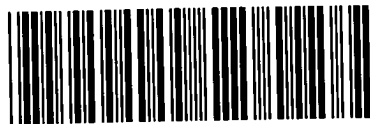


Registration number: 05675754

Vantage Infrastructure (UK) Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019

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Vantage Infrastructure (UK) Limited

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Vantage Infrastructure (UK) Limited

Company Information

Directors	Timothy Cable
	Valeria Rosati
	Catherine Jones
	Jeremy Bassil
Registered office	2nd floor 50 St. Mary Axe London EC3A 8FR
Auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report on Vantage Infrastructure (UK) Limited ("the Company") for the year ended 31 December 2019.

Review of the business

The Company is an independent, specialist investment manager focused on building relevant debt and equity solutions within the infrastructure sector to address the Company's clients' needs and intends to grow Assets Under Management by structuring relevant debt and equity investments for existing clients and current undrawn commitments and by raising additional capital from existing and new clients. The company is actively in the market seeking new sources of capital to facilitate this growth.

The key activities undertaken by the Company are:

- Marketing activities to raise new capital with respect to infrastructure equity and infrastructure debt separate mandate accounts.
- The provision of specialist investment management services with respect to infrastructure equity and infrastructure debt investments to the Company's mandate clients.
- The provision of specialist investment management services with respect to infrastructure equity and infrastructure debt investments in the United Kingdom and Europe to Vantage Infrastructure (USA) Inc's ("Vantage USA") mandate clients in accordance with an Intragroup Service Agreement in place between the Company and Vantage USA.
- The provision of group corporate functions to Vantage USA, Vantage Infrastructure (Asia) Pte Ltd ("Vantage Asia") and Vantage Infrastructure (Australia) Pty Ltd ("Vantage Australia") in accordance with an Intragroup Service Agreement in place between the Company, Vantage USA, Vantage Asia and Vantage Australia.
- The provision of asset management services for United Kingdom based assets to Gardior Pty Ltd as trustee for The Infrastructure Fund under an Asset Management Agreement (AMA) (AMA terminated and asset management services ceased effective 31 December 2019).

After the acquisition of the Company by Northhill UK Management Holdings Limited and transition from the former owner in 2018, the Company has focused on maintaining the strength of existing client relationships resulting in increased financial commitments from some clients in 2019. Business development and capital raising strategies were implemented in 2019 focused on raising new capital in the debt and equity business. The directors believe the company is well positioned to meet Asset Under Management and Revenue targets in 2020 and beyond.

Key performance indicators

The key performance indicators of the Company are shown below:

		2019	2018
		£	£
Assets under management	(1)	3,059,625,000	2,818,174,000
Revenue	(2)	10,047,345	12,028,154
Employee, Administrative and Other Operating Expenses	(2)	9,012,104	11,341,335
Current ratio (total current assets / total current liabilities)	(3)	1.89	2.05

(1) as at year-end

(2) current year (12 months) versus prior period (15 months)

(3) current ratio indicates the Company remains financially secure and can cover its liabilities

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Business performance and position

The Company recorded a loss of £610,182 in the year (2018: loss of £919,986). Excluding equity settled share based payment expenses (see note 5 - Staff costs), the Company recorded a loss of £116,529 in the year (2018: loss of £574,869).

The Company's total assets at 31 December 2019 were £9,233,853 (31 December 2018: £8,150,699).

The Company's net assets at 31 December 2019 were £4,688,771 (31 December 2018: £4,811,547).

Principal risks and uncertainties

The Company operates in a highly competitive market. The Company manages the risk of operating in such environments by offering competitive prices, providing value added services and maintaining strong relationships with its clients.

Vantage Enterprise Risk Management Framework

A key element of risk management in the Company is the Vantage Enterprise Risk Management Framework (the "Framework"). Its aim is to:

- identify and capture potential risks that may harm or disrupt the firm;
- monitor effectiveness of risk controls and processes; and
- facilitate a safe and well organised operating framework.

The scope of the Framework covers enterprise risk across all Vantage office locations; operational, administration and support activities; and core outsourced services.

COVID-19 risk

As of December 2019, the first coronavirus (COVID-19) outbreak was reported in China and after the virus spreading globally, the World Health Organisation declared the global outbreak as a pandemic on the 11 March 2020. The nature of the event has resulted in immediate global economic impacts on a micro and macro level.

The Company has assessed that there are no material impacts on Assets Under Management, revenues and liquidity in the short to medium term. Impacts in the long term are less certain and dependent on local and global reactions and recovery times related to COVID-19 issues which are not yet known. The Company has assessed however, that the Company is sufficiently capitalised and has sufficient AUM and revenue to support and sustain operations in the long term based on current market conditions and current analysis of COVID-19 impacts.

The Company has activated its Business Continuity Plan (BCP) in response to the guidance issued by the UK government and staff have been instructed to work remotely for an indefinite period to reduce social contact as far as possible and with the aim of enabling the Company to continue to operate safely. The Company has been able to continue to operate without any operational issues and no adverse financial impacts are expected as a result of working for an indefinite period under the BCP.

Market risk

The Company is exposed to economic conditions which might affect its ability to execute on investment strategies. This risk is mitigated by operating in multiple jurisdictions and monitored by the Executive Committee, Risk Committee and via quarterly business updates to the Company Board of Directors.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Liquidity risk

The Company manages the risk of not being able to meet its obligations when they fall due by maintaining sufficient cash to meet its obligations at all times. The Company's liquidity position is managed by a centralised finance function and short-term and long-term funding projections which are constantly reviewed and monitored by the Executive Committee and the Company Board of Directors to ensure that all funding requirements are adequately covered.

Interest rate risk

The Company has no external borrowings hence the subsequent interest rate risk is considered immaterial. An increase in interest rates is unlikely to have an immediate and direct impact on the Company's performance.

Counterparty risk

The Company is exposed to the risk that counterparties will default on their contractual obligations to pay fees, resulting in a financial loss. The Directors believe that the size and quality of the Company's clients, together with strong client relationships and engagement, developed over a significant timeframe, mitigates this risk.

Foreign exchange risk

The Company has chosen GBP as its functional currency reflecting the fact that a substantial amount of the turnover is denominated in GBP. The Directors therefore believe that GBP should be the presentation currency. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction; the Company has decided not to hedge currency exposure. The Company manages foreign exchange risk centrally via its finance function in London.

Brexit risk

The decision by the UK public to leave the European Union ("Brexit") is a risk exposure for the Company. The Company's Executive Committee and the Company's Risk and Compliance function including the Risk Committee are responsible for assessing and managing risks arising due to Brexit. The highest risk area assessed for the Company is the potential (temporary or permanent) loss of the Company's right to 'passport' fund ("AIFMD") and advisory ("MiFID") services into the EU. This impacts two existing clients for the Company where the Company potentially uses its MiFID (advisory) passport to advise the Republic of Ireland based clients. Brexit could similarly impact future European Economic Area ("EEA") mandate activity from the UK by the Company and the ability of the Company to market future funds to investors in the EEA as a result of the uncertainty relating to the potential loss of marketing and advisory passports.

The Company continues to monitor UK's position during the transition period currently in place until the end of 2020 with the added 'Temporary Permissions Regime' in operation for up to 3 years afterwards. Potential options to minimise the adverse impact include potential re-structuring of existing relationships and agreements and consideration of future structuring options for new mandates and funds. The Company's majority shareholder, Northill, has an Irish Collective Asset Management Vehicle established in the Republic of Ireland that is available to the Company to utilise for restructuring existing mandates and for new mandates and funds that minimises the risk exposure of Brexit to the Company.

An additional risk area for the Company include the macro-economic impacts such as the impact on investment deal-flow and the valuation and performance of Vantage managed European assets. In the interim, the view is that the macro-economic risks may not ultimately have a long-term impact on the Company.

Advice will be sought on the above, as appropriate, once the regulatory position is communicated by the government and becomes clearer.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Environmental, Social and Governance (ESG) matters

The Company aims to make informed and transparent investment decisions, which consider the environmental and social risks of an investment, while ensuring appropriate reporting and risk management governance structures to mitigate and manage these risks for clients.

The Company uses its proprietary 'active ESG integration approach', which spans the full lifecycle of an investment, for the Company's clients. The approach focuses on structured and rigorous ESG risk identification and assessment prior to making or recommending an investment, followed by regular monitoring and reviews of investments in the asset management phase to identify and manage issues and capture opportunities as they emerge.

Following the ownership change in 2018, ESG was deliberately elevated to one of Vantage's strategic priorities. Since then, Vantage has enhanced its ESG strategy, innovated its client reporting, promoted ESG across its portfolio and through thought leadership, implemented comprehensive ESG staff training and embedded a sustainability culture throughout the business. This programme of actions has resulted in substantial progress and industry award recognition.

In 2019, the business' commitment to ESG and sustainable investing was acknowledged externally. For its first submission, Vantage was awarded A+ for its approach to ESG strategy and governance and A for ESG integration across both its Equity and Debt asset classes by the United Nations Principles for Responsible Investment (PRI). Vantage also received a 5 Star Rating and first place ranking within its peer group by GRESB. All of its managed equity portfolio companies achieved a 5 Star Rating, with two named Asset Sector Leaders in their respective categories.

As part of its efforts to improve transparency and communication on ESG and sustainability matters, the business has also introduced diversity reporting and issued its inaugural Sustainability Report in early 2020.

Climate change and TCFD reporting

Vantage recognises that climate change is a critical global issue, affecting its potential and existing investments and their stakeholders, either directly through its physical impact or as a result of transition risk. As a sustainable infrastructure asset manager, Vantage is committed to assessing climate-related risks and opportunities, managing their implications and those arising from the energy transition, and driving positive climate mitigation and adaptation actions where possible.

After a period of initiatives conducted to progress the adoption of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations at both manager and investment levels, in early 2020 Vantage became a TCFD supporter, championing the Task Force's critical work in driving transparent analysis and ownership of climate-related investment risks and opportunities. The endorsement confirms that integrating climate change considerations is a pillar of Vantage's investment and asset management activities.

In 2019, Vantage researched extensively the TCFD recommendations, their implications for both Vantage and its investment companies in terms of governance, strategy, risk management and reporting, and the steps existing clients were planning to take towards TCFD adoption.

Vantage acknowledges that completing the implementation of the TCFD recommendations of the fullest extent will require further time and work, including on enhancing data collection and analysis to drive informed decisions in the future in light of the threats and opportunities that climate change presents.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Governance

As per Vantage's ESG and Sustainable Investment Policy, roles have been clearly defined across the firm's governance bodies and senior leaders, with all investment professionals accountable for climate-related considerations, within the broader ESG remit:

- **Board oversight:** The Vantage Board is responsible for overseeing the ESG strategy, approving the ESG policy and monitoring its implementation, with climate change being a key component of this strategy. Vantage's Risk Committee, Executive Committee and Board are also responsible for identifying, assessing and managing risks to the business, including climate-related risks.
- **ESG leader:** A Senior Partner champions climate change analyses and initiatives and, as a member of the Vantage Board, leads the Board's involvement in Vantage's ESG and climate change strategy, processes and initiatives.
- **Investment Committees:** The Debt and Equity Investment Committees review and challenge any climate change assessments and their impact on investment decisions.
- **ESG Working Group:** The Working Group develops and improves toolkits to ensure consistent implementation of climate change processes and TCFD action plans.
- **Investment teams:** The investment teams are responsible for identifying and managing climate change risks for new and existing investments and reporting them to the relevant committee.

In 2019, Vantage also focused on increasing internal climate-related knowledge, skills and abilities at all levels of its organisation, by arranging training on climate-related issues, including on the TCFD recommendations and the EU Taxonomy.

Strategy

Our strategic response to climate change includes the following actions for Vantage and its Equity and/or Debt businesses:

- **Engage with clients on climate change** - keep abreast of clients' requirements in terms of analysis and reporting
- **Integrate climate-related considerations into investment decisions** - use risk assessment tools developed in house to systematically identify, assess and manage climate-related risks and opportunities across the investment life cycle
- **Actively engage with portfolio companies on climate change issues** - understand how they approach these issues and/or influence the development of climate change strategies
- **Encourage climate-related reporting by portfolio companies** - ensure climate-related risks are included within portfolio companies' risk registers, collect existing data and/or request information to support decision making
- **Perform climate-related risk assessments of portfolio companies** - work with portfolio companies to determine the materiality, risk to value/pricing and time horizon of climate-related risks and opportunities
- **Promote TCFD adoption at investment level** - ensure climate-related risks and opportunities are incorporated or drive changes in governance, strategy, risk management systems and climate-related metrics and targets reporting
- **Ensure management alignment** - include KPIs in management incentive plans to address climate-related issues and progress the implementation of TCFD recommendations, where possible and relevant
- **Support climate mitigation/adaptation actions at investment level** - lead, invest and monitor carbon reduction and climate resilience improvement initiatives

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

As per its strategy, in 2019 Vantage engaged with its equity investments and performed an indicative risk assessment aligned with the TCFD framework, which showed certain companies' businesses are more exposed to transition and physical risks. Vantage chose to develop more detailed qualitative and quantitative scenario analyses for those investments as a priority, while continuing to engage with the other investee companies to develop implementation plans. Results, actions and next steps were shared with clients in comprehensive ESG reports.

Risk management

Climate-related risks are integrated into Vantage's risk management processes (to manage risks to Vantage) and investment processes (to manage risks to portfolio investments, which may impact Vantage's clients and own business).

Vantage's risk management framework governs the firm's arrangements to monitor and assess the adequacy and effectiveness of its procedures, controls, risk management measures and actions. Those include regular updates and reviews by Vantage's Risk Committee and Board of risk management policies and its risk register, which ranks all identified risks by impact and likelihood.

Among Vantage's investment policies, its ESG and Sustainable Investment Policy describes how the firm integrates ESG considerations, including climate-related factors, into its investment processes.

Proprietary risk assessment frameworks have been developed by the Equity and Debt investment teams to consistently identify, evaluate and manage ESG factors at every stage of the investment process. 'Resilience to Climate Change' is one of the key environmental factors being assessed pre- and post-investment within these frameworks using our in-house tools.

The Equity team also designed a climate-related risk assessment tool in line with TCFD guidance to analyse in more detail the materiality, risk and timeline of transition risks (policy and regulation/technology/market/reputation), physical risks (acute/chronic) and opportunities. The analysis can be performed on potential/existing investments and presented to the Equity Investment Committee and/or client(s). Where possible and material, scenario analyses are also run to assess and possibly quantify the financial and value implications of climate-related factors.

During the asset management phase, Vantage encourages TCFD adoption at investment level to embed climate-related considerations into companies' risk management processes. For instance, the Equity team ensures climate-related risks are included in companies' own risk registers.

Metrics and targets

Vantage has been working with a number of its investee companies to ensure accurate metrics in relation to climate change are being reported and appropriate targets are being set, including through GRESB and its own questionnaires. Metrics include energy usage, carbon emissions and savings, water usage and volumes of waste and recycling.

Approved by the Board on 22 April 2020 and signed on its behalf by:

Tim Cable

.....
Timothy Cable
Director

Vantage Infrastructure (UK) Limited

Directors' Report for the Year Ended 31 December 2019

The directors of Vantage Infrastructure (UK) Limited present their report and the financial statements for the year ended 31 December 2019.

Company information

The Company is a private company, incorporated and domiciled in the United Kingdom (UK). The address of its registered office is 2nd floor, 50 St. Mary Axe, London, EC3A 8FR, UK.

The Company was incorporated on 16 January 2006. The immediate parent entity of the Company is Vantage Infrastructure Holdings Limited, itself a subsidiary of Northill UK Management Holdings Limited.

Directors of the Company

The directors, who held office during the year, were as follows:

Timothy Cable

Valeria Rosati

Catherine Jones

Jeremy Bassil

Principal activity

The principal activity of the Company is the provision of specialist investment management services, focused on debt and equity solutions within the infrastructure sector, to clients. Further information can be found in the Strategic Report. The Company is authorised and regulated by the Financial Conduct Authority to advise on investments.

Results and dividend

The Company recorded a loss of £610,182 in the year (2018: loss of £919,986).

No dividends were paid during the year (2018: £nil).

Financial risk management

Information on the manner in which the Company manages financial risk is disclosed in Note 22 to the financial statements. In particular, the Company's exposure to credit risk, foreign exchange risk and liquidity risk are separately disclosed in that note.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent Auditor

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 22 April 2020 and signed on its behalf by:

Tim Cable

.....
Timothy Cable
Director

Vantage Infrastructure (UK) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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. They 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.

Vantage Infrastructure (UK) Limited

Independent Auditor's Report to the Members of Vantage Infrastructure (UK) Limited

Opinion

We have audited the financial statements of Vantage Infrastructure (UK) Limited (the "company") for the period ended 31 December 2019, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - effects of Covid-19

We draw attention to Notes 2 and 25 of the financial statements, which describe the economic disruption the Company is facing as a result of COVID-19, which is impacting financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Vantage Infrastructure (UK) Limited

Independent Auditor's Report to the Members of Vantage Infrastructure (UK) Limited (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 9], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Vantage Infrastructure (UK) Limited

Independent Auditor's Report to the Members of Vantage Infrastructure (UK) Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP.

Mike Gaylor (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

23 April 2020

Vantage Infrastructure (UK) Limited

Income Statement for the Year Ended 31 December 2019

	Note	Year to Dec 2019 £	15 months to Dec 2018 £
Revenue	3	10,047,345	12,028,154
Employee benefits expense	5	(6,627,399)	(8,345,726)
Service fees		(1,631,376)	(1,178,755)
Administrative expenses		(2,091,781)	(2,739,836)
Depreciation	9	(86,954)	(75,669)
Foreign exchange (loss)/gain		16,465	(35,805)
Other operating expenses	6	<u>(292,924)</u>	<u>(255,773)</u>
Operating loss		(666,624)	(603,410)
Finance costs		<u>(22,493)</u>	<u>-</u>
Loss before tax		(689,117)	(603,410)
Income tax receipt/(expense)	7	<u>78,935</u>	<u>(316,576)</u>
Loss for the year		<u>(610,182)</u>	<u>(919,986)</u>

The above results were derived from continuing operations.

Vantage Infrastructure (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Year to Dec 2019 £	15 months to Sep 2018 £
Loss for the year/year	<u>(610,182)</u>	<u>(919,986)</u>
Total comprehensive income for the year/year	<u>(610,182)</u>	<u>(919,986)</u>

The notes on pages 18 to 41 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

(Registration number: 05675754)

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	9	233,455	304,732
Right of use assets	10	550,764	-
Investments in subsidiaries, joint ventures and associates		-	2
Deferred tax assets	7	68,767	41,265
Other non-current financial assets	12	629,013	952,339
		<u>1,481,999</u>	<u>1,298,338</u>
Current assets			
Trade and other receivables	13	6,041,498	4,206,304
Cash and cash equivalents	14	1,710,356	2,646,057
		<u>7,751,854</u>	<u>6,852,361</u>
Total assets		<u>9,233,853</u>	<u>8,150,699</u>
Equity and liabilities			
Equity			
Share capital	15	4,625,551	4,625,551
Share premium		3,649,442	3,649,442
Other reserves		838,770	345,117
Retained earnings		(4,424,992)	(3,808,563)
Total equity		<u>4,688,771</u>	<u>4,811,547</u>
Non-current liabilities			
Long term lease liabilities	16	442,422	-
		<u>442,422</u>	<u>-</u>
Current liabilities			
Current portion of long term lease liabilities	16	191,942	-
Trade and other payables	18	2,129,153	1,605,292
Provisions	17	1,781,565	1,733,860
		<u>4,102,660</u>	<u>3,339,152</u>
Total liabilities		<u>4,545,082</u>	<u>3,339,152</u>
Total equity and liabilities		<u>9,233,853</u>	<u>8,150,699</u>

Approved by the Board on 22 April 2020 and signed on its behalf by:

Tim Cable

Timothy Cable
Director

The notes on pages 18 to 41 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Note	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2019		4,625,551	3,649,442	345,117	(3,808,563)	4,811,547
Loss for the year		-	-	-	(610,182)	(610,182)
Total comprehensive income		-	-	-	(610,182)	(610,182)
Share based payment transactions	5	-	-	493,653	-	493,653
Impact of change in accounting policy		-	-	-	(6,247)	(6,247)
At 31 December 2019		4,625,551	3,649,442	838,770	(4,424,992)	4,688,771

	Note	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 October 2017		4,625,551	3,649,442	(1,556,741)	(2,888,577)	3,829,675
Loss for the period		-	-	-	(919,986)	(919,986)
Total comprehensive income		-	-	-	(919,986)	(919,986)
Share based payment transactions	5	-	-	345,117	-	345,117
HLTIP grants/(forfeitures)		-	-	90,787	-	90,787
Amortisation of HLTIP grants	5	-	-	1,310,911	-	1,310,911
HLTIP deferred tax	7	-	-	155,043	-	155,043
At 31 December 2018		4,625,551	3,649,442	345,117	(3,808,563)	4,811,547

The notes on pages 18 to 41 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year/year		(610,182)	(919,986)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		86,954	75,669
Depreciation on right of use assets		161,661	-
Finance costs	4	22,493	-
Amortisation of lock-in shares	5	501,055	341,145
Income tax expense	7	(78,935)	316,576
HLTIP amortisation		-	1,310,912
Adjustments for operating items within equity:			
HLTIP grants to employees and HLTIP deferred tax		-	90,787
Share based payment transactions		493,653	345,117
		576,699	1,560,220
Working capital adjustments			
Increase in trade and other receivables	13	(335,194)	(1,096,280)
Increase in trade and other payables	18	620,394	536,166
Increase/(decrease) in provisions	17	47,705	(1,684,601)
Cash generated from operations		909,604	(684,495)
Income taxes received/(paid)	7	51,433	(85,698)
Net cash flow from operating activities		961,037	(770,193)
Cash flows from investing activities			
Acquisitions of property plant and equipment	9	(15,677)	(169,171)
Acquisition of other financial assets	12	(177,730)	(1,293,484)
Net cash flows from investing activities		(193,407)	(1,462,655)
Cash flows from financing activities			
Repayment of other borrowing		(1,500,000)	(1,000,000)
Payments to finance lease creditors		(203,331)	-
Net cash flows from financing activities		(1,703,331)	(1,000,000)
Net decrease in cash and cash equivalents		(935,701)	(3,232,848)
Cash and cash equivalents at 1 January		2,646,057	5,878,905
Cash and cash equivalents at 31 December		1,710,356	2,646,057

The notes on pages 18 to 41 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

Vantage Infrastructure (UK) Limited is a private company limited by share capital, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is 2nd floor, 50 St. Mary Axe, London, EC3A 8FR, UK.

During the year the principal activity of the Company is to provide specialist investment management services with respect to infrastructure equity and infrastructure debt investments to clients.

2 Accounting policies

Statement of compliance

The Company financial statements have been prepared in accordance with International Financial Reporting Standards and as adopted by the EU ("IFRS's") and as applied in accordance with the provisions of the Companies Act 2006. IFRS comprises standards and interpretations approved by the International Accounting Standards Board ("IASB").

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Going concern

The financial statements have been prepared on a going concern basis. There are no material uncertainties casting significant doubt on the entity's ability to continue as a going concern.

The long-term market impacts of the COVID-19 virus are at this point uncertain. However, the Directors do not believe that there will be a significant impact on operations or the entity's ability to continue as a going concern.

As of December 2019, the first coronavirus (COVID-19) outbreak was reported in China and after the virus spreading globally, the World Health Organisation declared the global outbreak as a pandemic on the 11 March 2020. The nature of the event has resulted in immediate global economic impacts on a micro and macro level.

The Company has assessed that there are no material impacts on Assets Under Management, revenues and liquidity in the short to medium term. Impacts in the long term are less certain and dependent on local and global reactions and recovery times related to COVID-19 issues which are not yet known. The Company has assessed however, that the Company is sufficiently capitalised and has sufficient AUM and revenue to support and sustain operations in the long term based on current market conditions and current analysis of COVID-19 impacts.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

The Company has activated its Business Continuity Plan (BCP) in response to the guidance issued by the UK government and staff have been instructed to work remotely for an indefinite period to reduce social contact as far as possible and with the aim of enabling the Company to continue to operate safely. The Company has been able to continue to operate without any operational issues and no adverse financial impacts are expected as a result of working for an indefinite period under the BCP.

Exemption from preparing group accounts

The financial statements contain information about Vantage Infrastructure (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Vantage Infrastructure Holdings Limited, a company incorporated in United Kingdom.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2019 and have had an effect on the financial statements:

IFRS 16, 'Leases' (effective 1 January 2019)

IFRS 16 Leases addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

The Company has adopted the modified retrospective approach and accordingly prior year balances have not been restated.

The adoption of IFRS 16 using the modified retrospective approach has resulted in an adjustment to retained earnings, representing the impact of applying IFRS 16 to leases which started prior to the adoption of IFRS 16. The difference between the IAS 17 and IFRS 16 expense is shown below:

	IFRS 16	IAS 17	Difference
	£	£	£
Property lease	102,186	96,532	5,654
Other lease	10,829	10,236	593
Impact of change in accounting policy	113,015	106,768	6,247

None of the other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2019 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to infrastructure funds management.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

(i) Fees

Management and service fees are recognised in the accounting period in which the respective services are rendered. Management fees represent fees earned by the Company for providing investment management services to individual account mandate clients in accordance with investment management agreements between the Company and the applicable individual account mandate client. Performance fees may also arise in accordance with investment management agreements; performance fees are recognised in the accounting period in which the performance fee is crystallised.

Service fees in the prior year (up to 28 February 2018) represent fees earned for providing investment advisory and asset management services to a subsidiary of the Company's previous immediate parent company, HMPL.

Service fees from 28 February 2018 represent service fees earned for providing investment advisory and asset management services and group corporate functions to Vantage USA, Vantage Asia and Vantage Australia in accordance with the Vantage Infrastructure Intragroup Services Agreement, as well as fees for the provision of asset management services to Gardior Pty Ltd as trustee for The Infrastructure Fund.

(ii) Dividends and distributions

Dividends are recognised as revenue when the right to receive payment is established. Trust distributions are recognised on an entitlements basis.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Expenses

Expenses are recognised when the Company has a present obligation as a result of a past event that can be reliably measured. Expenses are recognised on an accruals basis and measured at fair value of the consideration paid or made payable. Expenses are recognised if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheet.

Placement agent fees

From time to time the Group may enter into exclusive placement agency agreements with providers who will seek to raise investor monies. Placement agency fees are directly attributable to, and are incremental costs associated with, the acquisition of committed investor monies which generate a future benefit for the Group in the form of on-going management fees.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Placement agency retainer fees

Retainer amounts paid to placement agents for the placement services a placement agent contractually commits to undertake are recognised as an “other asset” on the balance sheet until such time as the retainer amount is either:

- applied against gross placement fees levied by the placement agent upon the successful commitment by an investor or drawdown of investor capital (as applicable); or
- in the case of refundable retainers, until such time as the balance of the unutilised retainer amount is refunded by the placement agent at end of the contract period.

Where there is uncertainty as to whether placement agent fees will be generated against which non-refundable retainers that have been paid can be applied, the non-refundable retainer that is considered unlikely to be utilised is expensed immediately as an “other expense” in the profit and loss account. This scenario would apply where a fund is not expected to be established as anticipated and thus capital will not be committed or drawn from investors.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in pounds sterling, which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions, being transactions in a currency other than the functional currency, are translated into 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 profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within revenue or operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary tax differences and losses.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Depreciation is calculated on a straight line basis, net of an asset's residual value, over the estimated useful life of the asset, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	2.5 - 20 years
Computer hardware and software	2.5 - 4 years
Leasehold improvements	2.5 - 20 years

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recorded at fair value through profit or loss upon initial recognition. Costs incidental to the acquisition of subsidiaries are recognised in the profit or loss when incurred.

Purchases and sales of subsidiaries that require delivery within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the subsidiary.

After initial recognition, subsidiaries are measured at the lower of cost and recoverable amount. Any reduction to the recoverable amount is recognised as an impairment loss in the statements of comprehensive income.

Other financial assets

Other financial assets represent shares issued under the Vantage Long Term Incentive Plan. Refer to the Employee benefits accounting policy note for detail.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Fund establishment costs

Recoverable fund establishment costs relate to fund set up related fees and costs paid by the Company that, in accordance with contractual arrangements, are recoverable by the Company from a proposed fund product offering for which the Company is to act as manager.

Recoverable fund establishment costs are recognised as an asset on the Company's balance sheet where it is anticipated that the fund product offering will successfully close (i.e. it is anticipated that the fund will be raised).

Where there is uncertainty as to whether fund establishment costs will be recovered, fund establishment costs are recognised in the profit and loss account as they are incurred. This scenario would apply where a fund product offering is not expected to be established as anticipated.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and short term bonus expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term obligations

The liability for annual leave and long term bonus which are not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Share-based payments

i) Vantage Long Term Incentive Plan ("VLTIP")

Vantage Infrastructure Holdings Limited ("VIHL") and its subsidiaries ("the Group") operates a long term incentive plan for certain employees of the Group, including employees of the Company, to better attract and retain key employees, and provide improved alignment between investor returns and growth in the equity value of the Group. The plan became effective on 28th February 2018 however no VLTIP will be issued to employees for the first 2 years.

Each eligible employee that receives a gross VLTIP amount will have any tax liabilities related to the gross VLTIP deducted by the Company. The net VLTIP amount for each eligible employee is applied to purchase Ordinary shares in VIHL.

Where Ordinary shares are purchased for eligible employees, the Company accounts for the fair value of these Ordinary shares at the fair value at issue date. Future fair values will be based on an annual external valuation of the Group.

Any amounts paid in respect of the gross VLTIP, either in the form of purchase price paid for the Ordinary shares, or income tax and on-costs on the value of the gross VLTIP are initially recognised as a financial asset, and amortised over the vesting period of the shares.

Where shares are issued at par value, the outstanding fair value of the shares is charged to the Statement of Comprehensive Income and credited to the share based payment reserve.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. All benefits are payable within 12 months of the reporting date.

3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Management fees	9,699,553	9,661,780
Service fees	330,000	2,159,522
Interest/other	17,792	-
Performance fees	-	206,852
	<u>10,047,345</u>	<u>12,028,154</u>

15% of the Company's fee revenue (2018: 33%) is attributable to geographical markets outside the United Kingdom.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Finance income and costs

	2019 £	2018 £
Finance costs		
Interest expense on leases - Property	(21,417)	-
Interest expense on leases - Other	(1,076)	-
Total finance costs	<u>(22,493)</u>	<u>-</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	4,716,842	4,848,092
Social security costs	442,507	540,175
Other post-employment benefit costs	199,041	357,557
Redundancy costs	-	134,340
Share-based payment expenses	994,709	2,306,854
Other employee expense	274,300	158,708
	<u>6,627,399</u>	<u>8,345,726</u>

An analysis of Share-based payment expenses is shown below. Refer also to note 12, Other financial assets, and note 19, Share-based payments.

	2019 £	2018 £
HLTIP amortisation	-	1,310,911
HLTIP dividend	-	309,681
Amortisation of Vantage lock-in shares	501,056	341,145
Equity settled share based payment expense	493,653	345,117
	<u>994,709</u>	<u>2,306,854</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Directors	2	2
Other	21	18
	<u>23</u>	<u>20</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Other operating expenses

	2019	2018
	£	£
Placement agent fees	<u>292,924</u>	<u>255,773</u>

For further details in connection with placement agent fees refer to Note 2 - Accounting policies.

7 Income tax

Tax charged/(credited) in the income statement

	2019	2018
	£	£
Current taxation		
UK corporation tax adjustment to prior periods	(51,433)	(126,572)
Deferred taxation		
Arising from origination and reversal of temporary differences	(27,502)	288,105
Arising from reclassification from equity to profit or loss	<u>-</u>	<u>155,043</u>
Total deferred taxation	<u>(27,502)</u>	<u>443,148</u>
Tax (receipt)/expense in the income statement	<u>(78,935)</u>	<u>316,576</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Income tax (continued)

	2019 £	2018 £
Loss before tax	<u>(689,117)</u>	<u>(603,410)</u>
Corporation tax at standard rate	(130,932)	(114,648)
Tax effects of amounts either not deductible/(taxable) in calculating the taxable income:		
Adjustments to current tax of prior periods	(51,433)	(126,572)
Fixed asset differences	4,771	4,644
Non deductible expenses	3,153	12,952
Deferred tax not recognised	-	140,738
IFRS 16 transitional adjustment	(1,186)	-
LTIP - Accounting vs Tax	93,794	340,245
Under provision in prior period deferred tax	2,898	-
Dividends on HLTIP share grants classified as an employee expense	-	58,839
Other tax effects between accounting and tax treatment	<u>-</u>	<u>378</u>
Total tax (credit)/charge	<u>(78,935)</u>	<u>316,576</u>

As at balance sheet date, the Company has unutilised tax losses carried forward of £352,458 (2018 - £740,726). The Company has recognised a deferred tax asset arising from the unutilised tax losses carried forward as shown below:

Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £	Recognised in income £	At 31 December 2019 £
Employee benefits	40,287	(40,287)	-
Share-based payment	-	-	-
Accelerated tax depreciation	978	(96)	882
Short term timing differences	-	918	918
Tax losses carry-forwards	-	66,967	66,967
Net tax assets/(liabilities)	<u>41,265</u>	<u>27,502</u>	<u>68,767</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Income tax (continued)

Deferred tax movement during the prior period:

	At 1 October 2017 £	Recognised in income £	Recognised in equity £	At 31 December 2018 £
Employee benefits	103,438	(63,151)	-	40,287
Share-based payment	228,712	(383,755)	155,043	-
Accelerated tax depreciation	(2,781)	3,759	-	978
Short term timing differences	-	-	-	-
Tax losses carry-forwards	-	-	-	-
Net tax assets/(liabilities)	<u>329,369</u>	<u>(443,147)</u>	<u>155,043</u>	<u>41,265</u>

8 Auditors remuneration

	2019 £	2018 £
Audit of the financial statements	<u>61,526</u>	<u>37,824</u>
Other fees to auditors		
Other audit related work - (CASS)	<u>7,950</u>	<u>7,947</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Property, plant and equipment

	Land and buildings £	Furniture, fittings and equipment £	Computer hardware and software £	Total £
Cost or valuation				
At 1 October 2017	274,232	192,188	109,804	576,224
Additions	<u>10,343</u>	<u>2,675</u>	<u>156,153</u>	<u>169,171</u>
At 31 December 2018	<u>284,575</u>	<u>194,863</u>	<u>265,957</u>	<u>745,395</u>
At 1 January 2019	284,575	194,863	265,957	745,395
Additions	<u>-</u>	<u>12,677</u>	<u>3,000</u>	<u>15,677</u>
At 31 December 2019	<u>284,575</u>	<u>207,540</u>	<u>268,957</u>	<u>761,072</u>
Depreciation				
At 1 October 2017	111,806	153,971	99,217	364,994
Charge for period	<u>35,104</u>	<u>15,943</u>	<u>24,622</u>	<u>75,669</u>
At 31 December 2018	<u>146,910</u>	<u>169,914</u>	<u>123,839</u>	<u>440,663</u>
At 1 January 2019	146,909	169,914	123,839	440,662
Charge for the year	<u>29,056</u>	<u>10,449</u>	<u>47,449</u>	<u>86,954</u>
At 31 December 2019	<u>175,965</u>	<u>180,363</u>	<u>171,288</u>	<u>527,616</u>
Carrying amount				
At 1 October 2017	<u>162,426</u>	<u>38,217</u>	<u>10,587</u>	<u>211,230</u>
At 31 December 2018	<u>137,665</u>	<u>24,949</u>	<u>142,118</u>	<u>304,732</u>
At 31 December 2019	<u>108,609</u>	<u>27,177</u>	<u>97,669</u>	<u>233,455</u>

10 Right of use assets

The Company has adopted IFRS 16 using the modified retrospective approach. Accordingly, prior year balances have not been restated. The Company has entered into lease agreements for the use of its office space and certain IT equipment. In the prior year, under IAS 17 these leases were accounted for as operating leases and payments were expensed to the profit and loss account. Under IFRS 16 the Company is recognising right of use assets and the associated lease liabilities. The lease liabilities are disclosed in Note 16, Lease liabilities.

	Property £	Other £	Total £
Cost or valuation			
At 1 January 2019	-	-	-
Accounting policy change	<u>760,891</u>	<u>49,788</u>	<u>810,679</u>
At 31 December 2019	<u>760,891</u>	<u>49,788</u>	<u>810,679</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Right of use assets (continued)

	Property £	Other £	Total £
Depreciation			
At 1 January 2019	-	-	-
Accounting policy change	88,771	9,483	98,254
Charge for the year	<u>152,178</u>	<u>9,483</u>	<u>161,661</u>
At 31 December 2019	<u>240,949</u>	<u>18,966</u>	<u>259,915</u>
Carrying amount			
At 31 December 2019	<u><u>519,942</u></u>	<u><u>30,822</u></u>	<u><u>550,764</u></u>

11 Investments in subsidiaries, joint ventures and associates

The Company has investments in the following subsidiaries, all of which are direct investments:

Subsidiary name	Country of incorporation	Nature of business	Proportion of equity holding %		Investment cost
Europe Infrastructure Debt L.P.	(1) England & Wales	Dormant	100	100	-
Core Infrastructure Income Feeder 1 L.P.	(2) Scotland	Dormant	100	100	-
Core Infrastructure Income Feeder 2 L.P.	(2) Scotland	Dormant	100	100	-
Core Infrastructure Income Master L.P.	(1) England & Wales	Dormant	100	100	-

(1) Registered office is 2nd floor, 50 St. Mary Axe, London, EC3A 8FR, UK.

(2) Registered office is 50 Lothian Road, Edinburgh, EH3A 9WJ, UK.

Note: prior year investments in Hastings Infrastructure 1 Ltd, Hastings Infrastructure 2 Ltd, Infrastructure GP LLP and Infrastructure GP 2 LLP have since been dissolved.

12 Other financial assets

	31 December 2019 £	31 December 2018 £
Non-current financial assets		
Employee lock-in shares	<u>629,013</u>	<u>952,339</u>

Certain employees of the Company have been granted shares in VIHL. Shares were purchased from Northill UK Management Holdings Limited (Northill Management) or were newly issued shares. The funding for shares granted were based on a combination of pre-tax and post-tax awards for each employee.

The Company has recognised an asset for cash outflows incurred for the funding of the shares granted as follows:

- Purchase price cost for existing shares in VIHL from Northill Management; and
- Employee income tax liabilities and company on-costs for post-tax awards.

The asset is being amortised for a period between 24 and 36 months, representing the vesting period of the shares granted. The amortisation expense is disclosed within the share-based payment expenses detailed in note 5, Staff Costs.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Other financial assets (continued)

Movement in other financial assets

	31 December 2019 £	31 December 2018 £
Cost		
At 1 January	1,293,484	-
Additions	<u>177,730</u>	<u>1,293,484</u>
At 31 December	<u>1,471,214</u>	<u>1,293,484</u>
Amortisation		
At 1 January	341,145	-
Amortisation	<u>501,056</u>	<u>341,145</u>
At 31 December	<u>842,201</u>	<u>341,145</u>
Carrying amount		
At 31 December	<u><u>629,013</u></u>	<u><u>952,339</u></u>

13 Trade and other receivables

	31 December 2019 £	31 December 2018 £
Trade receivables	-	27,500
Accrued income	3,060,237	2,731,950
Loan - immediate controlling entity	2,500,000	1,000,000
Prepayments	185,845	173,759
Receivable - immediate controlling entity	101,602	25,549
Receivable - other related entities	26,086	97,454
Other receivables	<u>167,728</u>	<u>150,092</u>
	<u><u>6,041,498</u></u>	<u><u>4,206,304</u></u>

Trade and other receivables are non-interest bearing and generally on 30 day terms. Detail regarding the loan to the immediate controlling entity is disclosed in note 23, Related party transactions.

(a) Past due but not impaired

As at balance sheet date, trade and other receivables of £nil (2018- £27,500) were past due but not impaired.

(b) Impaired trade receivables

As at balance sheet date there were no impaired receivables in the current year or prior period.

The creation and release of any provision for impaired receivables is included in 'other expenses' in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Cash and cash equivalents

	31 December 2019	31 December 2018
	£	£
Cash at bank	<u>1,710,356</u>	<u>2,646,057</u>

15 Share capital

Allotted, called up and fully paid shares

	31 December 2019	31 December 2018
	No. £	No. £
Ordinary shares of £1 each	<u>4,625,551</u> <u>4,625,551</u>	<u>4,625,551</u> <u>4,625,551</u>

16 Lease liabilities

The Company has adopted IFRS 16 Leases using the modified retrospective approach. Accordingly prior year figures have not been restated. The Company has entered finance lease arrangements for the right of use of its office space and IT equipment. Details regarding the right of use assets are disclosed in Note 10, Right of use assets. A maturity analysis of the lease liabilities is shown below:

	31 December 2019	31 December 2018
	£	£
Within one year	191,942	-
Between one and five years	<u>442,422</u>	<u>-</u>
Total lease liabilities	<u>634,364</u>	<u>-</u>

17 Provisions

	Employee benefits £	Other provisions £	Total £
At 1 January 2019	1,697,568	36,292	1,733,860
Additional provisions	1,607,210	6,500	1,613,710
Provisions used	(1,501,062)	-	(1,501,062)
Unused provision reversed	<u>(64,943)</u>	<u>-</u>	<u>(64,943)</u>
At 31 December 2019	<u>1,738,773</u>	<u>42,792</u>	<u>1,781,565</u>
Current liabilities	<u>1,738,773</u>	<u>42,792</u>	<u>1,781,565</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

18 Trade and other payables

	31 December 2019 £	31 December 2018 £
Trade payables	19,718	104,436
Accrued expenses	659,147	691,047
Social security and other taxes	270,342	227,545
Payable - subsidiary entities	-	2
Payable - other related entities	1,179,946	582,262
	<u>2,129,153</u>	<u>1,605,292</u>

All trade and other payables are usually settled within 3 months.

19 Share-based payments

Vantage Long Term Incentive Plan

Certain employees have been granted shares for no consideration in VIHL. Where shares in VIHL were granted to employees for no consideration, the Company is recognising an expense representing the fair value of the shares issued at grant date over the 36 month vesting period for the shares granted.

The table below shows the number of shares granted for no consideration during the period:

Issue date	Notes	Outstanding 1 Jan 2019 No.	Issued during year No.	Released during period No.	Forfeited during period No.	Outstanding 31 Dec 2019 No.
22-Mar-2018	1	100,303	-	-	-	100,303
30-Apr-2018	2	40,701	-	-	-	40,701
29-Apr-2019	3	-	6,938	-	-	6,938
		<u>141,004</u>	<u>6,938</u>	<u>-</u>	<u>-</u>	<u>147,942</u>

Notes

(1) Shares vest on 22 March 2021. Fair value of shares at grant date was £9.79 per share.

(2) Shares vest on 30 April 2021. Fair value of shares at grant date was £9.79 per share.

(3) Shares vest on 1 April 2022. Fair value of shares at grant date was £19.32 per share.

Charge/credit arising from share-based payments

The total grant value of the shares granted at 31 December 2019 is £1,514,511 (2018 - £1,380,469) which is recognised over the vesting period for the shares granted. The period end expense is £493,653 (2018 - £345,117) and is disclosed as share based payments within note 5, Staff costs, and credited back to reserves within the Statement of Changes in Equity.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

20 Commitments

Commitments for minimum lease payments in relation to operating leases are disclosed at Note 16.

The Company had no other outstanding commitments as 31 December 2019 or 31 December 2018.

21 Contingent assets and liabilities

The Company has paid a refundable deposit of £140,000 in relation to its premises. Northill UK Management Holdings Limited has also provided a Parent Company Guarantee for the payment of rent and all other sums due in relation to the lease of premises.

22 Financial risk management and impairment of financial assets

The Company's principal financial assets and liabilities comprise cash, other financial assets, trade receivables and trade payables, which arise directly from its operations.

The Company does not enter into or trade financial assets or liabilities for speculative purposes.

The main risks arising from the Company's financial assets and liabilities are interest rate risk, price risk, foreign exchange risk, credit risk, and liquidity risk. The Board reviews and agree policies for managing each of these risks.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that a financial asset or liability's value may fluctuate as a result of changes in market interest rates. Interest rate risk only affects cash and cash equivalents. The Company monitors cash and cash equivalents to maximise interest returns. Refer to sensitivity analysis tables in this note.

(ii) Equity price risk

Price risk is the risk of fluctuation in unlisted security prices. The Company is not exposed to price risk with respect to its financial assets and therefore no sensitivity analysis has been conducted on these balances.

(iii) Foreign exchange risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company has exposures to the US Dollar, Euro, Swiss Franc, Singapore Dollars and Australian Dollars. As a result, the Company's Balance Sheet and Statement of Comprehensive Income can be affected by movements in the respective foreign exchange rates. Refer to sensitivity analysis tables in this note.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Financial risk management and impairment of financial assets (continued)

(b) Credit risk and impairment

Credit risk represents the risk that a debtor will default on amounts owing to the Company or a counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

With respect to credit risk arising from the financial assets of the Company the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the financial asset. Credit risk is minimised by the Company undertaking transactions only with creditworthy clients and financial institutions and the aggregate value of transactions are spread amongst those counterparties. In addition, receivable balances are monitored on an ongoing basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets is the carrying amount of those financial assets, net of any allowances for doubtful debts, as disclosed in the Balance Sheet and notes to the financial statements.

The Company's credit exposures are detailed in Note 13 - Trade and other receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

To manage liquidity risk, the Company actively monitors cash balances and forecast liabilities on a regular basis. In addition to available cash on hand, the Company has forecast operational cash flows to assist in meeting forecast liabilities as and when they fall due.

The contractual maturities of financial liabilities are set out below:

Maturity analysis

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2019	£	£	£	£
Trade and other payables	2,129,153	-	-	2,129,153
	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2018	£	£	£	£
Trade and other payables	1,605,292	-	-	1,605,292

(d) Summarised sensitivity analysis

The following tables summarise the sensitivity of financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

The reasonable possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including usually large market shocks resulting from changes in the performance of and/or correlation between performances of the economies and markets. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Financial risk management and impairment of financial assets (continued)

2019		Interest rate risk		Foreign exchange risk	
		-1.0%	1.0%	-10.0%	10.0%
	Carrying amount	Profit/(loss)	Profit/(loss)	Profit/(loss)	Profit/(loss)
	£	£	£	£	£
Financial assets					
Cash and cash equivalents	1,710,356	-	17,103	11,696	(9,570)
Trade and other receivables	6,041,498	-	-	100,159	(81,949)
Financial liabilities					
Trade and other payables	2,129,153	-	-	-	-
Total increase/(decrease)		-	17,103	111,855	(91,519)
2018		Interest rate risk		Foreign exchange risk	
		-1.0%	1.0%	-10.0%	10.0%
	Carrying amount	Profit/(loss)	Profit/(loss)	Profit/(loss)	Profit/(loss)
	£	£	£	£	£
Financial assets					
Cash and cash equivalents	2,646,057	-	26,461	30,763	(25,170)
Trade and other receivables	4,206,304	-	-	96,539	(78,986)
Financial liabilities					
Trade and other payables	1,605,292	-	-	(10,222)	8,364
Total increase/(decrease)		-	26,461	117,080	(95,792)

23 Related party transactions

(a) Key management personnel

Key management compensation

	31 December 2019 £	31 December 2018 £
Salaries and other short term employee benefits	500,000	625,000
Share-based payments	442,293	331,719
	<u>942,293</u>	<u>956,719</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

23 Related party transactions (continued)

	2019 £	2018 £
Expenses		
Admin fee charged	-	-
Reimbursable expenses paid	-	-

Loan to parent company

	2019 £	2018 £
Loan to VIHL	2,500,000	1,000,000

During the prior period the Company loaned £1,000,000 to VIHL pursuant to a loan facility between the Company and VIHL to fund a completion balance sheet, working capital adjustment related to the acquisition prices paid by VIHL to Westpac for the Company (the Agreement). During the current year the Company loaned an additional £1,500,000 to VIHL pursuant to the Agreement. The loan is interest free and repayable on demand.

Other balances outstanding with related parties are detailed in 13 - Trade and other receivables and Note 18 - Trade and other payables.

	2019 £	2018 £
Revenue		
Service fee revenue - Hastings/Westpac group	-	1,135,355
Service fee revenue - Vantage Group	-	86,904
Expenses		
Service fees - Hastings/Westpac group	-	25,086
Service fees - Vantage group	1,631,376	1,006,348
Other		
Reimbursable expenses paid or payable - Hastings/Westpac group	-	-

Balances outstanding are detailed in Note 13 - Trade and other receivables and Note 18 - Trade and other payables.

24 Parent and ultimate parent undertaking

The Company is a 100% subsidiary of Vantage Infrastructure Holdings Limited.

The Company's immediate parent is Vantage Infrastructure Holdings Limited.

The ultimate parent is Northill UK Management Holdings Limited.

The most senior parent entity producing publicly available financial statements is Northill UK Management Holdings Limited. These financial statements are available upon request from 1 Curzon Street, London, W1J 5HD, UK

The ultimate controlling party is NC PT Limited, a company incorporated in Jersey.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

25 Events occurring after the reporting period

There has been no matter or circumstance that has arisen since the end of the period that has significantly affected, or may significantly affect the Company's operations in future financial years, the results of those operations or the Company's state of affairs in future financial years. This includes the impact of the recent outbreak of COVID-19 that was mentioned in the Going Concern section of Note 2.

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019.



Pillar 3 Disclosure

Vantage Infrastructure (UK) Limited

as at 31 December 2019

OVERVIEW

Introduction

The Capital Requirements Directive ('CRD') established a revised regulatory capital framework across Europe in order to implement the Basel capital adequacy framework. The CRD came into effect on 01 January 2007 and created a set of rules to govern the minimum amount and nature of regulatory capital that must be maintained by investment firms. The framework is made up of 3 pillars:

- Pillar 1
sets out the minimum capital requirements that firms are required to maintain to meet credit, market and operational risk
- Pillar 2
requires firms to implement an Internal Capital Adequacy Assessment Process ('ICAAP') and to use their ICAAP to determine whether additional capital is required to cover risks not included in its Pillar 1 assessment
- Pillar 3
requires firms to disclose key information about its underlying risks, risk management controls and capital position.

The FCA implemented the CRD requirements and is captured in the General Prudential Sourcebook ('GENPRU'), the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') and the Interim Prudential Sourcebook for Investment Business.

Vantage Infrastructure (UK) Limited (VI UK) is authorised and regulated by the Financial Conduct Authority ('FCA') (FRN 459816). VI UK is a full scope UK Authorised Alternative Investment Fund Manager ('AIFM') and a BIPRU limited license firm that may control but not hold client money and assets. As a Collective Portfolio Management Investment ('CPMI') firm, VI UK is subject to both GENPRU and BIPRU in the FCA Handbook.

Purpose of Disclosure

This document is prepared in accordance with the Pillar 3 disclosure obligations set out in the FCA Handbook and is published in the Firm's annual report and accounts. A copy can also be available on request by writing to the Head of Compliance, 50 St Mary Axe, London, EC3A 8FR.

Frequency

This document will be reviewed, at a minimum, on an annual basis and is approved by [x]. Based on the nature, size and complexity of its business, VI UK considers an annual disclosure to be adequate.

RISK MANAGEMENT FRAMEWORK

Risk Management Objectives and Policies

VI UK has established a risk management framework to identify, measure, monitor, report and where appropriate, mitigate risks. The risk management framework covers the various risks which impact the

Firm. Risks identified through the operation of the risk management framework are assessed as part of the Firm's ICAAP and Pillar 2 processes.

VI UK's Risk Management framework is based on the three lines of defence model where the risk management controls form part of the:

- First Line
the front lines of the organisation made up of the business and support functions that perform the day to day activities
- Second Line
the risk, compliance and legal functions provide the challenge and oversight, ensuring the successful execution of the risk controls and framework
- Third Line
VI UK engages external third party auditors to carry out a review to evaluate the design, implementation of a defined set of risk management controls as well as the effectiveness of the first and second line (ie ISAE 3402).

VI UK is a UK limited Company with an appointed Board which is ultimately responsible for ensuring appropriate governance and risk arrangements are in place to support the Firm and its activities. This includes development of frameworks, policies and processes to maintain compliance with regulation, along with adequate controls and suitable monitoring in place.

The VI UK Board has delegated oversight of certain governance, risk management and control responsibilities to the Firm's Executive Committee, which is essentially responsible for the day-to-day running of the Firm. In addition to the Executive Committee, as of Q1 2020, VI UK has a separate Risk Officer and Risk Committee with members made up of representatives from key functions within the Firm which meets on a quarterly basis to specifically review the Firm's overall risk appetite, current risk exposures and controls, along with future risk management strategy.

The VI UK Board is responsible for considering and approving the Risk framework on an annual basis and the Executive Committee has oversight responsibility for monitoring the quality of the risk control framework. Specific personnel are allocated responsibility for day to day management of the risks across the Firm's business functions, with the Risk Officer taking responsibility for ensuring the business carries out the identification, consideration and implementation of mitigation controls.

The Firm's risks are monitored, assessed and reviewed periodically, adjusting the framework accordingly when weaknesses are identified. Management information is escalated by the Risk Officer and / or reported to the relevant Committee(s) and Board(s) quarterly to ensure appropriate oversight.

CAPITAL ADEQUACY

Capital Resources

VI UK's capital resources are made up of Tier 1 capital only. The firm's position as at 31 December 2019 is shown below:

Capital Resources	GBP'000
Core Tier 1	
Share capital (including premium)	8,275
Retained earnings	(4,425)
Other reserves	839
Deductions from Tier 1 Capital	-
Total Tier 1 Capital	4,689

The Board believes the Firm is well capitalized, as it holds significant capital resources over and above its capital requirement (see below).

Capital Requirements and ICAAP

VIUK's capital requirement is detailed in the firm's Individual Capital Adequacy Assessment Process (ICAAP).

VIUK uses the ICAAP to assess the level of capital that adequately supports all relevant current and future risks in the business. Through the ICAAP, VIUK assesses the significant risks the firm is exposed to and the overall financial resources and capital to be maintained to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

Approach to Risk Assessment and Risk Mitigation

VI UK prepares a full risk assessment plan (RAP) annually which is validated by the Executive Committee and then approved by the parent company Board. The RAP is reviewed annually as well as when a material event occurs. The RAP framework aims to identify potential risks that may disrupt the firm, monitor effectiveness of risk controls and processes and facilitate a safe and well organised operating framework. The scope of the framework covers enterprise risk across all Vantage office locations, operational, administration and support activities and core outsourced services.

Calculation of Pillar 1 capital requirement

The Pillar 1 capital requirement is the higher of:

- Credit risk requirement plus market risk requirement; and
- Fixed overheads requirement (3 months operating expenses)

(plus the firm's professional indemnity insurance (PII) requirement)

Credit risk requirement

VI UK's credit risk is considered low: the firm does not incur any credit risk other than management fee receivables and exposures to financial institutions where the firm's cash deposits are held.

In accordance with the provisions of BIPRU 3, the firm uses the simplified method of calculating risk weights and applies the risk weightings from BIPRU 3.5.5. The firm's credit risk requirement as at 31 December 2019 was £619,000:

Credit risk requirement	GBP'000		GBP'000
	Balance 31 Dec 2019	Risk Weight	Risk weighted exposure
Trade & other receivables	7,396	8%	592
Cash and cash equivalents	1,710	1.6%	27
Total Credit risk requirement			619

Market risk requirement

Where the firm holds cash balances in non-GBP, the firm may be exposed to foreign exchange risk. The firm calculates its foreign exchange risk by reference to the provisions of BIPRU 7.5, and the market risk's assessment for Pillar 1 is shown below:

Market risk requirement	GBP'000		GBP'000
	Balance 31 Dec 2019	Risk Weight	Risk weighted exposure
Non-GBP cash balances held	105	8%	8
Total market risk requirement			8

Fixed overheads requirement

The firm has assessed its fixed overheads requirements by calculating one quarter of its annual fixed costs as per below:

Fixed overheads requirement (FOR)	GBP'000		GBP'000
	Costs	Risk weight	FOR
Non-variable annual expenses	6,757	25%	1,649

Based on the above calculations, VI UK's Total Pillar 1 requirement is £1,739,000, being the Fixed Overheads Requirement plus the PII requirement of £50,000. (VI UK has in place a professional liability risk insurance policy for £20m with a policy excess of £50,000).

The Pillar 2 approach is detailed in the firm's ICAAP. The firm considers that the significant risks it is exposed to are covered in the RAP process and therefore **no additional Pillar 2 add-on is required**.

The firm believes that it is prudent to maintain a capital buffer, hence it holds significantly more capital than is required:

Total Capital Adequacy	GBP'000
Capital Resources	4,689
Capital Requirement (Pillar 1 + 2)	<u>(1,739)</u>
Overall Capital Surplus	2,949

REMUNERATION

Remuneration Framework

VI UK's remuneration and incentive policy framework aims to provide recognition for efforts of staff and members, rewarding the alignment of values, behaviours and performance with the long term strategy of the Firm. It is the Firm's policy to promote sound and effective risk management in making awards and discourage risk-taking that exceeds the level of tolerated risk to the Firm. Discretionary compensation is aimed at rewarding employees based on the Firm's overall performance and is as such based on the Firm's profitability and the individual's contribution. The Firm's Executive Committee makes variable remuneration recommendations for employees to the Remuneration Committee for approval.

Remuneration Committee

VI UK has a Remuneration Committee with responsibilities that include:

- determining the framework and policy for remuneration and ensuring it does not encourage undue risk taking
- agreeing any major changes in remuneration structures
- reviewing the terms and conditions of any new incentive schemes and in particular, considering the appropriate targets for any performance related remuneration schemes
- considering and recommending the remuneration policy for the senior employees, taking into account the appropriate mix of salary, discretionary bonus and share based remuneration
- in determining remuneration arrangements, the Remuneration Committee give due regard to best practice and any relevant legal or regulatory requirements including the BIPRU Remuneration Code.

Remuneration Policy

As a UK AIFM, the Firm has adopted a remuneration policy that complies with the requirements of the FCA BIPRU Remuneration Code set out in chapter 19B of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC), as interpreted in accordance with 'ESMA's guidelines on sound remuneration policies under the AIFMD' along with the 'FCA's general guidance on the AIFM Remuneration Code (SYSC19B)'.

The Firm has established remuneration policies, procedures, practices and compensation arrangements that:

- are consistent with and promote sound and effective risk management
- do not encourage excessive risk taking
- include measures to avoid conflicts of interest and
- are in line with the Firm's business strategy, objectives, values and long-term interests.

The Remuneration Committee of the Firm's managing member reviews and approves the Firm's remuneration policies. The Remuneration Policy Statement is reviewed by the Remuneration Committee on annual basis, or more frequently if material changes are made.

Remuneration Disclosure

This disclosure is in line with the FCA's issued guidance on proportionality (the BIPRU Remuneration Code (SYSC 19C)), the AIFM Remuneration Code (SYSC 19B) & Pillar 3 disclosures on Remuneration (BIPRU 11) and based on this, we have determined that the Firm is not regarded as significant. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities. There are various proportionality exemptions within the rules and these have been used where appropriate to do so.

BIPRU Remuneration Code Staff

We have identified and maintain a record of, 'BIPRU Remuneration Code Staff' which includes senior management and members of staff whose actions may have a material impact on a firm's risk profile. The FCA rules require certain firms to disclose aggregate information on remuneration in respect of its BIPRU Remuneration Code Staff set out by business area, senior management and other Code Staff, including material "risk takers". VI UK does not have sufficient funds under management in order to require it to make these enhanced disclosures.

Link between Pay & Performance

Competitive salaries form the basis of our Firm's remuneration package. In addition, there is an element of variable pay for all staff which is based on firm wide and individual performance. Whilst most of the variable reward components are awarded to employees across the firm, the structure, balance and amounts may differ. Variable remuneration is considerably decreased where subdued or negative financial performance of the firm occurs. When assessing individual performance, we use a robust performance review process, with reviews including qualitative criteria and, in the case of investment managers, long-term investment results are a factor in the assessment process.

The aggregate level of remuneration earned by staff (including those that are identified as Code Staff) for the current period is contained in the Firm's latest financial statements.