at the time, including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised. The directors were required to use estimation techniques to calculate the value of the provision recognised in the financial statements (see notes 14, 16 and 23 for details). The Directors are not aware of any other significant sources of estimation uncertainty in the preparation of the financial statements.

Revenue recognition

The turnover represents fees receivable for investment management services provided during the period. Turnover is measured at the fair value of considerations received.

Investment management fees are recognised when the company obtains the right to consideration in exchange for its performance of services.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Functional currency

The financial statements are prepared in Pounds Sterling, which is the functional currency of the entity.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Company's functional currency is Pounds Sterling, whereas that of its Company's Italian Branch is the Euro. The Company's presentational currency is Pounds Sterling.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Exchange differences arising from the conversion of statement of financial position amounts from functional currency to presentational currency are recognised in the Other Comprehensive Income. The income of the Italian Branch is translated at an average rate at the year end and the impact of the difference between this and the rate ruling at the statement of financial position date is recognised in Other Comprehensive Income.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	6 years
Fixture and fittings	-	8 years
Equipment	-	20% straight line

Investments in subsidiaries

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Other income

Other income may include costs incurred by the Company that are recoverable from Sator Private Equity Fund, "A" L.P. in accordance with the limited partnership agreement amount are recognised on accrual basis.

Expenses

Expenses are recognised on an accruals basis.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Rendering of services	<u>3,125,081</u>	<u>3,016,700</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

5. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	18,927	2,886
Loss on disposal of tangible assets	2,023	—
Foreign exchange differences	<u>10,344</u>	<u>34,127</u>

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>25,200</u>	<u>21,229</u>
Fees payable for non-audit services (CASS)	<u>7,150</u>	<u>7,150</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Administrative and management staff	<u>4</u>	<u>6</u>

The aggregate payroll costs incurred during the year, relating to the above, were.

	2018	2017
	£	£
Wages and salaries	347,392	421,319
Social security costs	84,305	90,761
	<u>431,697</u>	<u>512,080</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	<u>259,893</u>	<u>303,533</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018	2017
	£	£
Aggregate remuneration	<u>165,028</u>	<u>208,533</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

9. Other interest receivable and similar income

	2018 £	2017 £
Interest on cash and cash equivalents	<u>14,913</u>	<u>10,579</u>

10. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	260,993	255,218
Double taxation relief	(120,754)	(107,163)
Total UK current tax	<u>140,239</u>	<u>148,055</u>
Foreign current tax expense	<u>183,755</u>	<u>146,221</u>
Total current tax	<u>323,994</u>	<u>294,276</u>
Deferred tax:		
Origination and reversal of timing differences	<u>12,185</u>	<u>4,319</u>
Tax on profit	<u>336,179</u>	<u>298,595</u>

The UK Government legislated in the Finance Act 2016 which received royal assent on 15th September 2016 to reduce the standard rate of UK corporation tax to 17% from 1st April 2020. The reduced rates of UK corporation tax will affect future tax payments to be made by the company.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>1,412,640</u>	<u>1,344,245</u>
Profit on ordinary activities by rate of tax	268,402	258,721
Effect of expenses not deductible for tax purposes	937	480
Unrelieved foreign tax	63,001	39,058
Other tax adjustment to increase/(decrease) tax liability	<u>3,839</u>	<u>336</u>
Tax on profit	<u>336,179</u>	<u>298,595</u>

11. Dividends

	2018 £	2017 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>-</u>	<u>800,000</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

12. Tangible assets

	Land and buildings £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2018	92,593	56,119	101,671	250,383
Additions	128,979	–	–	128,979
Disposals	–	–	(794)	(794)
At 31 December 2018	221,572	56,119	100,877	378,568
Depreciation				
At 1 January 2018	83,590	55,135	82,704	221,429
Charge for the year	13,377	896	4,654	18,927
Disposals	–	–	(596)	(596)
At 31 December 2018	96,967	56,031	86,762	239,760
Carrying amount				
At 31 December 2018	124,605	88	14,115	138,808
At 31 December 2017	9,003	984	18,967	28,954

13. Investments

	Shares in group undertakings £
Cost	
At 1 January 2018 and 31 December 2018	1
Impairment	
At 1 January 2018 and 31 December 2018	–
Carrying amount	
At 31 December 2018	1
At 31 December 2017	1

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

13. Investments *(continued)*

The investments represents the entire share capital of Sator GP Limited, a company incorporated in England and Wales, whose principal activity is that of General Partner of Sator Private Equity Fund, "A" L.P.

At 2018, the company had interests in the following subsidiaries:

Sator GP Limited

Type of shares held	Ordinary
Portion held	100%
Country of incorporation	England
Nature of business	General partner of Sator Private Equity Fund, "A" L.P.

Sator Partners LLP

Type of shares held	Members' capital
Portion held	86%
Country of incorporation	England
Nature of business	Dormant company

14. Debtors

	2018	2017
	£	£
Trade debtors	73,064	276,782
Loan to related party	450,391	—
Deferred tax asset	—	3,430
Prepayments and accrued income	3,515,190	67,502
Amount due from the underlying investment funds	658,301	658,301
Other debtors - Italian Tax Authorities	195,462	173,556
Other debtors	2,213,165	246,564
	<u>7,105,573</u>	<u>1,426,135</u>

On 31st October 2018, the Company entered into a Bridge Loan Agreement expiring on 30th June 2019 with a related party, Arepo LC S.r.l., in order to provide short term funding of €500,000. The interest on the loan is equal to EURIBOR plus 1.5%.

In April 2018, the Company filed for an appeal to the First-tier Tribunal challenging the amount of disputed tax as further noted in note 23 to the financial statements. A prerequisite of the Tribunal to hear appeals for disputes relating to indirect taxes is that payment of any outstanding assessment be deposited to HMRC which is included under Other debtors

15. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	29,546	68,162
Accruals and deferred income	1,056,130	750,537
Corporation tax	84,536	95,618
Social security and other taxes	14,459	9,031
Other creditors	54,845	58,046
	<u>1,239,516</u>	<u>981,394</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

16. Provisions

	Deferred tax (note 17) £	VAT provision £	Total £
At 1 January 2018	–	391,011	391,011
Additions	8,755	–	8,755
At 31 December 2018	<u>8,755</u>	<u>391,011</u>	<u>399,766</u>

Details of the VAT provision can be found in note 23 to the financial statements.

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in debtors (note 14)	–	3,430
Included in provisions (note 16)	(8,755)	–
	<u>(8,755)</u>	<u>3,430</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018 £	2017 £
Accelerated capital allowances	8,755	(747)
Provisions	–	(2,683)
	<u>8,755</u>	<u>(3,430)</u>

18. Analysis of other comprehensive income

	Profit and loss account £
Year ended 31 December 2018	
Foreign currency retranslation	<u>15,701</u>
Year ended 31 December 2017	
Foreign currency retranslation	<u>31,501</u>

19. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Foreign currency translation - This reserve records the translation into the company's local currency using the exchange rate in operation at the year end.

Sator Capital Limited operates through a branch incorporated in Italy. This branch maintains its accounting records in EUR rather than in GBP.

In order to prepare consolidated financial statements it is necessary to translate the complete financial statements of the foreign branch into the currency used for reporting purposes by the investing company.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	142,240	—
Later than 1 year and not later than 5 years	568,960	—
Later than 5 years	571,688	—
	<u>1,282,888</u>	<u>—</u>

22. Other financial commitments

The company had no capital commitments at year-end.

23. Contingencies

In May 2015, HMRC commenced an investigation into the VAT returns filed by the Company. The investigation is ongoing and as the matter progressed a provision for the potential liability that can be measured with sufficient reliability has been recognised in the financial statements as disclosed in note 16.

In April 2018, the Company filed for an appeal to the First-tier Tribunal challenging the amount of disputed tax. A prerequisite of the Tribunal to hear appeals for disputes relating to indirect taxes is that payment of any outstanding assessment be deposited to HMRC hence an advance was made by the Company to HMRC on 13th April 2018 for £1,978,959 which is part of the appeal. This has been recognised as a debtor, see Note 14, as management believe this is fully recoverable although there is a risk that it may not be.

The provision included in note 16 represents an overall estimation of potential liability and is subject to the outcome of the appeal. In any case, if the potential liability becomes payable, the Company will seek to reclaim such payments from the third party responsible for the VAT accounting and return during the period investigated by HMRC.

24. Subsequent events

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2018

25. Related party transactions

The Company has taken advantage of the disclosure exemption in related party available under section 33 of FRS102.

Sator Capital Limited is wholly owned by Sator S.p.A., which prepares the consolidated financial statements. The financial statements of this company are available to the public and may be obtained from the Italian Chamber of Commerce of Milan.

26. Controlling party

The Company's ultimate and immediate parent undertaking is Sator S.p.A., a company incorporated in Italy. The financial statements of this company are available to the public and may be obtained at this company's registered office: Via Cerva, 28 20122 Milan (Italy).

The Company's ultimate controlling party is Mr. Matteo Arpe

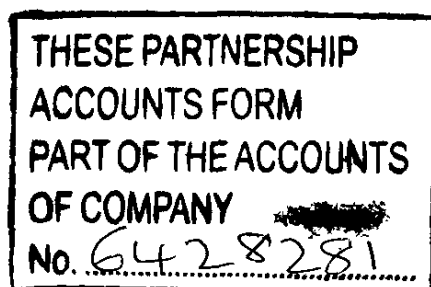


SATOR PRIVATE EQUITY FUND, "A" L.P.

Financial Statements

For the year ended 31 December 2018

Strictly Confidential



IMPORTANT NOTE

This report is being communicated to a limited number of sophisticated investors on a restricted and confidential basis for information purposes only and should not be relied upon for any other purpose. Sator Capital Limited (the "Manager") has prepared this report for the sole purpose of providing information concerning the investments held in Sator Private Equity Fund, "A" L.P. (the "Fund") on behalf of the Limited Partners. This report is for the confidential use of only those persons to whom it is presented and may not be disclosed, reproduced, distributed or used (whether in whole or in part) without the express prior written consent of the Manager.

SATOR PRIVATE EQUITY FUND, "A" L.P.**Table of Contents****For the year ended 31 December 2018**

	PAGE
General Information	1
Strategic Report	2
Report of the Manager	3 – 4
Independent Auditor's Report to the Members	5 – 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Net Assets Attributable to the Partners	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 – 25

SATOR PRIVATE EQUITY FUND, "A" L.P.**General Information**For the year ended 31 December 2018

Fund Name	Sator Private Equity Fund, "A" L.P.
First Closing Date	5 December 2008
Final Closing Date	5 March 2010
Total Commitments	€500 million
Vintage Year	2009
Term	10 + 2 years
Investment Period	5 years from the Final Closing
Investment Focus by Stage	Turnaround and restructuring
Investment Focus by Geography	Italy and Southern Europe
Fund's Domicile	England and Wales
Legal Form	Limited Partnership
General Partner	Sator GP Limited 14 Golden Square London W1F 9JF
Manager	Sator Capital Limited 14 Golden Square London W1F 9JF
Fund Administrator	State Street Administration Services (UK) Limited 20 Churchill Place Canary Wharf London E14 5HJ
Auditor	Deloitte LLP Gaspé House 66 - 72 Esplanade St. Helier Jersey JE2 3QT
Depository	State Street Trustees Limited 20 Churchill Place Canary Wharf London E14 5HJ

SATOR PRIVATE EQUITY FUND, "A" L.P.**Strategic Report****For the year ended 31 December 2018**

The Manager presents its strategic report on Sator Private Equity Fund "A", L.P. (the "Fund") for the year ended 31 December 2018.

REVIEW OF THE BUSINESS

The Fund is invested in nine active portfolio companies with four investments in the financial services sector, three investments in the industrial and real estate sectors and the remaining three investments in small companies, mostly originated as greenfield investments with a club-deal structure.

As of 31 December 2018, total net drawn down commitment was approximately €424.9 million representing 85% of the commitments (2017: €412.4 million representing 82% of the commitments). The Fund had cumulatively returned €214.1 million in distributions to limited partners (50% of the drawn down commitments) and has net asset value of €145.2 million (2017: €193.8 million).

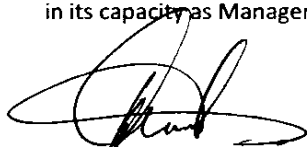
The NAV performance was driven by the underlying investment portfolio, primarily from the stock market price of Banca Profilo S.p.A., EPRICE S.p.A., Aedes SIQ S.p.A. and Restart SIQ S.p.A., all of which are listed on the Italian stock exchange. The stock market price, being a mandatory reference under International Financial Reporting Standards (IFRS), does not reflect the Manager's view of the real economic value of the listed investments, in particular Banca Profilo and Aedes for which the Fund could claim higher market values reflecting the economic fundamentals and the strategic majority premium.

RESULTS

The total net assets of the Fund as at 31 December 2018 were €145,192,998 (2017: €193,814,732). For further information on investments, please refer to note 4 of the financial statements.

The total comprehensive loss for the year amounted to €61,133,388 (2017: income €8,674,501).

Signed on behalf of Sator Capital Limited
in its capacity as Manager of Sator Private Equity Fund, "A" L.P.



Rishi Ramanah
Director
Sator Capital Limited

SATOR PRIVATE EQUITY FUND, "A" L.P.

Report of the Manager

For the year ended 31 December 2018

The Manager presents its report and the audited financial statements for Sator Private Equity Fund "A", L.P. (the "Fund") for the year ended 31 December 2018.

THE FUND

The Fund is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907, with registration number LP013250. The Fund has its registered office at 14 Golden Square, London W1F 9JF. As of 31 December 2018, the total commitments of the Fund amounted to €500,012,500 (2017: €500,012,500).

Sator GP Limited is the General Partner of the Fund and has appointed Sator Capital Limited as Manager. The Manager shall manage and operate the Fund, and shall manage its investment portfolio, in all cases under the supervision and authority of the General Partner who, acting on behalf of the Fund, shall be responsible for supervising the Manager's performance of its obligations.

As the General Partner is a limited company, the Fund is treated as a qualifying partnership under the "Partnerships (Accounts) Regulations 2008" [QP 2008 Reg 3(1)].

ACTIVITIES

The Fund has been established to act as an investment holding vehicle for private equity investment with the investment strategy to pursue primarily restructuring, turnaround and growth opportunities in Italy. The Fund will typically seek to acquire positions in companies with an investment size of between €30 to €150 million and over which it will be able to influence management decisions.

RISK AND UNCERTAINTIES

The Fund's exposure to financial risks and the related financial risk management policies are disclosed in note 8 to the audited financial statements.

DIRECTORS OF THE MANAGER

The Directors of the Manager who held office during the year and up to the date of approval of the financial statements were:

L. Barone
P. Di Filippo
G. Garbuglia
R. Ramanah

INDEPENDENT AUDITOR

Deloitte LLP has expressed its willingness to continue in office.

REGISTERED OFFICE

Gaspé House
66 - 72 Esplanade
St. Helier
Jersey
JE2 3QT

SATOR PRIVATE EQUITY FUND, "A" L.P.

Report of the Manager (continued)

For the year ended 31 December 2018

MANAGER'S RESPONSIBILITIES STATEMENT

The Manager is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Manager to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Manager is required to:

- Select suitable accounts policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Fund's financial position and financial performance; and
- Make an assessment of the Fund's ability to continue as a going concern.

The Manager is responsible for keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Manager considers that the Fund has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Manager has taken into account all available information about the foreseeable future and consequently the going concern basis is appropriate in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Directors of the Manager who held office at the date of the approval of this Manager's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Fund's auditors are unaware and Directors of the Manager have taken all the steps that it ought to have taken as Manager to make themselves aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

The Manager confirms it has complied with the above requirements throughout the year and subsequently.

Signed on behalf of Sator Capital Limited
in its capacity as Manager of Sator Private Equity Fund, "A" L.P.



Rishi Ramanah
Director
Sator Capital Limited

2 July 2019

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Independent Auditor's Report to the Members

For the year ended 31 December 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

In our opinion the financial statements of Sator Private Equity Fund, "A" L.P. (the "Fund"):

- give a true and fair view of the state of the Fund's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to the Fund.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in net assets attributable to the partners;
- the cash flow statement; and
- the related notes 1 to 11

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors of the Manager use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors of the Manager have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors of the Manager are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Independent Auditor's Report to the Members (continued)

For the year ended 31 December 2018

Responsibilities of Directors of the Manager

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

Auditor's responsibilities for the audit of the financial statements

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the Manager for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the Manager have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the report of the Manager.

Matters on which we are required to report by exception

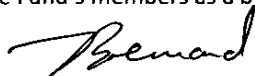
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Fund's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to the Fund. Our audit work has been undertaken so that we might state to the Fund'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 Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.



Theo Brennand, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Jersey

United Kingdom

3 July 2019

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Statement of Financial Position

As at 31 December 2018

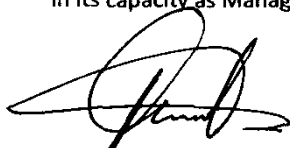
	Notes	As at 31-Dec-18 €	As at 31-Dec-17 €
Non-current assets			
Financial assets at fair value through profit or loss	4	141,011,827	190,685,561
Current assets			
Short-term loan receivable		-	3,000,750
Due from Investors		125,117	-
Cash and equivalents		8,493,702	1,110,117
Total assets		<u>149,630,646</u>	<u>194,796,428</u>
Current liabilities			
Payables and accruals	5	(4,437,648)	(981,696)
Net assets attributable to the Partners		<u>145,192,998</u>	<u>193,814,732</u>
Represented by			
Partners' capital contribution account		62,500	62,500
Partners' loan contribution account		424,849,872	412,338,218
Partners' loan reimbursement account		(214,067,928)	(214,067,928)
Partners' loss account		(65,651,446)	(4,518,058)
Total Partners' capital		<u>145,192,998</u>	<u>193,814,732</u>

The accompanying notes 1 to 11 are an integral part of these financial statements.

These financial statements were approved by the Manager on

2 July 2019.

Signed on behalf of Sator Capital Limited
in its capacity as Manager of Sator Private Equity Fund, "A" L.P.



Rishi Ramanah
Director
Sator Capital Limited

Sator Private Equity Fund, "A" L.P. - Registration number: LP013250

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	31-Dec-18 €	31-Dec-17 €
Income			
Loan interest income		2,883	2,600
Gain on foreign exchange		5,904	23,781
Change in unrealised (loss)/gain on financial assets at fair value through profit or loss	4	(57,277,367)	12,696,238
Total (loss)/income		(57,268,580)	12,722,619
Expenses			
General Partner's Priority Profit Share Allocation	2, 9	3,511,654	3,425,873
Administration fees		148,870	163,712
Professional fees		115,297	324,837
Audit fees		84,000	110,714
Interest expense		4,302	21,691
Bank charges		685	1,291
Total expenses		3,864,808	4,048,118
Total comprehensive (loss)/income for the year		(61,133,388)	8,674,501

The accompanying notes 1 to 11 are an integral part of these financial statements.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Statement of Changes in Net Assets Attributable to the Partners
For the year ended 31 December 2018

	Partners' capital account	Partners' loan contributions	Partners' loan reimbursement account	Partners' income account	Total
	€	€	€	€	€
As at 1 January 2017	62,500	395,676,345	(214,067,928)	(13,192,559)	168,478,358
Paid-in during year	-	16,661,873	-	-	16,661,873
Total comprehensive income for the year	-	-	-	8,674,501	8,674,501
As at 31 December 2017	62,500	412,338,218	(214,067,928)	(4,518,058)	193,814,732
As at 1 January 2018	62,500	412,338,218	(214,067,928)	(4,518,058)	193,814,732
Paid-in during year	-	12,511,654	-	-	12,511,654
Total comprehensive loss for the year	-	-	-	(61,133,388)	(61,133,388)
As at 31 December 2018	62,500	424,849,872	(214,067,928)	(65,651,446)	145,192,998

The accompanying notes 1 to 11 are an integral part of these financial statements.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	31-Dec-18 €	31-Dec-17 €
Cash flows from operating activities			
Total comprehensive (loss)/income for the year		(61,133,388)	8,674,501
Change in unrealised loss/(gain) on financial assets at fair value through profit or loss		57,277,367	(12,696,238)
Decrease/(increase) in short-term loan receivable		3,000,750	(3,000,750)
Increase in payables and accruals		3,455,952	86,663
Net cash generated from/(used in) operating activities		2,600,681	(6,935,824)
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(7,603,633)	(9,350,000)
Net cash used in investing activities		(7,603,633)	(9,350,000)
Cash flows from financing activities			
Partners' loan contributions		12,511,654	16,661,873
Increase in amounts due from Investors		(125,117)	-
Net cash generated from financing activities		12,386,537	16,661,873
Increase in cash and cash equivalents		7,383,585	376,049
Reconciliation of net cash flow to movement in net cash			
Increase in cash and cash equivalents for the year		7,383,585	376,049
Cash and cash equivalents at beginning of the year		1,110,117	734,068
Cash and cash equivalents at end of the year		8,493,702	1,110,117

The accompanying notes 1 to 11 are an integral part of these financial statements.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements

For the year ended 31 December 2018

1. GENERAL INFORMATION

Sator Private Equity Fund, "A" L.P. (the "Fund") is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907 and has its registered office at 14 Golden Square, London W1F 9JF. As of 31 December 2018, the total commitments of the Fund amounted to €500,012,500 (2017: €500,012,500).

The term of the Fund is 10 years from the final closing date of 5 March 2010, subject to provision for extension or earlier dissolution as set out in the Limited Partnership Agreement ("LPA").

The principal activity of the Fund is to carry on the business of investing in turnaround and restructuring situations, predominantly in Italy and Southern Europe.

Under the LPA executed on 5 December 2008 as amended from time to time, the day-to-day management and control of the Fund will be carried out by the General Partner, Sator GP Limited. Sator GP Limited has appointed Sator Capital Limited to act as Manager and Operator of the Fund, with responsibility for the preparation of the financial statements for each financial period.

Capitalised terms not defined herein are defined in the LPA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Fund have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRSs") and the requirements of the Companies Act 2006 (as applied by the Limited Partnership (Accounts) Regulations 2008). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in accordance with EU IFRSs requires the use of certain critical accounting estimates. It also requires the Manager to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

IFRS 10 "Consolidated Financial Statements" requires the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. Where the entity is an Investment Entity, it shall not consolidate its subsidiaries. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An entity is required to consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. IFRS 10 provides that an investment entity should have the following typical characteristics:

- (a) It has more than one investment;
- (b) It has more than one investor;
- (c) It has investors that are not related parties of the entity; and
- (d) It has ownership interests in the form of equity or similar interests.

The absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as the investment entity, with respect to the Fund, it is noted that all of the above conditions are met here, the entity is treated as investment entity.

The Manager has deemed that the Fund meets the definition of an Investment Entity per IFRS 10 as the following conditions exist:

- (a) The Fund has obtained funds for the purpose of providing investors with investment management services.
- (b) The Fund's business purpose, which was communicated directly to investors and is expressly stated in the terms of the LPA, is investing solely for returns from capital appreciation and investment income.
- (c) The performance of investments made are measured and evaluated on a fair value basis.

As the Fund is classified as an Investment Entity per IFRS 10, it has not consolidated its investments in subsidiaries and it has measured its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9.

These separate financial statements are the only financial statements presented by the Fund.

(a) Standards and amendments to existing standards effective for the current year

IFRS 9 became effective for periods beginning on or after 1 January 2018. IFRS 9 largely retains the existing requirements of IAS 39 for the recognition, classification and measurement of financial instruments. However, as it specifically relates to financial assets, the following categories included in IAS 39: held to maturity, loans and receivables and available for sale, are no longer available under IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Manager determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9, as all financial instruments are managed on a fair value basis. Under IAS 39, the financial assets were designated as FVTPL because they were managed on a fair value basis and their performance was similarly monitored on this basis. There is no change to classifications when compared to the most recent annual audited financial statements nor any changes in the valuation technique.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Standards and amendments to existing standards effective for the current year (continued)**

No reconciliation of the carrying amounts of financial assets and liabilities under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018 has been prepared as there was no change in the carrying amounts calculated.

IFRS 15, 'Revenue from Contracts with Customers', specifies that the requirements an entity must apply to measure and recognise revenue and the related cash flows. It replaced IAS 18 which covered contracts for goods and services and IAS 11 which covers construction contracts. The new standard provides a single, principles based five-step model to be applied to all contracts with customers. Manager has assessed the income streams disclosed in the financial statements and have concluded that no change is required to be made as the recognition methodology of income as they were in line with the new standards recommendations in the prior year.

(b) New standards, amendments and interpretations effective after 1 January 2018 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Fund.

Foreign currency transactions and translation**(a) Functional and presentation currency**

The Fund's investors are mainly from the Eurozone, with the Fund's capital calls and distributions denominated in Euro. The primary activity of the Fund is to carry on the business of investing in turnaround and restructuring situations, predominantly in Italy and Southern Europe. The performance of the Fund is measured and reported to the investors in Euro. The Manager considers the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euro, which is the Fund's functional and presentation currency.

(b) Transactions and balances

In preparing the financial statements, transactions in currencies other than the Fund's functional currency of Euro, are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement and retranslation of monetary items and non-monetary items at fair value are included in the Statement of Comprehensive Income.

Financial assets and financial liabilities**(a) Classification**

The Fund classifies its investments in equity and debt securities as financial assets at fair value through profit or loss (FVTPL).

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(a) Classification (continued)

The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

The Fund's equity investments have been designated as at fair value through profit or loss at inception.

(b) Recognition, derecognition and measurement

Financial assets at fair value through profit or loss are initially recognised at fair value.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of Comprehensive Income in the period in which they arise.

Realised gains or losses on the disposal of investments are the difference between the fair value of the consideration receivable on disposal less any directly attributable costs and its fair value at the start of the accounting period. Realised gains or losses are recognised in the statement of comprehensive income.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. The Fund may also use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The fair value hierarchy has the following levels:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- (b) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial assets and financial liabilities (continued)****(c) Fair value estimation (continued)**

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

(d) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

There were no transfers between the levels during the year ended 31 December 2018.

Members' capital interest

Under the terms of the Partnership Agreement of the Partnership, capital is contributed to the Partnership by the Members in the form of both capital and loan contributions. The loan contributions are classified as equity in the financial statements and ranks in priority to the repayment of the capital contributions upon a return of capital by the Partnership. All capital distributions made by the Partnership will reduce the loan contribution balance until such time as the loan contribution has been fully repaid by the Partnership. Following the repayment of the loan contributions, distributions will be recognised as distributions from the surplus capital profit of the Partnership. Where a distribution is made by the Partnership from the investment income earned, this distribution is shown as a distribution from the profit account. Loan distributions, capital distributions and income distributions are recognised at the point when the Manager decides to make a distribution.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where the Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Fund did not hold any offsetting financial instruments as at 31 December 2018.

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is only accrued if it is deemed recognisable.

Receivables

Receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Payables and accruals**

Payables and accruals are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method. Payables and accruals are derecognised when the obligation under the liability is discharged or cancelled or expired.

Expenses

Expenses are recognised on an accruals basis.

Taxation

The income and gains of the Fund are assessable on the individual Partners who will each receive a proportionate share of the Fund's income and realised gains and be taxed on that in accordance with their own circumstances. Accordingly, no provision for taxation is made in these financial statements.

General Partner's Share

The LPA provides for the General Partner to receive a Priority Profit Share of the profits of the Fund. The Priority Profit Share is 2% p.a. of the total commitments until the end of the Investment Period. Thereafter, it shall be 2% p.a. of the total acquisition cost of investments.

The General Partner is entitled to receive the first allocation of any net income or capital gain to fund the General Partner Share. If there is insufficient net income or capital gain in any period to fund the General Partner Share, the General Partner is entitled to make drawing on account of the share. This is not repayable and any balance outstanding at the end of the Fund life will be written off. The Priority Profit Share is recognised as an expense in the Statement of Comprehensive Income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**Judgements**

In the application of the Fund's accounting policies, which are described in note 2, the Fund is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainties

The Partnership could potentially be exposed to certain legal and structural uncertainties as a result of BREXIT. Based on the current available information, the Manager does not anticipate a material impact. The Manager will continue to monitor and assess the developments and any potential consequences.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**Fair value of financial instruments**

Where the fair value of financial assets recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques where a degree of estimation is required in establishing fair values. The estimation includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31-Dec-18 €	31-Dec-17 €
Sator Investments S.à r.l.		
Equity	8,862,056	1,262,205
Interest free loans	30,397,754	30,397,754
Redeemable convertible loans - non-interest bearing	101,752,017	159,025,602
Fair value	141,011,827	190,685,561

The following table analyses within the fair value hierarchy the Fund's assets measured at fair value. All fair value measurements disclosed are recurring fair value measurements.

As at 31 December 2018

	Equity	Interest free loans	Redeemable convertible loans - non-interest bearing	Total
	€	€	€	€
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	8,862,056	30,397,754	101,752,017	141,011,827
At fair value	8,862,056	30,397,754	101,752,017	141,011,827

As at 31 December 2017

	Equity	Interest free loans	Redeemable convertible loans - non-interest bearing	Total
	€	€	€	€
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	1,262,205	30,397,754	159,025,602	190,685,561
At fair value	1,262,205	30,397,754	159,025,602	190,685,561

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The carrying amount of cash and cash equivalents, payables and accruals approximated their fair values and are presented in the Statement of Financial Position.

The movement in the fair value of investments classified within Level 3 are as follows:

As at 31 December 2018

	Equity	Interest free loans	Redeemable convertible loans - non-interest bearing	Total
	€	€	€	€
Opening balance	1,262,205	30,397,754	159,025,602	190,685,561
Purchases	7,603,633	-	-	7,603,633
Sales	-	-	-	-
Gains / (losses)				
- Realised	-	-	-	-
- Unrealised	(3,782)	-	(57,273,585)	(57,277,367)
Closing balance	8,862,056	30,397,754	101,752,017	141,011,827

As at 31 December 2017

	Equity	Interest free loans	Redeemable convertible loans - non-interest bearing	Total
	€	€	€	€
Opening balance	911,149	29,047,754	138,680,420	168,639,323
Purchases	350,000	1,350,000	7,650,000	9,350,000
Sales	-	-	-	-
Gains / (losses)				
- Realised	-	-	-	-
- Unrealised	1,056	-	12,695,182	12,696,238
Closing balance	1,262,205	30,397,754	159,025,602	190,685,561

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The summary of investments made by the Fund through underlying portfolio companies are as follows:

As at 31 December 2018

Investment	Holding	Ownership %	Invested capital €	Current cost €	Fair value €
Quoted Companies					
Banca Profilo S.p.A.	Arepo BP S.p.A.	62.40%	88,974,250	88,974,250	68,037,040
ePrice S.p.A. (formerly Banzai)	Arepo BZ S.à.r.l.	20.85%	23,180,000	23,180,000	13,637,874
Restart SIQ S.p.A and Aedes SIQ S.p.A.	Arepo AD S.à.r.l.	15.40%	21,053,000	21,053,000	6,483,642
Unquoted Companies					
Extrabanca S.p.A.	Arepo BP S.p.A.	65.62%	19,000,000	3,454,233	8,530,096
L'Autre Chose S.p.A.(formerly Boccaccini)	Arepo LC S.r.l.	84.00%	13,290,000	10,978,601	11,771,096
Sator Immobiliare SGR S.p.A.	Arepo PR S.p.A.	58.42%	2,600,000	2,600,000	6,134,643
Tinaba S.p.A.	Arepo TI S.à.r.l.	86.01%	21,848,917	21,848,917	21,146,429
News 3.0 S.p.A.	Arepo BH S.à.r.l.	80.79%	8,145,250	2,865,250	2,527,433
99 Technologies S.A.	Arepo 99 S.à.r.l.	9.20%	2,217,500	729,500	561,760
Current portfolio investments			200,308,917	175,683,751	138,830,013
Other assets					2,181,814
					141,011,827

As at 31 December 2017

Investment	Holding	Ownership %	Invested capital €	Current cost €	Fair value €
Quoted Companies					
Banca Profilo S.p.A.	Arepo BP S.p.A.	62.40%	88,974,250	88,974,250	100,927,183
ePrice S.p.A. (formerly Banzai)	Arepo BZ S.à.r.l.	20.85%	23,680,000	23,680,000	22,748,007
Aedes SIQ S.p.A.	Arepo AD S.à.r.l.	15.40%	21,003,000	21,003,000	23,055,638
Unquoted Companies					
Extrabanca S.p.A.	Arepo BP S.p.A.	42.36%	19,000,000	6,074,000	5,800,000
L'Autre Chose S.p.A.(formerly Boccaccini)	Arepo LC S.r.l.	84.00%	10,190,000	7,878,601	7,503,265
Sator Immobiliare SGR S.p.A.	Arepo PR S.p.A.	58.42%	2,600,000	2,600,000	6,133,895
Tinaba S.p.A.	Arepo TI S.à.r.l.	100.00%	18,840,000	18,840,000	18,159,066
News 3.0 S.p.A.	Arepo BH S.à.r.l.	80.79%	8,105,250	2,825,250	2,511,626
99 Technologies S.A.	Arepo 99 S.à.r.l.	9.20%	2,182,500	694,500	565,317
Current portfolio investments			194,575,000	172,569,601	187,403,997
Other assets					3,281,564
					190,685,561

Definitions:

- Invested capital represents the total amount contributed for the acquisition of an investment, including any charges, expenses.
- Current cost represents the total invested capital less any impairment associated with such investment.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The aggregate fair value is the adjusted net asset value of Sator Investments S.à r.l.

The net asset value of Sator Investments S.à r.l. has been adjusted to reflect the fair value of the underlying investments held by Sator Investments S.à r.l.

Non-interest bearing redeemable convertible loans held with Sator Investments S.à r.l. are valued at the redemption price at the relevant year end. The redemption price is the aggregate fair value, on a fully diluted basis, of the Conversion Shares of Sator Investments S.à r.l. into which such convertible loans are convertible. A Conversion Share is a share in the share capital of Sator Investments S.à r.l. into which a convertible loan certificate is convertible. Non-interest bearing redeemable convertible loans are convertible upon receipt of a Conversion Notice by Sator Investments S.à r.l. Such number of Convertible Loan certificates as indicated on the Conversion Notice shall be converted at any time into shares at the Conversion Rate, being one Convertible Loan Certificate having a par value of €1 for one share having a par value of €1.

The equity investment in Sator Investments S.à r.l. is valued as the adjusted net asset value of Sator Investments S.à r.l. in excess of the redemption price of the non-interest bearing redeemable convertible loans.

The Interest Free Loans made to Sator Investments S.à r.l. are held at fair value through profit or loss. The Loans are due to be redeemed at the nominal value at which they were issued and are not impacted by a change in fair value of the underlying investment.

In order to assess Level 3 valuations, the Manager reviews the performance of the portfolio of investee companies on a quarterly basis and is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matters which are considered in the valuation process. Valuation techniques used in determining the fair value of the underlying investments include the use of market multiples methodologies (listed comparable companies and recent comparable arm's length transactions), discounted cash flow analysis, adjusted net asset value and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The valuations are prepared by the relevant team of the Manager and are reviewed by the Board of the Manager in line with the quarterly valuations that are provided to investors. The Manager considers the appropriateness of the methodology used in light of the nature, facts and circumstances of the investments, the significant and key inputs as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. In performing the valuations, the Manager follows the International Private Equity and Venture Capital ("IPEVC") Guidelines which sets out recommendations intended to represent current best practice on the valuation of private equity and venture capital investments.

The interest free loans are repayable on or before 31 December 2023. The non-interest bearing redeemable convertible loans are redeemable before the final maturity date of 31 December 2023. These Loans are unsecured.

The Fund holds 100% of the issued share capital of Sator Investments S.à r.l., a wholly owned Luxembourg holding company, whose registered address is 47, Avenue John F. Kennedy, L-1855 Luxembourg. Sator Investments S.à r.l. holds the following investments:

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Country of Incorporation	Holding %
<i>Long term financing:</i>		
Arepo AD S.à r.l.	Luxembourg	100%
Arepo BH S.à r.l.	Luxembourg	100%
Arepo BP S.p.A.	Italy	100%
Arepo BZ S.à r.l.	Luxembourg	100%
Arepo LC S.r.l.	Italy	100%
Arepo PR S.p.A.	Italy	100%
Arepo PV S.r.l.	Italy	100%
Arepo TI S.à r.l.	Luxembourg	100%
Arepo 99 S.à r.l.	Luxembourg	100%

Arepo AD S.à r.l.

As of 31 December 2018, Arepo AD S.à r.l. held a 30.08% (2017: 30.08%) interest in Augusto S.p.A., an Italian Hold Co., which in turn holds a shareholding of 51.20% of Restart SIQ S.p.A. and 51.28% of Aedes SIQ S.p.A (2017: 51.20% of Aedes SIQ S.p.A.), listed property and asset management company.

Arepo BH S.à r.l.

As of 31 December 2018, Arepo BH S.à r.l. held an 80.79% (2017: 80.79%) interest in News 3.0 S.p.A, an upscale Italian online news portal.

Arepo BP S.p.A.

As of 31 December 2018, Arepo BP S.p.A. held a 62.40% (2017: 62.40%) interest in Banca Profilo S.p.A., an Italian listed bank and Arepo BP S.p.A. also held an overall 65.62%, of which 42.36% with voting rights (2017: 42.36%) interest in Extrabanca S.p.A., an Italian retail bank dedicated to qualified migrants in Italy.

Arepo BZ S.à r.l.

As of 31 December 2018, Arepo BZ S.à r.l. held a 20.85% (2017: 20.85%) interest in EPRICE S.p.A (formerly Banzai S.p.A.), a leading Italian player on the online market.

Arepo LC S.r.l.

As of 31 December 2018, Arepo LC S.r.l. held an 84.00% (2017: 84.00%) interest in L'Autre Chose (formerly Boccaccini S.p.A.), an Italian fashion house.

Arepo PR S.p.A.

As of 31 December 2018, Arepo PR S.p.A. held a 58.42% (2017: 58.42%) interest in Sator Immobiliare SGR S.p.A., an investment manager focused on managing Italian real estate funds.

Arepo PV S.r.l.

As of 31 December 2018, Arepo PV S.r.l. held no investment (2017: nil).

Arepo TI S.à r.l.

As of 31 December 2018, Arepo TI S.à r.l. held an 86.01% (2017: 100%) interest in Tinaba S.p.A., a greenfield investment in the growing nascent financial technology industry.

Arepo 99 S.à r.l.

As of 31 December 2018, Arepo 99 S.à r.l. held a 66.67% (2017: 66.67%) interest in Ita99 S.à r.l., an Italian Hold Co., which in turn holds a shareholding of 15.00% (2017: 15.00%) of 99 Holding S.à r.l., together with its 92% controlled operational company 99 Technologies S.A. operates in the healthcare industry.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018**SATOR PRIVATE EQUITY FUND, "A" L.P.**

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

5. PAYABLES AND ACCRUALS	31-Dec-18	31-Dec-17
	€	€
General Partner's Priority Profit Share Allocation	3,511,654	-
Professional fees	823,970	841,469
Audit fees	84,000	84,000
Administration fees	10,979	30,938
Due to related party	7,045	25,289
	<u>4,437,648</u>	<u>981,696</u>

6. COMMITMENTS

As at 31 December 2018, the Fund had no financial commitments.

7. PARTNERS' CAPITAL AND LOAN CONTRIBUTIONS

Ownership interests in the Fund are in the form of Partners' capital contribution and Partners' loan contribution. Partner's capital and loan contributions are derived from drawdowns from Limited Partners' committed capital. Partners shall contribute the amount drawn down by the Fund pursuant to Clause 4.2 of the LPA.

Capital contributions represent the aggregate amount contributed or agreed to be contributed to the capital of the Fund by each Partner consisting of 0.01% of the Partners' commitment. Partners' loan contribution represents the aggregate amount of interest free subordinated loan advanced or agreed to be advanced to the Fund by the Limited Partners consisting of 99.99% of the Limited Partners' commitment.

Both Partners' capital contribution and Partners' loan contribution do not carry the right to participate in the management or control of the business and affairs of the Fund, are entitled to a preferred return of 8% per annum compounded annually and to a proportionate share of the Fund's net assets upon liquidation. In the event that the Fund is unable to meet its debts, liabilities or obligations, the liability of the Partners will be limited to the amounts of its capital contribution and the portion of the Loan as drawn down and not paid plus any undrawn commitments. All drawn down commitments are fully paid as at the reporting date. Loans which have been repaid, except as otherwise notified by the Manager, are not available for further draw down. All distributions made to the Limited Partners by the Fund are applied first towards the repayment of the Partners' loan contribution.

In accordance with the objectives outlined in note 1 and the financial risk management policies in note 8, the Fund endeavours to invest the contributions received in appropriate investments while maintaining sufficient liquidity, such liquidity being augmented by short-term borrowings where necessary.

Total commitment of the Limited Partners to the Fund amounts to €500,012,500. Total commitment called to date, including capital contribution of €62,500 (2017: €62,500), amounted to €424,912,372 (2017: €412,400,718).

8. FINANCIAL RISK MANAGEMENT**Risk management policies and procedures**

The Fund's principal activity is to carry on its business as an investor and, as such, it has invested in a portfolio of unquoted equities and redeemable loan stock instruments with the main objective being to secure capital gains and income proceeds.

In pursuing this investment strategy, the Fund is exposed to a variety of risks that could result in either a reduction in the Fund's net assets or a reduction in proceeds available for distribution. The main risks to which the Fund is exposed are: credit risk, market risk (which is comprised of: price risk, currency risk, interest rate risk) and liquidity risk.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)**Risk management policies and procedures (continued)**

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All security investments present a risk of loss of capital. The maximum loss of capital on equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Manager by adhering to the investment policies and restrictions as detailed in the LPA.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

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 Fund's main exposure arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on cash balances held with banks.

The Fund provides loans to its wholly owned subsidiary, Sator Investments S.à r.l., which are represented as debt instruments. No collateral is received from the subsidiary. The credit quality of these investments is based on the financial performance of the individual portfolio companies in which the subsidiary invests. All debt investments represent private equity investments. The Manager believes that the risk of default is small, and the capital repayments will be made in accordance with the agreed terms and conditions. No terms or conditions have been renegotiated.

The Fund's policy is to manage credit risk linked to cash balances by only transacting with counterparties with suitable credit ratings designated by a well-known rating agency. The Fund's cash balances are held with reputable banks. They are kept to as low a level as feasible by returning surplus cash balances to Limited Partners as soon as practicable. To this extent, the Fund's credit risk linked to cash balances is considered low.

The maximum exposure to credit risk as at 31 December 2018 is the carrying amount of the financial assets set out below. It does not include any collateral or other credit risk enhancers, which reduce the Fund's exposure.

	31-Dec-18	31-Dec-17
	€	€
Equity	8,862,056	1,262,205
Interest free loans	30,397,754	30,397,754
Redeemable convertible loans - non-interest bearing	101,752,017	159,025,602
Cash and cash equivalents	8,493,702	1,110,117
	<hr/>	<hr/>
	149,505,529	191,795,678
	<hr/>	<hr/>

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Price risk

Price risk is the risk that the fair value or 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 by factors affecting all similar financial instruments traded in the market.

The Fund's exposure to price risk arises from investments indirectly held by the Fund for which prices in the future are uncertain.

Price risk is managed through diversification and selection of securities and other financial instruments within specified limits and restrictions as set in the LPA. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the portfolio on an ongoing basis.

The sensitivity of the Fund's investments to price movement is equal to the change in adjusted net asset value of Sator Investments S. à r.l.. As at 31 December 2018, the net asset value of the Fund is driven by the underlying investment portfolio, primarily from the quoted market price of Banca Profilo S.p.A., EPRICE S.p.A, Aedes SIIQ S.p.A and Restart SIIQ S.p.A., all of which listed on the Italian Stock Exchange. The potential movement in the total fair value if the observable input values increased by 10% with all other variables held constant, this would have increased net assets attributable to the partners by approximately EUR 8.8 mln. Conversely, if the observable inputs decreased by 10%, this would have decreased net assets attributable to the partners by approximately EUR 8.8 mln.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

All of the Fund's investments are made in Euros and therefore currency risk is considered by the Manager to be immaterial.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate risk arises from cash and investments in debt securities.

The level of cash held during the year has been low and the debt security investments are non-interest bearing and were made to a related entity that is formed in connection with the entity for legal, regulatory, tax or similar business reasons. The interest rate risk is considered by the Manager to be immaterial.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

SATOR PRIVATE EQUITY FUND, "A" L.P.

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk (continued)**

The liquidity risk of the Fund is considered by the Manager to be low on the basis that the Fund's liabilities (such as trade creditors, accrued creditors and similar items) are immaterial and the Partners have a legal commitment in the LPA to pay loan capital into the Fund up to the amount committed in order to cover such liabilities. The Fund has adequate undrawn capital to meet future commitments. Any future investment will only be made after consideration of the sufficiency of undrawn capital to the Fund and future fund expenses in accordance with Clause 4.5 of the LPA. Undrawn commitments as at 31 December 2018 amounted to €75.1 mln (2017: €87.6 mln). As such, a maturity analysis for financial liabilities has not been presented.

Capital risk management

The capital structure of the Fund consists of Partners' capital and Partners' current accounts.

The Manager's policy when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the Partners and to sustain the future development of the business. In order to maintain or adjust the capital structure, the Fund may call undrawn capital from the Partners or raise medium/long-term third party debt. Neither the Fund nor any of its subsidiaries are subject to externally imposed capital requirements. The Fund may recall distributions made to the Partners in accordance with the LPA.

There were no changes in the Fund's approach to capital management during the year.

9. RELATED PARTY TRANSACTIONS

Sator GP Limited, the General Partner, is a related party to the Fund. The Priority Profit Share is paid to Sator GP Limited and onwards to the Manager, Sator Capital Limited. The expense in respect of the current year's Priority Profit Share is €3,511,654 (2017: €3,425,873).

Sator Investments S.à r.l., Arepo AD S.à r.l., Arepo BH S.à r.l., Arepo BP S.p.A., Arepo BZ S.à r.l., Arepo LC S.r.l., Arepo PR S.p.A., Arepo PV S.r.l., Arepo TI S.à r.l., Arepo 99 S.à r.l. and associated entities are related parties of the Fund and further information are disclosed in note 4.

As at 31 December 2018 an amount of €7,045 (2017: €25,289) remained outstanding to Sator Capital Limited (the "Manager") for expenses incurred on behalf of the Fund.

On 17 November 2017, the Partnership entered into a short-term convertible credit facility with Sator Investments S.à r.l. in an aggregate amount of €3,000,000. On 22 June 2018, the aggregate amount of the loan and any accrued interest was converted into equity where the Partnership contributed on share premium account of Sator Investments S.à r.l. an amount of €3,003,633.

10. CONTROLLING PARTY

The Fund is managed by the General Partner, Sator GP Limited, for the beneficial interest of the Partners as a body. The General Partner is a subsidiary of Sator Capital Limited. The beneficial interest of Sator GP Limited in the Fund is restricted to the entitlement to receive Priority Profit Share for acting as its General Partner.

In the opinion of the Manager, the Fund has no ultimate controlling party.

11. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 29 January 2019, the Partnership contributed on share premium account of Sator Investments S.à r.l. an amount of €6,660,000 mainly related to the investment in Tinaba S.p.A., as detailed in drawdown notice 25 issued in December 2018.