

MACQUARIE LENDING & INVESTMENT PARTNERS LLP

REGISTRATION NUMBER OC363068

Board of Managers' Report and Financial Statements
for the financial year ended 31 March 2016



MACQUARIE

The LLP's registered office is:

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

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Macquarie Lending & Investment Partners LLP

2016 Board of Managers' Report and Financial Statements Contents

	Page
Board of Managers' Report	2
Independent Auditors' Report to the members of Macquarie Lending & Investment Partners LLP	4
Profit and loss account	6
Balance sheet	7
Notes to the Financial Statements	
Note 1. Summary of significant accounting policies	8
Note 2. Operating loss	10
Note 3. Interest receivable and similar income	10
Note 4. Interest payable and similar charges	10
Note 5. Debtors	10
Note 6. Creditors: Amounts falling due within one year	11
Note 7. Loans and other debts due to members	11
Note 8. Contingent liabilities and assets	12
Note 9. Transition to FRS 101	12
Note 10. Ultimate Parent undertaking	12
Note 11. Principal place of business	12
Note 12. Events after the reporting period	12

Macquarie Lending & Investment Partners LLP

Board of Managers' Report for the financial year ended 31 March 2016

The Board of Managers of Macquarie Lending & Investment Partners LLP ("the Partnership") submits the following report, in respect of the financial year ended 31 March 2016.

Members of the Board of Managers

The Managers who held office as a member of the Board of Managers throughout the year and until the date of this report, unless disclosed otherwise, were:

James Duffy	
Hayden Forrester	(appointed 16 June 2016)
Paul Gregg	(resigned on 12 April 2016)
David Prince	

At the date of this report, the Secretaries of the Company are:

Diana Delgado	(appointed 01 August 2016)
Eileen Plaza	
Amanda Michael	(resigned 22 June 2016)

Principal activities

The Partnership was incorporated on 23 March 2011. The principal activities of the Partnership during the year were to invest in notes issued by Macquarie Commodities (UK) Limited ("MCOM") and Macquarie Aerospace Limited ("MAL"), and to provide loans to Macquarie Aircraft Leasing Limited ("MALL").

Results and distributions

The loss for the financial year ended 31 March 2016 was US\$6,719,981 (2015: US\$7,245,162 profit).

As at 31 March 2016, a distribution of US\$19,000,000 (2015: US\$8,500,000) was paid to the members - Macquarie Financial Holdings (USA) LLC and Macquarie Americas Holdings Pty Ltd.

The results for the financial year are set out in the profit and loss account on page 6.

State of affairs

During the year the Partnership had two members - Macquarie Financial Holdings (USA) LLC, the majority member and Macquarie Americas Holdings Pty Ltd, the minority member.

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

Review of operations

The profit attributable to members of the Partnership for the financial year ended 31 March 2016 was US\$12,280,019 (2015: US\$15,745,162), and primarily comprised of interest income.

Events after the reporting period

At the date of this report, the Board of Managers are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Partnership, the results of those operations or the state of affairs of the Partnership in the financial years subsequent to 31 March 2016 not otherwise disclosed in this report.

Macquarie Lending & Investment Partners LLP

Board of Managers' Report for the financial year ended 31 March 2016

Statement of Board of Managers' responsibilities

The Board of Managers is responsible for preparing the Board of Managers' Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts) Regulations 2008 as amended by the Companies and Partnerships (Accounts and Audit) Regulations, 2013 (the "Regulations") requires the Members to prepare financial statements for each financial year. Under that law the Members have prepared the partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships the Members 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 partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the Board of Managers is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Members in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

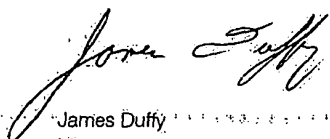
The Board of Managers is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Board of Managers is aware, there is no relevant audit information of which the Partnership's auditors are unaware. The Board of Managers have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Independent Auditors

The Board of Managers has appointed PricewaterhouseCoopers LLP as auditors of the Partnership. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the Board



James Duffy
Manager
20 December 2016

Independent auditors' report to the managers of Macquarie Lending & Investment Partners LLP

Report on the financial statements

Our opinion

In our opinion, Macquarie Lending & Investment Partners LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2016 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.
-

What we have audited

Macquarie Lending & Investment Partners LLP's financial statements comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the managers have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the managers

As explained more fully in the Statement of Board of Managers' Responsibilities set out on page 3, the managers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the managers of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other

purpose. We do not, in giving this opinion, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the managers; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the managers' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Hinchliffe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 December 2016

Macquarie Lending & Investment Partners LLP

Profit and loss account for the financial year ended 31 March 2016

	Note	2016 US\$	2015 US\$
Administrative expenses		(17,246)	(16,140)
Other operating (expense)/income		(812)	664
Operating loss	2	(18,058)	(15,476)
Interest receivable and similar income	3	26,977,137	26,959,306
Interest payable and similar charges	4	(14,679,060)	(11,198,668)
Profit for the financial year before members' remuneration		12,280,019	15,745,162
Members' remuneration charged as an expense	7	(19,000,000)	(8,500,000)

The results above derive from continuing activities.

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.

The above profit and loss account should be read in conjunction with the accompanying notes on pages 8 to 12.

Macquarie Lending & Investment Partners LLP

Balance sheet as at 31 March 2016

	Note	2016 US\$	2015 US\$
Current assets			
Debtors	5	2,073,789,995	1,985,380,430
Current liabilities			
Creditors: amounts falling due within one year	6	(2,062,120,056)	(1,966,990,510)
Net current assets		11,669,939	18,389,920
Total assets less current liabilities		11,669,939	18,389,920
Net assets attributable to members of the LLP		11,669,939	18,389,920

Represented by:

Total Members' Interests¹

Loans and other debts due to members

Members' capital classified as a liability

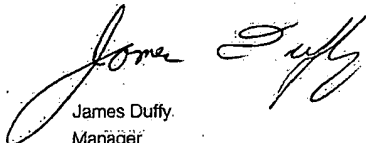
Members' other interests

Total Members' Interests¹

7	10,050,000	10,050,000
7	1,619,939	8,339,920
	11,669,939	18,389,920

The above balance sheet should be read in conjunction with the accompanying notes on pages 8 to 12.

The financial statements on pages 6 to 12 were approved at a meeting of the Board of Managers and signed on their behalf by:



James Duffy
Manager

20 December 2016

Macquarie Lending & Investment Partners LLP

Notes to the Financial Statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies

The Partnership is a limited liability partnership and is incorporated and domiciled in the United Kingdom. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

i) Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006 ("the Act") applicable to entities using FRS 101 as applied to limited liability partnerships by the Partnerships (Accounts) Regulations 2008, amended by the Companies and Partnerships (Accounts and Audit) Regulations, 2013.

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 European Union ("EU") adopted International Financial Reporting Standards ("IFRS").

The Partnership is a 'qualifying entity' for the purposes of FRS 101. Note 10 gives details of the Partnership's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The Partnership has availed the following exemptions from the disclosure requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of IAS 7 'Statement of Cash Flows'
- 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
- the requirements of paragraphs 130(f)(i), 130(f)(ii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

These are the first financial statements of the Partnership prepared in accordance with FRS 101. The Partnership's date of transition to FRS 101 was 1 April 2014. Note 9 provides details of the impact of adopting FRS 101 on the Partnership's previously adopted accounting policies.

The Partnership previously prepared its financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

The principal accounting policies adopted in the preparation of this financial report and that of the previous financial year are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

ii) Members' capital

In accordance with International Accounting Standard 32, Partners' capital is classified as a liability in accordance with the Partnership agreement.

The subscription and repayment of amounts subscribed to by Members and drawings by Members will be governed by Macquarie Lending & Investment Partners LLP Limited Liability Partnership Deed.

Macquarie Lending & Investment Partners LLP

Notes to the Financial Statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies

iii) 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:

Interest income and expense

Interest income is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts 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 over the expected life of the instrument. Interest income on finance leases is brought to account progressively over the life of the lease consistent with the outstanding investment balance.

Interest receivable from and payable to other Macquarie Group entities has been disclosed on a gross basis in the profit and loss account. The balance sheet has been disclosed on a net basis as there is a legal right of set off and an intention to settle net or simultaneously.

iv) Other operating income/(expense)

Net profit or loss arising from foreign currency transactions is accounted for as other operating income.

v) Foreign currency translations

Functional and presentation currency

The functional currency of the Partnership is the United States Dollar. Items included in the financial statements of the Partnership are measured using the currency of the primary economic environment in which the Partnership operates (the functional currency). The Partnership's financial statements are presented in the presentation currency, which is also the Partnership's functional currency.

Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

vi) Income tax

For income tax purposes, profits and losses of the Partnership are passed through to the members. As a result, no tax provision is reflected in the financial statements of the Partnership. Taxes related to the partnership tax returns are not significant and, when applicable, are included in other operating expenses on the profit and loss account.

vii) Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Initially these are measured at the amount of the net proceeds after deducting issue costs and are subsequently measured at amortised cost using the effective interest method. This is the amount recognised at initial recognition, minus principal repayments, minus any reduction for impairment and plus or minus the interest cost/income which are allocated to periods over the term of the loan at a constant rate.

viii) Impairment

Loans and receivables

Loans and receivables are subject to regular review and assessment for possible impairment. Provisions for impairment are recognised in the profit and loss account and re-assessed at each reporting date.

If, in a subsequent year, the amount of impairment losses decrease and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment losses are reversed through the profit and loss account to the extent of the impairment earlier recognised. Bad debts are written off in the year in which they are identified.

Macquarie Lending & Investment Partners LLP

Notes to the Financial Statements for the financial year ended 31 March 2016

	2016 US\$	2015 US\$
Note 2. Operating loss		
Loss on ordinary activities is stated after (crediting)/charging:		
Foreign exchange losses/(gains)	812	(664)
Auditors' remuneration:		
Fees payable to the Partnership's auditors for the audit of the Partnership	14,779	14,377
The Partnership had no employees during the year (2015: nil).		

Note 3. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	26,977,137	26,959,306
Total interest receivable and similar income	26,977,137	26,959,306

Note 4. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	14,679,060	11,198,668
Total interest payable and similar charges	14,679,060	11,198,668

Note 5. Debtors		
Amounts owed by other Macquarie Group undertakings	2,073,789,995	1,985,380,430
Total debtors	2,073,789,995	1,985,380,430

Debtors represent amounts receivable from Macquarie Group undertakings which are in the form of unsecured notes/loans with maturity dates as specified below. The Partnership derives interest on these notes and loans and the rate applied is LIBOR plus a margin. The rates are mentioned below.

For the year ended 31st March 2016

Group Undertaking	Amount	Maturity Date	Rates
Macquarie Commodities (UK) Limited	810,497,399	4/4/2016	12m USD LIBOR + Margin 0.60%
Macquarie Aerospace Limited	656,711,118	2/15/2017	1m USD LIBOR + Margin 1.00%
Macquarie Aircraft Leasing Limited	606,581,483	2/28/2017	1m USD LIBOR + Margin 1.00%

For the year ended 31st March 2015

Group Undertaking	Amount	Maturity Date	Rates
Macquarie Commodities (UK) Limited	708,482,825	4/6/2015	12m USD LIBOR + Margin 0.65%
Macquarie Aerospace Limited	654,697,920	5/15/2015	1m USD LIBOR + Margin 0.65%
Macquarie Aircraft Leasing Limited	622,199,685	5/29/2015	1m USD LIBOR + Margin 1.87%

Macquarie Lending & Investment Partners LLP

Notes to the Financial Statements for the financial year ended 31 March 2016

	2016 US\$	2015 US\$
Note 6: Creditors: Amounts falling due within one year		
Amount owed to other entities in the Macquarie Group ¹	14,557,387	21,424,072
Redeemable preferred interests ²	2,047,562,669	1,945,566,438
Total creditors	2,062,120,056	1,966,990,510

¹ Amount owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Partnership incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2016 the rate applied was LIBOR plus 1.62% (2015: LIBOR plus 1.61%).

² The Redeemable Preferred Interests (RPI) represents 2,040 fully paid redeemable preferred interests. The interests are redeemable at US\$1,000,000 by the LLP on the 9th anniversary of the closing date, or, at any time before that date, at the option of either the LLP or the RPI Holder, upon 5 business day's notice to the other party. All redeemable preferred interests are on issue to Macquarie Financial Holdings (USA) LLC.

Note 7: Loans and other debts due to members

Members' capital classified as a liability:		
Opening balance	10,050,000	10,050,000
Contribution during the year		
Closing balance	10,050,000	10,050,000

Members' other interests:		
Amount brought forward from the previous year	8,339,920	1,094,758
Profit for the financial year before members' remuneration and profit shares	12,280,019	15,745,162
Members' remuneration charged as an expense ¹	(19,000,000)	(6,500,000)
Closing balance	1,619,939	8,339,920

Members' capital and loan contribution are classified as debt rather than equity since the Partnership is in existence for a fixed term.

¹ Members' remuneration charged as an expense was paid out to the members of the Partnership - Macquarie Financial Holdings (USA) LLC - US\$18,905,500 (2015: US\$8,457,500) and Macquarie Americas Holdings Pty Ltd - US\$94,500 (2015: US\$42,500).

Macquarie Lending & Investment Partners LLP

Notes to the Financial Statements for the financial year ended 31 March 2016

Note 8. Contingent liabilities and assets

The Partnership has no (2015: nil) commitments or contingent assets/liabilities which are individually material or a category of commitments or contingent liabilities which are material.

Note 9. Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Partnership prepared its financial statements in accordance with UK GAAP. The Partnership has adopted FRS 101 and the financial statements for the year ended 31 March 2016 are the first the Partnership prepared in accordance with FRS 101. Accordingly, the accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015. No transitional impact was identified in respect to the statement of financial position, the statement of comprehensive income, or the entity's equity at the date of transition or the end of the comparative period, and therefore no additional reconciliation to demonstrate the impact of the adoption of the FRS 101 has been presented.

Note 10. Ultimate Parent undertaking

At 31 March 2016 the immediate parent undertaking of the Partnership is Macquarie Financial Holdings (USA) LLC.

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

Note 11. Principal place of business

The Partnership's principal place of business is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

Note 12. Events after the reporting period

At the date of this report, the Board of Managers are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Partnership, the results of those operations or the state of affairs of the Partnership in the financial years subsequent to 31 March 2016 not otherwise disclosed in this report.