MACQUARIE EURO LIMITED

COMPANY NUMBER 07713808

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2018

MACQUARIE

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

2018 Strategic Report, Directors' Report and Financial Statements
Contents

Strategic Report
for the financial year ended 31 March 2018

In accordance with a resolution of the directors (the "Directors") of Macquarie Euro Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities
The principal activity of the Company is to invest in external loan assets and advance loans to other Macquarie Group entities in the Corporate and Asset Finance business.

Review of operations
The profit for the financial year ended 31 March 2018 was €7,597,598, a decrease of 11% from the profit of €8,563,505 in the previous financial year.

Net operating profit for the financial year ended 31 March 2018 was €8,780,755, a decrease of 22% from the operating profit of €11,211,811 in the previous financial year.

Total administrative expenses for the year ended 31 March 2018 were €4,317,300, a decrease of 32% per cent from €6,318,415 in the previous financial year.

As at 31 March 2018, the Company had net assets of €214,807,037 (2017: €84,107,995).

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 20.

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 effect of credit risk, liquidity risk. 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.

Credit risk
Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by RMG.

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

Strategic Report
for the financial year ended 31 March 2018 (continued)

Financial risk management (continued)
Market risk

The Company is exposed to market risk through its facilitation and market making activities. 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.

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 a group wide process of minimising exposure at an individual company level.

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

On behalf of the Board

Director R THOMPSON
17 DECEMBER 2018

Macquarie Euro Limited
Company Number 07713808

Directors' Report
for the financial year ended 31 March 2018

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 Joseph (resigned on 31 October 2018)
A Lilley (appointed on 18 July 2017)
K Pippin (resigned on 12 July 2017)
R Thompson
S Maharaj (appointed on 31 October 2018)

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 2018 was €7,597,598 (2017: €8,563,505).

Dividends paid or provided for
Dividends of €4,500,000 (2017: €38,000,000) were provided for and paid during the financial year.

No final dividend has been proposed.

State of affairs
On 21 November 2017, the Company issued 127,601,444 ordinary shares at €1 to its parent.

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 24 October 2018, APRA approved the return of capital by Macquarie Bank Ltd (MBL) to the Consolidated Entity that would follow the transfer of CAF's Principal Finance and Transportation Finance businesses (the 'Businesses') from MBL to Macquarie Financial Holdings Pty Limited (MFHPL), both 100% held subsidiaries of MGL.

On 2 November 2018, MBL, MGL, MHFPL and Macquarie B.H. Pty Ltd (MBHPL) (MBL's intermediate holding company), executed a Restructure Deed to transfer the Businesses with an effective date of 10 December 2018. The transfers are intended to simplify the Consolidated Entity's structure by better reflecting the latest activities of individual parts of the Businesses.

As part of this transter, MEL acquired external loans in Leo TU21 Emirates for $45.5m, Enwest for €2.2m, FIB3 for €31.5m, and Lusoponte for €10.5m.

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 2018 not otherwise disclosed in this report.

Directors' Report
for the financial year ended 31 March 2018 (continued)

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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;
- 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.

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
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware

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

On behalf of the Board

Director ROBERT THOMPSON

17 DECEMBER 2018

Independent auditors' report to the members of Macquarie Euro Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Euro Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, Directors' report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

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

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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Amena Shaista

Amena Shaista (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 December 2018

Financial Statements

Profit and loss account
For the financial year ended 31 March 2018

	Note	2018 €	2017 €
Interest receivable and similar income	4	**33,645,323**	31,124,297
Interest payable and similar charges	5	**(21,008,091)**	(15,974,030)
Administrative expenses	3	**(4,317,300)**	(6,318,415)
Other operating income	3	**460,823**	2,379,959
Operating profit		**8,780,755**	11,211,811
Profit on ordinary activities before taxation		**8,780,755**	11,211,811
Tax on profit on ordinary activities	6	**(1,183,157)**	(2,648,306)
Profit for the financial year		**7,597,598**	8,563,505

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

Profit on ordinary activities before taxation relate wholly to continuing operations.

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

Balance sheet
as at 31 March 2018

	Note	2018 €	2017 €
Fixed assets			
Loans and receivables	8	**112,825,014**	153,581,655
		112,825,014	153,581,655
Current assets			
Loans and receivables	8	**-**	71,848,414
Deferred tax assets	9	**17,614**	50,378
Debtors (includes 31 March 2018: €376,135,169 due after one year)	10	**1,171,674,913**	916,889,812
		1,171,692,527	988,788,604
Current liabilities			
Creditors: amounts falling due within one year	11	**(414,259,953)**	(337,945,749)
Net current assets		**381,297,405**	650,842,855
Total assets less current liabilities		**870,257,588**	804,424,510
Creditors: amounts falling due after more than one year	12	**(655,450,551)**	(720,316,515)
Net assets		**214,807,037**	84,107,995
Capital and reserves			
Called up share capital	13	**202,601,446**	75,000,002
Profit and loss account		**12,205,591**	9,107,993
Total shareholders' funds		**214,807,037**	84,107,995

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 8 to 26 were approved by the Board of Directors on 17 DECEMBER 2018 and were signed on its behalf by:

Director
R THOMPSON

Statement of changes in equity
for the financial year ended 31 March 2018

	Notes	Called up share capital €	Profit and loss account €	Total shareholders' funds €
Balance at 1 April 2016		75,000,002	38,544,488	113,544,490
Profit for the financial year		-	8,563,505	8,563,505
Total comprehensive income		-	8,563,505	8,563,505
Transactions with equity holders in their capacity as ordinary equity holders:				
Dividends paid	7	-	(38,000,000)	(38,000,000)
Balance at 31 March 2017		**75,000,002**	**9,107,993**	**84,107,995**
Profit for the financial year		**-**	**7,597,598**	**7,597,598**
Total comprehensive income		**-**	**7,597,598**	**7,597,598**
Transactions with equity holders in their capacity as ordinary equity holders:				
Issue of share capital on 21 November 2017	13	**127,601,444**	**-**	**127,601,444**
Dividends paid	7	**-**	**(4,500,000)**	**(4,500,000)**
Balance at 31 March 2018		**202,601,446**	**12,205,591**	**214,807,037**

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 2018

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.

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 financial years presented, unless otherwise stated.

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

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 of IAS 1, 'Presentation of financial statements':
  - o 10 (d), (statement of cash flows),
  - o 16 (statement of compliance with all IFRS),
  - o 38A (requirement for minimum of two primary statements, including cash flow statements),
  - o 38 B-D (additional comparative information), and
  - o 111 (cash flow statement information).
- 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 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 'Related Party Disclosures' 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.
- 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'.

Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity 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:

- fair value of financial liabilities (Note 11);
- impairment of loan assets held at amortised cost (Note 8); and
- recoverability of deferred tax assets and measurement of current tax liabilities (Note 6 and 9) .

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

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

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

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

(iii) Foreign currency translations
Functional and presentation currency
Items included in the financial statements of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Company's financial statements are presented in the presentation currency, which is also the Company's functional currency (Euro).

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

(iv) Revenue and expense recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Net interest income/expense
Interest income and expense are brought to account using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs associated with loans are capitalised and included in the effective interest rate and recognised in the profit and loss account over the expected life of the instrument.

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

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

(v) Other operating income
Net gains/(losses) arising from foreign currency transactions are accounted for as other operating income respectively.

Other operating income also includes write-back on provision for credit losses on loans and receivables.

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 2. Summary of significant accounting policies (continued)

(vi) Taxation

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

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 to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will 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 directly in equity are also recognised directly in equity.

The Company undertakes transactions in the ordinary course of business where the income tax treatment and recognition of deferred tax assets requires the exercise of judgement. The Company estimates its tax liability based on its understanding of the tax law.

(vii) Derivative instruments

Derivative financial instruments entered into by the Company include interest rate swaps.

All derivatives, including those held for hedging purposes, are recognised on the balance sheet and are disclosed as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate.

The best evidence of a derivative's fair value at initial recognition is the transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets. Where such alternative evidence exists, the Company recognises profits or losses immediately when the derivative is recognised.

(viii) Loans and receivables

This category includes loan assets held at amortised cost, other receivables 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. Loans and receivables are recognised on settlement date, when cash is advanced to the borrower.

(ix) Impairment

Loan assets held at amortised cost

Loan assets are subject to regular review and assessment for possible impairment. Provisions for impairment on loan assets are recognised based on an incurred loss model and re-assessed at each balance sheet date. A provision for impairment is recognised when there is objective evidence of impairment, and is calculated based on the present value of expected future cash flows, discounted using the original effective interest rate.

Notes to the financial statements (continued)
for the financial year ended 31 March 2017

Note 2. Summary of significant accounting policies (continued)

(ix) Impairment (continued)

Loan assets held at amortised cost (continued)

Individually assessed provisions for impairment are recognised where impairment of individual loans are identified. Where individual loans are found not to be impaired, they are placed into pools of assets with similar risk profiles and collectively assessed for losses that have been incurred but are not yet specifically identifiable.

The Company makes judgements as to whether there is any observable data indicating that there is a significant decrease in the estimated future cash flows before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Changes in assumptions used for estimating future cash flows could result in a change in the estimated provisions for impairment on loan assets at the end of a reporting period.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the profit and loss to the extent of what the amortised cost would have been had the impairment not been recognised.

When the Company concludes that there is no reasonable expectation of recovering cash flows from the asset and all possible collateral has been realised, the loan 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.

(x) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported on the balance sheet when there is a 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.

(xi) Called up share capital

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

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

	2018 €	2017 €
Note 3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after (crediting)/charging:		
Fee allocations to other Macquarie Group undertakings	**4,081,035**	6,077,824
Write-back of provision on loans for the financial year	**(484,707)**	(3,018,734)
Foreign exchange gains	**(3,684)**	(1,045)
Fees payable to the Company's auditors for the audit of the Company	**77,122**	44,038

The Company had no employees during the year (2017: nil).

Note 4. Interest receivable and similar income

	2018 €	2017 €
Interest receivable from other Macquarie Group undertakings	**18,095,682**	11,482,808
Interest receivable from unrelated parties	**15,549,641**	19,641,489
Total interest receivable and similar income	**33,645,323**	31,124,297

Note 5. Interest payable and similar charges

	2018 €	2017 €
Interest payable to other Macquarie Group undertakings	**21,008,091**	15,974,030
Total interest payable and similar expenses	**21,008,091**	15,974,030

Note 6. Tax on profit on ordinary activities

	2018 €	2017 €
Analysis of tax charge for the year:		
Current tax		
UK corporation tax at 19% (2017: 20%)	**(1,585,770)**	(2,015,326)
Adjustments in respect of prior years	**433,608**	(445,606)
Foreign tax suffered	**(105)**	-
Current tax	**(1,152,267)**	(2,460,932)
Deferred tax		
Origination and reversal of temporary differences	**(80,700)**	(227,036)
Foreign exchange difference	**45,955**	19,921
Effect of changes in tax rates	**3,855**	19,741
Total deferred tax	**(30,890)**	(187,374)
Tax on profit on ordinary activities	**(1,183,157)**	(2,648,306)

Factors affecting tax charge for the year:

The income tax expense for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

Notes to the financial statements for the financial year ended 31 March 2018 (continued)

Note 6. Tax on profit on ordinary activities (continued)

	2018 €	2017 €
Profit on ordinary activities before taxation	**8,780,755**	11,211,811
Profit on ordinary activities before taxation multiplied by standard rate corporation tax in the United Kingdom of 19% (2017: 20%)	**(1,668,343)**	(2,242,362)
Effects of:		
Adjustments to tax charge in respect of prior years	**479,563**	(445,606)
Foreign tax suffered	**(105)**	-
Foreign exchange difference	**3,855**	19,921
Effect of changes in tax rates	**1,873**	19,741
Total tax on profit on ordinary activities	**(1,183,157)**	(2,648,306)

The UK Government have enacted a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and a further reduction to 17% from 1 April 2020.

Note 7. Dividends paid

Dividends paid		
Dividend paid	**4,500,000**	38,000,000
Total dividends paid	**4,500,000**	38,000,000

Note 8. Loans and receivables at amortised cost

Loan assets held at amortised cost	**112,825,014**	225,430,069
Total loans and receivables at amortised cost	**112,825,014**	225,430,069

Loan assets held at amortised cost

Loans and receivables	**113,097,832**	226,188,597
Less: provision for credit losses	**(272,818)**	(758,528)
Total loan assets held at amortised cost	**112,825,014**	225,430,069

Included within this balance is an amount of €nil (2017: €71,848,414) which is expected to be recovered within 12 months of the balance sheet date by the Company.

Provision for credit losses

Balance at the beginning of the financial year	**758,528**	3,795,939
Written-back during the financial year	**(484,707)**	(3,018,734)
Attributable to foreign currency translation	**(1,003)**	(18,677)
Balance at the end of the financial year	**272,818**	758,528

The collective allowances for credit losses is intended to cover losses inherent in the existing overall credit portfolio.

Notes to the financial statements for the financial year ended 31 March 2018 (continued)

	2018 €	2017 €

Note 9. Deferred tax assets

	2018 €	2017 €
The balance comprises timing differences attributable to:		
Financial instruments	**17,614**	50,378
Total deferred tax assets	**17,614**	50,378
Reconciliation of the Company's movement in deferred tax assets:		
Balance at the beginning of the financial year	**50,378**	257,673
Timing differences:		
Deferred tax charged to profit or loss	**(82,574)**	(227,036)
Adjustments to tax in respect of prior years	**45,955**	-
Change in tax rate	**3,855**	19,741
Balance at the end of the financial year	**17,614**	50,378

Note 10. Debtors

	2018 €	2017 €
Amounts owed by other Macquarie Group undertakings[1]	**1,171,674,913**	916,889,812
Total debtors	**1,171,674,913**	916,889,812

Included within this balance is an amount of €376,135,169 due after one year (2017: €397,258,238). The Company derives interest on intercompany balances to Group undertakings at market rates and at 31 March 2018 the rate applied to £182,151,394 at LIBOR plus 1.49% and £50,000,000 at LIBOR plus 1.36% (2017: LIBOR plus 1.49%) and €263,681,638 at EURIBOR plus 1.15% (2017: Nil).

[1]Amounts owed by other Macquarie Group undertakings within one year are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2018 the rate applied ranged between LIBOR plus 1.15% and LIBOR plus 1.36% (2017: LIBOR plus 1.26% and LIBOR plus 1.67%).

Note 11. Creditors: Amounts falling due within one year

	2018 €	2017 €
Amounts owed to other Macquarie Group undertakings[1]	**412,928,559**	326,919,425
Other liabilities	**1,972**	279,475
Derivative liabilities	**104,562**	734,683
Taxation	**1,224,860**	10,012,166
Total creditors	**414,259,953**	337,945,749

[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 group undertakings at market rates and at 31 March 2018 the rate applied range was LIBOR plus 1.36% (2017: LIBOR plus 1.67%).

Note 12. Creditors: Amounts falling due after more than one year

	2018 €	2017 €
Amounts owed to other Macquarie Group undertakings	**655,450,551**	720,316,515
Total creditors	**655,450,551**	720,316,515

In order to fund the Company's acquisition of long term EUR and GBP assets, Macquarie Bank Limited (London Branch) provided long term debt funding of €250,000,000 and £232,151,394 (2017: €250,000,000 and £59,000,000) to the Company. In accordance with the terms of the loan, the loans have maturity dates of three years and more than one year respectively. The Company derives interest on intercompany balances owed to Group undertakings at 31 March 2018 the rate applied to €250,000,000 at LIBOR plus 1.36% (2017: LIBOR plus 1.36) and £232,151,394 at LIBOR plus 1.36% (2017:LIBOR plus 1.36%).

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 13. Called up share capital

	2018 Number of shares	2017 Number of shares	2018 €	2017 €
Ordinary share capital				
Opening balance of fully paid ordinary shares	**75,000,002**	75,000,002	**75,000,002**	75,000,002
Issue of 127,601,444 ordinary shares on 21 November 2017 at €1 per share	**127,601,444**	-	**127,601,444**	-
Closing balance of fully paid ordinary shares	**202,601,446**	75,000,002	**202,601,446**	75,000,002

Authorised share capital

The authorised share capital of the Company comprises of 202,601,446 (2017: 75,000,002) ordinary shares of €1 each.

Note 14. Profit and loss account

	2018 €	2017 €
Profit and loss account		
Balance at the beginning of the financial year	**9,107,993**	38,544,488
Profit for the financial year	**7,597,598**	8,563,505
Dividends paid	**(4,500,000)**	(38,000,000)
Balance at the end of the financial year	**12,205,591**	9,107,993
Total profit and loss account	**12,205,591**	9,107,993

Note 15. Directors' remuneration

During the financial years ended 31 March 2018 and 31 March 2017, 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 feasible. Accordingly, no separate remuneration has been disclosed.

Note 16. 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 17. *Financial risk management*

Risk management group

Risk is an integral part of the Macquarie Group's businesses. The main risks faced by the Group are market risk, credit risk, liquidity risk, interest rate risk, and foreign exchange risk. Responsibility for risk management lies at the business level. It is the responsibility of the Risk Management Group (RMG) to ensure appropriate assessment and management of these risks.

RMG is independent of all other areas of the Macquarie Group. RMG approval 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. The Head of RMG, as Macquarie's Chief Risk Officer, is a member of the Executive Committee of MGL and MBL and reports directly to the Chief Executive Officer with a secondary reporting line to the Board Risk Committee.

The risks which the Company are 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 (i.e. not differentiating where the risk is taken within Macquarie).

Notes to the financial statements for the financial year ended 31 March 2018 (continued)

Note 17.1 Credit risk

Credit risk is the risk of a counterparty failing to complete its contractual obligations when they fall due. The consequent loss is either the amount of the loan not repaid or the loss incurred in replicating a trading contract with a new counterparty.

Credit risk within the Company is managed on a group basis by the RMG at MGL.

The balances disclosed in the credit risk tables below exclude financial assets that are subject to risks other than credit risk, such as deferred tax assets.

Maximum exposure to credit risk

The table below details the concentration of maximum exposure to credit risk of the Company's assets, credit commitments and contingent liabilities by significant geographical locations and counterparty type. The maximum credit exposure is to each counterparty and does not take into consideration collateral or other credit enhancements. The geographical location is determined by the domicile and industry type of the counterparty.

2018	Amounts owed by other Macquarie Group undertakings €	Loans and receivables €	Total €
Australia			
Financial institutions	**783,188,295**	**-**	**783,188,295**
Total Australia	**783,188,295**	**-**	**783,188,295**
Europe, Middle East & Africa			
Other	**388,486,618**	**112,825,014**	**501,311,632**
Total Europe, Middle East & Africa	**388,486,618**	**112,825,014**	**501,311,632**
Total gross credit risk(1)	**1,171,674,913**	**112,825,014**	**1,284,499,927**

(1) Excludes non-financial assets totalling €17,614 which are included in note 9-Deferred tax assets.

2017	Amounts owed by other Macquarie Group undertakings €	Loans and receivables €	Total €
Australia			
Financial institutions	470,459,269	-	470,459,269
Total Australia	470,459,269	-	470,459,269
Europe, Middle East & Africa			
Other	446,430,543	225,430,069	671,860,612
Total Europe, Middle East & Africa	446,430,543	225,430,069	671,860,612
Total gross credit risk(1)	916,889,812	225,430,069	1,142,319,881

(1) Excludes non-financial assets totalling €50,378 which are included in note 9-Deferred tax assets.

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 17.1 Credit risk (continued)

Credit quality of financial assets

The table below details the credit quality of the Company's financial assets for the maximum exposure to credit risk. The credit quality is based on the individual counterparty's credit rating and industry type using the Company's credit rating system.

Credit quality - 2018

	Investment Grade €	Below Investment Grade €	Unrated €	Total €
Amounts owed by other Macquarie Group undertakings				
Financial institutions	783,188,295	-	-	783,188,295
Other	388,486,618	-	-	388,486,618
Loan and receivables				
Other	-	112,825,014	-	112,825,014
Total	1,171,674,913	112,825,014	-	1,284,499,927

(1) Excludes non-financial assets totalling €17,614 which are included in note 9-Deferred tax assets.

Credit quality - 2017

	Investment Grade €	Below Investment Grade €	Unrated €	Total €
Amounts owed by other Macquarie Group undertakings				
Financial institutions	470,459,269	-	-	470,459,269
Other	-	-	446,430,543	446,430,543
Loan and receivables				
Other	57,031,348	168,398,721	-	225,430,069
Total	527,490,617	168,398,721	446,430,543	1,142,319,881

(1) Excludes non-financial assets totalling €50,378 which are included in note 9-Deferred tax assets.

Notes to the financial statements for the financial year ended 31 March 2018 (continued)

Note 17.2 Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities.

Liquidity risk within the Company is managed on a group basis by Group Treasury with oversight from the Asset and Liability Committee and RMG.

Contractual undiscounted cash flows

The table below summarises the maturity profile of the Company's financial liabilities as at 31 March based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Company expects that many counterparties will not request repayment on the earliest date the Company could be required to pay.

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
2018	**€**	**€**	**€**	**€**	**€**
Amounts owed to other Macquarie Group undertakings	**412,928,559**	**-**	**-**	**655,450,551**	**1,068,379,110**
Derivative Liabilities	**104,562**	**-**	**-**	**-**	**104,562**
Total undiscounted cash flows	**413,033,121**	**-**	**-**	**655,450,551**	**1,068,483,672**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
2017	€	€	€	€	€
Amounts owed to other Macquarie Group undertakings	326,919,425	-	-	720,316,515	1,047,235,940
Derivative Liabilities	734,683	-	-	-	734,683
Total undiscounted cash flows	327,654,108	-	-	720,316,515	1,047,970,623

Note 17.3 Market risk

Market risk is the exposure to adverse changes in the value of the Company's trading portfolios/financial assets and liabilities as a result of changes in market prices or volatility. The Company is exposed to the following risks in each of the major markets in which it trades:

- foreign exchange: changes in spot and forward exchange rates and the volatility of exchange rates;
- interest rates: changes in the level, shape and volatility of yield curves and credit margins; and

The Company is also exposed to the correlation of market prices and rates within and across markets.

Market risk of the Company is managed on a globally consolidated basis for Macquarie Group as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk (i.e. not differentiating where the risk is taken within Macquarie) ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 17.3 Market risk (continued)

Interest rate risk

The Company has exposure to non-traded interest rate risk generated by interest bearing assets and liabilities.

The table below indicates the Company's exposure to movements in interest rates as at 31 March.

	Movement in basis points	2018 Sensitivity of equity after tax	2017 Sensitivity of equity after tax
		€	€
Great British pound	+50	3,068	21,046
Euro	+50	1,087,230	460,331
Other	+50	117	486
Great British pound	-50	(3,068)	(21,046)
Euro	-50	(1,087,230)	(460,331)
Other	-50	(117)	(486)

Foreign currency risk

The Company is exposed to foreign currency risk arising from transactions entered into in its normal course of business. Movement in foreign currency exchange rates will result in gains or losses in the profit and loss due to the revaluation of certain balances.

	Movement of +10%		Movement of -10%	
	2018 Sensitivity of equity after tax	2017 Sensitivity of equity after tax	2018 Sensitivity of equity after tax	2017 Sensitivity of equity after tax
Australian dollar	249	59	(249)	(59)
Great British pound	(152,512)	(170,776)	152,512	170,776
United States dollar	(208)	(25,182)	208	25,182

Notes to the financial statements for the financial year ended 31 March 2018 (continued)

Note 18. Fair values of financial assets and financial liabilities

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Financial instruments measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments:
- derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available (e.g. listed securities). If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated periodically to test that outputs reflect prices from observable current market transactions in the same instrument or other available observable market data. To the extent possible, models use only observable market data (e.g. for OTC derivatives), however management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument, such as volatility and correlation.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments which are carried at amortised cost:
- the fair values of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities; and
- the fair values of balances due from/to related entities are approximate to their carrying amount as the balances are generally short term in nature.

The fair values calculated for financial instruments which are carried on the statement of financial position at amortised cost are for disclosure purposes only. The methods and assumptions applied to derive these fair values, as described below, can require significant judgement by management and therefore may not necessarily be comparable to other financial institutions.

As at 31 March 2018 and 2017, all derivative liabilities are classified as level 2 in the fair value hierarchy.

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 19. Offsetting financial assets and financial liabilities

The company reports financial assets and financial liabilities on a net basis on the balance sheet when they meet the criteria described in Note 2(x) - Offsetting financial instruments. The following tables provide information on the impact of offsetting that has occurred in the balance sheet, as well as amounts subject to enforceable netting arrangements that do not qualify for offsetting in the balance sheet. The tables exclude amounts not subject to offsetting or enforceable netting arrangements.

	Amounts covered by enforceable netting arrangements						
	Subject to offsetting on balance sheet			Related amounts not offset			
2018	Gross amounts €	Amounts offset €	Net amount presented €	Other recognised financial instruments €	Net amount €	Amounts not subject to enforceable netting arrangements €	Balance Sheet total €
Amounts owed by other Macquarie Group undertakings	1,348,421,681	(176,746,767)	1,171,674,913	(768,829,420)	402,845,493	-	1,171,674,913
Total assets	1,348,421,681	(176,746,767)	1,171,674,913	(768,829,420)	402,845,493	-	1,171,674,913
Amounts owed to other Macquarie Group undertakings	(1,245,125,878)	176,746,767	(1,068,379,110)	768,829,420	(299,549,690)		(1,068,379,110)
Total liabilities	(1,245,125,878)	176,746,767	(1,068,379,110)	768,829,420	(299,549,690)	-	(1,068,379,110)

Notes to the financial statements
for the financial year ended 31 March 2018 (continued)

Note 19. Offsetting financial assets and financial liabilities (continued)

	Amounts covered by enforceable netting arrangements						
	Subject to offsetting on balance sheet			Related amounts not offset			
2017	Gross amounts €	Amounts offset €	Net amount presented €	Other recognised financial instruments €	Net amount €	Amounts not subject to enforceable netting arrangements €	Balance Sheet total €
Amounts owed by other Macquarie Group undertakings	1,023,297,453	(106,407,641)	916,889,812	(230,999,672)	685,890,140	-	916,889,812
Total assets	1,023,297,453	(106,407,641)	916,889,812	(230,999,672)	685,890,140	-	916,889,812
Amounts owed to other Macquarie Group undertakings	(1,153,643,581)	106,407,641	(1,047,235,940)	230,999,672	(816,236,268)	-	(1,047,235,940)
Total liabilities	(1,153,643,581)	106,407,641	(1,047,235,940)	230,999,672	(816,236,268)	-	(1,047,235,940)

Offsetting on balance sheet

Amounts are offset in accordance with the criteria described in Note 2(x) "Offsetting financial assets and liabilities" and are limited to the gross carrying values of the financial instruments. Therefore, when an asset is offset by a liability and the asset carrying value exceeds the liability carrying value, then the net amount presented for the asset will be the difference, and for the liability will be nil.

Amounts subject to enforceable netting arrangements

Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre-determined events, such that their potential effect on the consolidated entity's and company's financial position in that circumstance is to settle as one arrangement.

'Other recognised financial instruments' discloses other financial instruments recognised on the balance sheet and 'Cash and other financial collateral' discloses amounts received or pledged in relation to the gross amounts of assets and liabilities. Both are subject to enforceable netting arrangements but are not offset due to the rights of set off applying only upon default or other predetermined events. This excludes non-financial instrument collateral.

The amounts subject to enforceable netting arrangements but not set off on the balance sheet have been limited to the net amount presented on the balance sheet so as not to include effects of over-collateralisation.

Notes to the financial statements for the financial year ended 31 March 2018 (continued)

Note 20. Ultimate parent undertaking

At 31 March 2018, the immediate parent undertaking of the Company is Macquarie European Investment Holdings Limited.

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

Note 21. 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 in Note 20.

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.

Note 22. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the 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:
- ensure sufficient capital resource to support the Company's business and operational requirements; and
- *safeguard the Company's ability to continue as a going concern.*

Periodic reviews of the entity's capital requirements are performed to ensure the Company is meeting its objectives.

Capital is defined as share capital plus reserves, including profit and loss account.

Note 23. Derivative financial instruments

Objectives of holding derivative financial instruments

The Company uses derivatives to economically hedge for asset and liability management.

Interest rate swaps

Swap transactions provide for two parties to swap a series of cash flows in relation to an underlying principal amount, usually to exchange a fixed interest rate for a floating interest rate.

The derivative position represents interest rate swaps that the Company entered into with other Macquarie Group entities to economically hedge its asset and liability position.

As at 31 March 2018, the fair value of outstanding derivatives held by the Company was €104,562 negative value (2017: €734,683 negative value).

Note 24. Events after the reporting period

On 24 October 2018, APRA approved the return of capital by Macquarie Bank Ltd (MBL) to the Consolidated Entity that would follow the transfer of CAF's Principal Finance and Transportation Finance businesses (the 'Businesses') from MBL to Macquarie Financial Holdings Pty Limited (MFHPL), both 100% held subsidiaries of MGL.

On 2 November 2018, MBL, MGL, MHFPL and Macquarie B.H. Pty Ltd (MBHPL) (MBL's intermediate holding company), executed a Restructure Deed to transfer the Businesses with an effective date of 10 December 2018. The transfers are intended to simplify the Consolidated Entity's structure by better reflecting the latest activities of individual parts of the Businesses.

As part of this transter, MEL acquired external loans in Leo TU21 Emirates for $45.5m, Enwest for €2.2m, FIB3 for €31.5m, and Lusoponte for €10.5m.

There were no other material events subsequent to 31 March 2018 that have not been reflected in the financial statements.