The Company's registered office is:

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom
### Macquarie Group Holdings (UK) No.2 Limited

**2019 Strategic Report, Directors' Report and Financial Statements**

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Macquarie Group Holdings (UK) No.2 Limited

Strategic Report
for the financial year ended 31 March 2019

In accordance with a resolution of the directors (the "Directors") of Macquarie Group Holdings (UK) No.2 Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal Activities
The principal activity of the Company during the financial year ended 31 March 2019 was to act as a holding company for Macquarie Infrastructure and Real Assets (Europe) Limited ("MIRAEL").

Review of operations
The profit for the financial year ended 31 March 2019 was £31,757,181 as compared to £1,188,312 in the previous year.

Operating profit for the year ended 31 March 2019 was £30,132,472 compared to operating result of £nil in the previous year.

As at 31 March 2019, the Company had net assets of £45,365,290 (2018: £101,739,286).

Principal Risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 15.

The Macquarie Group operates parts of its European Union ("EU") business from United Kingdom based subsidiaries such as the Company. On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as "Brexit"). The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the transitional arrangements (if any), and the Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

Financial risk management
Risk is an integral part of the Macquarie Group’s businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk, operational risk and exposure to the performance of its subsidiaries. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

As ultimately an indirect subsidiary of MGL, the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL. The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie’s internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk
Credit risk
Credit exposures, approvals and limits are controlled within the Macquarie Group’s credit risk framework, as established by RMG.

Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group’s risk management systems to enable the Company to manage this risk effectively.

Interest rate risk
The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings, which also incur a variable rate of interest.

Other matters
Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators, the entity’s business impact on the environment and social, community and human rights issues in the Strategic Report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

[Signature]

Director

[Signature]

1 November 2019
Macquarie Group Holdings (UK) No.2 Limited
Company Number 06357999

Directors’ Report
for the financial year ended 31 March 2019

In accordance with a resolution of the Directors (the “Directors”) of Macquarie Group Holdings (UK) No.2 Limited (the “Company”), the Directors submit herewith the audited financial statements of the Company and report as follows:

Directors and Secretaries
The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:

K Burgess (appointed 11 July 2019)
J Dyckhoff
D Fass (resigned 11 July 2019)
L Harrison

The Secretary who held office as Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, was:

H Everitt

Results
The profit for the financial year ended 31 March 2019 was £31,767,181 (2018: £1,188,312).

Dividends and distributions paid or provided for
Interim dividends of £88,000,000 were paid during the financial year (2018: £nil).
No final dividend has been proposed.

State of affairs
There were no other significant changes in the state of the affairs of the Company that occurred during the financial year under review not otherwise disclosed in the Directors’ report.

Events after the reporting period
At the date of this report, the Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.

Likely developments, business strategies and prospects
The Directors believe that no significant changes are expected other than those already disclosed in this report.

The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risk and foreign exchange risk are contained within the Strategic Report.

Indemnification and insurance of Directors
As permitted by the Company’s Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent purchased and maintained throughout the financial year Directors’ liability insurance in respect of the Company and its Directors.
Directors’ Report
for the financial year ended 31 March 2019 (continued)

Statement of directors’ responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors
In the case of each Director in office at the date the Directors’ Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

Independent Auditors
Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

[Signature]

Director

1 November 2019
Independent Auditors' Report to the members of Macquarie Group Holdings (UK) No.2 Limited

Report on the audit of the financial statements

Opinion
In our opinion, Macquarie Group Holdings (UK) No.2 Limited’s financial statements:

• give a true and fair view of the state of the company’s affairs as at 31 March 2019 and of its profit for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law); and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors’ Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company’s ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company’s trade, customers, suppliers and the wider economy.

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

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

With respect to the Strategic Report and Directors’ Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.
Independent Auditors' Report to the members of Macquarie Group Holdings (UK) No.2 Limited

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors’ Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors’ responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

• we have not received all the information and explanations we require for our audit; or
• adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
• certain disclosures of directors’ remuneration specified by law are not made; or
• the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

[Signature]
Peter Venables (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 November 2019
Macquarie Group Holdings (UK) No.2 Limited

Financial Statements

Profit and loss account
for the financial year ended 31 March 2019

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>£</td>
</tr>
<tr>
<td>Turnover</td>
<td>2(v)</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Other operating Income</td>
<td>3</td>
<td>132,472</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>30,132,472</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>4</td>
<td>2,018,158</td>
</tr>
<tr>
<td>Interest payable and similar expenses</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>3</td>
<td>32,150,630</td>
</tr>
<tr>
<td>Tax on profit</td>
<td>6</td>
<td>(383,449)</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>11</td>
<td>31,767,181</td>
</tr>
</tbody>
</table>

The above profit and loss account should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

1The March financial results reflect the adoption of IFRS 9 – Financial Instruments (“IFRS 9”) and IFRS 15 – Revenue from contracts with customers (“IFRS 15”) on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial periods. The effect of the adoption of these standards is explained in Note 2.

Turnover and profit before taxation relate wholly to continuing operations.

There were no other comprehensive income and expenses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.
Macquarie Group Holdings (UK) No.2 Limited

Balance sheet
as at 31 March 2019

<table>
<thead>
<tr>
<th></th>
<th>2019£</th>
<th>2018£</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>42,700,000</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>8</td>
<td>3,048,738</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>9</td>
<td>(383,448)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>2,665,290</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>45,365,290</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>45,365,290</td>
</tr>
</tbody>
</table>

Capital and reserves
|                      |       |       |       |
| Called up share capital | 10   | 42,700,002 | 42,700,002 |
| Profit and loss account | 11   | 2,665,288  | 59,039,284 |
| Total shareholders' funds |   | 45,365,290 | 101,739,286 |

The above balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

1The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 15 – Revenue from contracts with customers ("IFRS 15") on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial periods. The effect of the adoption of these standard is explained in Note 2.

The financial statements on pages 8 to 18 were authorised for issue by the Board of Directors on 1 November 2019 and were signed on its behalf by:

[Signatures]

Director

Macquarie Group Holdings (UK) No.2 Limited 2019 Financial Statements
Macquarie Group Holdings (UK) No.2 Limited

Statement of changes in equity
for the financial year ended 31 March 2019

<table>
<thead>
<tr>
<th></th>
<th>Called up share capital</th>
<th>Profit and loss account</th>
<th>Total shareholders' funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2017</td>
<td>42,700,002</td>
<td>57,850,972</td>
<td>100,550,974</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>-</td>
<td>1,188,312</td>
<td>1,188,312</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>1,188,312</td>
<td>1,188,312</td>
</tr>
<tr>
<td>Balance at 31 March 2018</td>
<td>42,700,002</td>
<td>56,093,284</td>
<td>101,793,286</td>
</tr>
<tr>
<td>Change on initial application of IFRS 9¹</td>
<td>-</td>
<td>(141,177)</td>
<td>(141,177)</td>
</tr>
<tr>
<td>Restated balance at 1 April 2018</td>
<td>42,700,002</td>
<td>58,898,107</td>
<td>101,598,109</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>-</td>
<td>31,767,181</td>
<td>31,767,181</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>31,767,181</td>
<td>31,767,181</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>(88,000,000)</td>
<td>(88,000,000)</td>
</tr>
<tr>
<td>Balance at 31 March 2019</td>
<td>42,700,002</td>
<td>2,665,288</td>
<td>45,365,290</td>
</tr>
</tbody>
</table>

The above statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

¹The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (“IFRS 9”) and IFRS 15 – Revenue from contracts with customers (“IFRS 15”) on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial periods. The effect of the adoption of these standard is explained in Note 2.
Macquarie Group Holdings (UK) No.2 Limited

Notes to the financial statements for the financial year ended 31 March 2019

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

Note 2. Summary of significant accounting policies

i) Basis of preparation

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

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention except for as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit and loss.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited ("MGL"), a company incorporated in Australia.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the reconciliation, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS"). In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:

- The requirements of paragraphs 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of Paragraph 79(a)(v) of IAS 1 (reconciliation of shares outstanding);
- The requirements of paragraphs 10(d), 10(f), 16, 36A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures);
- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to '135(e) of IAS 38 'Impairment of Assets';
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out are as involving a higher degree of judgement or complexity, or are as where assumptions are significant to the Company and the financial statements such as:

- impairment of investments in subsidiaries (notes 7 and 2 (viii));
- judgement in measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions, and
- determination of control of subsidiaries.
Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes that the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from management’s assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

New Accounting Standards and amendments to Accounting Standards and that are effective in the current financial year

IFRS 9 Financial Instruments
IFRS 9 replaced International Accounting Standard 39 Financial Instruments: Recognition and Measurement ("IAS 39") from 1 April 2018. IFRS 9 resulted in changes to accounting policies covering the classification, measurement and impairment of financial assets and the application of hedge accounting. The Company has applied the requirements of IFRS 9 in the current financial year beginning 1 April 2018.

Transition:
As permitted by IFRS 9, the Company has not restated its comparative financial statements and has recorded transition adjustments to its opening balance sheet and retained earnings at 1 April 2018 for the impact of the adoption of the IFRS 9 requirements.

The transition adjustment, which mainly relates to IFRS 9’s expected credit loss impairments (ECL) requirements, reduced the Company’s shareholders’ funds by £141,177 after tax.

The adoption of the Classification and Measurement requirements of the standard did not result in significant measurement differences when compared to those under IAS 39.

The key changes in the Company’s significant accounting policies from the transition to IFRS 9 have been included within the relevant sections of this note and other notes of the financial statements. Accounting policies applicable to the prior period have been provided in italics as appropriate for comparability purposes.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces all the previous guidance on revenue recognition from contracts with customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occurs when control of the goods or services are transferred to the customer.

The Company adopted IFRS 15 Revenue from Contracts with Customers on 1 April 2018. No material adjustment to opening retained earnings were made as the amendments to accounting policy did not result in significant changes to the timing or amount of revenue recognised at 31 March 2018.

The Company adopted IFRS 15 on 1 April 2018 and based on the assessment it has been concluded that all income streams are outside the scope of IFRS 15 so there is no transition impact due to adoption on the timing or amount of revenue recognised at 31 March 2018.

ii) Going concern
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.
Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

iii) Foreign currency translations

Functional and presentation currency
The functional currency of the Company is determined as the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Company’s financial statements are presented in “Pounds Sterling” (£), which is also the Company’s functional currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iv) Revenue and expense recognition

Net interest income/expense
Interest income and interest expense is recognised using the effective interest rate (EIR) method for financial assets, and liabilities carried at amortised cost or debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

Prior to the adoption of IFRS 9, interest income on financial assets that were measured at amortised cost (being loans and receivables and held to maturity financial assets) or classified as available for sale, was recognised in accordance with the EIR method.

Other gains/losses
Other gains/losses comprises of other gains and losses relating to foreign exchange differences and all realised and unrealised fair value changes on derivatives which are recognised in the profit and loss account.

Dividends and distributions
Interim dividends from UK companies are recognised when the dividend proceeds are received by the Company. Final dividends from investments in UK companies and dividends from investments in overseas companies are recognised when the Company becomes entitled to the dividend.

Expenses
Expenses are bought to account on an accruals basis and, if not paid at the end of the reporting period, are reflected on the balance sheet as a payable.

v) Taxation
The principles of the balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial year is the tax payable on the current year’s taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

The Company undertakes transactions in the ordinary course of business where the income tax treatment and recognition of deferred tax assets requires the exercise of judgement. The Company estimates its tax liability based on its understanding of the tax law.
vi) Investments and other financial assets
The investments and other financial assets are classified into the following categories: loans and receivables and investments in subsidiaries. The classification depends on the purpose for which the financial asset was acquired, which is determined at initial recognition and, except for other financial assets at fair value through profit or loss, is re-evaluated at each balance date.

Loans and receivables
This category includes loan assets held at amortised cost and amounts due from related entities, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Investment in subsidiaries
Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure to significant variable returns and the ability to utilise power to affect the Company’s own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

The Company has power over an entity when it has existing substantive rights that give it the current ability to direct the entity’s relevant activities. Relevant activities are those activities that significantly affect the entity’s returns. The Company evaluates whether it has the power to direct the relevant activities. The Company also considers the entity’s purpose and design. If the Company determines that it has power over an entity, the Company then evaluates whether it has exposure or rights to variable returns that, in aggregate, are significant. All variable returns are considered including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

Subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with IAS 27 Separate Financial Statements.

vii) Impairment
Expected credit losses (“ECL”)
The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts. The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset’s underlying credit risk and includes forward-looking or macro-economic information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Outcomes within the next financial period that are different from management’s assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

i) Stage I – 12 month ECL
At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

Interest income is determined by applying the financial asset’s EIR to the financial asset’s gross carrying amount.

ii) Stage II – Lifetime ECL not credit-impaired
When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset’s life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.

Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

Interest income is determined by applying the financial asset’s EIR to the financial asset’s gross carrying amount.
Macquarie Group Holdings (UK) No.2 Limited

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

vii) Impairment (continued)

iii) Stage III – Lifetime ECL credit-impaired

Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI.

Interest income is determined by applying the financial asset’s EIR to the financial asset’s amortised cost carrying value, being the gross carrying value after the ECL provision.

The loss allowances for ECL are presented in the balance sheet as follows:
- Loan assets, loans to related body corporate entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount

When the Company concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Prior to the adoption of IFRS 9, credit impairment provisions were recognised on an incurred loss basis. Key differences included:
- an impairment loss was recorded where there was objective evidence of impairment as a result of one or more events (loss event) which had an impact on the estimated future cash flows of the financial asset that could be reliably estimated
- where the credit risk of an exposure had deteriorated but there was no objective evidence of impairment, no credit impairment was required to be recognised
- forward looking or macroeconomic information was not required to be incorporated into the determination of the credit impairment loss
- credit impairments were only required to be recognised for on-balance sheet exposures.

Credit impairments were calculated on the basis of the difference between the exposure’s carrying value and the present value of expected future cash flows, discounted using the original EIR.

Impairment of investments in subsidiaries

Investments in subsidiaries in the Company’s financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the investment’s carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value in use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment.

viii) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.
Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 3. Profit before taxation
The cost of auditors remuneration for auditing services of £8,462 (2018: £8,039) has been borne by Macquarie Corporate Holdings Pty Limited (UK Branch), a wholly owned subsidiary within the Macquarie Group. The auditors received no other benefits.

During the financial year ended 31 March 2019, the Company reversed £132,472 of ECL provisions relating to financial assets under IFRS 9. In the prior year, there were no Individual or collective provisions recorded in accordance with IAS 39. The prior year has not been restated to reflect the adoption of IFRS 9.

The Company had no employees during the year (2018: nil).

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td></td>
</tr>
</tbody>
</table>

Note 4. Interest receivable and similar income
Interest receivable from other Macquarie Group undertakings 2,018,158 1,467,373
Total interest receivable and similar income 2,018,158 1,467,373

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td></td>
</tr>
</tbody>
</table>

Note 5. Interest payable and similar expenses
Interest payable to other Macquarie Group undertakings - (322)
Total interest payable and similar charges - (322)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td></td>
</tr>
</tbody>
</table>

Note 6. Tax on profit
(i) Tax expense included in profit or loss
Current tax
UK corporation tax at 19% (2018: 19%) (383,449) (278,739)
Tax on profit (383,449) (278,739)

(ii) Reconciliation of effective tax rate
The income tax expense for the year is lower to (2018: equal) the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>32,150,630</td>
<td>1,467,051</td>
</tr>
<tr>
<td>Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)</td>
<td>(6,108,620)</td>
<td>(278,739)</td>
</tr>
<tr>
<td>Effects of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign tax incurred</td>
<td>25,171</td>
<td></td>
</tr>
<tr>
<td>Non-assessable income</td>
<td>5,700,000</td>
<td></td>
</tr>
<tr>
<td>Total tax on profit on ordinary activities</td>
<td>(383,449)</td>
<td>(278,739)</td>
</tr>
</tbody>
</table>

The tax rate for the current year is the same as the prior year. The UK corporation tax rate is 19% for the current year, and will reduce to 17% from 1 April 2020.
Macquarie Group Holdings (UK) No.2 Limited

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 7. Investments
Investment in subsidiary 42,700,000 42,700,000
Total investment 42,700,000 42,700,000

Reconciliation of movement in investments
Balance at the beginning of the financial year at 1 April 2018 and at 1 April 2017 42,700,000 42,700,000
Additions - -
Balance at the end of the financial year at 31 March 2019 and at 31 March 2018 42,700,000 42,700,000

Name of investment Nature of business Registered office % ownership 2019 2018
Macquarie Infrastructure and Real Assets (Europe) Limited ("MIRAEL") Manager of and adviser to infrastructure funds Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom 100 42,700,000 42,700,000

Total investments 42,700,000 42,700,000

Note 8. Debtors
Amounts owed from other Macquarie Group undertakings 3,048,738 59,318,025
Total debtors 3,048,738 59,318,025

Amount owed from other Macquarie Group undertakings are unsecured and have no fixed rate of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2019 the rate applied was LIBOR plus 1.93% (2018: LIBOR plus 2.26%).

At the reporting date, amounts owed by other Macquarie Group undertakings has ECL allowance of £7,202 (2018: £nil) which is not presented against the gross carrying amount.

Note 9. Creditors: amounts falling due within one year
Taxation 383,448 278,739
Total creditors 383,448 278,739

Note 10. Called up share capital

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Number of shares</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Ordinary share capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance of fully paid ordinary shares</td>
<td>42,700,002</td>
<td>42,700,002</td>
<td>42,700,002</td>
<td>42,700,002</td>
</tr>
<tr>
<td>Closing balance of fully paid ordinary shares</td>
<td>42,700,002</td>
<td>42,700,002</td>
<td>42,700,002</td>
<td>42,700,002</td>
</tr>
</tbody>
</table>

Authorised share capital
The authorised share capital of the Company comprises of 50,000,000 (2018: 50,000,000) ordinary shares of £1 each.
Macquarie Group Holdings (UK) No.2 Limited

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

2019 2018
£  £

Note 11. Profit and loss account

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the financial year</td>
<td>59,039,284</td>
<td>57,850,972</td>
</tr>
<tr>
<td>Change on initial application of IFRS 9 (Note 2)</td>
<td>(141,177)</td>
<td></td>
</tr>
<tr>
<td>Restated balance as at 1 April 2018 and 1 April 2017</td>
<td>58,898,107</td>
<td>57,850,972</td>
</tr>
<tr>
<td>Profit attributable to ordinary equity holders of the Company</td>
<td>31,767,181</td>
<td>1,188,312</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(88,000,000)</td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the financial year</td>
<td>2,665,288</td>
<td>59,039,284</td>
</tr>
<tr>
<td>Total profit and loss account</td>
<td>2,665,288</td>
<td>59,039,284</td>
</tr>
</tbody>
</table>

Note 12. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Group Limited ("MGL"), incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 15.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Details of holdings by subsidiary undertakings is as below:

<table>
<thead>
<tr>
<th>Name of related party</th>
<th>Registered office</th>
<th>% ownership</th>
<th>Class of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary of MIRAEL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macquarie Korea Asset</td>
<td>9th Floor, Hanwha Building, 109</td>
<td>100</td>
<td>Ordinary and Type 1</td>
</tr>
<tr>
<td>Management Co., Ltd.</td>
<td>Sogong-ro, Jung-gu, Seoul, 04525, Korea</td>
<td>80.1</td>
<td>Preferred shares</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Type 2 Preferred shares</td>
</tr>
</tbody>
</table>

Note 13. Directors’ remuneration

During the financial year, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors’ duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all of these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed apart from where stated.

Note 14. Contingent liabilities and commitments

The Company has no commitments or contingent liabilities which are individually material or a category of commitments or contingent liabilities which are material.

Note 15. Ultimate parent undertaking

At 31 March 2019, the immediate parent undertaking of the Company is Macquarie Group Holdings (UK) No.1 Limited.

The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Financial Holdings Pty Limited ("MFHPL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MFHPL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

Note 16. Events after the reporting period

There were no other material events subsequent to 31 March 2019 that have not been reflected in the financial statements.