

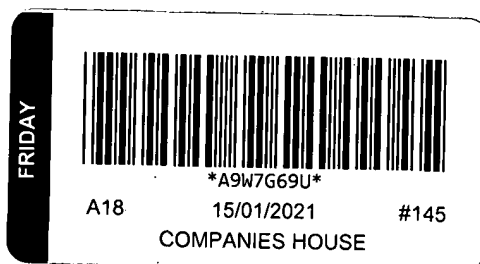
MACQUARIE GROUP HOLDINGS (UK) NO.1 LIMITED

COMPANY NUMBER 06357992

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2020



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



Macquarie Group Holdings (UK) No.1 Limited

2020 Strategic Report, Directors' Report and Financial Statements Contents

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Macquarie Group Holdings (UK) No.1 Limited

Strategic Report for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of Macquarie Group Holdings (UK) No.1 Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities

The principal activity of the Company during the financial year ended 31 March 2020 was to act as a holding company for Macquarie Group Holdings (UK) No.2 Limited ("MGHUK2").

Subsequent to year-end, it was determined MGHUK2 would be liquidated, and as a result it is the intention of the Directors to liquidate this company and the financial statements have been prepared on a basis other than going concern. Additionally, non-current assets have been presented as current assets in the financial statements.

Review of operations

The profit for the financial year ended 31 March 2020 was £1,800,362, a decrease of 98% from the profit of £88,884,400 in the previous financial year.

Net operating profit for the financial year ended 31 March 2020 was £236,053, a decrease from £87,860,351 in the previous financial year.

As at 31 March 2020, the Company had total assets less current liabilities of £148,611,918 (2019: £146,811,556).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 14.

The Company is not subject to any other material risks or uncertainties, over and above those stated, although the Directors' note that the emerging situation with respect to COVID-19 has potential, but not material business risks.

Financial risk management

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

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

Macquarie Group Holdings (UK) No.1 Limited

Strategic Report (continued) for the financial year ended 31 March 2020

Financial risk management (continued)

Credit risk

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. 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 receivables from other Macquarie Group undertakings, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings, which also incur a variable rate of interest.

Section 172 (1) Statement

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- (a) the likely long-term consequences of decisions;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between the Company's owners.

This is the first year that certain UK companies, including the Company, are required to publish a statement setting out how their directors have complied with this requirement. Our Section 172 statement focusses 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.

From the perspective of the Directors, the matters that it is responsible for considering under Section 172 of the Companies Act 2006 have been considered to an appropriate extent by the Company. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors considered these matters is set out in the Director's report on pages 6 to 7.

Other matters

Due to the nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators (including with regard to environmental and employee matters) in the Strategic report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board



James Dyckhoff
Director

7 January 2021

Macquarie Group Holdings (UK) No.1 Limited

Company Number 06357992

Directors' Report

for the financial year ended 31 March 2020

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:

J Dyckhoff
D Fass (resigned 11 July 2019)
L Harrison
K Burgess (appointed 11 July 2019 and resigned 6 January 2020)
A Nottingham (appointed 06 Jan 2020)

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

H Everitt

Results

The profit for the financial year ended 31 March 2020 was £1,800,362 (2019: £88,884,400).

Dividends and distributions paid

No dividends were paid during the financial year (2019: £30,000,000).

No final dividend has been proposed during the financial year.

State of affairs

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

Events after the reporting period

On 1 July 2020, the Company received a dividend of GBP 1,142,890,264 from its subsidiary MGHUK2, and subsequently paid a dividend of the same amount to its parent, Macquarie Corporate International Holdings Pty Limited ("MCIHPL").

On 12 September 2020, a dividend of GBP 2,000,000 was proposed and subsequently paid to its parent MCIHPL on 30 September 2020.

After the reporting period, it was determined MGHUK2 would be liquidated, and as a result it is the intention of the Directors to liquidate this company. Accordingly, the going concern basis of preparation is not appropriate for the Company and the financial statements have been prepared on a basis other than going concern.

At the date of this report, the Directors are not aware of any 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 2020 not otherwise disclosed in this report.

Macquarie Group Holdings (UK) No.1 Limited

Company Number 06357992

Directors' Report (continued) for the financial year ended 31 March 2020

Likely developments, business strategies and prospects

IBOR reform: Transition from inter-bank offered rates ("IBOR") to alternative reference

IBOR are interest rate benchmarks that are used in a wide variety of financial instruments such as derivatives and lending arrangements. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate) and 'EURIBOR' (the Euro Inter-bank Offered Rate). Each IBOR is calculated and published daily based on submissions by a panel of banks. Over time, changes in interbank funding markets have meant that IBOR panel bank submissions have become based less on observable transactions and more on expert judgement. Financial markets' authorities reviewed what these changes meant for financial stability, culminating in recommendations to reform major interest rate benchmarks. As a result of these recommendations, many IBOR around the world are undergoing reforms.

During 2018, Macquarie Group Holdings (UK) No.1 Limited's ultimate Parent Macquarie Group Limited ("MGL") initiated a project, which is sponsored by its Chief Financial Officer ("CFO"), to manage the impacts of IBOR reform, including overseeing the transition from LIBOR to ARR. A group-wide steering committee was established with its key responsibility being the governance of the project. This committee includes senior executives from MGL's Operating Groups, Financial Management Group ("FMG"), Risk Management Group ("RMG"), Corporate Operations Group ("COG") and Legal and Governance team. The project is wide in scope including identification of the impact of the reform on the separate legal entities within the Consolidated MGL Group (including the Company) and implementing necessary changes in those legal entities.

Coronavirus (COVID-19)

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets.

A robust risk management framework continues to be applied and RMG continues to monitor the impact of COVID 19 on the Company's risk profile. The Company is not subject to material impact with respect to COVID-19. Non-financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Company's risk management framework. Accounting considerations on the Company's results is disclosed under Note 2.

Indemnification and insurance of Directors

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

Macquarie Group Holdings (UK) No.1 Limited

Company Number 06357992

Directors' Report (continued) for the financial year ended 31 March 2020

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 FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

Section 172 (1) Statement

The Directors acknowledge their responsibility under section 172 (1) of the Companies Act of 2006 and have acted in a way that they considered, in good faith, to be most likely to promote the long-term success of the Company and have considered all relevant matters where appropriate in respect of the Company's stakeholders, who are principally its group shareholder.

The following sets out the requirements of section 172(1) and notes how the Directors have discharged their duties. The key decisions made by the Company during the year related to acting as a holding company for Macquarie Group Holdings (UK) No.2 Limited ("MGHUK2").

(a) Likely consequences of any decision in the long term

The Company's ultimate parent is Macquarie Group Limited ("MGL"). The Company operates to the ethical and business standards set by MGL and the Macquarie Group. Any decision taken will be aligned to the strategy of the Company and the wider Macquarie Group and be made in accordance with Macquarie's Code of Conduct (the "Code"). The Code is based on the three principles that guide the way Macquarie Group does business – Opportunity, Accountability and Integrity. A guide to good decision making is contained within the Code, which emphasises key questions to ask, including the need to think long-term and consider whether a decision will stand the test of time. Potential consequences of decisions made by the Board will vary depending on the matter at hand, but the Board typically considers relevant stakeholders, alignment with the long-term value creation strategy of the Company and the culture of the existing business. Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with the Macquarie Group's risk management framework, which is embedded across all Macquarie Group's operations. The Macquarie Group's approach to risk management is based on the following stable and robust core risk management principles i) ownership of risk at the business level; ii) understanding worst case outcomes and iii) independent sign off by the Risk Management Group.

Supporting each approval request, the Directors are given documentation which includes diligence on financial impacts, as well as non-financial factors and, as part of their deliberations, the Directors consider how the decision is in the best interests of the Company having due regard to the interests of the Shareholder and relevant stakeholders.

Macquarie Group Holdings (UK) No.1 Limited

Company Number 06357992

Directors' Report (continued) for the financial year ended 31 March 2020

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

Section 172 (1) Statement (continued)

(b) Interests of the Company's workforce

The Company itself does not have any direct employees but utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements.

(c) Business relationships with suppliers, customers and others

The Directors are 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 Board reporting with respect to business performance and risk management.

(d) Community and the environment

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our Environmental Social and Governance ("ESG") approach.

Macquarie Group recognises that failure to manage ESG risks could expose the organisation to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of our broader risk management framework, to which the Company itself and business proposals brought to the Company are subject.

(e) Reputation for high standards

The reputations 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. Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie's workforce and external parties to safely raise concerns about improper conduct. It is responsible for implementing the Whistleblower Policy and for managing the investigation of concerns raised under this policy, including any raised through the Macquarie Staff Hotline. The Integrity Office also promotes high ethical standards and good decision making through communications and engagement with Macquarie's workforce.

(f) Need to act fairly as between members of the Company

The Company is a 100% indirect subsidiary of MGL. Information is shared effectively to ensure that both the direct parent and ultimate shareholder are engaged as appropriate with respect to key decisions of the Company. Matters approved by the Directors during the financial year were not subject to shareholder engagement, however the interests of relevant stakeholders were considered by the Directors in the major developments, activities or transactions described in the principal activities in the strategic report as well as the events after the reporting period section of this report.

Disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

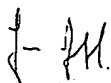
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's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

Macquarie Group Holdings (UK) No.1 Limited
Company Number 06357992

Directors' Report (continued)
for the financial year ended 31 March 2020**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



James Dyckhoff
Director

7 January 2021

Independent auditors' report to the members of Macquarie Group Holdings (UK) No.1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Group Holdings (UK) No.1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 March 2020; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Martin Cross (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 January 2021

Macquarie Group Holdings (UK) No.1 Limited

Profit and loss account for the financial year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	-	88,000,000
Administrative expenses	3	(68)	(53)
Other operating income/(expenses)	3	236,121	(139,596)
Operating profit		236,053	87,860,351
<i>Interest receivable and similar income</i>	4	1,931,154	1,264,235
Profit on ordinary activities before taxation		2,167,207	89,124,586
Tax on profit	5	(366,845)	(240,186)
Profit for the financial year	10	1,800,362	88,884,400

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

There were no other comprehensive income and expenses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.


Macquarie Group Holdings (UK) No.1 Limited

Balance sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	6	-	42,700,002
Current assets			
Debtors	7	106,280,324	104,353,303
Investments	6	42,700,002	-
		148,980,326	104,353,303
Creditors: amounts falling due within one year	8	(368,408)	(241,749)
Net current assets		148,611,918	104,111,554
Total assets less current liabilities		148,611,918	146,811,556
Capital and reserves			
Called up share capital	9	62,900,002	62,900,002
Equity contribution from parent	9	82,700,000	82,700,000
Profit and loss account	10	3,011,916	1,211,554
Total shareholders' funds		148,611,918	146,811,556

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 11 to 23 were approved by the Board of Directors on 7 January 2021 were signed on its behalf by:



James Dyckhoff
Director

Macquarie Group Holdings (UK) No.1 Limited

Statement of changes in equity for the financial year ended 31 March 2020

		Called up share capital	Equity contribution from parent	Profit and loss account	Total shareholders' funds
	Notes	£	£	£	£
Balance at 1 April 2018		62,900,002	82,700,000	(57,672,846)	87,927,156
Profit for the financial year	10	-	-	88,884,400	88,884,400
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	88,884,400	88,884,400
Dividends Paid	10	-	-	(30,000,000)	(30,000,000)
Balance at 31 March 2019		62,900,002	82,700,000	1,211,554	146,811,556
Profit for the financial year	10	-	-	1,800,362	1,800,362
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	1,800,362	1,800,362
Dividends paid	10	-	-	-	-
Balance at 31 March 2020		62,900,002	82,700,000	3,011,916	148,611,918

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.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements for the financial year ended 31 March 2020

Note 1. Company information

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

Note 2. Summary of significant accounting policies

i) Basis of preparation

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

It is the intention of the Directors to liquidate the Company. Accordingly, the going concern basis of preparation is not appropriate for the Company and the financial statements have been presented on a basis other than going concern, in accordance with the Companies Act 2006.

As it is the intention of the Directors to liquidate the company, all intercompany debtors are expected to be paid back in the near future and therefore the Expected Credit Loss ("ECL") is £nil.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention.

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

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

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

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

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

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:

- impairment of investments in subsidiaries (notes 7 and 2 (vii));
- Judgement in determination of significant influence over subsidiaries, including the assessment of whether certain rights are protective or substantive in nature, whether these rights are held in the capacity as agent or principal, and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated (note 2 (vi))

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes that the estimates used in preparing 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.

Coronavirus (COVID-19) impact

Background

The onset of COVID-19 resulted in the application of further judgement within identified risk areas discussed further below. Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the Company's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Processes applied

As a consequence of COVID-19 and in preparing these financial statements, management:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19; and
- considered the impact of COVID-19 on the Company's financial statement disclosures.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Coronavirus (COVID-19) impact (continued)

Consideration of the statements of financial position and further disclosures

Key statements of financial position sheet items and related disclosures that have been impacted by COVID-19 were as follows:

Investments in subsidiaries

The Company's investments in subsidiaries have been acquired over time and covers the infrastructure sector in various geographic locations. When it has been assessed that there is an indicator of impairment the Company tests the carrying amount of each of its investments for impairment, by comparing the investment's recoverable amount with its carrying value. In addition to the Company assessing its investments in subsidiaries for impairment, the Company re-affirmed that there were no circumstances as a result of COVID-19 that would affect the existing control conclusion for its subsidiaries, including structured entities, nor did it highlight instances in which the Company now had control of such entities.

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

The new accounting standards IFRS 16 Leases, amendments to accounting standards IAS 23 Borrowing costs and IAS 19 Employee benefits; and IFRS 23 Interpretation 23 Uncertainty over Income Tax Treatment that are effective for the year ended 31 March 2020 did not have a material impact on the Company's financial statements.

ii) Going concern

The Directors intend to liquidate the Company, and therefore will not continue in operational existence for the foreseeable future. The Company therefore has prepared the financial statements on a basis other than a going concern.

iii) Foreign currency translations

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the net trading income.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition

Net interest income/expense

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

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

Interest income on financial assets that are not credit impaired is determined by applying the financial asset's EIR to the financial asset's gross carrying amount. Interest income on financial assets that are not classified as POCI but are subsequently classified as credit-impaired, (stage 3), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).

Interest income and expense on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis.

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

Other operating income/(expenses)

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

Net trading income comprises gains and losses related to trading assets/liabilities and derivatives including all realised and unrealised fair value changes, and foreign exchange differences.

Investment income includes gains and losses arising from subsequent changes in the fair values of equity and debt investment securities at fair value through profit or loss and dividends or distributions on these securities which represent the return on such investments. Impairment losses/ reversal of impairment losses on these financial assets are not reported separately from other changes in fair value.

Gains or losses on the change of control, joint control and/or significant influence and reclassifications to/from held for sale also forms part of investment income.

Dividends and distributions

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

Dividends or distributions on financial assets are recognised as income when the Company becomes entitled to the dividend or distribution. Dividends or distributions from subsidiaries, associates and joint ventures are recognised in the profit and loss account of the Company when the right to receive the dividend or distribution is established.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition (continued)

Expenses

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

v) 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 bases 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.

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 within the tax consolidated group or groups of entities in overseas jurisdictions, 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.

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 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.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

vi) Investments and other financial assets

The investments and other financial assets are classified into the following categories: loans and receivables and investments in subsidiaries. The classification depends on the purpose for which the financial asset was acquired, which is determined at initial recognition and, except for other financial assets at fair value through profit or loss, is re-evaluated at each balance date.

Loans and receivables

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

Investments in subsidiaries

Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure to significant variable returns and the ability to utilise power to affect the Company's own returns.

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

All variable returns are considered in making that assessment including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

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

vii) Impairment

Impairment of investments in subsidiaries

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

viii) Called up share capital

Ordinary shares and ordinary A shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

	2020 £	2019 £
Note 3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after (charging)/crediting:		
Dividend income	-	88,000,000
Recoveries from other Macquarie Group undertakings	(68)	(53)
Auditors' remuneration ¹	-	-
Total administrative expense	(68)	(53)
Other revenue/(expenses)	(324)	(45)
Credit and other impairment (charges)/reversals	236,445	(139,551)
Total other operating income/(expense)	236,121	(139,596)

¹The cost of auditors' remuneration for auditing services of £13,698 (2019: £8,482) has been borne by Macquarie Corporate Holdings Pty Limited (UK Branch), a wholly owned subsidiary within the Macquarie Group. The auditors received no other benefits.

The Company had no employees during the current and previous financial year.

Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	1,931,154	1,264,235
Total interest receivable and similar income	1,931,154	1,264,235

Note 5. Tax on profit

(i) Tax expense included in profit or loss

Current tax		
UK corporation tax at 19% (2019: 19%)	(366,845)	(240,186)
Total current tax	(366,845)	(240,186)

(ii) Reconciliation of effective tax rate

The taxation charge for the year ended 31 March 2020 is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

Profit before income tax	2,167,207	89,124,586
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(411,769)	(16,933,671)
Non deductible expenses	-	(26,515)
Non assessable income	44,925	16,720,000
Total tax on profit on ordinary activities	(366,845)	(240,186)

The UK Corporation tax main rate for the financial year beginning 1 April 2020 will remain at 19%. This reverses the previously enacted rate change reducing the rate to 17%.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 6. Investments

	2020 £	2019 £
Investments in subsidiary at cost without provisions for impairment ¹	42,700,002	42,700,002
Total investments	42,700,002	42,700,002

Name of investment	Nature of business	Registered Office	2020 % ownership	2019 % ownership	2020 £	2019 £
Macquarie Group Holdings (UK) No.2 Limited	Holding company for Macquarie UK regulated entity	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	100	42,700,002	42,700,002
Total investments					42,700,002	42,700,002

¹Investment was reclassified from fixed asset to current asset as financial statements are prepared on a basis other than going concern.

Note 7. Debtors

Amounts owed by other Macquarie Group undertakings	106,280,324	104,353,303
Total debtors	106,280,324	104,353,303

Amount owed from other Macquarie Group undertakings are unsecured and have no fixed rate of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 1.74% (2019: LIBOR plus 1.93%).

At the reporting date, amounts owed from other Macquarie Group undertakings has nil ECL allowance (2019: £247,628)

Note 8. Creditors: Amounts falling due within one year

Amounts owed to other Macquarie Group undertakings	1,563	1,563
Taxation	366,845	240,186
Total creditors	368,408	241,749

¹ Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 2.30%.

Note 9. Called up share capital

	2020 Number of shares	2019 Number of shares	2020 £	2019 £
Called up share capital				
Opening balance of fully paid ordinary shares	52,900,002	52,900,002	52,900,002	52,900,002
Opening balance of fully paid ordinary A shares	10,526,316	10,526,316	10,000,000	10,000,000
Total closing balance of fully paid shares	63,426,318	63,426,318	62,900,002	62,900,002
Authorised share capital				
Ordinary shares	100,000,000	100,000,000	100,000,000	100,000,000
Ordinary A shares	21,052,632	21,052,632	20,000,000	20,000,000
Total authorised share capital	121,052,632	121,052,632	120,000,000	120,000,000
Equity contribution from parent entity				
Balance at the beginning of the financial year			82,700,000	82,700,000
Closing balance of equity contribution from parent entity			82,700,000	82,700,000

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 10. Profit and loss account

	2020 £	2019 £
Profit and loss account		
Balance at the beginning of the financial year	1,211,554	(57,672,846)
Profit attributable to ordinary equity holders of Macquarie Group Holdings (UK) No.1 Limited	1,800,362	88,884,400
Dividends paid	-	(30,000,000)
Balance at the end of the financial year	3,011,916	1,211,554

Note 11. Related party information

During the year, a new Master Loan Agreement (the MLA) replaced the Omnibus Loan and Deposit Agreement (the Omnibus), which contains the key terms for funding and related arrangements between various related body corporate entities which are under the common control of MGL. The MLA clarifies terms including tenor, pricing, settlement and offsetting terms for entities within the group. Substantially all entities which were a party to the Omnibus have acceded to the MLA.

The MLA excludes derivatives, repurchase agreements, broker settlements and stock lending-related balances. These, together with certain bespoke lending arrangements, have been presented on a gross basis as at 31 March 2020 and is not comparable with the previous year wherein they have been offset with other balances under the Omnibus.

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 14.

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

Details of holdings by subsidiary undertakings is as below:

Name of related party	Registered office	% ownership	Class of shares
Subsidiary of MGHUK2:			
Macquarie Infrastructure and Real Assets (Europe) Limited ("MIRAEL")	Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom	100	Ordinary shares
Subsidiary of MIRAEL :			
Macquarie Korea Asset Management Co., Ltd.	9th Floor, Hanwha Building 109 Sogong-ro, Jung-gu Seoul 04525 Korea	100	Ordinary and Type 1 Preferred shares
		80.1	Type 2 Preferred shares

Note 12. Directors' remuneration

During the financial years ended 31 March 2020 and 31 March 2019, 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. Accordingly, no separate remuneration has been disclosed.

Macquarie Group Holdings (UK) No.1 Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2020

Note 13. Contingent liabilities and commitments

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

Note 14. Ultimate Parent undertaking

At 31 March 2020 the immediate parent undertaking of the Company is Macquarie Corporate International Holdings Pty Limited ("MCIHPL")

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

Note 15. Events after the reporting period

On 1 July 2020, the Company received a dividend of GBP 1,142,890,264 from its subsidiary MGHUK2, and subsequently paid up a dividend of the same amount to its parent MCIHPL.

On 12 September 2020, a dividend of GBP 2,000,000 was proposed and subsequently paid to its parent MCIHPL on 30 September 2020.

It is the intention of the Directors to liquidate the Company. Accordingly, the going concern basis of preparation is not appropriate for the Company and the financial statements have been presented on a basis other than going concern.