

MACQUARIE LENDING & INVESTMENT PARTNERS LLP

Registration Number OC363068

Board of Managers' Report and Financial Statements
for the financial year ended 31 March 2023



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Macquarie Lending & Investment Partners LLP

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Macquarie Lending & Investment Partners LLP

Board of Managers' Report for the financial year ended 31 March 2023

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 2023.

Members of the Board of Managers

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

J Oswald
J Tang
R Thompson

Principal activities

The principal activity of the Partnership during the year ended 31 March 2023 was to provide intercompany funding to other Macquarie related entities.

Results

The profit for the financial year ended 31 March 2023 was US\$56,167,308 (2022: US\$15,648,111).

Distributions

During the financial year, a distribution of US\$62,000,000 (2022: Nil) was paid to the members of the Partnership.

State of affairs

In March 2023, the Partnership redeemed 514,146,087 Common Units and paid the resulting consideration of US\$597,400,000 in a proportionate amount to its members, Macquarie Corporate Holdings Pty Limited (UK Branch) and Macquarie Financial Holdings Pty Limited.

In March 2023, Macquarie Group Investments (UK) No.2 Limited settled a loan owed to the Partnership of US\$397,400,000, the proceeds from which were used to fund a redemption in Common Units held by the members of the Partnership.

Review of operations

The profit for the financial year ended 31 March 2023 was US\$56,167,308, as compared to the profit of US\$15,648,111 in the previous year, the primary reason for increase in profit is due to movement in net interest income by US\$40,634,048 which is majorly on account of increase in interest rates.

As at 31 March 2023, the Partnership had net assets of US\$622,575,655 (2022: US\$1,225,808,347). There are no other material drivers of this movement other than that which is already disclosed in the state of affairs.

Going Concern

The Partnership has an excess of current assets over current liabilities at 31 March 2023 of US\$2,436,818. The Partnership continues to be profitable and the Managers expect the current business will continue for the foreseeable future.

The Managers have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future (which has been taken as at least 12 months from the date of approval of the financial statements). No material uncertainties that cast significant doubt about the ability of the Partnership to continue as a going concern have been identified by the Managers. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

Events after the reporting period

As on the date of this report, the Managers are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Partnership, the results of the Partnership's operations, or the state of affairs of the Partnership in the financial years subsequent to 31 March 2023 not otherwise disclosed in this report.

Macquarie Lending & Investment Partners LLP

Board of Managers' Report for the financial year ended 31 March 2023 (continued)

Likely developments, business strategies and prospects

Russia-Ukraine conflict

The risk presented by the Russia-Ukraine conflict is managed by the Partnership within the framework of the overall strategy and risk management structure of the Macquarie Group (Macquarie Group comprising Macquarie Group Limited ("MGL"), the ultimate parent of the Partnership, and its subsidiaries).

The continued impact and uncertainty surrounding the Russia-Ukraine conflict have been monitored throughout the year for the Partnership by risk management group (RMG). There was no significant direct financial impact and the Partnership has continued to operate effectively throughout the period.

Global inflation and high interest rates

The Managers have assessed the impact of the high interest rate and high inflationary environment on the Partnership. During the current financial year, interest rates have increased substantially leading to a material increase in net interest income. There were no other material impact on profit or financial position of the Partnership.

The Managers believe that no other significant changes are expected other than those already disclosed in this report.

Indemnification and insurance of the Board of Managers

As permitted by the LLP Agreement, the Board of Managers have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements. The ultimate parent purchased and maintained throughout the financial year Managers' liability insurance in respect of the Partnership and its Managers.

Statement of Managers' responsibilities in respect of the financial statements

The Managers are 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 and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the Managers to prepare financial statements for each financial year. Under that law the Managers 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, as applied to limited liability partnerships, Managers 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 the financial statements, the Managers are required to:

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

The Managers are responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Managers are also 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 and enable them to ensure that the financial statements comply with the Regulations (previously defined).

Macquarie Lending & Investment Partners LLP

Board of Managers' Report for the financial year ended 31 March 2023 (continued)

Other matters

The Managers recognise that failure to manage environmental and social risks could affect the communities, environment and other external parties, and expose the Partnership to commercial, reputational and regulatory impacts. As a subsidiary of the Macquarie Group, the Partnership has committed to the Group's Environmental, Social and Governance (ESG) approach, which is structured around focus areas considered to be material to our business and stakeholders. Assessing and managing Macquarie Group-wide environmental and social risks is a key business priority and an important component of Macquarie's broader risk management framework, to which the Partnership is subject.

Managers' confirmations

In the case of each Manager in office at the date of the Board of Managers' Report:

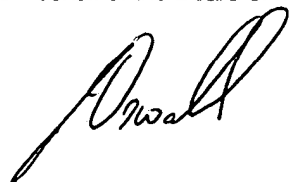
- so far as the Managers are aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Managers in order to make themselves aware of any relevant audit information and to establish that the Partnership's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

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

Independent Auditors

Pursuant to the Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), the auditors of the Partnership are deemed re-appointed for each financial year unless the Board of Managers or the members of the Partnership resolve to terminate their appointment. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Managers are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board of Managers,



Jennifer Oswald
Manager

03 November 2023

Macquarie Lending & Investment Partners LLP

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

	Note	2023 US\$	2022 US\$
Interest receivable and similar income	4	56,916,453	15,501,374
Interest payable and similar expenses	4	(795,049)	(14,018)
Net interest income		56,121,404	15,487,356
Administrative expenses	4	(34,650)	(54,877)
Other operating income	4	80,554	215,632
Net operating profit		56,167,308	15,648,111
Profit for the financial year before members' remuneration and profit share available for discretionary division among members		56,167,308	15,648,111

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 for the financial year before members' remuneration and profit share available for discretionary division among members relate wholly to continuing operations.

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

Macquarie Lending & Investment Partners LLP

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Balance sheet as at 31 March 2023

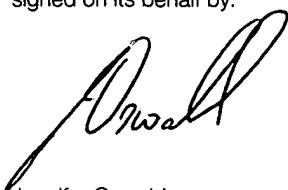
	Note	2023 US\$	2022 US\$
Non-current assets			
Loan assets	5	620,218,276	346,782,467
Current assets			
Debtors	6	10,074,002	880,413,679
Current liabilities			
Creditors: amounts falling due within one year	7	(7,637,184)	(1,303,206)
Net current assets/(liabilities)		2,436,818	879,110,473
Total assets less current liabilities		622,655,094	1,225,892,940
Provisions for liabilities	8	(79,439)	(84,593)
Net assets		622,575,655	1,225,808,347
Net assets attributable to members of the LLP		622,575,655	1,225,808,347

Represented by:

Total members' interests			
Members' capital classified as a liability	9	579,069,159	1,176,469,159
Members' other interests	9	43,506,496	49,339,188
Total Members' interests		622,575,655	1,225,808,347

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 5 to 14 were authorised for issue by the Board of Managers on 02 November 2023 and signed on its behalf by:



Jennifer Oswald
Manager
03 November 2023

Macquarie Lending & Investment Partners LLP

Statement of changes in Members' other interest for the financial year ended 31 March 2023

	Note	Total Members' other interest US\$
Balance at 1 April 2021		33,691,077
Profit for the financial year before Members' remuneration and profit share		15,648,111
Total comprehensive income		49,339,188
Balance at 31 March 2022	9	49,339,188
Profit for the financial year before Members' remuneration and profit share		56,167,308
Total comprehensive income		105,506,496
Distribution of profits to members		(62,000,000)
Balance at 31 March 2023	9	43,506,496

The above Statement of changes in Members' other interest should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Macquarie Lending & Investment Partners LLP

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

Note 1. General information

The Partnership was formed as a Limited Liability Partnership under the laws of the United Kingdom on 23rd March 2011. The Limited Liability Partnership's registered office is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

The principal activity of the Partnership during the financial year ended 31 March 2023 was to provide intercompany funding to other Macquarie related entities.

Note 2. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006 ("the Act") as applied to limited liability partnerships by the Limited Liability Partnerships (Account and Audit) Regulations, 2008 and as amended by the Companies and Partnerships (Accounts and Audit) Regulations, 2013 (the "Regulations").

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

(i) Going concern

As at 31 March 2023, the Partnership had net assets of US\$622,575,655 (2022: US\$1,225,808,347). The Managers have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future (which has been taken as at least 12 months from the date of approval of the financial statements). No material uncertainties that cast significant doubt about the ability of the Partnership to continue as a going concern have been identified by the Managers. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

(ii) Basis of measurement

The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention.

(iii) Disclosure exemptions

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

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

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of 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 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).

(iv) 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 Partnership and the financial statements such as:

- determining the appropriate business model for a group of financial assets which includes determining the level at which the business model condition is applied and whether past or expected sales activity is consistent with a held to collect business model; and
- choice of inputs, estimates and assumptions used in the measurement of Expected Credit Losses ("ECL") including the determination of significant increase in credit risk ("SICR"), forecasts of economic conditions and the weightings assigned thereto (Note 3(viii)).

Macquarie Lending & Investment Partners LLP

Notes to the financial statements

for the financial year ended 31 March 2023 (continued)

Note 2. Basis of preparation (continued)

(iv) Critical accounting estimates and significant judgements (continued)

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

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

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

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

Note 3. Significant accounting policies

(i) Foreign currency translations

Functional and presentation currency

The functional currency of the Partnership is determined as the currency of the primary economic environment in which the Partnership operates. The Partnership's financial statements are presented in 'United States Dollar' (USD), which is also the Partnership's functional currency.

Transactions and balances

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

At the end of each reporting period, foreign currency monetary assets and liabilities are translated using the closing exchange rate.

Foreign exchange gains and losses arising from the settlement or translation of monetary items are recognised in other operating income.

(ii) Revenue and expense recognition

Net interest income/expense

Interest income and interest expense are recognised using the effective interest rate ("EIR") method for financial assets, and financial liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation of the EIR does not include ECL.

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

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

Other operating income

Other operating income comprises other gains and losses relating to foreign exchange differences and credit impairment charges recognised in the profit and loss account.

Expenses

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

(iii) Taxation

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 income in the profit and loss account.

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

Macquarie Lending & Investment Partners LLP

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

Note 3. Significant accounting policies (continued)

(iv) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

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

The best evidence of a financial instrument's fair value at initial recognition is its 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.

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:

- are entered into at the same time and in contemplation of one another;
- have the same counterparty;
- relate to the same risk;
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction; and
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the balance sheet when:

- the contractual rights to cash flows have expired; or
- the Partnership has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Partnership:

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

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

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

Financial liabilities

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

Classification and subsequent measurement

Financial assets

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

Macquarie Lending & Investment Partners LLP

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

Note 3. Significant accounting policies (continued)

(iv) Financial instruments (continued)

Classification and subsequent measurement (continued)

Business model assessment

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

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

The Partnership exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets.

Solely payment of principal and interest (SPPI)

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

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method where:

- i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements;
- iii. the financial asset has not been designated to be measured at FVTPL ("DFVTPL").

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

Financial liabilities

Financial liabilities are subsequently measured at amortised cost and where applicable, the interest component of financial liabilities is recognised as interest and similar expense.

Offsetting of financial instruments

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

(v) Loan assets

This category includes loans that are not held for trading purposes and typically includes amounts due after more than 12 months from related Macquarie Group entities.

Loan assets are initially recognised on settlement date at fair value (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 3(iv) Financial Instruments.

(vi) Provisions and contingent liabilities

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

Contingent liabilities are either possible obligations whose existence will be confirmed only by uncertain future events, or they are present obligations where a transfer of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless an outflow of economic resources is remote.

(vii) Due to/from related entities

Transactions between the Partnership and group companies principally arise from the provision of lending arrangements and intercompany services and transactions and are accounted for in accordance with Note 3(ii) *Revenue and expense recognition* and Note 3(iv) *Financial Instruments*. Financial assets and financial liabilities are presented net where the offsetting requirements are met (Note 3(iv)), such that the net amount is reported in the balance sheet.

Macquarie Lending & Investment Partners LLP

Notes to the financial statements

for the financial year ended 31 March 2023 (continued)

Note 3. Significant accounting policies (continued)

(viii) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and loan commitments. The Partnership applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking information ("FLI").

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

The ECL is determined with reference to the following stages:

(i) Stage 1 – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk ("SICR") since initial recognition, ECL is determined based on the probability of default ("PD") over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI, adjusted for FLI. Stage 1 also includes financial assets where the credit risk has improved and has been reclassified from stage 2.

(ii) Stage 2 – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Partnership applies its judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity adjusted, where appropriate, for prepayments, extension, call and similar options, of the financial asset. For revolving facilities, the Partnership exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Stage 2 may include financial assets where the credit risk has improved and has been reclassified from stage 3.

(iii) Stage 3 – Lifetime ECL credit-impaired

Financial assets are classified as stage 3 where they are determined to be credit impaired, which generally matches the definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

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

Presentation of loss allowances

The ECL allowances are presented in the balance sheet as follows:

- Amount owed by other Macquarie group entities in Debtors – as a deduction to the gross carrying amount.

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

(ix) Members' capital

In accordance with International Accounting Standard (IAS 32), all Members' capital and loan contributions are classified as debt rather than equity since the Partnership is in existence for a fixed period.

The subscription and repayment of amounts subscribed to by Managers and drawings by Managers will be governed by the Partnership Agreement and the requirements of IAS 32.

Macquarie Lending & Investment Partners LLP

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

	2023 US\$	2022 US\$
Note 4. Net operating profit		
Net operating profit stated after crediting/(charging):		
Net interest income		
Interest receivable and similar income from ¹ :		
Other Macquarie Group undertakings	56,916,453	15,501,374
Total interest receivable and similar income	56,916,453	15,501,374
Interest payable and similar expenses to ² :		
Other Macquarie Group undertakings	(795,049)	(14,018)
Total interest payable and similar expenses	(795,049)	(14,018)
Net interest income	56,121,404	15,487,356
Administrative expenses		
Resource charge from Macquarie Group undertakings	(196)	(349)
Auditors' remuneration:		
Fees payable to the Partnership's auditors for the audit of the Partnership ³	(34,454)	(54,528)
Total administrative expenses	(34,650)	(54,877)
Other operating income		
Credit impairment reversals relating to debtors ⁴	69,483	224,796
Foreign exchange gain/(losses)	11,071	(9,164)
Total other operating income	80,554	215,632
Net operating profit	56,167,308	15,648,111
The Partnership had no employees during the current and previous financial year.		
¹ Represents interest income calculated using the effective interest method of US\$56,916,453 (2022: US\$15,501,374) on the financial assets in the Partnership that are measured at amortised cost.		
² Represents interest expense of US\$795,049 (2022: US\$14,018) on the financial liabilities measured at amortised cost.		
³ Fees payable to the Partnership's auditors for current financial year includes Nil (2022: US\$24,474) relating to previous financial years.		
⁴ The change in expected credit losses relating to financial assets under IFRS 9 is recorded under Credit impairment charges.		
Note 5. Loan assets		
Amounts owed by other Macquarie Group undertakings ¹	620,218,276	346,782,467
Total loan assets	620,218,276	346,782,467
¹ Amounts owed by other Macquarie Group undertakings are unsecured.		
At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of US\$776,830 (2022: US\$464,298) which is net presented against the gross carrying amount.		
Note 6. Debtors		
Amounts owed by other Macquarie Group undertakings ¹	8,899,487	879,162,950
Foreign tax credit	1,174,515	1,250,729
Total debtors	10,074,002	880,413,679
¹ Amounts owed by other Macquarie Group undertakings are unsecured.		
At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of US\$11,186 (2022: US\$495,714) which is net presented against the gross carrying amount.		
Note 7. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings ¹	7,637,184	1,303,206
Total creditors	7,637,184	1,303,206
¹ Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment.		

Macquarie Lending & Investment Partners LLP

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

	2023 US\$	2022 US\$
Note 8. Provisions for liabilities		
Other provisions ¹	79,439	84,593
Total provisions	79,439	84,593

¹Provision relates to non recoverable indirect taxes.

The above amounts are expected to be settled after 12 months of the reporting date by the Partnership.

Note 9. Loans and other debts due to members

Members' capital classified as a liability under IAS 32:

Opening balance	1,176,469,159	1,176,469,159
Redemption of common units	(597,400,000)	-
Closing balance	579,069,159	1,176,469,159

Members' other interests:

Amounts brought forward from the previous financial year	49,339,188	33,691,077
Profit for the financial year before Members' remuneration and profit share	56,167,308	15,648,111
Distribution of profits to members ^{1, 2}	(62,000,000)	-
Closing balance	43,506,496	49,339,188
Total Members' interests	622,575,655	1,225,808,347

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

As at 31 March 2023, net asset value of US\$ 622,575,655 (2022: US\$ 1,225,808,347) represents the aggregate amount attributable to Members in the Partnership.

²Refer to Note 3(ix).

Note 10. Related party information

As 100% of the voting rights of the Partnership are controlled within the group headed by Macquarie Group Limited (MGL), incorporated in Australia, the Partnership 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 Partnership is included, can be obtained from the address given in Note 12.

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

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

The Partnership 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 11. Contingent liabilities and commitments

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

Note 12. Ultimate parent undertaking

At 31 March 2023 the members of the Partnership are Macquarie Corporate Holdings Pty Limited (UK Branch) and Macquarie Financial Holdings Pty Limited.

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

Note 13. Events after the reporting period

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

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

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Lending & Investment Partners LLP's financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Board of Managers' Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2023; the Profit and loss account and the Statement of changes in Members' other interest 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 partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the *Statement of Managers' responsibilities in respect of the financial statements*, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to 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 we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance, and applying management bias in the determination of accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inquiries of members and those charged with governance, including review of meeting minutes in so far as they relate to the financial statements, and consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Applying risk-based criteria to all journal entries posted in the audit period, including consideration of backdated entries, post-close entries and those journals posted by a defined group of unexpected users.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the members 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 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 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the partnership, 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.



Lauren Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 November 2023