Macquarie Infrastructure and Real Assets (Europe) Limited

Company Number 03976881

Strategic Report, Directors' Report and Financial Statements for the financial year ended 31 March 2023.

MACQUARIE

The Company's registered office is:
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Macquarie Infrastructure and Real Assets (Europe) Limited

2023 Strategic Report, Directors' Report and Financial Statements

Contents

Macquarie Infrastructure and Real Assets (Europe) Limited

Strategic Report
for the financial year ended 31 March 2023

In accordance with a resolution of the directors (the "Directors") of Macquarie Infrastructure and Real Assets (Europe) Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities

The Company is regulated by the Financial Conduct Authority ("FCA") and also holds an Alternative Investment Fund Managers Directive ("AIFMD") licence. The principal activity of the Company during the financial year ended 31 March 2023 ("current financial year") was to undertake investment management and advisory activities.

The Company acts as a liquidating trustee of Macquarie European Infrastructure Fund II ("MEIF 2") and Macquarie European Infrastructure Fund III ("MEIF 3"). The Company acts as a discretionary investment manager of Macquarie European Infrastructure Fund 4 ("MEIF 4") (which comprises Macquarie European Infrastructure Fund 4 LP and Macquarie European Infrastructure Fund 4 FCPI), Macquarie European Infrastructure Fund 5 ("MEIF 5") (which comprises Macquarie European Infrastructure Fund 5 LP and Macquarie European Infrastructure Fund 5 SCSp), Macquarie European Infrastructure Fund 6 SCSp ("MEIF 6"), Macquarie GIG Renewable Energy Fund 1 ("MGREF 1") (which comprises Macquarie GIG Renewable Entergy Fund 1 L.P, Macquarie GIG Renewable Energy Fund 1 B L.P, Macquarie GIG Renewable Energy Fund 1 C L.P and Macquarie GIG Renewable Energy Co-Investment Fund L.P) and Macquarie GIG Renewable Energy Fund 2 SCSp ("MGREF 2"), each of which own a portfolio of infrastructure investments. The Company acts as a discretionary portfolio manager of Macquarie Super Core Infrastructure Fund SCSp ("MSCIF"), Macquarie Global Infrastructure Fund SCSp ("MGIF"), Macquarie European Infrastructure Fund 7 SCSp ("MEIF 7") and Macquarie GIG Energy Transition Solutions ("MGETS") (which comprises of Macquarie GIG Energy Transition Solutions SCSp, Macquarie GIG Energy Transition Solutions (Direct) SCSp and Macquarie GIG Energy Transition Solutions Holdings SCSp). The Company is the manager for various feeder entities. The Company also advises MIRA UK Gas Holdings LP ("MIRA UK Gas"), Macquarie Infrastructure Partners IV SCSp ("MIP IV"), and Lombard Odier Macquarie Infrastructure Fund L.P ("LMIF"), Macquarie Asia Investment Fund EU Feeder LP ("MAIF"), Macquarie Asia Infrastructure Fund II SCSp ("MAIF 2").

The Company also acts as a liquidating trustee of Macquarie Russia & CIS Infrastructure Fund ("MRIF"), a fund mandated to invest in infrastructure projects in Russia and other Commonwealth of Independent States.

The Company has technical and advisory service agreements with managed-fund portfolio companies, other Macquarie Group (Macquarie Group comprising Macquarie Group Limited ("MGL"), the ultimate parent of the Company, and its subsidiaries) undertakings and third parties.

The Company has full direct ownership of Macquarie Korea Asset Management Co., Ltd ("MKAM"), an entity engaged in a business of providing services for Social Overhead Capital ("SOC") and infrastructure projects and in the business of managing funds or companies whose main business is to invest in diversified portfolios of SOC and infrastructure projects in Korea and assets thereof.

The Company operates a French branch that performs investment management activity that requires a local presence, a Spanish representative office that has been established to facilitate a local presence for the sourcing of transactions and monitoring of investments in the region and a branch in the Czech Republic.

Review of operations

The profit for the financial year ended 31 March 2023 was £13,823,152, a decrease of 23 per cent from the profit of £17,875,534 in the previous year.

Strategic Report
for the financial year ended 31 March 2023 (continued)

Review of operations (continued)
Operating profit for the year ended 31 March 2023 was £13,889,969, a decrease of 29 per cent from the operating profit of £19,568,348 in the previous year. The year-on-year change was due to an increase in administrative expenses.

Total administrative expenses for the year ended 31 March 2023 were £271,851,206, an increase of 43 per cent from £190,568,112 in the previous year. The year-on-year change was due to an increase in service fees paid to other Macquarie Group undertakings.

As at 31 March 2023, the Company had net assets of £121,463,214 (2022: £152,756,021). The year-on-year change was primarily due to a dividend payment to the Company's parent during the year.

The Company has satisfied its externally imposed capital requirements throughout the year.

During the current and prior years, the Company has continued to meet its external capital requirements under the FCA Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU"), and no breaches have occurred.

There has been no change to the approach of managing capital during the year ended 31 March 2023 by the Company in comparison to the prior financial year. At all times during the year ended 31 March 2023 the Company was in compliance with both internally and externally imposed capital requirements to which it is subject to. As such, there was no consequence of non-compliance imposed upon the Company.

Principal risks and uncertainties
The Company is responsible for its own risk acceptance decisions. From the perspective of the Company, the principal risks are credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk, Group risk, conduct risk, regulatory and compliance risk, strategic/business risk, financial crime risk and technology & cyber risk. The principal risks of the Company are monitored by the relevant division of the Risk Management Group ("RMG") of the Macquarie Group. There are currently no plans to substantially change the nature of the business going forward.

The range of factors that may influence the Company's short-term outlook include:
- broader market volatility and weaker consumer sentiments driven by the recent banking concerns and ongoing macro-economic uncertainty, although the direct impact on the firm from banking concerns is broadly immaterial.
- global inflation and interest rates, and the impact of geopolitical events.
- the uncertainty introduced by the Russian-Ukraine conflict.
- potential tax or regulatory changes and tax uncertainties.
- completion of period-end reviews and the completion rate of transactions.
- *the geographic composition of income and the impact of foreign exchange.*

The risk presented by the Russia-Ukraine conflict is managed by the Company within the framework of the overall strategy and risk management structure of the Macquarie Group. The continued impact and uncertainty surrounding the Russia-Ukraine conflict has been monitored throughout the year for the Company by RMG. There was no significant direct financial impact, and the Company has continued to operate effectively throughout the period.

Strategic Report
for the financial year ended 31 March 2023 (continued)

Principal risks and uncertainties (continued)
The Directors have assessed the impact of the high interest rate and high inflationary environment on the Company. This assessment is comprised of stress testing scenarios which forms part of the Internal Capital and Risk Assessment Process ("ICARA"). The scenario analysis helps to understand the impact of these events on the firm and manage these risks on a forward-looking basis. The Directors have concluded that these did not have a material impact on the operations of the Company during the current financial period.

The Company is not subject to any other principal risks or uncertainties, over and above those stated.

Risk management
Risk is an integral part of the Macquarie Group's business. The principal risks faced by the Company are identified annually by an internal review process and are credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk, Group risk, conduct risk, regulatory and compliance risk, strategic/business risk, financial crime risk and technology & cyber risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of RMG to ensure appropriate assessment and management of these risks.

As 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 to which the Company is exposed are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie Group's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Financial risk management

Credit risk
Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. Credit exposures, approvals and limits are controlled with the Macquarie Group's credit framework, as established by RMG.

Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. Liquidity management is performed centrally by the Group Treasury, with oversight from the Asset and Liability Committee ("ALCO"). 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 and external parties, 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.

Strategic Report
for the financial year ended 31 March 2023 (continued)

Risk management (continued)

Financial risk management (continued)

Foreign exchange risk
The Company has foreign exchange exposures which include amounts receivable from and payable to other Macquarie Group undertakings and external parties which are denominated in non-functional currencies. Any material non-functional currency exposures are managed by applying Macquarie Group's Group-wide process of minimising exposure at an individual Company level.

Non-financial risk management

Operational risk
The Company operates within a global framework which is applied consistently across all business lines within the Macquarie Group for the identification, monitoring, management and reporting of operational risk. Operational risk management occurs largely as part of the normal day to day running of each business with the framework, policies and oversight being managed at a central level by RMG. The framework can be tailored to the risk profile of each business, but each business must comply with certain mandatory aspects.

Group risk
The risk that the actions and activities of one part of the Macquarie Group may compromise the financial, operational and reputational position of the Company. Management of financial group risk is embedded across underlying governance documents and committees relating to financial exposures. Management of reputation risk is embedded throughout the risk management framework and considered in the assessment of all risk types. Intragroup outsourcing is governed in accordance with the internal Macquarie Group's policies.

Conduct risk
The risk of behaviour, action or omission by individuals employed by, or on behalf of, the Company or taken collectively in representing the Company that may have a negative outcome for the Company's clients, counterparties, the communities and markets in which it operates, its staff, or the Company. The Company's approach to conduct risk management is integrated in its risk management framework.

Regulatory & compliance risk
The risk of failure to comply with laws, regulations, rule statements of regulatory policy, and codes of conduct applicable to the Company's financial services and other regulated activities. Frameworks have been established to manage the identification, escalation, management and reporting of regulatory and compliance risks across the Macquarie Group. These frameworks include policies, guidelines and standards which have been implemented to guide compliance.

Strategic/business risk
The risk of the Company's business model being inadequate in the medium to long term. 'Strategic and Business' risk is managed and controlled through the annual strategy and business planning process. The Company Board ("Board") has regular oversight of business risk in the Company.

Strategic Report
for the financial year ended 31 March 2023 (continued)

Risk management (continued)

Non-financial risk management (continued)

Financial crime risk
The risk of knowingly or unknowingly perpetuating or helping parties to commit or to further potentially illegal activity through the Company. Financial crime risk encompasses the risks of money laundering, terrorism financing, bribery and corruption, and sanctions. The RMG Financial Crime Risk team ("FCR") manages and oversees financial crime risk, engages with regulators and maintains and monitors the effectiveness of global financial crime risk frameworks, programs and policies for the Macquarie Group.

Technology & cyber risk
The risk of loss resulting from failure, inadequacy or misuse of technology and technology resources owned, managed or supplied by the Company including technology outsourced and/or managed on behalf of the Company. The RMG Operational Risk & Governance team is responsible for the independent oversight of technology risk.

Section 172 (1) Statement
The Directors of the Company consider, both individually and collectively, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172(1) (a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2023.

Consideration of these factors and other relevant matters, including in particular the Company's regulatory environment as an Alternative Investment Fund Manager ("AIFM"), is embedded into all the Board decision-making, strategy development and risk assessment throughout the year. This Section 172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

During the year, the Directors considered the Company's stakeholders to be its direct and indirect shareholders, employees, regulators, internal and external customers.

The following sets out how, in discharging their duties, the Directors have had regard to each of the matters outlined in s172 of the Companies Act 2006, including regard for the interests of the Company's stakeholders.

(a) Likely consequences of any decision in the long term
The Company is a wholly owned subsidiary of MGL and the Macquarie Group and therefore complies with the policies and practices, ethical and business standards that are set by the Board of MGL and are described in the MGL Annual Report. The following statement should therefore be read in conjunction with the MGL Annual Report.

Any decision taken is aligned with the strategy of the Company and the wider Macquarie Group and made in accordance with its Code of Conduct (the "Code") based on the three principles of Opportunity, Accountability and Integrity. Macquarie Group's purpose of 'empowering people to innovate and invest for a better future' is deeply embedded in its culture and is underpinned by these long-standing operating principles. Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with the MGL's risk management framework. Macquarie Group adopts a conservative approach to risk management which is underpinned by a sound risk culture. Macquarie Group's robust risk management framework and risk culture are embedded across all operations.

Strategic Report
for the financial year ended 31 March 2023 (continued)

Section 172 (1) Statement (continued)

(a) Likely consequences of any decision in the long term
To facilitate good decision making, the Directors meet quarterly (and additionally as required) with documentation circulated in advance, which includes due diligence on financial impacts (where applicable), as well as non-financial factors, to allow them to fully understand the performance and position of the Company, along with the matters that are to be discussed.

The Board sets the 'tone at the top' and there is a culture of open and frank discussion. Actions taken by the Board seek to promote long term sustainability and prudent management of risk consistent with 'What We Stand For'.

During the financial year, there were 9 formal Board meetings.

Key examples of items during the year ended 31 March 2023 where the Board has considered the likely consequences of any decision in the long-term included:

- ICARA: the review of the conclusions of the ICARA, with the Directors confirming their satisfaction with the overall adequacy of capital and resources and liquidity framework;
- Recovery Plan;
- Company Strategy;
- Risk management, credit and liquidity enhancements; and
- Quarterly review of business reports, finance and risk, and quarterly financial crime and compliance reports.

(b) Interests of the Company's workforce
While branches of the Company employ staff directly, the Company itself does not have any direct employees, (it utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements) the workforce culture, values, behaviours, performance, and engagement drive how it serves its customers and interacts with suppliers.

In addition, the Company has Senior Managers with various senior management functions to perform functions as designated by the Financial Conduct Authority ("FCA"). The Company also has Material Risk Takers as identified under the Financial Conduct Authority's and Prudential Regulation Authority's Remuneration Codes (the "CRDV Remuneration Code").

The Company involves and informs the workforce on matters that could affect them. Where a Board decision is likely to impact the workforce, these considerations are reflected in the supporting documentation and relevant subject matter experts present to the Board in relation thereto, for example, the Human Resources team. The Company's policies align with the Macquarie Group's workforce policies, including its Workforce Diversity Policy. The Macquarie Group and the Company are committed to building a workforce that reflects all aspects of diversity and intersectionality to bring a range of perspectives, ideas and insights to everything we do. The Macquarie Group's focus continues to be on developing the internal and external pipeline of people from under-represented groups at all levels and enhancing the recruitment and talent practices to facilitate this.

(c) Business relationships with suppliers, customers and others
The Board is cognisant of the stakeholders of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement. The Board oversees how the Company deals with its various business relationships, including by way of regular Board reporting with respect to business performance and risk management.

Macquarie Infrastructure and Real Assets (Europe) Limited

Strategic Report
for the financial year ended 31 March 2023 (continued)

Section 172 (1) Statement (continued)

(c) Business relationships with suppliers, customers and others (continued)
Suppliers: The Macquarie Group is committed to ensuring high standards of environmental, social and governance performance across its supply chain. This commitment is driven by our business principles. Macquarie Group has put in place a Supplier Governance Policy to manage the risks associated with suppliers who provide the Macquarie Group with high inherent risk goods or services, and also 'Principles for Suppliers' to help uphold our core values with the aim of having supplier relationships that create long-term and sustainable value for our clients, shareholders and community.

Customers: The Company has both internal (Macquarie Group) and external customers. Macquarie Group looks to the Company's workforce (including the Directors) to keep customers informed about the depth, breadth and scale of our capabilities. Macquarie Group's publicly available EMEA Terms of Business embed the commitment to the principle of treating customers fairly into all of the Company's business.

Regulators: The Company works closely with regulators to ensure a constructive regulatory dialogue and provide transparency and updates on business performance and risk management in order to help reduce overall risk in the industry and provide a more sustainable banking landscape over the long term. The Company has open and regular engagement with regulators, ensuring clarity and transparency, and sharing views and expectations of the Company. The primary regulatory engagement for the Company is with the FCA supervisory teams and Senior Management.

(d) Community and the environment
The Board and Management recognise the importance of sound Environmental, Social and Governance ("ESG") practices as part of their responsibility to our clients, shareholders, employees and the communities in which Macquarie operates.

As a subsidiary of the Macquarie Group, the Company has committed to the Group's ESG approach, which is structured around focus areas considered to be material to our business and stakeholders. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of Macquarie's broader risk management framework, to which the Company is subject.

Clear dialogue with stakeholders is important for building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. The Macquarie Group regularly engage with a broad range of stakeholders including clients, customers, shareholders, investors, analysts, governments, regulators, employees, suppliers and the wider community.

The Macquarie Group recognises that failure to manage ESG risks could affect communities, the environment and other external parties, and expose the organisation to commercial, reputational and regulatory impacts.

Environmental and social risks ("ESR") are managed through the implementation of the ESR and Work Health and Safety ("WHS") policies. These are updated periodically to address opportunities for improvement and emerging issues.

Strategic Report
for the financial year ended 31 March 2023 (continued)

Section 172 (1) Statement (continued)

(d) Community and the environment (continued)
The Company has not individually committed to net zero emissions but forms part of Macquarie Group's net zero commitment. Macquarie Group has made a commitment to reach net zero emissions in its group-wide own business operations, across Scope 1 and 2 emissions by 2025 which can be found in the 2025 Sustainability Plan (available at https://statics.teams.cdn.office.net/evergreen-assets/safelinks/1/atp-safelinks.html) and to align its financing activity with the global net zero emissions goal by 2050. In line with the Net Zero Banking Alliance ("NZBA") Guidelines, commitments relating to financing emissions are limited to on-balance sheet lending and equity investment activities. It excludes on-balance sheet securities held for client facilitation and market making purposes (as opposed to held for investment). Lending refers to loan assets held at amortised cost and excludes certain items such as leasing, asset finance, trading assets and short-term financing (e.g. inventory finance). For motor vehicles, Macquarie Group has also included novated leases, given availability of both methodology and data. Macquarie Group has also published its first combined Group Net Zero and Climate Risk Report in December 2022 (available at https://www.macquarie.com/assets/macq/impact/esg/policies/net-zero-climate-risk.pdf).

The Board acknowledges the work of the Macquarie Group Foundation (the "Foundation"), which drives social impact work for Macquarie Group. The Foundation supports Macquarie's people, businesses, and communities to build a better future, leveraging both financial and non-financial resources to achieve the greatest social impact possible.

(e) Reputation for high standards
The reputation of the Company and its directors are fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Macquarie Group and the Company are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are further reflected in the Code.

(f) Need to act fairly as between members of the Company
The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and in addition to promoting the success of the Company as a whole, the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the Macquarie Group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

Other matters
Due to the nature of the business and the information provided elsewhere in this report, the Directors have decided not to include additional financial and non-financial key performance indicators (including with regard to environmental and employee matters) in the Strategic report because they would not materially improve an understanding of the development, performance or position of the business.

On behalf of the Board,

DocuSigned by:

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Director's name
Martin Bradley

26 July 2023
Signature and date

Macquarie Infrastructure and Real Assets (Europe) Limited

Company Number 03976881

Directors' Report
for the financial year ended 31 March 2023

In accordance with a resolution of the Directors of 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:

A Huynh	
M Bradley	(appointed on 21 April 2022)
L Harrison	(resigned on 21 April 2022)
P Hogan	
G Evans	(appointed on 20 June 2022)
A Lygoe	(resigned on 20 June 2022)
S Newman	(appointed on 24 May 2023)

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

D Shoemark
D Tan

Results

The profit for the financial year ended 31 March 2023 was £13,823,152 (2022: profit of £17,875,534).

Dividends

Interim dividends of £45,000,000 (2022: £80,000,000) were paid during the current financial year. No other dividend has been proposed.

State of affairs

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

Going concern

The Company has excess of current assets over current liabilities at 31 March 2023 of £95,646,882. The Company continues to be profitable and the Directors expect the current business will continue for the foreseeable future.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future which is considered to be at least twelve months from the date of the financial statements. No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Events after the reporting year

On 28 June 2023, a dividend in the amount of £11,893,796 was received from the Company's subsidiary, MKAM.

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 2023 not otherwise disclosed in this report.

Directors' Report
for the financial year ended 31 March 2023 (continued)

Likely developments, business strategies and prospects

Russia-Ukraine conflict
The risk presented by the Russia-Ukraine conflict is managed by the Company within the framework of the overall strategy and risk management structure of the Macquarie Group. The continued impact and uncertainty surrounding the Russia-Ukraine conflict have been monitored throughout the year for the Company by RMG. There was no significant direct financial impact, and the Company has continued to operate effectively throughout the period.

Global inflation and high interest rates
The Directors have assessed the impact of the high interest rate and high inflationary environment on the Company. This assessment is comprised of stress testing scenarios which forms part of the ICARA. The scenario analysis helps to understand the impact of these events on the firm and manage these risks on a forward-looking basis. The Directors have concluded that these did not have a material impact on the operations of the Company during the current financial period.

The Directors believe that no other significant changes are expected other than those already disclosed in this report and the Strategic Report.

The principal activities, review of operations and the financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk, Group risk, conduct risk, regulatory and compliance risk, strategic/business risk, financial crime risk and technology & cyber risks 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 also at the date of approval of the financial statements. The ultimate parent purchased and maintained throughout the financial year directors' liability insurance in respect of the Company and its Directors.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Strategic Report, Directors' 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 Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"), and applicable law).

Directors' Report
for the financial year ended 31 March 2023 (continued)

Statement of Directors' responsibilities in respect of the financial statements (continued)

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 then 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 also 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.

Streamlined energy and carbon reporting ("SECR") requirement

The Company consumed less than 40MWh for the financial year ended 31 March 2023 and for this reason the Company is not required to disclose energy and carbon information in this report.

Directors' confirmations

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
- the Director has 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, 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,

Martin Bradley

Director's name

DocuSigned by:

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26 July

Signature and date

Macquarie Infrastructure and Real Assets (Europe) Limited

Financial Statements

Profit and loss account
for the financial year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	**285,022,485**	210,808,567
Administrative expenses	4	**(271,851,206)**	(190,568,112)
Other operating income/(expenses)	4	**718,690**	(672,107)
Operating profit		**13,889,969**	19,568,348
Interest receivable and similar income	4	**1,397,201**	195,351
Interest payable and similar expenses	4	**(478,263)**	(193,607)
Profit before taxation		**14,808,907**	19,570,092
Tax on profit	6	**(985,755)**	(1,694,558)
Profit for the financial year		**13,823,152**	17,875,534

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

Turnover and profit before taxation relate wholly to continuing operations.

Macquarie Infrastructure and Real Assets (Europe) Limited

Statement of comprehensive income
for the financial year ended 31 March 2023

	Note	2023 £	2022 £
Profit for the financial year		**13,823,152**	17,875,534
Other comprehensive income/(expense)[1]			
Movements in items that may be subsequently reclassified to the profit and loss account:			
Foreign exchange movement on translation of foreign operations	18	**110,095**	(3,623)
Total other comprehensive income/(expense)		**110,095**	(3,623)
Total comprehensive income		**13,933,247**	17,871,911
Total comprehensive income for the financial year that are attributable to ordinary equity holders of the Company		**13,933,247**	17,871,911

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

[1]All items are net of tax, where applicable.

Macquarie Infrastructure and Real Assets (Europe) Limited

Company Number 03976881

Balance sheet
as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets and right-of-use assets	8	**506,243**	766,131
Investments	9	**39,108,728**	42,085,308
		39,614,971	42,851,439
Current assets			
Cash at bank	12	**24,407,257**	22,913,101
Debtors	13	**267,242,999**	108,997,825
Derivative assets	24	**626,898**	1,183
Deferred tax assets	14	**4,455,382**	1,642,358
Current liabilities			
Creditors: amounts falling due within one year	15	**(200,928,257)**	(15,782,114)
Derivative liabilities	24	**(157,397)**	(438,393)
Net current assets		**95,646,882**	117,333,960
Total assets less current liabilities		**135,261,853**	160,185,399
Provisions for liabilities	16	**(13,464,132)**	(6,897,098)
Lease liabilities		**(334,507)**	(532,280)
Net assets		**121,463,214**	152,756,021
Capital and reserves			
Called up share capital	17	**42,700,000**	42,700,000
Equity contribution from ultimate parent	17	**229,420**	455,474
Reserves	18	**347,506**	237,411
Profit and loss account	18	**78,186,288**	109,363,136
Total capital and reserves		**121,463,214**	152,756,021

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

The financial statements on pages 13 to 43 were approved for issue by the Board of Directors on 25 July 2023 and were signed on its behalf by:

Martin Bradley
Director's name

DocuSigned by:
8D1A3B99EBB14F0...
26 July 2023
Signature and date

Statement of changes in equity for the financial year ended 31 March 2023

	Note	Called up share capital £	Equity contribution from ultimate parent £	Reserves £	Profit and loss account £	Total capital and reserves £
Balance as at 1 April 2021		**42,700,000**	**168,659**	**241,034**	**171,487,602**	**214,597,295**
Profit for the financial year		-	-	-	17,875,534	17,875,534
Other comprehensive expense, net of tax		-	-	(3,623)	-	(3,623)
Total comprehensive income		**-**	**-**	**(3,623)**	**17,875,534**	**17,871,911**
Transactions with equity holders in their capacity as ordinary equity holders:						
Dividends paid	7	-	-	-	(80,000,000)	(80,000,000)
Other equity movements:						
Deferred tax benefit on on MEREP share-based payment arrangements	17	-	286,815	-	-	286,815
Balance as at 31 March 2022		**42,700,000**	**455,474**	**237,411**	**109,363,136**	**152,756,021**
Profit for the financial year		-	-	-	13,823,152	13,823,152
Other comprehensive income, net of tax		-	-	110,095	-	110,095
Total comprehensive income		**-**	**-**	**110,095**	**13,823,152**	**13,933,247**
Transactions with equity holders in their capacity as ordinary equity holders:						
Dividends paid	7	-	-	-	(45,000,000)	(45,000,000)
Other equity movements:						
Deferred tax benefit on on MEREP share-based payment arrangements	17	-	(226,054)	-	-	(226,054)
Balance as at 31 March 2023		**42,700,000**	**229,420**	**347,506**	**78,186,288**	**121,463,214**

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.

Notes to the financial statements
for the financial year ended 31 March 2023

Note 1. Company information

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

The principal activity of the Company during the financial year ended 31 March 2023 was to undertake investment management and advisory activities.

Note 2. Basis of preparation

The financial statements have been prepared in accordance with FRS 101 and have been prepared in accordance with the provisions of the Companies Act 2006.

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 MGL, a company incorporated in Australia. These financial statements are separate financial statements.

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

Going concern

As at 31 March 2023, the Company had net assets of £121,463,214 (2022: £152,756,021). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future which is considered to be at least twelve months from the date of the financial statements. No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

i) *Basis of measurement*

The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention except for financial instruments (including derivatives) required to be measured at fair value through profit or loss ("FVTPL").

ii) Disclosure exemptions

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 recognition, measurement and disclosure requirements of UK adopted international accounting standards ("IFRS").

In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number and weighted average exercise price of share-based payment arrangements concerning equity instruments of another group entity and how the fair value of goods or services received was determined).
- The requirements of IFRS 7 'Financial Instruments: Disclosures'.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 2. Basis of preparation (continued)

ii) Disclosure exemptions (continued)

- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 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 paragraph 17 and 18A of IAS 24 'Related Party Disclosures' (key management compensation).
- 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; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

iii) Critical accounting estimates and significant judgements

The preparation of the financial statements in compliance with FRS 101 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 areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as the recoverability of deferred tax assets and measurement of deferred tax liabilities which can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (Note 3(iii), 4 and 14).

Estimates and judgments 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 this financial report are reasonable. Actual results in the future may differ from those reported and it is therefore 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 in future reporting periods.

iv) New Accounting Standards and amendments to Accounting Standards and interpretations that are either effective in the current financial year or have been early adopted

The amendments to existing accounting standards that are effective for the annual reporting period beginning on 1 April 2022 did not result in a material impact to the Company's financial statements.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies

i) Foreign currency translation

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

Transactions and balances
At initial recognition, a foreign currency transaction is translated into the entity's functional currency using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:
- foreign currency monetary assets and liabilities are translated using the closing exchange rate;
- non-monetary items (including equity) measured in terms of historical cost in a foreign currency remain translated using the spot exchange rate at the date of the transaction, and
- non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured.

Foreign exchange gains and losses arising from the settlement or translation of monetary items, or non-monetary items measured at fair value are recognised in other operating income/(expenses).

For the detailed policy on Financial instruments refer Note 3(iv).

Subsidiaries and other entities
The Company has a branch in France and the Czech Republic, and a representative office in Spain. The results and financial position of the Company's branches and representative office that have a functional currency other than Pounds Sterling are translated into Pounds Sterling as follows:

- assets and liabilities included in the balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
- income and expenses included in the profit and loss account are translated at actual or average exchange rates at the dates of the transactions.
- all resulting exchange differences are recognised in OCI within a separate component of reserves, being the foreign currency translation reserve ("FCTR").

Foreign currency gains and losses on intragroup loans are recognised in the profit and loss account except where the loan is in substance part of the Company's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Company's FCTR.

The exchange gains or losses recognised in FCTR are reclassified to the income statement or reattributed within equity as follows:
- if there is a disposal of a foreign operation, then the accumulated FCTR is reclassified from OCI to investment income within other operating income/(expenses).
- if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated FCTR is reclassified to investment income.
- if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated FCTR is reattributed within equity to non-controlling interests.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

ii) Revenue and expense recognition

Fee and commission income
Revenue earned by the Company from its contracts with customers primarily consists of the following categories of fee and commission income:

Base and other asset management fees and performance fees - The Company earns base and other asset management and performance fees for providing asset management services for unlisted funds, managed accounts and co-investment arrangements. It has been determined that the provision of asset management services is typically a single performance obligation.

Base management fees are recognised over the life of the contract as the asset management services are provided. Any associated performance fees are deemed to be a variable component of the same asset management service and are recognised only when it is highly probable that the performance hurdles are met, and a significant reversal of cumulative fees recognised to date will not occur. Determining the amount and timing of performance fees to be recognised involves judgement, the use of estimates (including management estimates of underlying asset values) and consideration of a number of criteria relating to both, the fund in which the asset(s) are held, as well as the underlying asset(s), such as:
- The extent to which performance fees liabilities have been accrued by funds to date or consideration of the current valuation case of the assets in relation to the fund's hurdle rate;
- the proportion of assets realised and returns on those assets;
- nature of remaining underlying fund or managed account's assets and potential downside valuation risks on each;
- time remaining until realisation of the assets and the fund's life or asset management services' timeline; and
- consideration of the ability to dispose of the asset, including of any barriers to divest.

Other fee and commission income - Other fee and commission income includes service fees earned by the Company from other Macquarie group entities in relation to services rendered to set up new funds is recognised at the time the investment fund manager is appointed and begins earning management fees. At this time a service fee consisting of life to date costs plus a margin will be recognised by the Company.

Dividends
Dividends are recognised when the right to receive a dividend or distribution is established, it is probable the economic benefits associated with the dividend will flow to the Company and the dividend can be measured reliably.

Judgement is applied in determining whether distributions from subsidiaries, associates and joint ventures are to be recognised as dividend income or as a return of capital. Distributions that represent a return of capital are accounted for by the Company as a reduction to the cost of its investment and are otherwise recognised by the Company within dividend income as part of turnover when the recognition criteria are met.

Expenses
Expenses are recognised in the profit and loss account as and when the provision of services is received.

Fees shared from/shared with related entities
Fees shared with related entities are recognised as per the agreed fee sharing arrangement.

Fee expenses
Management fees and cost recoveries are charged to the Company in respect of services provided by other Macquarie group entities as per the agreed cost sharing arrangement. Such expenses are recognised under Administrative expenses in the Company's profit and loss account on an accrual basis in accordance with the standard recovery methodology applied by the servicing entity.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

ii) Revenue and expense recognition (continued)

Other operating income/(expenses)
Other operating income/(expenses) comprises gains and losses relating to foreign exchange differences, credit impairment charges on financial instruments, all realised and unrealised fair value changes on derivatives which are recognised in the profit and loss account.

iii) Taxation

The balance sheet approach to tax effect accounting has 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 basis of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses.

Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Factors considered include the ability to offset tax losses, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities with reference to the nature of the underlying uncertainty.

Value added tax ("VAT")
Where VAT is not recoverable from tax authorities, it is either capitalised to the balance sheet as part of the cost of the related asset or is recognised as a part of other operating expenses in the profit and loss account. Where VAT is recoverable from or payable to tax authorities, the amount is recorded as a separate asset or liability in the balance sheet.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

iv) Financial instruments

Recognition of financial instruments
Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted for (in the case of instruments not classified at FVTPL) for transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument, and fees that are an integral part of the effective interest rate. Transaction costs and fees paid or received relating to financial instruments carried at FVTPL are recorded in the profit and loss account.

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:
- are entered into at the same time and in contemplation of one another;
- have the same counterparty;
- relate to the same risk;
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction; or
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

De-recognition of financial instruments
Financial assets
Financial assets are de-recognised from the balance sheet when:
- the contractual rights to cash flows have expired; or
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Company:
i) transfers the contractual rights to receive the cash flows of the financial asset; or
ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where the Company is:
- not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- *prohibited from selling or pledging the original asset other than as security to the eventual recipients;* and
- obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability.

In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities
Financial liabilities are derecognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

Classification and subsequent measurement
Financial assets
Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

iv) Financial instruments (continued)

Classification and subsequent measurement (continued)

Business model assessment

The Company uses judgement in determining the business model at the level that reflects how groups of financial assets are managed together to achieve a particular business objective. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

i. how the performance of the business model and the financial assets held within that business model is evaluated and reported to senior management personnel and senior executives;
ii. the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
iii. how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Solely payment of principal and interest ("SPPI")

The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding consistent with a basic lending arrangement. This includes an assessment of whether cash flows primarily reflect consideration for the time value of money and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs.

Amortised cost

A financial asset is subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method where:
i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and
iii. the financial asset has not been classified as designated to be measured at FVTPL ("DFVTPL").

Interest income determined in accordance with the EIR method is recognised as part of interest and similar income.

Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows (FVTPL), or
- financial assets that fail the SPPI test (FVTPL).

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised as investment income within other operating income/(expenses).

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they have been DFVTPL. A financial liability may be DFVTPL if:
- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen;
- a group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the liability contains embedded derivatives which must otherwise be separated and carried at fair value.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

iv) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities

All derivative liabilities are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL. Refer to Note 3(v) Derivative instruments and hedging activities for the detailed hedge accounting policy.

Changes in the fair value of financial liabilities are recognised in other income and charges as part of other operating income/(expenses).

Where applicable, the interest component of financial liabilities is recognised as interest and similar expense.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet, when there is a current legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

v) Derivative instruments and hedging activities

Derivative instruments entered into by the Company include foreign currency forwards. These derivative instruments are principally used by the Company for the purposes of risk management of existing financial and non-financial assets and liabilities.

Derivatives are recognised in the balance sheet as an asset where they have a positive fair value at the reporting date or as a liability where they have a negative fair value at the reporting date.

Derivatives that may have both positive or negative values must meet both the asset and liability derecognition tests before being derecognised from the balance sheet.

Fair values are obtained from quoted prices in active markets where available, or valuation techniques including discounted cash flow models and option pricing models, as appropriate.

The Company applies trade date accounting to the recognition and derecognition of derivative financial instruments.

vi) Hedge accounting

As part of its ongoing business, the Company is exposed to several financial risks, principally that of foreign exchange risk arising from fluctuations in foreign exchange rates (referred to as the hedged risk or exposure). The Company has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Company mitigates these risks through the use of derivative financial instruments and, in the case of foreign currency risk, foreign-denominated debt issued (collectively referred to as hedging instruments). The company applies hedge accounting to manage accounting mismatches arising from the difference in measurement bases or location of the gains and losses recognised between the exposure that is being hedged and the hedging instrument.

In order to account for the differences, the Company applies hedge accounting as described below:

Fair value hedge

- Nature of hedge: The hedge of the fair value risk on the non-functional currency investments by the Company due to changes in foreign currency rates.
- Hedged risk: Foreign exchange risk (spot)
- Hedged item: Foreign currency denominated investment
- Hedging instrument: Foreign exchange forward contracts and foreign currency denominated issued debt

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

vi) Hedge accounting (continued)

Fair value hedge (continued)

- Designation and documentation: At inception of the hedge relationship, documentation is required of the Company's risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.
- Hedge effectiveness method: All hedge relationships are required to be assessed for hedge ineffectiveness both at the inception and throughout the hedge relationship by demonstrating that:
  - an economic relationship exists between the hedged item and the hedging instrument;
  - credit risk does not dominate the changes in value of either the hedged item or the hedging instrument; and
  - the hedge ratio is reflective of the Company's risk management approach.

  The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the hedged item or the hedging instrument.
- Accounting treatment for the hedging instrument: Fair value through the profit and loss account.
- Accounting treatment for the hedged item: Carrying value adjusted for changes in fair value attributable to the hedged risk.
- Accounting treatment for hedge ineffectiveness: Recognised in the profit and loss account to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.
- Accounting treatment if the hedge relationship is discontinued: Where the hedged item still exists, adjustments to the hedged item are amortised to the profit and loss account on an effective interest rate basis.

vii) Cash at bank

Cash at bank comprises cash and bank balances.

viii) Investments

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, or rights, to significant variable returns and
- the ability to utilise power to affect the entity'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 provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. 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 its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

All variable returns are considered in making that assessment including, but not limited to, returns from 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'.

Investment in subsidiaries are assessed for impairment at each reporting date, refer to Note 3(xiii) Impairment.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

viii) Investments

Interest in associate
Associates are entities, over which the Company has significant influence, but not control, are carried at cost in accordance with IAS 27 'Separate Financial Statements'.

The Company determines the dates of obtaining or losing significant influence of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies of that entity. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

ix) Tangible assets & right-of-use ("ROU") assets

Tangible assets are stated at historical cost (which includes, where applicable, directly attributable borrowing costs and expenditure directly attributable to the acquisition of the asset) less, accumulated depreciation and, where applicable, accumulated impairment losses.

ROU assets are initially measured at cost and comprise the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration-related costs. Subsequently, it is stated at historical cost less accumulated depreciation and, where applicable, impairment losses, and adjusted for remeasurement of lease liabilities.

Tangible assets and ROU assets include assets leased out under operating leases.

Depreciation is the process to allocate the difference between cost and residual values over the estimated useful life and is calculated on a straight-line basis.

A ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Annual depreciation rates are summarised below:

Tangible assets	Depreciation rates
Furniture, fittings and leasehold improvements	10 to 20%
Computer and communication equipment	33 to 50%

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in the light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised as part of other operating income/(expenses) in the profit and loss account.

The depreciation charge is recognised as part of administrative expenses.

The Company does not recognise a ROU asset for short term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses in the profit and loss account.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

x) Other assets and liabilities

Where the Company provides services to clients and the consideration is unconditional, a receivable is recognised. Where the consideration is conditional on something other than passage of time, such as performance fees, these are recorded as contract assets. Both receivables and contract assets are assessed for impairment in accordance with IFRS 9.

The Company, as permitted by IFRS 15 'Revenue from Contracts with Customers', has applied the practical expedient that allows for costs incurred to obtain a contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months. The Company also applies the practical expedient not to adjust consideration for the effects of a significant financing component, where the period between transferring a good or service and when the customer pays for that good or service is expected to be one year or less.

Contract liabilities relate to prepayments received from customers where the Company is yet to satisfy its performance obligation.

xi) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Employee benefit provisions

Employee benefit provisions are recognised by the Company as and when the service has been rendered after deducting amounts already paid. Liabilities for unpaid salaries, salary-related costs and provisions for annual leave are recorded on the balance sheet at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made.

In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using discount rates on high quality corporate bonds, except where there is no deep market in which case rates on the applicable government securities are used. Such discount rates have terms that match as closely as possible the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled, or is transferred to another entity and the Company is legally released from the obligation and does not retain a constructive obligation.

Dividends

Where a dividend is determined or resolved by the Company's Board of Directors, a liability to pay the dividend, with a corresponding reduction in retained earnings, is recognised when a legal obligation arises.

xii) Due to/from related entities

Transactions between the Company, its subsidiary and other Macquarie Group entities principally arise from the provision of lending arrangements and acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees, and are accounted for in accordance with Note 3(ii) Revenue and expense recognition and Note 3(iv) Financial Instruments. Financial assets and financial liabilities are presented net where the offsetting requirements are met (Note 3(iv)), such that the net amount is reported in the balance sheet.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

xiii) 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 issued that are not DFVTPL. 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 information ("FLI").

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 1 – 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, ECL is determined based on the probability of default (PD) over the next 12 months and the losses associated with such PD, adjusted for FLI. Stage 1 also includes financial assets where the credit risk has improved and has been reclassified from stage 2.

(ii) Stage 2 – 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 lifetime PD and the lifetime losses associated with that PD, adjusted for FLI. The Company exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

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 adjusted, where appropriate, for prepayments, extension, call and similar options, of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Stage 2 may include financial assets where the credit risk has improved and has been reclassified from stage 3.

(iii) Stage 3 – Lifetime ECL credit-impaired

Financial assets are classified as Stage 3 where they are determined to be credit impaired, which generally matches the definition of default. 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 for portfolios of exposure, ECL is measured as the product of the lifetime PD, the loss given default ("LGD") and the exposure at default ("EAD"), adjusted for FLI.

Presentation of loss allowances

The loss allowances for ECL are presented in the balance sheet as amounts due from other Macquarie group entities and other assets 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.

Macquarie Infrastructure and Real Assets (Europe) Limited

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

xiii) Impairment (continued)

Impairment of investment in subsidiary
Investment in subsidiary in the Company's financial statements is 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 in other impairment charges/reversal, 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, investment in subsidiary that has been impaired is reviewed for possible reversal of impairment. The amount of any reversal of impairment recognised must not cause the investment's carrying value to exceed its original cost.

Impairment of interest in associate
The Company performs an assessment at each reporting date to determine whether there is any objective evidence that its interest in associate is impaired. The main indicators of impairment are significant changes with an adverse effect that have taken place in the technological market, economic or legal environment and a significant or prolonged decline in fair value below cost.

In making this judgement, the Company evaluates, among other factors, the normal volatility in share price and the period of time for which fair value has been below cost. If there is an indication that the investment in an associate may be impaired, then the entire carrying amount of the investment in the associate is tested for impairment by comparing the recoverable amount, being the higher of fair value less costs to sell and value in use and, with its carrying amount.

Impairment losses recognised in the profit and loss account for investment in associate are subsequently reversed through the profit and loss account if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. The impairment losses (reversal of impairments) on investment in associate are recognised in the profit and loss account as part of other impairment charges/reversal.

Fair value less costs to sell is estimated using market- based approaches using revenues, earnings and assets under management and multiples based on companies deemed comparable as well as other publicly available information relevant to the business.

Value in use is calculated using pre-tax cashflow projections of operating revenue and expenses. Forecasts are extrapolated using a growth rate and discounted using a pre-tax discount rate incorporating market risk determinants, adjusted for specific risks related to the cash generating units, if any, and the environment in which it operates.

Impairment of tangible assets and right-of-use assets
Tangible assets and ROU assets are assessed at each reporting date for indications of impairment.

Impairment losses are recognised in other impairment charges as part of other operating income and charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A reversal is recognised only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior years.

xiv) Performance based remuneration

Share-based payments
The Company participates in its ultimate parent company, MGL's share-based compensation plans, being the Macquarie Group Employee Retained Equity Plan ("MEREP"). Information relating to these schemes is set out in *Note 22 Employee equity participation*. The Company recognises a prepaid asset at grant for these awards, since MGL is reimbursed in advance. This amount is recognised as an expense over the respective vesting periods. MGL recognises a corresponding increase in equity for the equity settled awards to employees.

Note 3. Significant accounting policies (continued)

xiv) Performance based remuneration (continued)

Share-based payments (continued)

The awards are measured at the grant date based on their fair value and using the number of equity instruments expected to vest.

Profit share remuneration

The Company recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

xv) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non-lease components as a single lease component.

Accounting where the Company is the lessee

The Company leases corporate buildings for which contracts are typically entered into for fixed periods of 12 months to 15 years and may include extension options. Leases are recognised as a ROU asset (as explained in Note 3(ix) Tangible assets and right-of-use assets) and a corresponding liability at the commencement date, being the date the leased asset is available for use by the Company.

Lease liabilities

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense. Interest expense is, unless capitalised on a qualifying asset which is not measured at fair value, recognised as part of interest and similar expense in the profit and loss account over the lease period on the remaining lease liability balance for each period. Any variable lease payments not included in the measurement of the lease liability are also recognised as other administrative expenses in the profit and loss accounts in the period in which the event or condition that triggers those payments occurs.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, to other administrative expenses in the profit and loss account, where the carrying value of the ROU asset has been reduced to zero.

Presentation

The Company presents ROU assets in 'tangible assets & right-of-use assets' (refer to Note 8) and lease liabilities in the balance sheet.

xvi) Called up share capital

Ordinary shares are classified as equity.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

	2023 £	2022 £
Note 4. Profit before taxation		
Turnover by category:		
Base management and performance fees	**200,623,918**	142,073,428
Service fees received from other Macquarie Group undertakings	**67,453,104**	55,178,772
Dividend income	**15,971,309**	12,244,862
Other fee income	**974,154**	1,311,505
Total turnover	**285,022,485**	210,808,567
Administrative expenses		
Staff costs		
Service fees paid to other Macquarie Group undertakings	**(228,107,784)**	(164,695,655)
Resource charge from Macquarie Group undertakings	**(19,960,169)**	(12,180,464)
Wages and salaries	**(14,201,175)**	(6,838,692)
Share based payment costs	**(4,217,655)**	(873,330)
Other staff costs	**(1,222,505)**	(849,351)
Other pension charge	**(430,336)**	(435,549)
Depreciation charges	**(351,863)**	(414,831)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company[1]	**(157,788)**	(167,426)
Fees payable to the Company's auditors and its associates for taxation compliance services	**(22,050)**	-
Out of pocket expenses	**(1,352,759)**	(1,374,558)
Other administrative expenses	**(1,827,122)**	(2,738,256)
Total administrative expenses	**(271,851,206)**	(190,568,112)
Other operating income/(expenses)		
Credit impairment reversals/(charges)	**76,847**	(103,428)
Foreign exchange gains/(losses)	**641,843**	(568,679)
Total other operating income/(expenses)	**718,690**	(672,107)

[1]Fees payable to the Company's auditors for current year includes £5,580 relating to previous year and £8,448 relating to the client money and assets audit.

Interest		
Interest receivable and similar income from:		
Other Macquarie Group undertakings	**1,368,784**	193,948
Unrelated parties	**28,417**	1,403
Total interest receivable and similar income	**1,397,201**	195,351
Interest payable and similar expenses to:		
Other Macquarie Group undertakings	**(468,053)**	(188,105)
Unrelated parties	**(10,210)**	(5,502)
Total interest payable and similar expenses	**(478,263)**	(193,607)

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 5. Employee information

The average number of persons employed by the Company during the financial year calculated on a monthly basis was:

	2023	2022
By activity:		
Advisory and sales	**33**	23
Administration and support services	**2**	-
Total average employees	**35**	23

	2023 £	2022 £
Note 6. Tax on profit		
(i) Tax expense included in profit		
Current tax		
UK corporation tax at 19% (2022: 19%)	**(382,650)**	(1,714,826)
Adjustments in respect of previous periods	**(932,988)**	99,713
Foreign tax suffered	**(3,519,101)**	(921,476)
Double tax relief	**604,313**	399,511
Total current tax	**(4,230,426)**	(2,137,078)
Deferred tax		
Origination and reversal of temporary differences	**3,095,713**	129,078
Adjustments in respect of previous periods	**169,698**	8,164
Effect of changes in tax rates	**(20,740)**	305,278
Total deferred tax	**3,244,671**	442,520
Tax on profit	**(985,755)**	(1,694,558)

(ii) Reconciliation of effective tax rate

The income tax charge for the period is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit before tax	**14,808,907**	19,570,092
Current tax charge at 19% (2022: 19%)	**(2,813,692)**	(3,718,317)
Effects of:		
Adjustments in respect of previous periods	**(763,290)**	107,877
Expeneses not deductible for tax purposes	**(105,090)**	(199,262)
Foreign tax suffered	**(747,613)**	(921,476)
Deduction for foreign tax suffered	**604,313**	399,511
Effect of changes in tax rates	**(20,740)**	305,278
Non-assessable income	**2,979,131**	2,330,758
Share based payments	**(118,774)**	1,073
Total tax on profit	**(985,755)**	(1,694,558)

The UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

	2023 £	2022 £
Note 7. Dividends paid		
Interim dividends paid to ordinary shareholders	**45,000,000**	80,000,000
Total dividends paid (Note 18)	**45,000,000**	80,000,000

Note 8. Tangible assets and right-of-use assets

As at 31 March 2023	Cost £	Accumulated depreciation and impairment £	Carrying value £
Assets for own use			
Furniture, fittings and leasehold improvements	919,901	(815,370)	104,531
Computer and communication equipment	185,558	(105,149)	80,409
Total assets for own use	**1,105,459**	**(920,519)**	**184,940**
Right-of-use assets			
Office premises	715,661	(394,358)	321,303
Total right-of-use assets	715,661	(394,358)	321,303
Total tangible assets and right-of-use assets	**1,821,120**	**(1,314,877)**	**506,243**

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

The movement in the carrying value of the Company's tangible assets and right-of-use assets was as follows:

Assets for own use	Furniture, fittings and leasehold improvements £	Computer and communication equipment £	Total £
Balance at 1 April 2022	**141,635**	**69,001**	**210,636**
Acquisitions /additions	5,415	59,771	65,186
Depreciation (Note 4)	(47,077)	(48,182)	(95,259)
Impairment	-	(639)	(639)
Foreign exchange movements	4,559	457	5,016
Balance at 31 March 2023	**104,532**	**80,408**	**184,940**

Right-of-use assets	Office premises £
Balance as at 1 April 2022	**555,495**
Acquisitions	2,609
Depreciation (Note 4)	(256,604)
Foreign exchange movements	19,803
Balance at 31 March 2023	**321,303**

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

	2023 £	2022 £
Note 9. Investments		
Interest in associate (Note 10)	**6,246,226**	8,919,571
Investment in subsidiary (Note 11)	**32,862,502**	33,165,737
Total investments	**39,108,728**	42,085,308

Note 10. Interest in associate

	2023 £	2022 £
Equity investment with no provisions for impairment	**6,246,226**	8,919,571
Total interest in associate	**6,246,226**	8,919,571

The Company holds a 3% (2022: 3%) interest in Macquarie Korea Opportunities Fund No.3 ("MKOF3") and accounts for it as an interest in associate on the basis of exercising significant influence through its ownership of the general partner and limited partner of this fund, MKAM. MKOF3 is a closed private equity fund.

The decrease from the prior year is primarily driven by a return of capital in the amount of £2,727,922.

Summarised information of interest in the material associate is as follows:

		Ownership Interest	
Name of entity	**Principal activity**	**2023 %ownership**	2022 %ownership
Macquarie Korea Opportunities Fund No.3	Private Equity Fund	**3**	3

Note 11. Investment in subsidiary

As at 31 March 2023	Investments at cost with no provisions for impairment[1] £	Investments at cost with provisions for impairment £	Provisions for impairment £	Total £
Opening Balance	33,165,737	-	-	33,165,737
Foreign exchange movements	(303,235)	-	-	(303,235)
Closing Balance	**32,862,502**	**-**	**-**	**32,862,502**

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 11. Investment in subsidiary (continued)

As at 31 March 2022	Investments at cost with no provisions for impairment[1] £	Investments at cost with provisions for impairment £	Provisions for impairment £	Total £
Opening Balance	33,944,665	-	-	33,944,665
Foreign exchange movements	(778,928)	-	-	(778,928)
Closing Balance	**33,165,737**	**-**	**-**	**33,165,737**

[1]In accordance with the Company's accounting policies the Company reviewed its investments in subsidiary for indicators of impairment. Where its investments had indicators of impairment, the investments' carrying value was compared to its recoverable value which was determined to be its fair value less costs to sell (valuation). The valuations have been calculated using a valuation technique whose most significant inputs include the subsidiary's maintainable earnings, growth rates and relevant earnings multiples. A range of valuations of the investments in the subsidiaries, including associated stress tests, were used that demonstrated that no impairment loss was required to be recognised by the Company during the year.

The material subsidiaries of the Company, based on contribution to the Company's profit after income tax, the size of the investment made by the Company or the nature of activities conducted by the subsidiary, are:

Name of subsidiary	Nature of business	Place of incorporation	2023 %ownership	2023 £	2022 %ownership	2022 £
Macquarie Korea Asset Management Co., Ltd.	Fund manager	18th Floor, Unit A, Centropolis, 26 Ujeongguk-ro, Jongno-gu, Seoul, 03161, Korea, Republic of	**100**	**32,862,502**	100	33,165,737
Total investment in subsidiary				**32,862,502**		33,165,737

The subsidiary has a 31 March reporting date.

	2023 £	2022 £
Note 12. Cash at bank		
Cash at bank	**24,407,257**	22,913,101
Total cash at bank	**24,407,257**	22,913,101

Macquarie Infrastructure and Real Assets (Europe) Limited

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

	2023 £	2022 £
Note 13. Debtors		
Amounts owed by other Macquarie Group undertakings[1]	**248,024,862**	89,062,819
Fees and other receivables[2]	**12,754,768**	5,620,410
Prepayments	**6,066,211**	2,300,090
VAT recoverable	**397,158**	363,433
Taxation	**-**	11,651,073
Total debtors	**267,242,999**	108,997,825

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. At the reporting date, amounts owed by other Macquarie Group undertakings has an ECL allowance of £117,449 (2022: £290,968) which is presented net against the gross carrying amount.

[2]Includes £10,958,350 (2022: £4,616,930) of base fee receivables. Fees and other receivables includes £732,286 (2022: £731,965) of contract assets in respect of out-of-pocket expenses and other accrued income. At the reporting date, fees and other receivables have an ECL allowance of £97,803 (2022: £1,953) which is presented net against the gross carrying amount.

Note 14. Deferred tax assets

Deferred tax assets	Fixed Assets £	Share Based Payments £	Other Employment Provisions £	Other Assets £	Total £
Balance as at 1 April 2021	98,788	405,543	438,855	3,931	947,117
Deferred tax charged to profit and loss account for the period	(9,660)	263,261	227,321	532	481,454
Deferred tax charged to equity	-	224,088	-	-	224,088
Balance as at 31 March 2022	89,128	892,892	666,176	4,463	1,652,659
Deferred tax charged to profit and loss account for the period	(23,313)	(327,588)	3,441,375	(778)	3,089,696
Deferred tax charged to equity	-	(279,326)		-	(279,326)
Balance as at 31 March 2023	65,815	285,978	4,107,551	3,685	4,463,029

Deferred tax liabilities	Fixed Assets £	Share Based Payments £	Other Employment Provisions £	Other Liabilities £	Total £
Balance as at 1 April 2021	-	-	-	(11,626)	(11,626)
Deferred tax charged to profit and loss account for the period	-	-	-	152	152
Balance as at 31 March 2022	-	-	-	(11,474)	(11,474)
Deferred tax charged to profit and loss account for the period	-	-	-	3,827	3,827
Balance as at 31 March 2023	-	-	-	(7,647)	(7,647)

The above amounts are expected to be recovered after 12 months of the balance date by the Company.

In applying judgement in recognising deferred tax assets, management has assessed all available information, including future business profit projections. Management's assessment of the likely availability of future taxable profits against which to recover deferred tax assets is based on the most recent financial forecasts approved by management, takes into consideration the reversal of existing taxable temporary differences and past business performance.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

	2023 £	2022 £
Note 15. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings[1]	**194,378,263**	9,036,656
Accruals and deferred income[2]	**4,521,067**	5,704,315
Taxation	**1,692,452**	787,076
Fees payable	**336,475**	254,067
Total creditors: amounts falling due within one year	**200,928,257**	15,782,114

[1]Amounts due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment.

[2]Includes £3,779,204 (2022: £2,224,296) of contract liabilities related to base fee income received in advance. £1,530,332 (2022: £1,138,651) of base fee income was recognised in the current year which was included under contract liability at the beginning of the year.

Note 16. Provisions for liabilities

	2023 £	2022 £
Provision for employee entitlements	**13,464,132**	6,897,098
Total provisions for liabilities	**13,464,132**	6,897,098
Reconciliation of provisions:		
Balance at the beginning of the financial year	**6,897,098**	4,670,838
Provisions made during the year	**10,743,316**	4,810,289
Provisions used during the year	**(5,963,271)**	(2,665,426)
Transfers from other Macquarie Group undertakings	**1,578,358**	-
Foreign exchange movements	**208,631**	81,397
Balance at the end of the financial year	**13,464,132**	6,897,098

Of the above amounts, £9,814,460 (2022: £4,357,650) is expected to be settled within 12 months of the reporting date by the Company.

Note 17. Called up share capital and equity contribution from ultimate parent

Called up share capital	**2023 Number of shares**	2022 Number of shares	**2023 £**	2022 £
Ordinary share capital				
Opening balance of fully paid ordinary shares	**42,700,000**	42,700,000	**42,700,000**	42,700,000
Closing balance of fully paid ordinary shares at £1 per	**42,700,000**	42,700,000	**42,700,000**	42,700,000

Equity contribution from ultimate parent	2023 £	2022 £
Opening balance of equity contribution from ultimate parent	**455,474**	168,659
Additional equity contribution from ultimate parent entity during the financial year	**(226,054)**	286,815
Total equity contribution from ultimate parent entity	**229,420**	455,474

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

	2023 £	2022 £
Note 18. Reserves and profit and loss account		
Reserves		
Foreign currency translation reserve		
Balance at the beginning of the financial year	**237,411**	241,034
Foreign exchange movement on translation of foreign operations, net of tax	**110,095**	(3,623)
Balance at the end of the financial year	**347,506**	237,411
Profit and loss account		
Balance at the beginning of the financial year	**109,363,136**	171,487,602
Profit attributable to ordinary equity holders of the Company	**13,823,152**	17,875,534
Dividends paid on ordinary share capital (Note 7)	**(45,000,000)**	(80,000,000)
Balance at the end of the financial year	**78,186,288**	109,363,136

Note 19. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the mix, level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.
The Company's capital management objectives are to maintain sufficient capital resources to:
- support the Company's business and operational requirements;
- safeguard interest of depositors' and Company's ability to continue as a going concern;
- exceed regulatory capital requirements; and
- support the Comany's credit rating.

Periodic reviews of the Company's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital and equity contribution from parent plus reserves.

The Company has satisfied its externally imposed capital requirements throughout the year.

During the current and prior financial years, the Company has continued to meet its capital requirements under its licence and no breaches have occurred.

The return on assets for the financial year ended 31 March 2023 was 4 per cent (2022: 10 per cent), calculated as profit attributable to ordinary equity holders divided by the total assets of the Company.

Note 20. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by 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 25.

The Master Loan Agreement (the "MLA") governs the funding arrangements between various subsidiaries and related body corporate entities which are under the common control of MGL and have acceded to the MLA. The Tripartite Outsourcing Major Services Agreement ("TOMSA") governs the provision of intra-group services between subsidiaries and related body corporate entities other than certain excluded entities.

Relationships with an entity which is not a party to the MLA have been presented on a gross basis.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 20. Related party information (continued)

Subsidiaries

Transactions between the Company and its subsidiaries principally arise from the provision of management and administration services.

All transactions with subsidiaries are in accordance with regulatory requirements, the majority of which are on commercial terms.

Balances may arise from lending and borrowing activities between the Company and its subsidiaries, which are either repayable on demand or may be extended on a term basis.

Associates

On 6 February 2023, a distribution in the amount of £3,019,595 was received from MKOF3. There were no other material transactions between the Company and its associate during the current financial year.

Related entities

Other related party transactions for the year ended 31 March 2023 relating to the Company's investment management and advisory clients outside the Macquarie group have been disclosed in the following table.

31 March 2023

Nature of Related party	Base fees	Expenses invoiced to client	Expenses to be charged to client	Receivable at 31 March 2023
	£	£	£	£
Associates of the Macquarie Group	**24,871,552**	**1,898,308**	**248,147**	**3,744,188**

31 March 2022

Nature of Related party	Base fees	Expenses invoiced to client	Expenses to be charged to client	Receivable at 31 March 2022
	£	£	£	£
Associates of the Macquarie Group	**24,704,952**	**989,093**	**557,375**	**390,274**

Note 21. Directors' remuneration

During the financial years ended 31 March 2023 and 31 March 2022, 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 these duties would not be meaningful.

Note 22. Employee equity participation

Macquarie Group Employee Retained Equity Plan ("MEREP")

The entity participates in its ultimate parent company's, MGL, share based compensation plans, being the MEREP. In terms of this plan, awards are granted by MGL to qualifying employees for delivery of MGL shares.

Award Types under the MEREP

Restricted Share Units ("RSUs")

An RSU is a beneficial interest in a MGL ordinary share held on behalf of a MEREP participant by the plan trustee ("Trustee").

The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights of the share. The participant also has the right to request the release of the share from the MEREP Trust, subject to the vesting and forfeiture provisions of the MEREP.

	Number of RSU Awards	
	2023	2022
RSUs on issue at the beginning of the financial year	**43,581**	2,292
Vested RSUs withdrawn or sold from the MEREP during the financial year	**(6,051)**	(808)
Net transfers from related body corporate entities	**1,472**	42,097
RSUs on issue at the end of the financial year	**39,002**	43,581

No RSU awards were granted during the current or previous financial year.

Deferred Share Units ("DSUs")

A DSU represents the right to receive on exercise of the DSU either a MGL share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of the MGL's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of RSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical. DSUs have been granted with an expiry period of up to nine years.

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 22. Employee equity participation (continued)

	Number of DSU Awards	
	2023	2022
DSUs on issue at the beginning of the financial year	**37,035**	27,683
Granted during the financial year	**95,583**	8,446
Exercised during the financial year	**(12,732)**	(5,759)
Net transfers from related body corporate entities[1]	**412**	6,665
DSUs on issue at the end of the financial year	**120,298**	37,035
DSUs exercisable at the end of the financial year	**1,430**	4,394

[1]Net transfers from related body corporate entities during the year includes transfers relating to the transfer of employees within Macquarie group entities.

The weighted average fair value of the DSU awards granted during the financial year was £88.86 (2022: £86.52).

Participation in the MEREP is currently provided to the following Eligible Employees:

- Executive Directors with retained Directors' Profit Share ("DPS") from 2013 onwards, a proportion of which is allocated in the form of MEREP awards ("Retained DPS Awards");
- Staff other than Executive Directors with retained profit share above a threshold amount ("Retained Profit Share Awards") and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards ("Promotion Awards");
- New Macquarie staff who commence at Associate Director, Division Director or Executive Director level and are awarded a fixed Australian dollar value ("New Hire Awards").
- In limited circumstances, Macquarie staff may receive an equity grant instead of a remuneration or consideration payment in cash. Current examples include individuals who become employees of the Macquarie upon the acquisition of their employer by a Macquarie entity or who receive an additional award at the time of joining Macquarie (also referred to above as New Hire Awards).

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards and Promotion Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant[2]
Retained DPS awards	All other Executive Directors	1/3rd in the 3rd, 4th and 5th year following the year of grant[3]
New Hire Awards	All Director-level staff	1/3rd in the 2nd, 3rd and 4th anniversaries of the date of allocation

[2]Vesting will occur during an eligible staff trading window

[3]Vesting will occur during an eligible staff trading window. If an Executive Director has been on leave without pay (excluding leave to which the Executive Director may be eligible under local laws) for 12 months or more, the vesting period may be extended accordingly.

In limited cases, the invitation or application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in jurisdictions outside Australia may have a different vesting period due to local regulatory requirements.

For Retained Profit Share Awards representing 2022 retention, the allocation price was the weighted average price of the shares acquired for the 2022 purchase period, which was 16 May 2022 to 21 June 2022. That price was calculated to be £91.44 (2021 retention: £86.49).

Notes to the financial statements for the financial year ended 31 March 2023 (continued)

Note 22. Employee equity participation (continued)

Assumptions used to determine fair value of MEREP awards

RSUs and DSUs are measured at their grant dates based on their fair value[1]. This amount is recognised as an expense evenly over the respective vesting period.

RSUs and DSUs have been granted in the current financial year in respect of the 2022 performance. The accounting fair value of each of these grants is estimated using the MGL's share price on the date of grant.

While RSUs and DSUs for FY2023 will be granted during the FY2024, the Company begins recognising an expense for these awards (based on an initial estimate) from 1 April 2022 related to these future grants. The expense is estimated using the estimated MEREP retention for FY2023 and applying the amortisation profile to the retained amount.

In the following financial year, the entity will adjust the accumulated expense recognised for the final determination of fair value for each RSU and DSU when granted and will use this valuation for recognising the expense over the remaining vesting period.

The entity annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the income statement.

For the Financial year ended 31 March 2023, compensation expense relating to the MEREP totaled £2,871,312 (2022: £737,010).

[1]For employees categorized as Material Risk Takers who are required to comply with the European Banking Authority Guidelines on the CRD IV and CRD V remuneration requirements, the fair value of the awards granted for performance periods after 1 April 2019 has been adjusted to take into account the prohibition of dividends on unvested awards.

Note 23. Contingent liabilities and commitments

As at 31 March 2023, the Company had an undrawn commitment of £256,922 (2022: £259,672) to invest as a Limited Partner into MKOF3.

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

Note 24. Derivative financial instruments

Objectives of holding derivative financial instruments

The Company's derivative financial instruments consist of foreign exchange forward contracts. The derivative financial instruments have been designated as fair value hedges to hedge the currency risk of the Company's foreign denominated subsidiary and associate investments. This application is further described in *Note 3(v) Derivative instruments and hedging activities*. As at 31 March 2023, the fair value of outstanding derivatives held by the Company and designated as fair value hedges was £469,501 positive value (2022: £437,210 negative value).

Forwards and forward rate agreements

Forward contracts are an agreement between two parties that a financial instrument or commodity will be traded at a fixed price and fixed date in the future. A forward rate agreement provides for two parties to exchange foreign exchange rate differentials based on an underlying principal amount at a fixed date in the future.

Notes to the financial statements
for the financial year ended 31 March 2023 (continued)

Note 25. Ultimate parent undertaking

At 31 March 2023, the immediate parent undertaking of the Company is Macquarie Asset Management UK Holdings No.1 Limited.

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

Note 26. Events after the reporting date

On 28 June 2023, a dividend in the amount of £11,893,796 was received from the Company's subsidiary, MKAM.

There were no material events subsequent to 31 March 2023 and up until the authorisation of the financial statements for issue, that have not been reflected in the financial statements.

Independent auditors' report to the members of Macquarie Infrastructure and Real Assets (Europe) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Infrastructure and Real Assets (Europe) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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, including 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: Balance sheet as at 31 March 2023; the profit and loss account, statement of comprehensive income and 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

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.

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

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

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

Reporting on other information

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

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

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

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

Strategic report and the Directors' report

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the 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 in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant Financial Conduct Authority rules and guidance and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance, and applying management bias in the determination of accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inquiries of management and those charged with governance, including review of meeting minutes in so far as they relate to the financial statements, and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

- Review of correspondence with the regulators, including the Financial Conduct Authority ('FCA');
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Applying risk-based criteria to all journal entries posted in the audit period, including consideration of backdated entries, post-close entries and those journals posted by a defined group of unexpected users.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

P Barnett

Phillip Barnett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 July 2023