TRIAN INVESTORS 1

Trian Investors 1 Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2021

Registered number: 65419

Contents

Overview of the Company

Trian Investors 1 Limited (the “Company”) is a Guernsey domiciled limited company incorporated on 24 August 2018. The ordinary shares of the Company (the “Shares”) were admitted to trading on the Specialist Fund Segment of the London Stock Exchange (“SFS”) on 27 September 2018 (“Admission”). The Company registered with the Guernsey Financial Services Commission as a registered collective investment scheme on 16 June 2021.

The investment objective of the Company, through its investment in Trian Investors 1, L.P. (Incorporated) (the “Investment Partnership”), is to generate significant capital appreciation through the investment activity of Trian Investors Management, LLC (the “Investment Manager”) and its parent, Trian Fund Management, L.P. (collectively, “Trian”).

The Company expects to make substantial investments, through its investment in the Investment Partnership, in one or more high quality, but undervalued and/or underperforming, United Kingdom or United States companies where the Investment Manager believes it has developed a compelling set of operational and strategic initiatives that will help generate shareholder value. Investments in companies may be made on-market or off-market, in publicly listed or private companies.

Chairman's Statement

For the year ended 31 December 2021

Dear Shareholder,

On behalf of the Board of Directors ("the Board"), I am pleased to present the Annual Report and Accounts for the year ended 31 December 2021. For an investment vehicle whose primary holding is a successful plumbing and heating specialist, Trian Investors 1 Limited has seen an unexpectedly busy year. And as more recent events show below, the pace of activity has continued.

Overview of the Company's Ferguson Investment

The Company's underlying investment in Ferguson plc ("Ferguson") generated solid returns over the year, driven by growth in organic revenue and operating profit as well as management's strong execution in a difficult operating environment. The Board and the Investment Manager believe Ferguson remains an attractive investment due to its focus on strong end-markets, its pricing power with customers, and its continuing opportunity to realise market share growth.

Since year-end, Ferguson shareholders have overwhelmingly approved a transfer of the company's primary listing to the New York Stock Exchange in the United States. The Manager believes the relisting, scheduled for 12 May 2022, will positively impact the valuation of Ferguson's shares.

The table below highlights the share price performance of Ferguson over the year and during the first three months of 2022. Also shown is the Company's net asset value per share as at the end of the Company's 2020 and 2021 financial years. Notwithstanding a recent correction in Ferguson's share price, which the Investment Manager believes is driven by anticipated interest rate increases and technical factors relating to the company's planned U.S. relisting, Ferguson has generated an attractive return of over 21% from 31 December 2020 through 31 March 2022. From 8 May 2019, when the Company first invested in Ferguson, to 31 March 2022, Ferguson has generated a cumulative total shareholder return of 105%, outperforming the FTSE 100 (which returned only 15% over the same time period) by a wide margin.

Company Financial Highlights

	31 December 2020	31 December 2021	31 March 2022
Ferguson Share Price	£88.84	£131.05 *(+52.3% return since 31 December 2020)*	£103.80 *(+21.4% return since 31 December 2020)*

Source: FactSet. All return percentages shown above represent "total shareholder return", which includes the impact of dividends.

	31 December 2020	31 December 2021	31 March 2022
TI1 Net Asset Value/Share	150.57 pence	216.80 pence *(+44.0% since 31 December 2020)*	176.20 pence *(+17.0% return since 31 December 2020)*

Amended Investment Strategy and Capital Return

In May 2021, the Company proposed amendments to its investment policy to allow it greater latitude to invest in one or more U.K. or U.S. target companies at the same time, and also to acquire minority, majority or controlling interests in any listed or unlisted target company. In tandem, the Company also proposed revisions to its existing policies and guidelines on recycling sale proceeds and returning capital, designed to permit the Company to reinvest investment profits.

The proposals were discussed with most major shareholders ahead of the Company's annual general meeting held on 14 June 2021, and they were subsequently approved by 52% of votes cast at the meeting. Although pleased that the ordinary resolution was passed, the Directors took note of the narrow vote margin. In the months following the meeting, the Board consulted again with a number of shareholders, noting in particular their concerns about the trading activity of the Company's ordinary shares (the "Shares").

Chairman's Statement
(continued)

As detailed in prior reports, the Board agrees with the Investment Manager that the revisions to the Company's investment policy and related policies and guidelines better position the Investment Manager to execute its highly engaged investment strategy to compound shareholders' capital over time by reinvesting investment profits.

At the same time, the Board is aware that the Company's Share price has failed to match the high growth in the Company's net asset value, resulting in trading activity that has proven frustrating to the Board, the Investment Manager and the Company's shareholders. The Board duly monitors trading activity and is committed to improving the liquidity and trading price of the Company's Shares relative to net asset value, including through the return of capital.

To this end, from 12 December 2021 through to 31 March 2022, the Company has used approximately £3.0 million ($4 million) to repurchase Shares, and since 2020 it has used approximately £24.1 million to repurchase 19,366,913 Shares in aggregate (representing over 7% of the Shares in issue at the time of the Company's initial public offering).

The Board intends to continue Share repurchases on an opportunistic basis, but the potential benefits of any capital return must be balanced against the potential negative impact on Trian's ability to implement its investment strategy over longer time periods. The Board and the Investment Manager will also seek to improve the liquidity and trading price of the Shares by attracting new investors to the share register—especially those with a long-term focus who are aligned with the Company's investment philosophy.

Looking ahead
Longer term, the overriding objective of the Board and the Investment Manager remains to compound shareholder capital and use the Company's enhanced investment flexibility to transform the Company into a larger, more widely-held and higher profile public company over time. Having generated strong growth in its net asset value since inception the Company seeks to build upon this success.

In furtherance of this objective, and in order to enhance the ability of the Company to take advantage of strategic opportunities and/or prevailing valuation discounts, the Investment Partnership through which the Company invests entered into a three-year $100 million credit facility with Bank of America on 29 March 2022. The Board believes this facility will permit the Investment Partnership to apply leverage judiciously with the goal of enhancing shareholder returns, and that the facility is of an appropriate size and tenor to provide additional investment flexibility. In April 2022, the Investment Manager informed the Board it has completed the acquisition of approximately $50 million (£37.7 million) of shares of a publicly-listed target company, the identity of which was previously approved by the Board, financed through a borrowing under the new credit facility. The Board looks forward to sharing more information regarding the target company at an appropriate time in the future.

Commitment from Trian
In 2021, Trian, acting through Trian Investors 1 Subscriber, LLC, a company owned by the Investment Manager's partners and certain of their affiliates ("Trian Subscriber"), demonstrated its commitment to the Company by increasing its ownership—currently at 28.7% of the Company's outstanding Shares as at the date of this Annual Report—primarily through direct purchases of Shares.

The Board welcomes this support from Trian, but also recognises the need to be mindful of potential conflicts of interest or the appearance of potential conflicts of interest resulting from Trian's position as both investment manager and the Company's largest shareholder. The Board and the Investment Partnership are committed to making decisions in the best interests of the Company and its shareholders as a whole.

Chairman's Statement

(continued)

The Board notes that, under the U.K. Takeover Code, Trian cannot acquire an interest in the Company's shares which would increase its aggregate holding to 30% or more of the voting rights of the Company without being required to make a mandatory offer for the entire Company unless, in certain permitted circumstances, a waiver is granted by the Takeover Panel which is approved by independent shareholders in accordance with the U.K. Takeover Code.

This consideration could impact the Company's ability to undertake further Share repurchases. The Board also notes that, under the Company's policies, the incentive allocation payable to Trian Investors 1 SLP, L.P., the special limited partner of the Investment Partnership, upon disposal of an investment, is required to be paid in cash where the issue of such Shares would trigger a mandatory offer for the Company.

Board Composition

The Directors regularly review Board composition to ensure that it remains effective and appropriate. Accordingly, the Board recently decided to expand the Board to four Directors and appoint Anita Rival as a Director, such appointment becoming effective on 14 April 2022. Ms. Rival has significant experience in the asset management industry, previously serving as a board member, advisor and portfolio manager at a range of different asset managers and publicly traded funds. We welcome her to the Board and believe that she will bring invaluable experience and perspectives to our discussions.

The Board intends to evaluate its future composition in the coming months and will consider additional appointments as appropriate.

The Board is grateful for your support and will continue to keep you informed of developments at the Company as appropriate.

Yours sincerely,

Chris Sherwell
Chairman

13 April 2022

Investment Manager's Report

For the year ended 31 December 2021

Dear Shareholder,

Background

In June 2019, the Board announced that the Company through the Investment Partnership had invested £250 million in Ferguson. The Investment Manager recommended that the Company invest in Ferguson because we believed that it possessed an underappreciated U.S. business, benefiting from an attractive long-term organic growth profile underpinned by exposure to repair, maintenance, and improvement (RMI) activity, a strong balance sheet and attractive financial profile (including stable gross margins and high returns on invested capital), and significant scale advantages compared with its competitors. Since announcing its Ferguson investment, Trian has constructively engaged with Ferguson's board of directors and management team regarding various operational and strategic initiatives that Trian believed could generate value, and Trian has developed productive relationships with Ferguson's Chief Executive Officer and its Chairman.

Since 8 May 2019, when the Company initially made its investment in Ferguson, through 31 March 2022, Ferguson has generated a total shareholder return of 105% (as compared to only 15% for the FTSE 100 over the same time period). The Company's investment in Ferguson has helped the Company achieve its goal of continuing to grow net asset value per share.

Recent Trading Results and Updates on Strategic Initiatives

On 15 March 2022, Ferguson released its financial results for the quarter ending on 31 January 2022 ("Q2 2022").

Ferguson reported solid results for the quarter, highlighted by organic revenue growth of 29% year-over-year and adjusted operating profit growth of 68% year-over-year. In Ferguson's US business, which contributed approximately 96% of adjusted operating profit in the quarter, organic revenue grew 29% and underlying trading profit grew 65% year-over-year. We believe that Ferguson's management team continues to execute well, in a difficult operating environment. On a consolidated basis, Ferguson indicated that price inflation contributed "high teens" percentage points to organic revenue growth, which demonstrates Ferguson's pricing power with customers. Strong pricing execution, market share gains and a robust demand environment helped drive gross profit growth of 33% year-over-year and gross margin improvement of 20 basis points. Adjusted operating profit grew by 68% year-over-year (approximately 190 basis points of operating margin expansion year-over-year), driven by robust operating leverage stemming from strong revenue growth, gross margin expansion and good cost control.

We believe Ferguson has performed resiliently throughout the COVID-19 pandemic and continues to demonstrate strong financial health. The company has started the third quarter of the fiscal year with strong momentum. While Ferguson's management team expects growth to taper in the second half on tougher prior year comparatives, they also reiterated their confidence in delivering on its full year expectations.

Ferguson, in our view, continues to employ a balanced capital allocation framework, composed of organic growth investment, M&A, and capital return to shareholders. Through the end of Q2 2022, Ferguson returned $417 million to shareholders via share repurchases as part of its $1 billion buyback announced in September 2021, with an additional $242 million of share repurchases conducted post-quarter-end through March 11, 2022. In addition, Ferguson announced an increase of $1 billion to its share buyback program, bringing the total authorised buyback to $2 billion. Ferguson expects to complete the remainder of the total $2 billion share buyback over the next twelve months. Ferguson also completed four bolt-on acquisitions in the quarter. Finally, Ferguson continues to maintain a strong liquidity position and balance sheet. Ferguson's financial leverage stood at 0.8x adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA") as at 31 January 2022 and it continues to target a net debt to EBITDA ratio of 1-2x.

On 13 January 2022, Ferguson hosted an investor day to provide investors with a deeper understanding of the company's operations, its core strengths and future growth opportunities. As part of the presentation, Ferguson published new medium-term financial targets, including expected annual revenue growth of 7-12% and annual earnings per share growth at a low-to-mid-teens percentage.

Investment Manager's Report

(continued)

On 13 January 2022, Ferguson announced that it would hold an extraordinary general meeting for shareholders to consider a proposal to relocate the company's primary listing to the US, which would be achieved through the transfer of the company's listing category from a premium listing to a standard listing on the London Stock Exchange. This proposal was the second part of a two-step process (which began with an additional listing of Ferguson's shares on the New York Stock Exchange in March 2021) intended to relocate Ferguson's primary listing to the United States. On 10 March 2022, Ferguson announced that shareholders overwhelmingly supported the proposal, with 96% of votes cast in favor of the proposal at the general meeting, and the transfer of Ferguson's primary listing is now scheduled to take effect on 12 May 2022. The transfer is expected to result in Ferguson ceasing to be a component of the FTSE 100 index, which could result in some short-term trading volatility; however, the Investment Manager believes Ferguson is likely to be admitted to the S&P 500 Index, a more widely followed index globally, within the next twelve months.

We have supported a U.S. relisting of Ferguson since the Company originally made its investment in 2019, and we are pleased to see Ferguson's shareholders strongly support this initiative. As we've discussed in prior reports, we believe the relisting can result in numerous benefits to Ferguson (including higher ownership among U.S. institutions, increased U.S. research coverage, comparison to a more appropriate set of peers, and increased employee engagement), many of which can contribute to an improved valuation for the company's shares.

Trian's Perspective on Ferguson's Investment Prospects

The Investment Manager was pleased to see Ferguson report Q2 2022 operating results that were significantly ahead of analyst expectations and was impressed with Ferguson's operational execution during the quarter. According to Ferguson's management team, the company gained 300-400 basis points of market share in the quarter and is expected to continue to grow faster than its underlying markets, given its omni-channel sales capabilities, product breadth and scale advantages, and focus on pursuing bolt-on acquisitions.

Recent macroeconomic conditions have, on balance, been favourable to Ferguson. Ferguson's management noted in the company's most recent earnings release that U.S. market demand remained robust through the quarter, which we believe reflects the continued strength of the U.S. residential and non-residential markets that Ferguson serves.

We also believe that Ferguson is well positioned to manage inflation going forward, which should help insulate the business from further supply chain challenges created by the COVID-19 pandemic and the ongoing geopolitical crisis in Ukraine. Ferguson's best in class service levels, which are sustained through its scale advantages and healthy balance sheet, allow Ferguson to pass on rising input costs to its customers. In Ferguson's most recent quarter, which saw a material increase in cost inflation, Ferguson expanded its operating margin by 210 basis points.

While we believe macroeconomic conditions remain generally favourable to Ferguson, the company's share price has underperformed the overall market since the beginning of 2022. We note that Ferguson's shares performed exceptionally well in 2021, generating total shareholder returns of 52% versus FTSE 100 performance of 18%, and we believe that some investors decided to take profits and rebalance portfolios at the beginning of 2022. We believe that Ferguson's shares have also been affected by technical factors relating to the company's planned U.S. relisting in May. Furthermore, Ferguson's shares have likely been impacted by expectations that the U.S. Federal Reserve will continue to raise interest rates in 2022. This is corroborated by the fact that Ferguson's share price, which has declined 21% year to date through 31 March 2022, has performed roughly in-line with that of Ferguson's U.S.-listed peers[1], which declined 22% on average during the same period. While rising interest rates may have some impact on Ferguson's near-term growth, we believe that residential and non-residential markets remain healthy and supportive of growth over the near- to medium-term. Moreover, we are encouraged by the new medium-term growth targets of 7-12% per annum which were introduced at Ferguson's Capital Markets Day in January 2022, which take into account macroeconomic factors like interest rate changes.

1 In the Investment Manager's view, Ferguson's U.S. listed peers consist of Core & Main, Inc., The Home Depot, Inc., Lowe's Companies, Inc., Pool Corporation, SiteOne Landscape Supply, Inc., and Watsco, Inc.

Investment Manager's Report

(continued)

The Investment Manager continues to believe that Ferguson represents an attractive investment holding, given the quality of its business and management team, the current strength of its underlying markets, and the relative valuation discount to Ferguson's U.S.-listed peers. We also believe that the primary listing of Ferguson's shares on the New York Stock Exchange in May 2022 should result in more U.S. institutions owning shares and may result in Ferguson's valuation continuing to improve over the coming year. We do note that the valuation gap between Ferguson and its peers has narrowed since the Company initially made its investment. When the Company announced its investment in Ferguson in June 2019, Ferguson's shares were trading at approximately 14x on a price to next-twelve-month earnings per share ("NTM P/E ratio") metric, representing a 43% discount to the average valuation of Ferguson's U.S. listed peers. As at 31 March 2022, Ferguson trades at a NTM P/E ratio of nearly 17x, which represents a 24% discount to these peers.

As always, there are risks to our investment outlook, including management's ability to execute on its operational plans, the impact of changing interest rates and the ongoing Ukrainian conflict on macroeconomic conditions, the possibility that Ferguson could encounter operational challenges on account of higher inflation, and the possibility that a renewed wave of COVID-19 cases in the U.S. could impact Ferguson's operations and end markets.

Additional Updates

The Investment Manager believes that Ferguson remains an attractive investment. However, the Investment Manager intends to continue to evaluate the Company's investment in Ferguson, taking into consideration the improvement to its valuation described above, compared to other investment opportunities available to the Company.

As Trian continues to evaluate other potential investment opportunities for the Company to pursue, the Investment Manager reiterates its view that the revisions to the investment policy in 2021 (and related policies and guidelines) better position the Company to benefit from Trian's execution of its highly engaged investment strategy with respect to new opportunities and to compound shareholders' capital over time. In addition, in order to enhance the ability of the Investment Partnership to take advantage of strategic opportunities and/or prevailing valuation dislocations, on 29 March 2022, the Investment Partnership entered into a revolving credit facility (the "Credit Facility") with Bank of America, N.A., London Branch ("Bank of America") having a three year term, which permits the Investment Partnership to borrow an aggregate amount of up to $100 million at an interest rate equal to a fixed rate plus 1.35% per annum. The portion of the Credit Facility commitment which is not drawn will be subject to a commitment fee of 0.40% per annum. In connection with establishing the facility, the Investment Partnership terminated its prior credit facility with UBS Bank USA ("USA") and re-pledged the shares of Ferguson which it holds as collateral under the new facility. The Investment Partnership may use the Credit Facility from time to time for general corporate purposes, including borrowing to fund strategic investment opportunities, which the Investment Manager believes have potential to enhance the Company's returns on equity. In April 2022, the Investment Partnership completed the acquisition of approximately $50 million (£37.7 million) of shares of a publicly-listed target company, financed by a borrowing under the Credit Facility. The investment by the Investment Partnership was made alongside other investment funds and vehicles managed by Trian. The Investment Manager looks forward to sharing more information regarding its views on the target company, which operates in one of Trian's focus sectors, at an appropriate time in the future.

Concluding Thoughts

As noted in previous reports, we maintain our high conviction in the trajectory of the Company, particularly in light of the recent revisions made to the Company's policies and guidelines, which we believe will enhance the Company's ability to compound profits for the benefit of all shareholders. This conviction explains why our partners and their affiliates, acting through Trian Subscriber, have purchased close to $60 million of Shares since June 2021 (in addition to the $50 million of Shares they purchased in the Company's initial public offering). In aggregate, our partners and their affiliates now own 72,043,400 Shares (representing 28.7% of the Company as at the date of this report.

Investment Manager's Report
(continued)

The Investment Manager, like other shareholders, has been, and continues to be, frustrated with the low liquidity and discount to net asset value at which the Shares currently trade. However, we note that, unlike other net asset value-based companies, the Company currently holds no illiquid assets subject to discretionary valuations – in fact, the Company's net asset value is based primarily on the trading price of the ordinary shares of Ferguson, a liquid publicly-traded company with a £28bn market capitalisation and a strong balance sheet. While we are disappointed that the price at which Company shares currently trade is below net asset value, we believe that the intrinsic value of the Company is properly reflected in its net asset value, which has compounded at an attractive rate to date, especially compared with the FTSE 100 over the same period.

The Investment Manager believes the best way to improve the liquidity and trading price of the Shares is to attract new investors with a long-term focus and like-minded investment philosophy – a key priority for the Investment Manager and the Board. In addition, Trian's founding partners have a long history of using publicly traded companies to consummate strategic transactions with operating businesses. The Investment Manager intends to continue to explore M&A opportunities for the Company, which we believe have the potential to generate value for shareholders and turn the Company into a higher-profile public company that is valued based on a multiple of operating earnings and cash flow generation – rather than net asset value alone. While the Investment Manager remains focused on improving the liquidity and trading price of the Company's shares, we also intend not to lose sight of our primary objective of compounding shareholders' capital over time through our highly engaged investment strategy.

The Investment Manager is proud of the returns generated to date through our investment in Ferguson and we remain focused on identifying and pursuing additional investment opportunities that can generate and compound attractive returns on equity for the Company's shareholders. We appreciate your ongoing support and will continue to work diligently towards fulfilling the investment objective of the Company.

Yours sincerely,

Trian Investors Management, LLC

Report of the Directors

The Directors present their annual report on the affairs of the Company, together with the audited Financial Statements, covering the year ended 31 December 2021 (the "Year").

Incorporation

The Company was incorporated in Guernsey under the Companies (Guernsey) Law, 2008 as amended (the "Companies Law") on 24 August 2018.

Principal activities and investment policy

The Company is a Guernsey domiciled limited company. The ordinary shares of the Company were admitted to trading on the SFS on 27 September 2018.

The Company, via its wholly-owned subsidiary Trian Investors 1 Midco Limited ("Midco"), holds an approximate 99.83 per cent interest in the Investment Partnership.

In June 2019, the Company announced that it had made a substantial minority investment through the Investment Partnership, at an initial cost of approximately £250 million, in Ferguson, where Trian believed it had developed a compelling set of operational and strategic initiatives that would help generate significant shareholder value. The Company's investment, through the Investment Partnership, has been made alongside other investment funds and vehicles managed by Trian (the "Trian Funds"), and collectively the Investment Partnership and the Trian Funds held a 5.17 per cent aggregate interest in the shares of Ferguson as at 31 December 2021.

On 14 June 2021, shareholders approved amendments to the Company's existing investment policy to allow the Company to invest in one or more U.K. or U.S. target companies at the same time and to acquire minority, majority or controlling interests in any listed or unlisted target company (each a "Target Company"). In tandem, the Company also revised its existing policies and guidelines on recycling sale proceeds and return of capital so that all net proceeds, including net profits generated from dividends as well as the sale of any investment in a Target Company, may be reinvested following disposal.

In light of the Company's ability to invest in more than one Target Company at a time following the approval of the Company's revised investment policy, the Company registered with the Guernsey Financial Services Commission on 16 June 2021 as a registered collective investment scheme.

The Investment Partnership may from time to time engage in hedging transactions, both for investment purposes and for risk management purposes. Similarly, the Company and the Investment Partnership are permitted to undertake borrowings, subject to certain limitations described in the prospectus published by the Company in 2018 in connection with its initial public offering (the "Prospectus"). As further described in the Investment Manager's Report, in March 2022, the Investment Partnership entered into a $100 million revolving credit facility with Bank of America.

A review of the Company's business and an indication of its likely future development is provided in the Chairman's Statement and the Investment Manager's Report.

Dividend policy and share capital

No dividend was declared or paid in the year to 31 December 2021 (31 December 2020: dividend of £1,407,000 paid). The Investment Partnership received dividends from Ferguson on 11 May 2021 and 10 December 2021, but after considering the prevailing discount to net asset value at which the Company's ordinary shares (the "Shares") traded, the Board, in agreement with the Investment Manager, determined that using excess cash reserves resulting from the Ferguson dividends to fund Share repurchases, as opposed to dividends, would provide the greater benefit to continuing Company shareholders and would be consistent with the feedback received from shareholders following the Company's 2021 annual general meeting.

As at 31 December 2021, the Company had 252,319,064 (31 December 2020: 264,467,091) Shares in issue, net of Shares held in treasury. All Shares carry equal voting rights. Details of the Company's share capital are provided in note 9 to the Financial Statements.

Report of the Directors

(continued)

To complete the £4million share buyback programme announced on 2 December 2020 the Company repurchased a further 148,027 Shares in January 2021 for £178,000.

Following the decision of the Board to use excess funds to repurchase Shares noted above, on 17 May 2021 the Company announced its intention to use the Sterling equivalent of $20,000,000 to repurchase Shares and the Company subsequently used £14,350,000 of excess cash distributed by the Investment Partnership to repurchase 10,900,000 Shares in May and June 2021. On 30 November 2021 the Company announced a further £3,700,000 ($5,000,000) Share repurchase and by 31 December 2021 had used £1,493,000 to repurchase 1,100,000 further Shares.

Subsequent to the year end the Company repurchased a further 1,100,000 Shares for a total consideration of £1,504,000.

Shareholdings of Directors and key persons

Directors who held office during the Year and held interests in the Company were as follows:

	31 December 2021		31 December 2020	
	Ordinary Shares	**Percentage holding**	**Ordinary Shares**	**Percentage holding**
Directors				
Chris Sherwell	77,775	0.03%	77,775	0.03%
Mark Thompson	20,000	0.01%	20,000	0.01%
Simon Holden	55,000	0.02%	55,000	0.02%
	152,775	0.06%	152,775	0.06%

All Directors who held office during the Year were appointed on 24 August 2018.

Significant shareholdings

As at 31 December 2021, the Company has received notification of the following material shareholdings greater than 5 per cent of the Shares in issue:

	31 December 2021	
	Ordinary Shares	**Percentage holding**
Trian Subscriber	72,043,400	28.55
Invesco Ltd.	41,000,000	16.25
Jefferies Financial Group Inc.	34,176,145	13.54
Janus Henderson Group Plc	31,931,324	12.66
Aegon Asset Management UK	19,628,274	7.78
Pelham Capital Ltd	15,543,718	6.16

All of the above information is based on notifications received by the Company made by shareholders pursuant to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("DTRs") and on a report received from Numis Securities Limited, except for information relating to Trian Subscriber, which is based on information provided by the Investment Manager. Since the time each notification was received by the Company, the number of Shares held by the relevant shareholder may have increased or decreased without triggering any obligation to provide further notification to the Company.

Principal risks and uncertainties

The Directors are responsible for ultimate oversight and exercising supervisory control over the Company, with day-to-day functions, including company secretarial and administration services, being carried out by Ocorian Administration (Guernsey) Limited (referred to herein as the "Company Secretary" or "Administrator").

Report of the Directors

(continued)

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis and arranges for these risks to be reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The principal risks facing the Company include those risks relating to the Company's dependence on the Investment Manager, risks connected to the Company's operations, risks relating to the valuation of the Company's Shares and gearing risk through the use of borrowings by the Investment Partnership.

An explanation of each of these principal risks and how they are managed is set out below.

- ***Dependence on Investment Manager.*** Neither the Company nor the Investment Partnership has any employees or owns any facilities. As a result, the ability of the Company to achieve its investment objective depends heavily on the expertise and experience of Trian and its ability to pursue its investment strategies. Trian also manages funds and investment vehicles in addition to the Investment Partnership, and its affiliate, Trian Subscriber, is the largest shareholder of the Company, each of which could give rise to certain potential conflicts of interest or the appearance of potential conflicts of interest. During the 2021 year the holding of Trian Subscriber grew from 14.46% to 28.55%. The Board actively monitors the performance of the Investment Manager, with assistance from the Company's other service providers, and retains the ability to appoint a replacement in certain limited circumstances. The Board also regularly engages with the Investment Manager during and between Board meetings, and when appropriate, seeks further clarification of matters from the Investment Manager in order to make informed decisions. In addition, the Board routinely discusses matters relating to the Investment Manager without any representatives of the Investment Manager present in those discussions. The Board and Trian each regularly monitor potential conflicts of interest and the appearance of potential conflicts of interest, and Trian maintains trade allocation procedures that are designed to allocate investment opportunities on a fair and equitable basis, as disclosed in the Prospectus.

- ***Operations of the Company.*** The Company is subject to various forms of operational risk, including the risk of fraud, valuation errors, accounting discrepancies, inadequate cash management and regulatory issues. These issues are actively reviewed by the Board at quarterly Board meetings and between meetings, including by monitoring the Company's recent investment performance and operational activities to ensure that the Investment Manager and the Company's other service providers are adhering to established practices and procedures. In addition, the Board receives reports from the Company Secretary and Administrator at meetings of the Board in respect of compliance matters and the duties performed by them on behalf of the Company, as well as reports on market activity from the Company's Corporate Brokers. The Company is also subject to operational risk resulting from exogenous events such as the ongoing COVID-19 pandemic and the Ukraine conflict. The Investment Manager and the Company Secretary and Administrator have established business continuity plans and other policies and procedures that are designed to allow each party to continue to provide services to the Company while taking appropriate safety precautions. In June 2021, shareholders approved amendments to the Company's investment policy to allow the Company to acquire majority or controlling interests (including 100 per cent. Interests) in one or more listed or unlisted companies. If the Company were to consummate such an acquisition in the future, the Company may be required to change its organisation structure and/or establish new compliance processes in order to meet the operational needs of the Company, and to respond to new types of operational risks that may emerge.

- ***Valuation of the Shares.*** The Company's Share price may trade at a discount (or premium) to the underlying market value of the Company's investments. This discount level (or premium) is expected to fluctuate from time to time. The Board reviews net asset value ("NAV") and Share price performance on a monthly basis in the context of market conditions. Any discount (or premium) is also monitored by the Investment Manager and the Corporate Brokers, who maintain an ongoing dialogue with the Board about

Report of the Directors

(continued)

potential strategies to address any significant discount that may emerge, including Share repurchases. Throughout the majority of 2021, the Company's Shares traded at a significant discount to the underlying market value of the Company's investments, and there is no assurance that the Shares will cease to trade at a discount in the future. The Board monitors the trading activity of the Company's Shares as well as recent actions, including Share repurchases, undertaken by the Company to improve trading activity.

- ***Gearing risk.*** The use of borrowings exposes the Company and the Investment Partnership to a variety of risks associated with borrowing, including adverse economic consequences resulting from rising interest rates or deteriorations in the condition of the Company's investments. To the extent that the Investment Partnership incurs a substantial level of indebtedness, this could also reduce the financial flexibility and cash available to the Company and the Investment Partnership and subject the Investment Partnership to the risk of margin calls. Prior to agreeing to the terms of any borrowing facility and/or borrowing under such a facility, the Investment Partnership comprehensively considers the potential debt servicing costs associated with the borrowing or potential borrowings and all relevant financial and operating covenants and other restrictions. The Investment Manager also intends to regularly monitor compliance with the covenants contained in any credit facility where borrowings are outstanding and provide regular updates to the Board.

The principal risks of the Company are mitigated and managed by the Board through continual review, policy setting and quarterly review of the Company's risk matrix to ensure that procedures are in place with the intention of minimising the impact of the foregoing risks. In addition, the Board believes that the Investment Manager, along with the Company's other service providers, have the right skills and experience to help the Company manage these risks. The Board can confirm that the principal risks of the Company, including those which could threaten its business model, future performance, solvency or liquidity, have been robustly assessed through the Year.

The Company's principal risk factors are more fully discussed in the Prospectus and the Notice of the 2021 Annual General Meeting (the "Circular"), available on the Company's website (www.trianinvestors1.com) and should be reviewed by shareholders. In addition, the Company's financial risks and management of those risks are discussed in note 13 to the Financial Statements.

As at the date of this report, the ongoing COVID-19 pandemic is continuing to cause significant economic disruption in many of the world's leading economies. It is difficult to predict the future consequences resulting from COVID-19 on the global economy and Ferguson's operations, as the continuing duration of the COVID-19 pandemic is still unclear. Although more widespread vaccination rollouts and the loosening of border restrictions in many jurisdictions has helped mitigate the disruptions resulting from COVID-19, newer, highly virulent strains have kept case numbers high worldwide. Rising geo-political tensions, specifically conflict in the Ukraine, are an additional source of uncertainty for financial and commodity markets and a potential trigger for increased inflation. As of the date of this report, the U.S. and global economy faces a number of headwinds, including the continuing COVID-19 pandemic, the ongoing Ukraine conflict and tighter fiscal and monetary policy, all of which may have an impact on U.S. and global GDP growth. These circumstances may have a material adverse effect on Ferguson's financial condition, business, prospects and results of operations and consequently on its share price, which in turn may have a material adverse effect on the Company's NAV and/or the Company's own Share price.

On December 24, 2020, the European Union (the "EU") and the United Kingdom (the "UK") agreed to a Trade and Cooperation Agreement designed to govern the relationship between the EU and the U.K. following the latter's withdrawal from the EU. The Board will continue to focus on overseeing the Company's ability to respond to the economic and political uncertainty as a result of Brexit. Following the completion of Ferguson's sale of Wolseley in March 2021, Ferguson has limited continuing business operations in the U.K. As a result, Brexit will have minimal impact on the future financial results of the Company, although it may continue to be impacted by Brexit due to its shares being traded on the London Stock Exchange.

Report of the Directors

(continued)

Viability statement

In accordance with provisions 30 and 31 of the UK Corporate Governance Code issued in July 2018, the Directors have assessed the going concern status and viability of the Company over the five-year period ending 31 December 2026.

The holding period for Company and Investment Partnership investments is not fixed and is dependent on a number of factors. Given the change in Investment Policy and the fact that the Investment Partnership is able to recycle capital and realised profits into new investments the Board has chosen to assess viability on a rolling five-year basis, allowing the Board to continuously evaluate the going concern status and viability of the Company for the foreseeable future. As such, for the purposes of this Annual Report, the Directors have determined that the five-year period to 31 December 2026 is the appropriate period over which to provide its viability statement.

In considering the viability of the Company over the five-year period, the Directors have assessed the principal risks and the procedures adopted to mitigate those risks documented in the Report of the Directors as set out above. The strategy of the Company is to maintain sufficient cash at both the Company and Investment Partnership level to meet foreseeable expenses over the next five years, after taking account of the receipt of anticipated dividend income. Before making distributions to shareholders the Directors take account of anticipated cash requirements of the Company. Should additional liquidity needs arise through reduced dividend income from investments, a need to repay outstanding borrowing, additional expenses or otherwise, the Directors believe that investments will be sufficiently liquid to generate cash at short notice.

Based on the foregoing, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its obligations as and when they fall due over the five-year period to 31 December 2026.

AIFM directive

The Directors have considered the impact of the EU Alternative Investment Fund Managers Directive (2011/61/EU) ("EU AIFMD") and of the UK version of the EU AIFMD which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("UK AIFMD") on the Company and its operations. The Company is a non-EU / non-UK domiciled Alternative Investment Fund and the Investment Manager has been appointed as the Company's non-EU / non-UK Alternative Investment Fund Manager ("non-EU AIFM"). As the Company is managed by a non-EU / non-UK AIFM, only a limited number of provisions of the EU AIFMD and the UK AIFMD apply. The Investment Manager has notified the UK Financial Conduct Authority in accordance with regulation 59 of the UK Alternative Investment Fund Managers Regulations 2013 in order to permit the marketing of the Company and the Shares in the UK, but the Company does not currently intend to market the Shares in any member state of the European Economic Area ("EEA").

Subsequent events

See note 21 to the Financial Statements for details of subsequent events.

External auditor

See Report of the Audit Committee for details of the external auditor.

Annual General Meeting

It is currently proposed that the Annual General Meeting ("AGM") of the Company will be held in June 2022 in Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to shareholders in due course.

Report of the Directors

(continued)

If the Board believes that it becomes necessary or appropriate to make alternative arrangements for the holding of the AGM due to COVID-19, it will ensure that shareholders are given as much notice as possible. Further information will be made available through an announcement to the London Stock Exchange and through an upload to the Company's website, at www.trianinvestors1com.

By order of the Board

Chris Sherwell
Chairman

13 April 2022

Corporate Governance Statement

The Company has chosen to comply with the UK Corporate Governance Code issued in July 2018 (the "Code") and is required to comply with the GFSC Finance Sector Code of Corporate Governance (the "GFSC Code"). The Directors place great importance on ensuring that high standards of corporate governance are maintained. Accordingly, the Directors have taken appropriate measures to ensure that the Company operates with due consideration to any codes of corporate governance that the Board deems appropriate. The Board perceives that good corporate governance practice is necessary for delivering sustainable value, enhancing business integrity and maintaining shareholder confidence in the Company. To further these aims, the Board has decided to voluntarily comply with the Code, which sets out guidance in the form of principles and provisions for companies to follow to ensure good corporate governance practice. A Company that is compliant with the Code is also deemed to be in compliance with the GFSC Code. Further information on the Code can be obtained from www.frc.org.uk.

Certain provisions of the Code, including provisions relating to the responsibilities of the chief executive, executive directors' remuneration and the responsibilities of the Board to employees and its workforce, are not relevant to the Company as it has no executive directors or employees. The Company's day-to-day management and administrative functions are outsourced to the Investment Manager and other third parties. The Company does not report further in respect of these provisions.

Except as disclosed within these Financial Statements, the Board is of the view that the Company complies with the principles and provisions of the Code. Key issues affecting the Company's corporate governance responsibilities, how they are addressed by the Board and the application of the Code are presented below.

SECTION 1: BOARD LEADERSHIP AND COMPANY PURPOSE

Board responsibilities

The Directors are responsible for ensuring compliance with the Company's investment objective and investment policy and have overall responsibility for the Company's activities, including review of overall investment performance. The Board has approved a formal schedule of matters reserved for the Board (the "Schedule of Reserved Matters") which includes, amongst others:

- review of the Company's overall strategy and business plans;
- approval of any proposed amendments to the Company's investment objective or policies;
- approval of the Company's half-yearly and annual financial statements;
- review and approval of any alteration to the Company's accounting policies or practices or any proposal to change the Company's accounting reference date;
- declaration of any dividends or other distributions by the Company;
- approval of any material announcements or communications;
- approval of changes in Board composition;
- appointment or termination of any of the Company's service providers;
- the issue of any share capital of the Company and the exercise by the Company of its borrowing powers; and
- any proposed repurchase or redemption of the Company's Shares by the Company.

In addition, the Board will undertake annual reviews (and performed such a review in 2021) of the Company's service providers to ensure that the Company's contracts of engagement with the Investment Manager, Administrator and Company Secretary, Corporate Brokers and other service providers are operating

Corporate Governance Statement
(continued)

satisfactorily and that they are competitive and reasonable for the Company's shareholders, as well as to ensure the accurate management and administration of the Company's affairs and businesses. In particular, the Board is responsible for reviewing and overseeing the performance of the Investment Manager and to monitor any potential conflicts of interests that may arise. In addition, and if applicable, a non-executive Director may provide a written statement outlining any concerns regarding the operation of the Board or the management of the Company to the Chairman upon resignation. Furthermore, any concerns of such a nature that cannot be resolved would be recorded in the relevant Board meeting minutes.

Management of the Investment Partnership is the responsibility of Trian Investors 1 General Partner, LLC, the general partner of the Investment Partnership (the "Managing General Partner"), which has delegated investment decisions and day-to-day management of the Investment Partnership to the Investment Manager under the terms of an investment management agreement. Given that the Company currently has the majority interest in the Investment Partnership, the Company and therefore the Board have the ability to approve any proposed Target Company and to remove the Managing General Partner and Investment Manager in certain limited circumstances.

Relations with shareholders

The Directors place a great deal of importance on communication with the Company's shareholders. Representatives of the Investment Manager, as well as the Board, spoke with many of the Company's shareholders in 2021 to discuss the Company's activities, and the Company expects that the Investment Manager and the Board will continue to speak with shareholders on a periodic basis at appropriate times to discuss the Company's activities in the future. The Board also receives regular updates from the Corporate Brokers at each meeting, as well as periodic updates between meetings, relating to shareholder feedback and activity and other matters All Directors were available throughout the year, and will continue to be available, for discussions with shareholders as and when required.

In 2021, the proposed amendments to the Company's investment policy were discussed with most major shareholders ahead of the Company's annual general meeting held on 14 June 2021, and they were subsequently approved by 52% of votes cast at the meeting. Although pleased that the ordinary resolution was passed in accordance with the Board's recommendation, the Directors took note of the narrow vote margin. In the months following the meeting, the Board met again with a number of shareholders and consulted with them on their views, including in particular their concerns about the trading activity of the Company's ordinary shares. Further information regarding these consultations can be found in the "Update on Engagement with Shareholders" contained in the Company's 2021 Interim Report published on 6 September 2021, which is available at www.trianinvestors1.com.

With regard to the Directors' duty to promote the success of the Company, the Board's key focus is overseeing the Investment Manager's selection and holding of one or more suitable Target Companies that the Investment Manager anticipates will deliver the Company's investment objective for its shareholders and wider stakeholders. The performance of the Investment Manager is subject to regular review by the Board. Due to the nature of the Company and its activities, the Board does not consider its operations to negatively impact either the community or the environment. As previously noted, the Company has no employees.

SECTION 2: DIVISION OF RESPONSIBILITIES

Board composition

The Board consists of three non-executive members, each of whom has served as a Director since the incorporation of the Company on 24 August 2018.

Chris Sherwell (Chairman), aged 74 years.

Chris Sherwell has worked in the offshore finance industry based in Guernsey for 28 years. Since 2004 he has acted as a Non-Executive Director of a variety of listed investment funds and companies. Prior to January 2004, Chris Sherwell was Managing Director of Schroders' offshore investment and private banking operations in the Channel Islands. He was previously Investment Director from 1993-2000 and also served on the boards of various Schroder group companies and funds during his period there. Prior to Schroders

Corporate Governance Statement
(continued)

he worked at Smith New Court as a research analyst specialising in asset allocation for Asian markets. Chris Sherwell is a Rhodes Scholar with degrees in science (B.Sc.(General) (London), Chemistry and Physics through the University College of Rhodesia) and in economics and politics (MA (Oxon) and M Phil (Oxon) from the University of Oxford). He has worked as a university lecturer and was for fifteen years a journalist, 13 of them for the Financial Times. He holds the Institute of Directors Diploma in Company Direction and is a member of the Guernsey fund services interest group GIFA and of the NED Forum.

Mark Thompson, aged 59 years.
Mark Thompson is a Guernsey resident with over 25 years of experience in the offshore finance industry. He worked for KPMG for 31 years in London, Hong Kong and Guernsey where his roles included Audit Partner, Head of Audit and Senior Partner of KPMG in the Channel Islands and he has audited and advised the boards of a variety of listed investment companies. Mark Thompson is a non-executive director of Rocq Capital Holdings Limited, Queen Street Mutual Company PCC Limited and Utmost Worldwide Limited, a Chartered Accountant (ICAEW), Chartered Director (IoD) and a former chairman of the Guernsey Branch of the Institute of Directors. He has been appointed to the States of Guernsey Committee for Employment and Social Security as a non-voting member. He holds an MA in mathematics from the University of Oxford.

Simon Holden, aged 46 years.
Simon Holden, is a Chartered Director (CDir) accredited by the Institute of Directors and adds extensive private equity investment and corporate operations experience to the Company's board, having worked with Candover Investments and Terra Firma Capital Partners until 2015.

Simon Holden currently serves as a Board director to FTSE-250 listed investment companies HICL Infrastructure Plc. (Chair of the Risk Committee), Hipgnosis Songs Fund Limited (Chair of Remuneration Committee) and Chrysalis Investments Ltd. (Chair of Management Engagement Committee) as well as JPMorgan Global Core Real Assets Limited (Senior Independent Director, Chair of Market & Risk).

Simon Holden serves on the General Partner boards of Permira, Blue Water Energy and LCatterton private equity funds as well as pro-bono Business Advisor roles to two States of Guernsey Trading Assets including its hydrocarbon supply ships and Guernsey Ports' airport and harbour infrastructure across the Bailiwick.

Simon Holden graduated from the University of Cambridge with an MEng and MA (Cantab) in Manufacturing Engineering, is a Guernsey resident and an active member of various financial services interest groups.

Anita Rival, aged 57 years.
In addition, on 12 April 2022, the Directors decided to expand the Board to four Directors and to appoint Anita Rival as an additional Director, with such appointment becoming effective on 14 April 2022.

Ms. Rival will bring to the Board over 25 years of experience in the asset management industry, acting as a board member, adviser and portfolio manager at a range of different asset managers and publicly traded funds. She has been a member of the board of directors of Golub Capital BDC, Inc. since 2011 and the board of directors of Golub Capital BDC 3, Inc. since 2017, and she was formerly a member of the board of directors of Golub Capital Investment Corporation from 2014 to 2019. Ms. Rival became a trustee of Baron Investment Funds Trust in May 2013, an independent director for Impala Asset Management in January 2014 and an outside advisor to Value Act Capital in 2014. From April 2011 through May 2012, she served as an independent advisor to Magnetar Capital, a multi-strategy hedge fund.

From 1999 until her retirement in February 2009, Ms. Rival was a Partner and Portfolio Manager at Harris Alternatives, LLC, and its predecessor, Harris Associates, L.P. As a Portfolio Manager at Harris Alternatives, LLC, Ms. Rival managed all aspects of a $14 billion fund of hedge funds, including asset selection, risk assessment and allocation across investment strategies. Prior to Harris Alternatives, LLC, Ms. Rival held senior level positions at several large asset management/investment banking institutions, including Banker's Trust, Global Asset Management and Merrill Lynch Capital Markets. Ms. Rival received her B.A. in 1985 from Harvard University.

Corporate Governance Statement

(continued)

Independence

For the purposes of assessing compliance with the Code, the Board considers all of the current Directors, as well as Anita Rival, who will join the Board on 14 April 2022, to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. In particular, none of the Directors or Ms. Rival has any current or historical employment with the Investment Manager, nor do they have any current directorships in any other entities for which the Investment Manager or its key personnel provide services.

Commitment of each Director

Prior to the appointment of each of the non-executive Directors, discussions were undertaken with each individual to ensure that each was sufficiently aware of the time needed for his/her role. Each Director has confirmed, or will confirm, in his or her appointment letter that he or she is able to devote sufficient time to his/her duties. Upon appointment, each Director notified the Board of significant outside commitments and interests, including those which may create a conflict situation, and agreed to notify the Board of any subsequent acceptance of, or entry into, a significant commitment or interest which amounts to a conflict situation.

Division of responsibilities

The Directors' responsibilities are described above in Section 1 of this Corporate Governance Statement and are set out in greater detail within the Schedule of Reserved Matters. All day-to-day functions including investment management, administrative, brokerage and registrar services are outsourced to external service providers. The Board also has access to engage external legal advice.

The Chairman

Chris Sherwell was appointed as Chairman of the Board on 24 August 2018. As Chairman, Chris Sherwell leads the Board and is responsible for its overall performance in directing the Company, including by organising the Board's business and ensuring the effectiveness of the Board and individual Directors. He endeavours to produce an open culture of debate within the Board.

Role of non-executive Directors

The Board meets as required without the presence of the Investment Manager and service providers to scrutinise the achievement of agreed goals and objectives, and monitor performance. Through the Audit Committee, and the leadership of Mark Thompson, the Directors ensure the integrity of financial information and confirm that all financial controls and risk management systems are robust.

Due to the size and structure of the Board, the appointment of a senior independent director is not deemed necessary.

Company Secretary

In conjunction with the Chairman, the Company Secretary facilitates the flow of information between the Board, the Committees, the Investment Manager and other service providers through the development of comprehensive meeting packs, agendas and other reports. Prior to each Board meeting, the Company Secretary distributes a Board and Committee meeting pack, which contains relevant, concise and clear information. When required, the Board has sought further clarification of matters directly with the Investment Manager and other service providers, both in terms of further reports and via in-depth discussions.

Full access to the advice and services of the Company Secretary is available to the Board; in turn, the Company Secretary is responsible for advising the Board on governance matters. The appointment and resignation of the Company Secretary is a matter for the whole Board pursuant to the Schedule of Reserved Matters. A review of the performance of the Company Secretary is undertaken by the Board on a regular basis and forms a part of the annual service provider review process.

Corporate Governance Statement

(continued)

Board meetings

The Board meets on at least a quarterly basis in person or by videoconference or teleconference. The dates for each scheduled meeting are planned and agreed up to a year in advance. Meetings are convened as and when required to consider any urgent matters arising. In addition to formal Board and/or committee meetings and, to the extent practicable and appropriate, the Directors maintain close contact with each other, the Administrator and the Investment Manager, by email and conference calls, for the purpose of keeping themselves informed about the Company's activities.

The Board met thirteen times during the Year and the Audit Committee met four times during the Year. Subsequent to the Year-end and prior to the date of this Annual Report, the Board met one further time.

Name	Scheduled board meeting	Other board meeting	Audit Committee meeting
Chris Sherwell	4/4	9/9	4/4
Mark Thompson	4/4	8/9	4/4
Simon Holden	4/4	9/9	4/4

SECTION 3: COMPOSITION, SUCCESSION AND EVALUATION

Board composition

The Board is responsible for reviewing its structure, size and composition, for considering succession planning and for identifying and approving candidates to fill Board vacancies. The Board believes that, as a whole, its current members represent an appropriate balance of skills, experience and knowledge.

As part of the Board's commitment to strong corporate governance, the Directors regularly review Board composition to ensure that it remains effective and appropriate. Accordingly, the Board recently decided to expand the Board to four Directors and to appoint Anita Rival as an additional Director, with such appointment becoming effective on 14 April 2022. As further detailed in the Report of Directors on page 10, Ms. Rival has significant experience in the asset management industry, previously serving as a board member, advisor and portfolio manager at a range of different asset managers and publicly traded funds. The Directors believe that Ms Rival will bring invaluable experience and perspectives to the Board's discussions.

The Board remains open to the appointment of additional directors with relevant expertise that may enhance the Company's fulfilment of its investment objective. The Board believes that diversity of background, experience and approach amongst Board members is of great importance and recognises the value of diversity and inclusion. It is the Company's policy to give careful consideration to issues of Board balance and diversity when making any new appointments. The Company currently has concentrated investment exposure and, as such, the Board exercises decisions on a narrower range of matters than a setting in which diversity and inclusion would better reflect the wider scope of business affairs attended to.

Due to the size of the Board, and the fact that it is comprised wholly of non-executive Directors, the Board does not believe it necessary to establish a separate nomination committee and this function is fulfilled by the Board as a whole.

Director re-election

Each Director shall stand for re-election by the Company's shareholders at the upcoming annual general meeting. The Board intends to set out in the papers accompanying the resolution to elect each director why their contribution is, and continues to be, important to the Company's long-term sustainable success.

Corporate Governance Statement

(continued)

Board succession

The original Directors of the Company, Chris Sherwell, Simon Holden and Mark Thompson were appointed when the Company was formed in August 2018. The aim of the Company's succession plan is:

- to preserve continuity by phasing the retirement of the original Directors so that they do not all retire simultaneously; and

- to ensure the Board's skills and experience are regularly refreshed and the benefits of a diverse Board are further enhanced, in terms of age, gender and diversity of background.

In furtherance of the Company's succession planning Anita Rival has been appointed as an additional Director with effect from 14 April 2022. In order to ensure its succession plan is executed smoothly, on an annual basis, the Board as a whole, will monitor and report on succession.

Director and Board evaluation

Using a pre-determined template based on the Code's provisions as a basis for review, the Board undertakes an annual evaluation of its performance and that of the Audit Committee. The first evaluation was completed in 2019. Additionally, an evaluation focusing on the individual commitment, performance and contribution of each Director was first conducted in 2019 and has subsequently been conducted on an annual basis. The Chairman met with each Director to fully understand their views of the Company's strengths and to identify potential weaknesses. Due to the size and structure of the Board, the evaluation of the Chairman of the Board and Audit Committee is dealt with as part of the annual Board evaluations.

Given the Company's size and the structure of the Board, no external facilitator or independent third party is expected to be used in the performance evaluation.

SECTION 4: AUDIT, RISK AND INTERNAL CONTROL

Internal control and financing reporting

The Board acknowledges that it is responsible for establishing and maintaining the Company's systems of internal control and for maintaining their effectiveness. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and only provide reasonable rather than absolute assurance against material misstatements or losses.

The Board has delegated the day-to-day operations of the Company to the Administrator and Investment Manager; however the Board retains accountability for all delegated functions. The Board clearly defines the duties and responsibilities of all service providers and advisers, and appointments are only made after due and careful consideration.

The Administrator maintains a system of internal control over its activities. The Board receives reports from the Company Secretary and Administrator in respect of compliance matters and other duties performed on behalf of the Company.

The Board considers that the Company's existing internal controls, coupled with the analysis of risks inherent in the business models of the Company and its subsidiaries, continue to provide appropriate tools for the Company to monitor, evaluate and mitigate its risks.

Corporate Governance Statement
(continued)

Going concern status
The Directors monitor the capital and liquidity requirements of the Company on a regular basis. They have undertaken a rigorous review of the Company's ability to continue as a going concern, including by reviewing the Company's ongoing cash flows and level of liquid investments and cash balances as at the reporting date, as well as forecasting future cash flows, and they are of the opinion that the Company has adequate resources to continue its operational activities for at least twelve months. In addition the Directors are of the opinion that the ongoing COVID-19 pandemic and the Ukraine conflict should not impact the Company's ability to continue as a going concern despite the resulting uncertainty these events have created.

Based on these sources of information and their own judgement, the Directors believe it is appropriate to prepare the financial statements of the Company on a going concern basis.

Preparation of Annual Report
An explanation of the Directors' roles and responsibilities in preparing the Annual Report and Financial Statements for the Year is provided in the Directors' Responsibility Statement. Further information enabling shareholders to assess the Company's performance, business model and strategy can be located in the Chairman's Statement, the Investment Manager's Report, and the Report of Directors.

Audit Committee
The Board has established an Audit Committee with formally delegated duties and responsibilities documented within its terms of reference. The Audit Committee is responsible for assisting the Board in discharging its responsibilities for the integrity of the Company's financial statements, as well as aiding the assessment of the Company's internal control effectiveness and the objectivity of the Company's external auditors. The Audit Committee is composed of all of the members of the Board, all of whom are independent non-executive Directors. Due to the size and structure of the Board and the Company, the Chairman of the Board has been included as a member of the Audit Committee to give him a fuller understanding of the issues facing the Company and to maximise the effectiveness of the Committee. However, Chris Sherwell is not appointed as the Committee's Chair, and the Committee is instead chaired by Mark Thompson, who has extensive expertise in accounting and audit processes. Further information on the Audit Committee is provided in the Report of the Audit Committee.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures, provide a sound system of risk management and internal control which safeguards shareholders' investment and the Company's assets, and as such no internal audit function is deemed necessary.

SECTION 5: REMUNERATION OF DIRECTORS
The Board endeavours to ensure the Company's Remuneration Policy reflects and supports the Company's strategic aims and objectives. It has been agreed that, due to the size of the Board and the fact that it is comprised wholly of non-executive Directors, a separate Remuneration Committee would be inefficient. Therefore, the Board as a whole is responsible for discussions regarding remuneration. No external remuneration consultants were appointed during the Year.

In accordance with the Company's Articles of Incorporation (the "Articles"), the aggregate amount of fees paid to Directors may not exceed the annual equivalent of £400,000 per annum. Subject to this limit, it is the Company's policy to determine the level of Directors' fees, having regard for the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of responsibilities related to the Board and Audit Committee and the time dedicated by each Director to the Company's affairs.

Corporate Governance Statement
(continued)

Each of the Directors is currently entitled to a fee payable by the Company at the rate of £40,000 per annum. The Chairman currently receives an additional fee of £15,000 per annum and the Chairman of the Audit Committee currently receives an additional fee of £5,000 per annum. Director remuneration is subject to periodic review.

During the current year, each of the Directors received an additional fee of £15,000 in relation to the significant additional work involved in connection with the Company's consideration of a change in its investment policy.

As outlined in the Prospectus, all of the Directors are also entitled to be reimbursed for all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties.

None of the Directors has a service contract with the Company. Each of the Directors has entered into a letter of appointment with the Company that states that his appointment and any subsequent termination or retirement shall be subject to the Articles. Each Director's appointment letter provides that upon the termination of a Director's appointment, that Director must resign in writing and all records remain the property of the Company. Each Director's appointment can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors.

Directors' and officers' liability insurance coverage is maintained by the Company but it is not considered a benefit in kind nor does it constitute part of the Directors' remuneration. In addition, the Company's Articles indemnify each Director, former or present, out of the assets and profits of the Company in relation to actions, expenses and liabilities incurred during the course of their duties, in so far as the law allows and provided that such indemnity is not available in circumstances of negligence, default, breach of duty or breach of trust in relation to the Company.

By order of the Board

Chris Sherwell
Chairman

13 April 2022

Directors' Responsibility Statement

Each of the Directors, whose names are set out in the Corporate Governance Statement of the Annual Report, confirms that, to the best of his knowledge and belief:

- the Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the Annual Report, including the Chairman's Statement, Investment Manager's Report, Report of the Directors, Corporate Governance Statement and Report of the Audit Committee, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and

- the Annual Report, taken as a whole, is fair, balanced, and understandable and provides information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for preparing the Annual Report in accordance with applicable laws and regulations. The Companies Law requires the Directors to prepare financial statements for each financial year in accordance with IFRS. 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 financial performance and cash flows of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;

- make judgements 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 IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance;

- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the Company's financial statements;

- make an assessment of the Company's ability to continue as a going concern; and

- prepare the Company's financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm they have complied with the above requirements in preparing the Company's Financial Statements.

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 which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law 2008 and the Protection of Investors (Bailiwick of Guernsey) Law 2020. 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 confirm that, so far as they are aware, there is no material information relevant to the audit of which the Company's auditor is unaware. The Directors also confirm that they have taken all steps they ought to have taken as Directors to make themselves aware of any material information relevant to the audit and to establish that the Company's auditors are aware of that information.

Directors' Responsibility Statement

(continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.trianinvestors1.com). The work carried out by the external auditor does not involve considerations of these matters and, accordingly, the external auditor accepts no responsibility for any changes that may have occurred to the financial statements after they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For Trian Investors 1 Limited

Chris Sherwell
Chairman

13 April 2022

Report of the Audit Committee

Composition

The Audit Committee (the "Committee") comprises the three members of the board with Mark Thompson as the Chairman. The Board is satisfied that the Committee has recent and relevant skills and financial experience to fulfil its responsibilities and that its members have significant business experience relevant to the asset management industry. Further details on the experience and qualifications of members of the Committee can be found in the Corporate Governance Statement.

Meetings

The Committee meets no less than twice a year. It met four times during the Year and once since the Year end through to the date of this report and all Directors were in attendance. The external auditor has attended all four meetings to discuss the audit and interim review approach and audit and interim review findings. In addition, the Directors met with the external auditor outside of an Audit Committee meeting to discuss any issues arising from the audit and the application of accounting policies.

Principal duties

The principal duties of the Committee as set out in its terms of reference are:

- to monitor the integrity of the financial reporting of the Company including its annual and half yearly reports and any other information relating to its financial performance;

- to monitor and review the adequacy and effectiveness of Company's internal controls and risk management systems;

- to keep under review the scope, results, quality and effectiveness of the audit and the independence and objectivity of the auditor;

- to make recommendations to the Board regarding the appointment, reappointment, replacement, remuneration and terms of reference of the external auditor; and

- to review the whistleblowing arrangements in place to enable directors and staff of service providers to, in confidence, raise concerns about possible wrongdoing in financial reporting or other matters insofar as they may affect the Company.

The Committee meets the external auditor at least once a year, without the Investment Manager or Administrator being present, to discuss their remit and any issues arising from the audit.

The Committee's terms of reference include all matters indicated by DTR 7.1 and the Code and are available on the Company's website.

The Committee is satisfied that the whistleblowing policies in place for the Investment Manager and Administrator enable staff to raise concerns in confidence about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with the Administrator and the Investment Manager the appropriateness of annual reports and interim reports, concentrating on, amongst other matters:

- the appropriateness of accounting policies and practices;

- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;

Report of the Audit Committee
(continued)

- material areas in which significant judgements and estimates have been applied or there has been discussion with any external consultant or the external auditor;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to the Company's financial reporting.

To aid its review, the Committee considers reports from the Investment Manager and also reports from the external auditor on the outcomes of their audit. The Committee supports Deloitte LLP in displaying the necessary professional scepticism their role requires.

Significant matters in relation to the financial statements
The Committee determined that the key risk of misstatement in connection with the financial statements was the fair value of the underlying investment in the Investment Partnership held through the Company's subsidiary Midco. The basis for this judgement is explained in note 3.

The Committee believes a financial reporting risk could arise from the valuation of the Investment Partnership's investment in Ferguson which the Company holds through Midco. The Committee receives valuations from the Investment Manager on a regular basis which are reviewed to ensure they are in line with reporting standards. The shares of Ferguson have a primary listing on the main market of the London Stock Exchange and there is a liquid market in the shares. Accordingly, the Committee considers the quoted share price remains the appropriate basis for valuation of this size of investment. When the primary listing of Ferguson moves to the New York Stock Exchange this will become the reference price to be used.

A new financial reporting risk which arose this year related to the selection of the appropriate accounting treatment for the agreement to settle part of the incentive allocation payable to an affiliate of Trian by the issue of new shares in the Company. The Committee had discussions with the Administrator, the Investment Manager and the External Auditor as to whether the agreement fell within the scope of IFRS 2: Share-based Payment and concluded that it did not. If IFRS 2 had applied to this agreement, the equity of the Company and the value of its investment in its subsidiary would have been increased by the estimated value of the shares expected to be issued under the terms of the agreement.

The Committee previously noted a further financial reporting risk could arise from the disclosures relating to the use of currency options to hedge a portion of the U.S. Dollar exposure arising from the investment in Ferguson and its underlying operations which are now principally U.S.-centric. The Committee has reviewed the disclosures in notes 5 and 13 and has concluded that these disclosures properly reflect the use of the currency option. The outstanding currency option expired in February 2022 and, as explained in note 5, the currency exposure is no longer hedged using currency options.

The financial performance of the Company could be impacted by the continuing COVID-19 pandemic and Ukraine conflict. The Committee has reviewed the disclosures throughout the Annual Report and has concluded that these give proper disclosure to the risks arising from both these issues.

Risk management
The Company's risk assessment process and the way in which significant business risks are identified and managed is a key area of focus for the Committee. The work of the Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Report of the Directors. The Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Report of the Audit Committee

(continued)

Internal audit

The Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures. The Committee will reconsider the need for an internal audit function at least once a year.

External auditor

Deloitte LLP has been appointed as the Company's external auditor. The lead audit partner is David Becker and under normal audit partner rotation arrangements he will be replaced after no more than five years, with the final year being the year ended 31 December 2022. The Companies Law requires the reappointment of the external auditor to be subject to shareholders' approval at the Annual General Meeting. There are no contractual obligations restricting the choice of external auditor and the Company will consider putting the audit services contract out to tender at least every ten years.

The objectivity of the external auditor is reviewed by the Committee which also reviews the terms under which the external auditor may be appointed to perform non-audit services. In order to safeguard external auditor independence and objectivity, the Committee ensures that any non-audit services provided by the external auditor do not conflict with its statutory audit responsibilities. Non-audit services provided by the auditor will generally only cover reviews of interim financial statements and/or capital raising work. Any non-audit services conducted by the auditor will require the consent of the Committee before being initiated.

The only non-audit services undertaken by Deloitte LLP during the Year were the independent review of the interim financial statements and the passive foreign investment company ("PFIC") tax review. A summary of the external auditor's remuneration for audit and non-audit services is shown in note 11. The audit fee for the Year is estimated at £30,000, the final fee for the review of the interim financial statements for the six month period to 30 June 2021 was £17,350.

To fulfil its responsibility regarding the independence of the external auditor, the Committee considered:

- the audit personnel in the audit plan for the Year;
- a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit; and
- feedback from the Investment Manager and Administrator evaluating the performance of the audit team.

Conclusions and recommendation

The Committee is satisfied with Deloitte LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. As such, the Committee has not considered it necessary this Year to conduct a tender process for the appointment of its external auditor. Having carried out the review described above, and having satisfied itself that the external auditor remains independent and effective, the Committee has recommended to the Board that Deloitte LLP be reappointed as external auditor for the year ending 31 December 2022.

Report of the Audit Committee
(continued)

The Committee has advised the Board that it considers that the Annual Report and Financial Statements to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion the Committee has considered the following:

- its own assessment of the significant risks, judgements and estimates pertaining to the financial statements;
- the controls of the Investment Manager and the Administrator to ensure complete and accurate financial records and security of the Company's assets; and
- a confirmation from the external auditor that they identified no material misstatements in the course of their work.

A member of the Committee will attend each Annual General Meeting to respond to any questions in respect of the Audit Committee.

On behalf of the Audit Committee,

Mark Thompson
Audit Committee Chairman

13 April 2022

Independent Auditor's Report
TO THE MEMBERS OF TRIAN INVESTORS 1 LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Trian Investors 1 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 2020.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as issued by IASB.

2. 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of Investments. Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the financial statements was £5,470,000 which was determined on the basis of 1% of Net Asset Value ("NAV").
Scoping	The audit work to respond to the risk of material misstatement identified was performed directly by the audit engagement team.
Significant changes in our approach	Ownership of Investment has been removed from key audit matter "Valuation and Ownership of Investments". From the results of our work in prior year and understanding of the balance we have reassessed the risk in the current year and concluded that the ownership of investments is not complex and does not involve any judgement.

Independent Auditor’s Report

(continued)

4. Conclusions relating to going concern

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

Our evaluation of the directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included consideration of:

- the reasonableness of the information and underlying assumptions on the going concern communicated by the directors;
- Liquidity of the Company, an assessment of whether the Company has sufficient cash to meet its obligations over the next twelve months from the date of signing the financial statements;
- the performance of Ferguson PLC (Ferguson’s) shares, these being the indirectly held investment during the period under review and post year end up to the date of signing, and the subsequent impact on the NAV of the Company;
- whether Ferguson’s shares operate in an active market and could be disposed of to raise additional cash were this to be required; and
- The adequacy of strategies put in place to mitigate the principal risks the Company is exposed to.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of Investments

Key audit matter description	The Company’s investment as at 31 December 2021, valued at £544,060k (2020: £396,523k), comprises an unlisted investment in Trian investors 1 L.P Incorporated (“Investment Partnership”) held through its wholly owned subsidiary, Trian Investors 1 Midco Limited (“Midco”). Midco holds 99.83% of the Investment Partnership. The Investment Partnership has an investment in Ferguson PLC (“Ferguson”), a publicly listed company. Details of the investment are disclosed in note 5 to the financial statements and the accounting policies are disclosed in note 1 to the financial statements. The key audit matter is associated with the valuation of the Investment in Ferguson through the Midco and Investment Partnership. As the Investment Partnership has a large holding in Ferguson, this means that a small adjustment in the share price may have a significant impact on the valuation of this investment and NAV of the Investment Partnership which in-turn impacts the value of the Company’s Investment. We also deem the fair values of the investment in Ferguson to be a Key Performance Indicator and as such management may be incentivised to adjust the share price to achieve the desired outcome.

Independent Auditor's Report

(continued)

Key audit matter description (continued)	The Company's administrator is Ocorian (Guernsey) Limited who carries out the day-to-day functions including the financial reporting process. The risk of material misstatement exists that the Company's investment is not accurately valued as a result of the Investment Partnerships investment in Ferguson not being based on relevant information that is representative of its value and that the valuation may not be in accordance with IFRS 13 – Fair Value Measurement ('IFRS 13'). As disclosed in note 5, the value of the investment in the LP includes a deduction of the incentive allocation (performance fee) which is due to the Special Limited Partner. There is a risk that the incentive allocation has not been calculated properly and in accordance with the Limited Partnership Agreement ("LPA").
How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the valuation of investments: • We have obtained an understanding and tested the operating effectiveness of controls around the valuation of investments. This included assessing of relevant controls of the administrator, Ocorian (Guernsey) Limited; • We have assessed the valuation policy and methodology in order to assess the compliance to IFRS 13; • We checked the liquidity of the investment in Ferguson in order to assess whether there is a sufficiently active market to allow for use of an unadjusted level 1 price; • We have obtained the independent confirmation of the investment holdings as of 31 December 2021 from the Company's custodian and reconciled the number of equity shares held at the year-end; and • We obtained independent pricing information from reliable external sources and recalculated the fair value of investments at year-end. • We recomputed the incentive fee allocation in line with the LPA.
Key observations	Based on the work performed, we concluded that the Valuation of Investments is appropriate.

6. Our application of materiality

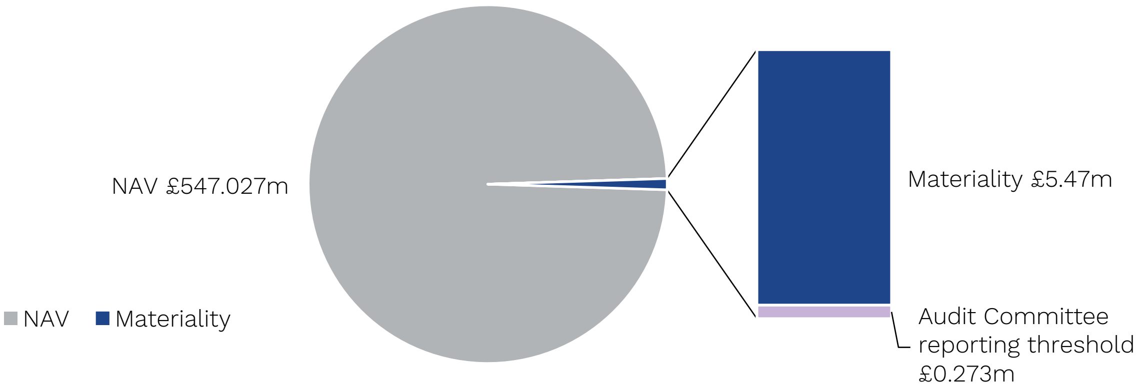
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£5,470,000 (2020: £3,980,000)
Basis for determining materiality	1% of NAV (2020: 1% of NAV)
Rationale for the benchmark applied	The Company is an investment entity and as such the holders of equity will use NAV as the Key Performance Indicator ("KPI"). Therefore, we have used NAV as the benchmark.

Independent Auditor's Report
(continued)



6.2. Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Performance materiality	70% (2020: 70%) of materiality
Basis and rationale for determining performance materiality	In determining the performance materiality, we considered factors including: • Our risk assessment, including our assessment of the Company' overall control environment and that we did not consider it appropriate to reply on controls; and • Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £273,000 (2020: £199,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control and assessing the risks of material misstatement. Our audit scope included obtaining an understanding of the relevant controls in the business processes at the administrator as they maintain the books and records of the entity.

Audit work to respond to the risk of material misstatement was performed directly by the engagement team.

8. Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

(continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. 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.

10. 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.

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

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;

Independent Auditor's Report

(continued)

- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including financial instruments specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the Valuation of Investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008 and the Protection of Investor (Bailiwick of Guernsey) Law 2020.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified Valuation of Investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with the Guernsey Financial Services Commission;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent Auditor's Report

(continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Corporate Governance Statement

We are required to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 24;
- the directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 14;
- the directors' statement on fair, balanced and understandable set out on page 24;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 13;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 21; and
- the section describing the work of the audit committee set out on page 22.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Independent Auditor's Report

(continued)

14. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ((‘ESEF RTS’). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

David Becker
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

13 April 2022

Statement of Financial Position

As at 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Non-current assets			
Investment in Midco	5	544,060	396,523
Total non-current assets		544,060	396,523
Current assets			
Cash and cash equivalents	2	3,509	1,691
Receivables and prepayments	7	137	50
Total current assets		3,646	1,741
Current liabilities			
Trade and other payables	8	687	59
Total liabilities		687	59
Net assets		547,019	398,205
Equity			
Share capital	9	243,252	259,095
Retained earnings		303,767	139,110
Total equity		547,019	398,205
Number of ordinary shares in issue	9	252,319,064	264,467,091
NAV per share (pence)	10	216.80	150.57

The notes below form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 13 April 2022.

Chris Sherwell
Director

Mark Thompson
Director

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Income			
Unrealised gain on investment in Midco	5	165,412	77,295
Dividend received from Midco	5	—	1,407
		165,412	78,702
Expenses			
Administration fees	17	143	147
Directors' fees	16	185	140
Audit and non-audit fees	11	52	34
Trademark licence fees	17	47	47
Other operating expenses		328	265
Total Expenses		755	633
Operating profit		164,657	78,069
Finance income and expense			
Interest income	2	—	3
Net profit		164,657	78,072
Total comprehensive income		164,657	78,072
Basic earnings per share (pence)	12	63.87	29.12

All activities derive from continuing operations.

The notes below form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 January 2021		259,095	139,110	398,205
Profit for the year		—	164,657	164,657
Total comprehensive income		—	164,657	164,657
Share repurchases	9	(15,843)	—	(15,843)
		(15,843)	—	(15,843)
As at 31 December 2021		243,252	303,767	547,019

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 January 2020		265,876	62,445	328,321
Profit for the year		—	78,072	78,072
Total comprehensive income		—	78,072	78,072
Share repurchases	9	(6,781)	—	(6,781)
Dividend paid	20	—	(1,407)	(1,407)
		(6,781)	(1,407)	(8,188)
As at 31 December 2020		259,095	139,110	398,205

The notes below form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Operating activities			
Profit before tax		164,657	78,072
Adjustments to reconcile profit before tax to net cash flows:			
Unrealised gain on investment	5	(165,412)	(77,295)
Dividends received	5	—	(1,407)
Interest income		—	(3)
Movement in receivables and prepayments	7	(87)	46
Movement in trade and other payables	8	628	(1)
Net cash flows from operating activities		(214)	(588)
Investing activities			
Dividends received	5	—	1,407
Capital distribution from Midco	5	—	3,000
Share redemption by Midco	5	17,875	4,000
Finance income		—	3
Net cash flows from investing activities		17,875	8,410
Financing activities			
Share repurchase	9	(15,843)	(6,781)
Dividends paid	20	—	(1,407)
Net cash flows from financing activities		(15,843)	(8,188)
Net movement in cash and cash equivalents		1,818	(366)
Opening cash and cash equivalents		1,691	2,057
Closing cash and cash equivalents		3,509	1,691

The notes below form an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Corporate information

Trian Investors 1 Limited (the "Company") is incorporated in and controlled from Guernsey as a company limited by shares with registered number 65419. The ordinary shares of no par value in the capital of the Company (the "Shares") are admitted to the Specialist Fund Segment of the London Stock Exchange (the "SFS").

On 14 June 2021, shareholders approved amendments to the Company's investment policy to allow the Company to invest in one or more U.K. or U.S. target companies at the same time and to acquire minority, majority or controlling interests in any listed or unlisted target company (each a "Target Company"). In tandem, the Company also revised its existing policies and guidelines on recycling sale proceeds and return of capital so that all net proceeds, including net profits, generated from dividends as well as the sale of any investment in a Target Company, may be reinvested following disposal.

In light of the Company's ability to invest in more than one Target Company at a time following the approval of the Company's revised investment policy, the Company registered with the Guernsey Financial Services Commission on 16 June 2021 as a registered collective investment scheme and is regulated under the Protection of Investors (Bailiwick of Guernsey) Law 2020.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the Companies (Guernsey) Law, 2008. The financial statements have been prepared on a historical cost basis as amended from time to time by the fair valuing of certain financial assets and liabilities. The financial statements cover the year ended 31 December 2021.

The preparation of financial statements in accordance with IFRS requires the Directors to make critical accounting estimates and judgements. The areas involving a higher degree of judgement or complexity are disclosed in note 3.

Going concern

The Directors monitor the capital and liquidity requirements of the Company on a regular basis. They have undertaken a rigorous review of the Company's ability to continue as a going concern, including by reviewing the Company's ongoing cash flows and level of liquid investments and cash balances as at the reporting date, as well as forecasting future cash flows, and they are of the opinion that the Company has adequate resources to continue its operational activities for at least twelve months. In addition the Directors are of the opinion that the ongoing COVID-19 pandemic and the Ukraine conflict should not impact the Company's ability to continue as a going concern despite the resulting uncertainty these events have created.

Based on these sources of information and their own judgement, the Directors believe it is appropriate to prepare the financial statements of the Company on a going concern basis.

New and amended standards and interpretations applied

The following accounting standards and updates were applicable in the current period but did not have a material impact on the Company:

– Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

2. Accounting policies (continued)

New and amended standards and interpretations not applied

The following new and amended standards and interpretations in issue are applicable to the Company but are not yet effective and therefore, have not been adopted by the Company:

- IFRS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2023)
- Amendments to IAS 12: Income Taxes (effective 1 January 2023)
- Amendments to IAS 1: Presentation of Financial Statements (effective 1 January 2023)

The Company has considered the IFRS's in issue but not yet effective and do not consider any to have a material impact on the Company.

Accounting for subsidiaries

As explained in note 3, the Company is an investment entity and accordingly accounts for its investments in subsidiaries as investments at fair value through profit and loss.

Segment reporting

The Directors are of the opinion that the Company is currently engaged in a single segment of business, being the investment through Trian Investors 1 Midco Limited ("Midco") into Trian Investors 1, L.P. (Incorporated) (the "Investment Partnership").

Revenue recognition

All income is accounted for on an accruals basis and recognised in the Statement of Comprehensive Income.

Expenses

Expenses are accounted for on an accruals basis. Expenses borne by subsidiaries are reflected in the Statement of Comprehensive Income through the revaluation of the investments.

All costs associated with the issue of Shares are netted off against share capital in the Statement of Changes in Equity. Costs associated with the repurchase of shares are recognised in the Statement of Comprehensive Income.

Dividends to shareholders

Dividends are accounted for in the period in which they are paid by the Company.

Financial instruments

The classification of financial assets at initial recognition depends on the purpose for which each financial asset was acquired and its characteristics.

The Company's only significant financial assets comprise cash and cash equivalents and investments in subsidiaries held at fair value through profit and loss. The investments in subsidiaries are initially recognised at cost.

Cash and cash equivalents

Cash at bank and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents consist of cash in hand, short-term deposits in banks and investments in money market funds with an original maturity of three months or less.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

2. Accounting policies (continued)

Investments at fair value through profit and loss

i. Classification

As explained in more detail in note 3 the Company is an investment entity and accordingly accounts for its investment in subsidiaries as investments at fair value through profit and loss.

ii. Recognition

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment.

iii. Measurement

Investments treated as "investments at fair value through profit or loss" are initially recognised at the fair value of consideration given. They will subsequently be measured at fair value. All transaction costs are expensed in the Statement of Comprehensive Income.

Realised and unrealised gains or losses are recognised in the Statement of Comprehensive Income.

iv. Fair value estimation

The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of three levels.

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Functional currency

Items included in the financial statements are measured using Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Transactions denominated in foreign currencies are translated into Pounds Sterling at the rate of exchange presiding at the date of the transaction. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

Treasury shares

The Company has the ability to repurchase shares and hold them in treasury. Shares that are repurchased and held in treasury are removed from the share capital reserve.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Directors also need to make judgements (other than those involving estimates) that have a significant impact on the application of accounting standards. The following critical judgements apply to the Company's investment.

i) Investment entity exemption:

The Directors have considered whether the Company meets the definition of an investment entity as stipulated in the provisions of IFRS 10. Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries, other than those that provide investment services to the Company and do not themselves meet the definition of an investment entity, at fair value through profit or loss rather than consolidate them.

The Company's purpose is to invest through the Investment Partnership in one or more Target Companies for capital appreciation and it will measure performance (of the Target Companies) on a fair value basis. To date, the Company has only made a single investment in a Target Company, Ferguson plc ("Ferguson"), through its wholly owned subsidiary, Midco, which in turn holds 99.83 per cent of the commitment in the Investment Partnership. Midco was incorporated in Guernsey and its principal place of business is Guernsey. The Board has assessed whether the Company has all the elements of control as prescribed by IFRS 10 in relation to the Company's investment in the Investment Partnership and has concluded that the Company does have control of the Investment Partnership. Midco and the Investment Partnership are therefore both classified as subsidiaries of the Company. The Board has also assessed that the Company meets the criteria of an investment entity and therefore the subsidiaries are recorded at fair value through profit and loss rather than being consolidated. The Board's determination that the Company is classified as an investment entity involves a degree of judgement due to the complexity of the wider structure encompassing the Company, Midco and the Investment Partnership.

ii) Use of last sales price published by the exchange:

The Directors believe that a key judgement relates to the valuation of the investment in Ferguson held through the Investment Partnership. The ordinary shares of Ferguson have a primary listing on the Main Market of the London Stock Exchange and the Directors must determine whether the market is sufficiently liquid for the last sales price published by the exchange to be a fair value in accordance with IFRS principles. The Directors have assessed that there is a sufficiently liquid market in Ferguson's ordinary shares and accordingly they consider the quoted share price to be the appropriate basis for the valuation of this investment.

iii) Agreement to settle part of incentive allocation by the issue of new Shares in the Company

On 19 July 2021 the Investment Partnership's Amended and Restated Limited Partnership Agreement (the "LPA") was amended and restated to provide that Trian Investors 1 SLP, L.P., the special limited partner of the Investment Partnership ("Trian SLP") will receive part of its incentive allocations in the form of Shares in the Company. The amount of the incentive allocation which will be settled in Shares under this agreement is subject to limits on the number of Shares which can be issued to Trian SLP without triggering a mandatory offer for the Company under the U.K. Takeover Code. The Directors have considered whether this new agreement falls into the scope of IFRS 2: Share-based Payment. ("IFRS 2"). If IFRS 2 did apply the equity of the Company and the value of its investment in its subsidiary would have been increased by the estimated value of the Shares expected to be issued under the terms of the agreement. This would also have increased the headline Net Asset Value ("NAV") per share (although not the diluted NAV per Share). The Directors have concluded that IFRS 2 does not apply because the obligation to pay the incentive allocation was an existing obligation prior to the amendment and restatement of the LPA and hence the change in the LPA is merely a modification of how this obligation will be settled. Further details of the agreement are set out in Note 17.

There are no key sources of estimation uncertainty.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

4. Income tax

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual exemption fee of £1,200.

5. Investment at fair value through profit or loss

The Company owns 100% of the share capital of its subsidiary Midco. Midco holds 99.83 per cent of the commitment in the Investment Partnership and has no other assets or liabilities. This investment is valued based on its share of the net assets of the Investment Partnership.

Movements in the cost and carrying value of this investment in Midco during the year were:

	31 December 2021 £'000	31 December 2020 £'000
Cost		
Brought forward	257,000	264,000
Capital distribution	—	(3,000)
Share redemption	(17,875)	(4,000)
Carried forward	239,125	257,000
Fair value adjustment through profit or loss		
Brought forward	139,523	62,228
Fair value movement during year	165,412	77,295
Carried forward	304,935	139,523
Fair value as at 31 December	**544,060**	**396,523**

As explained in note 2 and note 3 the investment in Midco and its interest in the Investment Partnership is shown in the Company's balance sheet as a single investment carried at fair value because the Company is defined as an investment company under the provisions of IFRS10. The following tables provide an analysis of the assets and liabilities and the income statement of the Investment Partnership.

Summary financial information of the Investment Partnership

	31 December 2021 £'000	31 December 2020 £'000
Non-current assets		
Investments in Ferguson	619,957	420,275
Cash and cash equivalents	3,727	8,832
Foreign exchange option at fair value	66	4,623
Other current assets and liabilities	359	(1)
Net assets	**624,109**	**433,729**
Attributable to:		
General Partner and Special Limited Partner (including incentive allocation)	80,049	37,206
The Company	544,060	396,523
Net assets	**624,109**	**433,729**

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

5. Investment at fair value through profit or loss (continued)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Income		
Gain on investment in Ferguson	199,682	96,223
Dividend income	14,470	7,325
Loss on foreign exchange options	(1,101)	(431)
Interest income	—	12
Total income	**213,051**	**103,129**
Expenses		
Management fees	4,606	3,261
Other expenses	16	16
Total expenses	**4,765**	**3,361**
Profit for the year	**208,286**	**99,768**
Profit attributable to General Partner and Special Limited Partner	369	178
Increase in incentive allocation for the year	42,505	20,888
Net gain attributable to the Company	**165,412**	**78,702**
Gain recognised in the Company:		
As dividends received from Midco	—	1,407
Unrealised gain on investment in Midco	165,412	77,295
	165,412	**78,702**

The financial statements for the Investment Partnership are prepared under IFRS.

Foreign exchange option

In March 2020, the Investment Partnership entered into a currency call option (the "March 2020 Option"), expiring in March 2021, to purchase £125,000,000 for US$165,875,000, to offset a portion of the Investment Partnership's U.S. Dollar exposure arising from its investment in Ferguson, which receives the vast majority of its revenues in U.S..

In February 2021, following a strengthening of Pounds Sterling against the U.S. Dollar, the Investment Partnership took advantage of attractive pricing conditions and sold the March 2020 Option for £5,200,000. Simultaneously, the Investment Partnership entered into a new option (the "February 2021 Option"), which expired in February 2022, to purchase £125,000,000 for US$181,250,000, for a premium of £1,743,750. Taken together, these two transactions allowed the Investment Partnership to recognise cash proceeds of £3,456,250 on a net basis, while still providing it with protection against significant further appreciation of Pounds Sterling against the U.S. Dollar until February 2022. In February 2022, the February 2021 Option expired out-of-the-money. In light of the approval of the Company's revised Investment Policy in July 2021 and the expectation that the Company would have a longer duration than originally anticipated, the Investment Manager determined that it was no longer necessary to continue hedging currency exposure at this time.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

5. Investment at fair value through profit or loss (continued)

Incentive allocation

The Investment Partnership's investment in Ferguson is currently treated as a "Stake Building Investment". If the investment continues to be a "Stake Building Investment" until realisation, the Incentive Allocation will be equal to 20 per cent of net returns on the investment, payable after the Investment Partnership has distributed to its partners an amount equal to the aggregate capital contributions made in respect of the investment (excluding any capital contributions attributable to management fees).

The Investment Partnership's investment in Ferguson, unless otherwise agreed with the Company, will cease to be considered a "Stake Building Investment", and will instead be considered an "Engaged Investment", if and when Trian Investors Management, LLC (the "Investment Manager") obtains representation on Ferguson's board of directors, through one or more partners of Trian Fund Management, L.P. ("Trian Management"). If the investment becomes an "Engaged Investment", the Incentive Allocation will be equal to 10 per cent to 25 per cent of the Investment Partnership's net returns on the investment (excluding any capital contributions attributable to management fees) following disposal of a target company, as set forth in greater detail in the LPA.

As at 31 December 2021, there was an incentive allocation accrual of £78,950,000 (31 December 2020: £36,445,000) which, under the terms of the LPA, Trian SLP will be entitled to receive. The incentive allocation will be solely borne by the Company through Midco and is treated as fair value movement through profit and loss in the Statement of Comprehensive Income.

Management fee

The Investment Manager is entitled to management fees in consideration of its work equal to one twelfth of 1 per cent of the adjusted net asset value of the Investment Partnership, calculated as of the last business day of the preceding month. The management fee is solely borne by the Company through Midco and is treated as fair value movement through profit and loss in the Statement of Comprehensive Income. For the year ended 31 December 2021 management fees of £4,606,000 were paid to the Investment Manager by the Investment Partnership (year ended 31 December 2020: £3,261,000).

6. Fair value

IFRS 13 "Fair value measurement" requires the Group to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The only financial instruments carried at fair value is the investment in Midco which is fair valued at each reporting date.

The Company's investment in Midco has been classified as level 2 as its valuation has been derived from the value of the assets and liabilities in the Investment Partnership. A reconciliation of the movement in Level 2 investments is set out in the table in note 5. Due to the nature of the investments, they are always expected to be classified under Level 2. There were no transfers between levels during the years to 31 December 2021 and 31 December 2020.

In the accounts of the Investment Partnership the financial instruments carried at fair value are:

	31 December 2021 £'000	31 December 2020 £'000
Investments in Ferguson (level 1)	619,957	420,275
Foreign exchange option (level 2)	66	4,623

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

6. Fair value (continued)

Valuation techniques

The value of the Company's investment in Midco is based on the value of Midco's limited partner capital account within the Investment Partnership. This is based on the assets and liabilities of the Investment Partnership, principally the value of the underlying investee company, the currency option and cash. Any fluctuation in the value of the underlying investee company will directly impact on the value of Midco's investment in the Investment Partnership while taking into account the impact of the Incentive Allocation.

Valuations are determined in accordance with a pricing policy agreed between the Directors and the Investment Manager from time to time. Calculations will be made in accordance with IFRS principles or as otherwise determined by the Board.

In accordance with the LPA, for the purposes of calculating the NAV of the Investment Partnership, its assets will be valued on the following basis:

- The shares in Ferguson were listed on the Main Market of the London Stock Exchange throughout the year and are valued at the last sales price published by the exchange.

- The valuation of the February 2021 Option is performed by utilising an external data source which uses proprietary software and a valuation model to perform the fair value calculation. The valuation model used to value the February 2021 Option is the Black-Scholes model.

The Board approves the valuations performed by the Investment Manager and monitors the range of reasonably possible changes in significant observable inputs at each reporting date.

7. Receivables and prepayments

	31 December 2021 £'000	31 December 2020 £'000
Other prepaid expenses	137	50
	137	50

The carrying value of receivables and prepayments approximates their fair value.

8. Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Administration fees	10	10
Audit fees	26	26
Owed to Broker	286	—
Owed to Investment Partnership	358	—
Other professional fees	7	23
	687	59

The carrying value of trade payables and other payables approximates their fair value.

The balance of £358,000 owed to the Investment Partnership as at 31 December 2021.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

9. Share capital and capital management

Capital risk management

The Company's objective for capital risk management is to safeguard the Company's ability to continue as a going concern and to provide returns for shareholders. The Company considers its capital to consist of share capital and retained earnings.

The Board regularly reviews the Company's NAV, as calculated in accordance with IFRS, and the Company's Share price (as well as its discount or premium to NAV per Share) in the context of market conditions, with input from the Investment Manager and its Corporate Brokers. As explained in note 5 and shown in the tables below, the Company has repurchased a total of 18,266,913 shares at a discount to NAV since February 2020 as at the reporting date. Share repurchases are subject to the Company's discretion based on market and economic conditions, the price and trading volume of the Company's shares and other factors.

No dividend was declared or paid in the year to 31 December 2021. The Investment Partnership received dividends from Ferguson on 11 May 2021 and 10 December 2021, but after considering the prevailing discount to net asset value at which the Shares traded, the Board, in agreement with the Investment Manager, determined that using excess cash reserves resulting from the Ferguson dividends to fund Share repurchases, as opposed to dividends, would provide the greater benefit to continuing Company shareholders and was consistent with the feedback received from shareholders following the Company's 2021 annual general meeting

The Company has the ability to hold its own Shares in treasury. All Shares repurchased by the Company are currently being held in treasury, and the Company may use this ability again from time to time in the future. The Company's Articles of Incorporation and the Companies Law do not limit the number of Shares held in treasury provided that at least one share of any class is held by a person other than the Company. The Company is not subject to any externally imposed capital restrictions.

Ordinary shares of no par value

	31 December 2021	31 December 2020
Net shares outstanding		
Shares issued	270,585,977	270,585,977
Shares held in Treasury	(18,266,913)	(6,118,886)
Net number of shares outstanding	252,319,064	264,467,091

The Company's authorised share capital as at 31 December 2021 and 31 December 2020 is 300,000,000 Ordinary shares.

	£'000
Issued and fully paid:	
As at 1 January 2021	259,095
Repurchased during the year	(15,843)
As at 31 December 2021	243,252
As at 1 January 2020	265,876
Repurchased during the year	(6,781)
As at 31 December 2020	259,095

As detailed further in note 17 the LPA provides that Trian SLP will receive part of its incentive allocations in the form of Shares in the Company. The amount of the incentive allocation which will be settled in Shares under this agreement is subject to limits on the number of Shares which can be issued to Trian SLP without triggering a mandatory offer for the Company under the U.K. Takeover Code. Had the incentive allocation crystallised at 31 December 2021 it is estimated that a maximum of £11,197,720 could have been settled by the issue of 5,165,000 Shares.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

10. Net Asset Value per Share

	31 December 2021	31 December 2020
IFRS Net Assets (£'000)	547,019	398,205
Number of Shares in issue	252,319,064	264,467,091
IFRS NAV per Share (pence)	216.80	150.57

The IFRS NAV per Share is arrived at by dividing the IFRS Net Assets by the number of Shares in issue net of treasury shares.

11. Auditor's remuneration

The auditor's remuneration relating to services to the Company for the year was:

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Audit fees	30	26
Non-audit fees	22	17
	52	43

Differences between the figures in the above table and the Statement of Comprehensive Income are due to accruals.

In addition the fee for the audit of the Investment Partnership of £15,000 (2020: £13,000) and the fee for the investor tax reporting of £nil (2020: £4,100) is payable by the Investment Partnership.

12. Earnings per share

	Year to 31 December 2021	Year to 31 December 2020
Profit for the year (£'000)	164,657	78,072
Weighted average number of Shares in issue	257,815,475	268,093,698
Earnings per Share (pence)	63.87	29.12

There were no dilutive potential Shares in issue as at 31 December 2021 or 31 December 2020.

13. Financial risk management

Financial risk management objectives

The Company's activities expose it to various types of financial risk, principally market risk and credit risk. The Company has minimal exposure to liquidity risk. The Board has overall responsibility for the Company's risk management and sets policies to manage those risks at an acceptable level.

Financial risk factors

The Company's investment objective is to realise capital growth from its investment in one or more Target Companies with the aim of generating significant capital return for shareholders. At 31 December 2021 the Company's only significant financial assets are those held through the Investment Partnership, via Midco, consisting of ordinary shares of Ferguson, a currency call option and cash and cash equivalents held at both levels.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

13. Financial risk management (continued)

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 Company manages its credit risk by scrutinising the financial standing of counterparties with which it enters into transactions, using external credit ratings where available. Credit risk is reviewed periodically to identify balances that may have become impaired or uncollectable.

An event of default is a pre-specified condition or threshold that, if met, allows the lender or creditor to demand immediate and full repayment of a debt or obligation. The Company is exposed to credit risk through its balances with banks. The credit risk on receivables is considered to be minimal. The table below shows the Company's and Investment Partnership's credit exposures:

			Company		Investment Partnership	
	Location	Rating	31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000	31 December 2020 £'000
Counterparty 1	UK	AA+	3,509	1,691	3,727	8,832
Counterparty 2	USA	AA-	—	—	66	4,623
			3,509	1,691	3,793	13,455

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market price changes. The Company is exposed to market price risk and currency risk. The Company has no significant exposure to interest rate risk.

Market price risk

Market price risk arises as a result of the Company's exposure to the future values of shareholdings in Target Companies; at 31 December 2021 solely Ferguson. It represents the potential loss the Company may suffer through investing in a Target Company. By way of example, if the price of Ferguson moved by 15% as at 31 December 2021, the effect on the NAV of the Company would be an increase or decrease of £74,266,000 (12 per cent) (31 December 2020: £100,691,000 (24 per cent) based on a 30 per cent change movement in Ferguson Share price). A change of 15 per cent reflects a reasonable change in the share price of Ferguson based upon the year ended 31 December 2021. Please see note 21 for post year end information.

Currency Risk

As at 31 December 2021, the Company had exposure to currency risk as a result of its investment in Ferguson through the Investment Partnership, which receives the vast majority of its revenue in U.S. Dollars. As noted in more detail in note 5, the Company through the Investment Partnership held an option, which expired for nil proceeds in February 2022, to purchase £125,000,000 for US$181,250,000 (at 31 December 2020 it held a currency option, expiring in March 2021, to purchase £125,000,000 for US$165,875,000.). The option was designed to provide the Company with protection against significant appreciation of Pounds Sterling against the U.S. Dollar. In light of the approval of the Company's revised Investment Policy in July 2021 and the expectation that the Company would have a longer duration than originally anticipated, the Investment Manager determined that it was no longer necessary to continue hedging currency exposure at this time.

14. Commitments and contingencies

The Directors are not aware of any contingent liabilities as at 31 December 2021 (31 December 2020: nil).

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

15. Financial Instruments

	31 December 2021 £'000	31 December 2020 £'000
Financial assets at fair value through profit or loss		
Investment in Midco	544,060	396,523
	544,060	396,523
Financial assets measured at amortised cost		
Cash and cash equivalents	3,509	1,691
	3,509	1,691
Financial liabilities measured at amortised cost		
Trade and other payables	687	59
	687	59

16. Related parties

Key management personnel

The Directors are considered to be the Key Management Personnel of the Company. They are all non-executive and receive only an annual fee denominated in Pounds Sterling.

The Chairman receives an annual fee of £55,000, the Chairman of the Audit Committee receives £45,000, and the other non-executive Director receives £40,000.

Directors' fees and expenses for the year ended 31 December 2021 amounted to £185,000 (year to 31 December 2020: £140,000), of which £nil (31 December 2020: £nil) was outstanding at the year end.

During the current reporting period, each of the Directors received an additional fee of £15,000 in relation to the additional work involved in the Company's change in investment policy.

Directors' shareholdings are disclosed in the Report of the Directors. No dividends were paid on their shares during the year ended 31 December 2021 (year to 31 December 2020: £1,000).

Trian Subscriber

Trian Subscriber, a company owned by the Investment Manager's partners and certain of their affiliates, held 28.55% of the Company's outstanding Shares as at 31 December 2021 (31 December 2020: 14.46%).

Management Fee

Under the management agreement between the Investment Partnership and the Investment Manager, the Investment Manager is entitled to management fees in consideration of its work equal to one twelfth of 1 per cent of the adjusted net asset value of the Investment Partnership. This is detailed in note 17.

Incentive Allocation

Under the terms of the LPA, Trian Investors 1 SLP, L.P., the special limited partner of the Investment Partnership, is entitled to receive an incentive allocation based on the investment performance of the Investment Partnership. This is detailed in notes 5 and 17.

Intergroup balances

As at 31 December 2021 the Company owed £358,000 to the Investment Partnership (31 December 2020: £nil) which was repaid in January 2022.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

17. Significant agreements

Trademark fees

Trian Management has granted to the Company, Midco and the Investment Partnership a non-exclusive licence to use the name, logo and graphic identity "Trian" in the UK and the Channel Islands in the corporate name of these entities and in connection with the conduct of their business affairs, and the Company is using the name, logo and graphic identity "Trian" within the Annual Report and these Financial Statements pursuant to such licence. Trian Management receives a fee of £70,000 per annum split between the Company, Midco and the Investment Partnership for the use of the licensed name, logo and graphic identity. For the year ended 31 December 2021 fees of £47,000 (year ended 31 December 2020: £47,000) were paid by the Company in relation to the licence.

Administration Agreement

On 19 September 2018, the Company and Ocorian Administration (Guernsey) Limited entered into an administration agreement. Under the terms of the agreement the Company (alongside the Investment Partnership) is charged a fixed administration fee of £97,000 per annum from 27 September 2018 payable monthly in arrears, administration fees for Midco of £5,000 per annum, net asset value preparation fees of £10,000 per annum, compliance officer services of £6,000 per annum, MLRO services of £3,000 per annum and data protection officer services of £2,000 per annum. Fees are adjusted annually to rise in line with the Guernsey Retail Price Index. For the year ended 31 December 2021 aggregate fees of £143,000 were paid to Ocorian (year ended 31 December 2020: £147,000).

Management Agreement

The management agreement between the Investment Partnership and the Investment Manager was amended and restated on 19 July 2021 and made effective as of 14 June 2021, in order to reflect the revised investment policy and revised policies and guidelines on recycling sale proceeds and return of capital which are each described in note 1 above. No revisions were made to the manner in which management fees are calculated.

The Investment Manager is entitled to management fees in consideration of its work equal to one twelfth of 1 per cent of the adjusted net asset value of the Investment Partnership, calculated as of the last business day of the preceding month. The management fee is payable in advance to the Investment Manager on the first business day of each calendar month. The management fee is solely borne by the Company through Midco. For the year ended 31 December 2021 management fees of £4,606,000 were paid to the Investment Manager by the Investment Partnership (year ended 31 December 2020: £3,261,000).

LPA and Calculation of Incentive Allocation

Under the terms of the LPA, Trian SLP is entitled to receive an incentive allocation based on the investment performance of the Investment Partnership. The LPA was amended and restated on 19 July 2021 to provide that Trian SLP will receive future incentive allocations (net of amounts required to cover certain tax liabilities) in the form of Shares, to be valued at NAV at the time of issuance and, on the issue of the Shares, the Company's investment in the Investment Partnership (through Midco) will increase by the value of the Shares issued. The nature of this agreement is outside the scope of IFRS 2: Share-based Payment (see Note 3). The amount of the incentive allocation which will be settled in Shares under this agreement is subject to limits on the number of Shares which can be issued to Trian SLP without triggering a mandatory offer for the Company under the Takeover Code.

The incentive allocation may be between 0 to 25 per cent of the net returns of the Investment Partnership. The calculation of the incentive allocation is described in more detail in note 5 above. As at 31 December 2021, there was an incentive allocation accrual of £78,950,000 (at 31 December 2020: £36,445,000).

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

17. Significant agreements (continued)

Credit Facilities

In March 2021, the Investment Partnership entered into a revolving credit facility (the "UBS Credit Facility") with UBS Bank USA ("UBS"), which permitted the Investment Partnership to borrow an aggregate amount of up to $70 million at an interest rate equal to one month LIBOR plus 1.75%. There are no commitment or closing fees associated with the facility. In connection with establishing the facility, the Investment Partnership transferred its shares in Ferguson to a securities account operated by UBS Financial Services Inc. and a portion of the shares were pledged as collateral under the facility, with the remaining shares subject to a negative covenant restricting their sales or disposal while the UBS Credit Facility remains outstanding. UBS was entitled to demand repayment of any outstanding borrowing under the UBS Credit Facility, or terminate the UBS Credit Facility, upon 60 days' notice. The Investment Partnership was entitled to terminate the UBS Credit Facility at any time so long as no borrowing is outstanding.

No borrowings under the UBS Credit Facility were made during the year to 31 December 2021. Subsequent to the year end this facility was terminated and replaced with a a revolving credit facility with Bank of America, N.A., London Branch (see Note 21).

18. Subsidiaries

Midco was incorporated on 10 September 2018 in Guernsey and the Investment Partnership was registered on 13 September 2018 in Guernsey. The Company holds 242,125,656 ordinary shares in Midco, representing 100 per cent of the share capital, which in turn holds 99.83 per cent of the commitment in the Investment Partnership.

19. Ultimate beneficial owner

There was no ultimate beneficial owner of the Company as at the date of signing.

20. Dividends

No dividends have been declared or paid in the year to 31 December 2021 (year to 31 December 2020: the Company paid out a dividend to shareholders of 0.52 pence per share amounting to a total of £1,407,000).

21. Subsequent events

Subsequent to 31 December 2021 the Company repurchased 1,100,000 Shares for a total consideration of £1,504,000. Following these transactions, the total number of Shares held as treasury shares by the Company is 19,366,913. The total number of Shares in issue (excluding shares held as treasury shares) is 251,219,064.

In addition, in order to better position the Investment Partnership to take advantage of market opportunities and dislocations, the Investment Partnership recently entered into a revolving credit facility (the "BoA Credit Facility") with Bank of America, N.A., London Branch ("Bank of America") having a three year term, which permits the Investment Partnership to borrow an aggregate amount of up to $100 million at an interest rate equal to a fixed rate plus 1.35% per annum. The portion of the $100 million BoA Credit Facility commitment which is not drawn will be subject to a commitment fee of 0.40% per annum. In connection with establishing the facility, the Investment Partnership terminated its prior credit facility with UBS and re-pledged the shares of Ferguson which it holds as collateral under the new facility. In April 2022, the Investment Partnership completed the acquisition of approximately $50 million (£37.7 million) of shares of a publicly listed target company, financed by a borrowing under the Credit Facility.

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

21. Subsequent events (continued)

As of the date of this Annual Report, rising geo-political tensions, specifically conflict in the Ukraine, are a source of uncertainty for financial and commodity markets and a potential trigger for increased inflation. These circumstances, as well as other events which may impact the U.S. and global economy, may have a material adverse effect on Ferguson's financial condition, business, prospects and results of operations and consequently on its share price, which in turn may have a material adverse effect on the Company's NAV and/or the Company's own share price.

As part of the Board's commitment to strong corporate governance, the Directors regularly review Board composition to ensure that it remains effective and appropriate. Accordingly, the Board recently decided to expand the Board to four Directors and to appoint Anita Rival as an additional Director, with such appointment becoming effective on 14 April 2022.

The Company's NAV as at 31 March 2022 was £442,657,552, or 176.20 pence per Ordinary Share, which was a 19.1% decrease compared to 31 December 2021.

Investment Manager's Report Disclosure Statements and Disclaimers

General Considerations

Please note that the Investment Manager's Report is for general informational purposes only, is not complete, and does not constitute any advice or recommendation to invest in Trian Investors 1 Limited (the "Company") or Ferguson plc ("Ferguson") or enter into or conclude any other transaction. The Investment Manager's Report should not be construed as legal, tax, investment, financial or other advice. It does not have regard to the specific investment objective, financial situation, suitability, or the particular need of any specific person who may receive the Investment Manager's Report and should not be taken as advice on the merits of any investment decision. The views expressed in the Investment Manager's Report represent the opinions of Trian Investors Management, LLC (the "Investment Manager") and its parent, Trian Fund Management, L.P. (collectively, "Trian") and are based on publicly available information with respect to Ferguson and the other companies referred to therein. Trian recognises that there may be confidential information in the possession of Ferguson and the other companies discussed in the Investment Manager's Report that could lead such companies to disagree with Trian's conclusions. Trian does not endorse third-party estimates or research which are used in the Investment Manager's Report solely for illustrative purposes.

Select figures presented in the Investment Manager's Report, including investment values, have not been calculated using generally accepted accounting principles ("GAAP") or International Financing Reporting Standards ("IFRS") and have not been audited by independent accountants. Such figures may vary from GAAP or IFRS accounting in material respects and there can be no assurance that the unrealised values reflected in the Investment Manager's Report will be realised. Nothing in the Investment Manager's Report is intended to be a prediction of the future trading price or market value of securities of Ferguson or the Company. There is no assurance or guarantee with respect to the prices at which any securities of Ferguson or the Company will trade, and such securities may not trade at prices that may be implied in the Investment Manager's Report. The estimates, projections, pro forma information and potential impact of Trian's analyses set forth in the Investment Manager's Report are based on assumptions that Trian believes to be reasonable as of the date of the Investment Manager's Report, but there can be no assurance or guarantee that actual results or performance of Ferguson or the Company will not differ, and such differences may be material. The Investment Manager's Report does not recommend the purchase or sale of any security.

The Investment Manager's Report is based upon information reasonably available to Trian as of the date of the Report. Furthermore, the information, which includes information and data used and derived or obtained from filings made with regulatory authorities and from other public filings and third party reports, has been obtained from sources that Trian believes to be reliable; however, these sources cannot be guaranteed as to their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in the Investment Manager's Report, by Trian or any of its affiliates or its or their respective partners, members, or employees, and no liability is accepted by such persons for the accuracy or completeness of any such information. Trian reserves the right to change any of its opinions expressed in the Investment Manager's Report at any time as it deems appropriate. Trian disclaims any obligation to update the data, information or opinions contained in the Investment Manager's Report.

Investment Manager's Report Disclosure Statements and Disclaimers

(continued)

Forward Looking Statements

The Investment Manager's Report contains forward-looking statements. All statements contained in the Investment Manager's Report that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words "anticipate", "believe", "expect", "estimate", "plan" and similar expressions are generally intended to identify forward-looking statements. The statements contained in the Investment Manager's Report that are not historical facts are based on current expectations, speak only as of the date of the Investment Manager's Report and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of Trian. Although Trian believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in the Investment Manager's Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included in the Investment Manager's Report, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and plans expressed or implied by such forward-looking statements will be achieved. Trian will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any forward-looking statements in the Investment Manager's Report to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Not an Offer to Sell or a Solicitation of an Offer to Buy

Under no circumstances is the Investment Manager's Report intended to be, nor should it be construed as, an offer to sell or a solicitation of an offer to buy any security. The funds managed by Trian are in the business of trading -- buying and selling -- securities. It is possible that there will be developments in the future that cause one or more of such funds from time to time to either purchase or sell shares of Ferguson in open market transactions or otherwise or trade in options, puts, calls, contracts for difference or other derivative instruments relating to such shares. Consequently, Trian's beneficial ownership of Ferguson's shares may vary over time depending on various factors, with or without regard to Trian's views of Ferguson's business, prospects or valuation (including the market price of Ferguson's ordinary shares), including without limitation, other investment opportunities available to Trian, concentration of positions in the portfolios managed by Trian, conditions in the securities markets and general economic and industry conditions. Trian also reserves the right to take any actions with respect to any investments in Ferguson as it may deem appropriate, including, but not limited to, communicating with the management of Ferguson, the board of directors of Ferguson, other investors and shareholders, members, stakeholders, industry participants, and/or interested or relevant parties about Ferguson or seeking representation on the board of directors of Ferguson, and to change its intentions with respect to any investments made in Ferguson at any time.

General Information

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Mark Thompson
Simon Holden

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