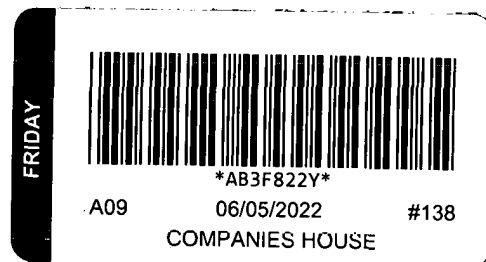


Registration number: 05675754

Vantage Infrastructure (UK) Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021



Vantage Infrastructure (UK) Limited

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Vantage Infrastructure (UK) Limited

Company Information

Directors	Timothy Cable
	Valeria Rosati
	Darius Berendji
Company secretary	Adebanke Adeyemo
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 2021

The directors present their strategic report on Vantage Infrastructure (UK) Limited ("the Company") for the year ended 31 December 2021.

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 its clients' needs. The Company intends to grow Assets Under Management by structuring relevant debt and equity investments for existing clients with undrawn commitments, and by raising additional capital from existing and new clients and products. The company is actively in the market seeking new sources of capital to facilitate this growth through managed funds and mandate capital.

The Company is a subsidiary of Vantage Infrastructure Holdings Limited ("the Group").

The key activities undertaken by the Company are:

- Marketing activities to raise new infrastructure equity and infrastructure debt capital commitments through managed funds and mandate capital.
- The provision of specialist investment management services to the Company's managed fund and mandate clients.
- The provision of specialist investment management services 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 and Vantage Infrastructure (Australia) Pty Ltd ("Vantage Australia") in accordance with an Intragroup Service Agreement in place between the companies.

During the year, the Company focused on maintaining strong relationships with existing clients including significant efforts in deploying undrawn commitments and active asset management of portfolio assets to meet client portfolio investment objectives in difficult market conditions. Business development and capital raising activities focused on positioning the Company to achieve its strategic aims of raising managed debt and equity funds. The Company successfully acquired a seed asset for a European based equity fund and progressed fund raising, fund structuring and regulatory approvals leaving the Company well positioned to achieve a first close on this fund in 2022. The Group successfully reached first close on a US based debt fund managed by Vantage USA and aims to achieve a second close in 2022 while the Company continues to focus on mandates for debt capital raising and undertaking market soundings for a managed fund in 2023.

Despite significant market challenges and economic conditions leading to material debt asset re-financings throughout the year, debt Assets Under Management still had a small increase at year end reflecting active broad investment resilience and deployment of asset management strategies to maintain and grow underlying asset valuations.

Equity Assets Under Management decreased due to the maturity of an equity asset management agreement and successful sale of a stake in a UK rolling stock leasing company for an existing client, a successful outcome for the client and strategically important for the Group. Deployment of active asset management strategies resulted in a small underlying asset valuation uplift for the remaining portfolio assets.

In 2021, the Company continued to closely manage costs to ensure a sustainable level of overhead costs appropriate for the operating environment and revenues generated, but also to ensure the Company is sufficiently resourced to achieve strategic growth targets.

With continued focus and resourcing applied to strategic capital raising objectives in 2022, the directors believe the company is well positioned to meet asset under management and revenue targets and ensure the business will generate sustainable profits from 2023 and beyond.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Key performance indicators

The key performance indicators of the Company are shown below:

		2021	2020
		£	£
Assets under management	(1)	3,043,618,000	3,569,864,000
Revenue		10,369,150	10,995,517
Employee, Administrative and Other Operating Expenses		9,786,988	8,691,257
Current ratio (total current assets / total current liabilities)	(2)	1.61	2.01

(1) as at year-end

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

Business performance and position

The Company recorded a loss of £566,276 in the year (2020: profit of £397,188). Excluding equity settled share based payment expenses (see note 5 - Staff costs), the Company recorded a loss of £406,561 in the year (2020: profit of £902,039).

The Company's total assets at 31 December 2021 were £10,791,189 (31 December 2020: £10,710,654).

The Company's net assets at 31 December 2021 were £5,184,249 (31 December 2020: £5,590,810).

Section 172 statement

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the Company sets out below its statement.

For the year ended 31 December 2021 the directors believe they have acted in good faith and in a manner most likely to promote the success of the Company for the benefit of its shareholders as a whole, and in doing so had regard, amongst other matters, to the areas of focus set out in s.172 (1) (a) to (f) where applicable. The Board considers the following to be the key stakeholders of the Company.

Clients

Our clients are central to our business. We build our client relationships in a number of ways, including regular meetings to discuss strategy, investment objectives and performance and regular client reporting. The Board is updated on key issues regarding clients at regular board meetings.

Community and environment

The Vantage Group is committed to managing the wider social, environmental and economic impacts of its operations. More information can be found in the Environmental, Social and Governance (ESG) matters section of the Strategic Report.

Employees

The Board recognises that our people are our most valuable asset. Further information can be found in the ESG section of the Strategic Report.

Shareholders

The Company is 100% owned by Vantage Infrastructure Holdings Limited ("VIHL"). Some directors of VIHL are also directors of the Company which ensures that the Board of the Company is fully aware of the issues within the wider corporate structure and how their decisions might impact the Company and its subsidiaries.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Group Subsidiaries

There are two fellow subsidiaries of Vantage Infrastructure Holdings Limited. The Company at all times considers the impact of its decisions on these parties.

As a result of the above, the Board has an overview of engagement with stakeholders which enables the directors to comply with their legal duty under s.172 of the Companies Act 2006.

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

The impact of COVID-19 initially resulted in unprecedented risks and significant levels of volatility and reduced asset prices in global equity and bond markets. Over the course of 2021 however, the impacts of COVID-19 generally moderated as vaccine programmes were initiated and rolled out globally and as government restrictions, in key regions of operations and for the Company, related to the pandemic were revised.

The Company has subsequently assessed and considered the impacts of COVID-19 on the Company's Assets Under Management, revenues and liquidity and does not consider there to have been any significant impact as at the financial reporting date.

The Company activated its Business Continuity Plans (BCP) in March 2020 in response to the guidance issued by the UK, US, Australian and Singapore governments and instructed all staff to work remotely to reduce social contact as far as possible and with the aim of enabling the Company to continue to operate safely. No adverse operational or financial impacts were experienced as a result of operating under the BCP. The Company has however, now completed a return to office-based working in Q3 2021, ensuring health and safety measures are in place. The Company will continue to monitor and comply with any government guidelines due to COVID-19.

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.

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 with 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.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

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. The Company has an undrawn loan facility with its immediate parent company which is interest-free and therefore has no interest rate risk.

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

After the UK's formal departure from the European Union ("EU") on the 31 January 2020, a 'transition period' was agreed and in place to manage the exit with a cessation date of 31 December 2020. This enabled the UK to continue its financial services activities in the EU and access EU markets with the same rights and protections as it had done before the Brexit event.

Following the end of the transition period, the Temporary Permissions Regime implemented by the UK, effective on 1 January 2021 only applies in respect of 'inbound' firms and products into the UK. Although a Trade Cooperation Agreement ("TCA") is currently in place to cover the commercial and regulatory arrangements between the EU and the UK, it contains limited provisions on financial services and in particular, an omission on a decision on the UK's equivalence in this area, including the 'passporting' of marketing and advisory services. Under the TCA, UK firms will be able to provide services into a European Economic Area ("EEA") country, subject to compliance with local authorisation and licensing requirements.

In February 2019 the European Securities and Markets Authority ("ESMA") agreed an MOU with EEA Regulators and the UK FCA. With respect to the loss of the Investment Manager's advisory passport, this is of specific relevance as the MOU is considered sufficient in demonstrating that there is a 'co-operation arrangement' in place between certain EU and UK regulators. As such, The Company is satisfied that this MOU enables UK firms to continue to provide investment services in EU jurisdictions within which the Company operates.

As no details regarding future access by the UK in the financial services sector were included in the TCA with the EU, and the future framework between the EU and UK has not been resolved, the Company does not hold an EU marketing passport as of 1 January 2021. The Company is finalising arrangements with the Group's majority shareholders Alternative Investment Manager located in the Republic of Ireland and regulated by the Central Bank of Ireland in order to access markets within the EU to continue capital raising activity for the Company's products.

The Company's Executive Committee and its Risk and Compliance function including the Risk Committee are responsible for assessing and managing the risks that have arisen due to Brexit and reporting to the Company Board. This group will continue to monitor the developments around marketing of its products and services within the EU on an on-going basis.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Ukraine conflict

In February 2022, in response to the Russian military invasion of Ukraine, the United Kingdom, the European Union, the United States of America and a number of other countries imposed a wide range of economic sanctions against certain entities, persons and institutions connected to Russia and/or President Putin personally in response to this invasion. The conflict between Russia and Ukraine and the role, if any, of NATO and/or other nations is sufficiently fast developing that it is not possible to predict the ultimate impact of recent events on global market conditions. This poses potential regulatory risks for the Company with regard to the monitoring of and complying with sanctions issued by the various governments and governing bodies.

The situation is dynamic but introduces uncertainty in the business, legal and political environment and risks, including short and long-term market volatility, currency volatility, and macroeconomic risk to European and global economies. Any resulting deterioration of political, socio-economic and financial conditions globally may result in widespread disruption to certain sectors including the financial sector. The full scope of the duration, intensity and consequences of the foregoing risks are uncertain and the resultant economic slowdown and/or negative business sentiment across markets and/or any long-term changes that may arise therefrom could have a negative and long-lasting impact on the business operations and financial condition of the Company.

As of the reporting date, the Company has no involvement or operations with any sanctioned parties and does not have any direct or indirect exposure to Russia or the Ukraine that has had an adverse effect on Company performance.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Environmental, Social and Governance (ESG) matters

Vantage Infrastructure (“Vantage”, “the firm”) aims to make informed and transparent investment decisions, taking into account environmental, social and governance matters in relation to its own actions and those of its investments.

ESG remains one of Vantage’s strategic priorities. In the past four years in particular, Vantage has developed and enhanced its ESG strategy, innovated its client reporting, promoted ESG across its portfolio, and through comprehensive ESG staff training and thought leadership articles, embedded a sustainability culture throughout the business. This programme of actions has resulted in pleasing results and industry award recognition.

ESG Strategy

The Group’s ‘360° ESG Strategic Framework’ informs its strategy and mission – turning the ESG ‘SHOULD’ into a ‘MUST’ – and also guides the Debt and Equity investment businesses to integrate ESG into the investment lifecycle from acquisition to exit.

Vantage aims to ensure that appropriate reporting and risk management structures are in place to mitigate and manage ESG risks for its clients. Employees are encouraged to share best practices and to promote ESG across the infrastructure community. Vantage’s ‘360° ESG Strategic Framework,’ which is further detailed in Vantage’s publicly available Sustainability Report 2021, was further revised in 2021, following an external review in 2020, and is embraced both at manager and at the portfolio company level, with ESG KPIs assigned to both Vantage’s investment team and portfolio company senior management.

Vantage’s ESG fundamentals and approach

Vantage’s ESG strategy builds upon the firm’s six non-negotiable ESG fundamentals (below) and uses its ‘Active ESG Integration’ approach to ensure these fundamentals are incorporated into investment processes. Vantage’s approach focuses on structured and rigorous ESG risk identification and assessment during the screening and due diligence phases, followed by regular monitoring and management during the asset management phase, as well as proactively seeking to capture ESG-related opportunities as they emerge.

Vantage’s 6 ESG fundamentals

1. We will always act ethically and honestly, and with integrity, professionalism and transparency;
2. We will comply with applicable laws, regulation and permits;
3. We will not invest in businesses we consider unethical, socially or environmentally irresponsible, while promoting biodiversity, resource efficiency and greenhouse gas emissions reduction;
4. We will respect the best interests of stakeholders impacted by our investments;
5. We will promote diversity by race, gender, sexual orientation, religion or age and will not tolerate discrimination;
6. We will ensure employees, at firm and investments’ levels, are treated fairly and with respect, and are provided with safe workplaces.

ESG accomplishments and undertakings

In 2021, the business’ commitment to ESG and sustainable investing continued to be acknowledged externally. As part of its latest United Nations Principles for Responsible Investment (PRI) assessment (2020), Vantage was awarded the highest score of A+ for each of the categories relevant to the business: *ESG Strategy & Governance*, *ESG Integration (Infrastructure Equity)* and *ESG Integration (Fixed Income)*, with results for its most recent submission (2021) expected to be released in H1 2022. Vantage also maintained its GRESB 5-Star rating, achieving a ranking of 5th out of 26 fund managers with *Globally Diversified* portfolios and a score of 94/100 (PY: 91/100). All Vantage-managed Equity portfolio companies also achieved GRESB scores above 90, maintaining their 5-Star ratings, of which three were named Asset Sector Leaders in their respective categories.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

As part of its efforts to improve transparency and communication on ESG and sustainability matters, Vantage issued its third Sustainability Report, highlighting ESG achievements during the year and ongoing initiatives and priorities within Vantage and its portfolio companies. This included TCFD progress, headway under the Sustainable Finance Disclosure Regulation (SFDR), engagement by the Debt Team to improve ESG transparency at borrower level and reporting to Debt clients, and an assessment of whether new Equity investment opportunities are aligned to the EU Taxonomy, where relevant.

With the effects of the COVID-19 pandemic continuing to impact worldwide economics, physical and mental wellbeing and societal paradigms in 2021, albeit with some hope emerging from rising immunisation levels and the intermittent relaxation of social restrictions, Vantage worked to ensure ESG was considered throughout this period. Employees were instructed to work from home during lockdown periods and when offices re-opened, COVID-19 testing requirements and enhanced hygiene practices were put in place. Vantage also continued to engage with and monitor its portfolio companies to ensure that safety remained a priority for their employees and the broader community.

In 2021, the Group also maintained its focus on diversity & inclusion (D&I), conducting an updated and broader staff D&I survey. The survey highlighted the workforce's continued display of strong diversity, with a steady nationalities count year-on-year, a balanced representation of female and male staff across the firm, with strong gender diversity also within senior staff and the investment team, and pleasing diversity across other measures. This was followed up by a firm-wide D&I training session, whereby the importance of D&I and the challenges it can pose were discussed. D&I initiatives have also been implemented across the managed Equity portfolio, including encouraging the introduction of D&I employee surveys if previously absent and including gender-driven KPIs within sustainability-linked loans, with financial incentives and penalties.

Vantage also continued with its annual thematic deep dive programme in 2021, placing cybersecurity risk management under the spotlight to compare the mitigants and processes in place at Equity portfolio companies, and the risk they could pose to value.

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. The organisation acknowledges that asset managers, particularly in the infrastructure sector, can play a meaningful role in supporting the achievement of the goals of the Paris Agreement. As a sustainable infrastructure asset manager, Vantage is committed to assessing climate-related risks and opportunities, including those arising from the energy transition, managing their implications and where possible, driving climate change mitigation and adaptation.

Organisation support

Between 2020 and 2022, Vantage has become a formal supporter of the Task Force on Climate-related Financial Disclosures (TCFD), a member of the Institutional Investors Group on Climate Change (IIGCC) and signatory to the Initiative Climat International (iCI). These formal endorsements enable the implementation of Vantage's ESG strategy, while collaborating with the community to address the climate change challenge. In addition, Vantage has carried out several initiatives to embed the TCFD recommendations in its investment process and to progress the adoption of TCFD at the portfolio company level, thus championing the Task Force's goal to drive transparent analysis and strategic ownership of climate-related investment risks and opportunities.

Qualitative and quantitative analysis

Following extensive research on the TCFD recommendations and the steps existing clients were planning to take towards TCFD adoption, qualitative analysis has been carried out for each Equity portfolio company, highlighting the transition risks, physical risks and investment opportunities that climate change may present, with results, actions and next steps shared with Vantage's clients as part of comprehensive ESG reports. Quantitative analysis, including the impact on financial statements and equity value wherever possible, has to date been based on Intergovernmental Panel on Climate Change (IPCC) and Network for Greening the Financial System (NGFS) climate scenarios and has been or is being conducted for several portfolio companies, with priority based on

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

materiality of climate change exposure. Scenario analysis training was also provided to investment professionals at Vantage and select portfolio companies to ensure robust portfolio-wide integration. In some instances, KPIs for Equity portfolio companies have been linked also to the evaluation of climate change scenarios.

In the Debt portfolio, engagement with assets has focused on improved transparency on climate-related risks, leading to an ability to conduct more informed internal TCFD analysis in 2022 at both borrower and sector level. The Debt team pleasingly continues to see an increase in uptake from borrowers in considering the impacts of climate change and their willingness to report on this, although further stewardship to encourage these disclosures is required, including working in collaboration with peers.

Vantage acknowledges that, as envisaged in the TCFD's own timetable, completing the implementation of the TCFD recommendations to the fullest extent will require further time and work, including on enhancing data collection and analysis to drive informed decisions.

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:

- **ESG leader** championing climate change analyses, initiatives and philosophy, and leading the Board's involvement.
- **Board oversight**, with the Vantage Board is responsible for overseeing the ESG strategy and Vantage's Risk Committee, Executive Committee and Board responsible for identifying, assessing and managing risks to the business.
- **Investment Committees** for Debt and Equity Investment Committees, reviewing and challenging climate change assessments and impacts on investment decisions.
- **Investment teams** sharing responsibility for identifying and managing ESG and climate change risks for new and existing investments.
- **ESG Working Group:** developing and improving ESG toolkits, ensure consistency of implementation and track progress against annual action plans.
- **Climate Change Working Group**, created to drive and coordinate strategic climate change initiatives in 2022.

Strategy

Our strategic response to climate change includes the following actions:

- Engage with clients on climate change.
- Integrate climate-related considerations into investment decisions.
- Actively engage with portfolio companies on climate change issues.
- Encourage climate-related reporting by portfolio companies.
- Perform climate-related risk assessments of portfolio companies.
- Promote TCFD adoption at investment level.
- Ensure management alignment through KPIs and a corporate culture of sustainability.
- Support climate mitigation/adaptation actions at investment level.
- Improve transparency of climate-related issues through disclosure.
- Review product development strategy in light of identified climate-related risks and opportunities.

To assess sustainable Equity investments, Vantage has pro-actively embraced the EU Taxonomy guidelines by designing an in-house methodology and pilot programmes, both of which were externally reviewed to confirm the approach and the robustness of the processes. These were also applied to the most recent Vantage Equity acquisition in 2021.

A formal Vantage *Climate Strategy* is currently under development, which will be underpinned by four principles (below) and its approach to climate change integration throughout the entire life cycle.

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

1. Recognise and help address the climate change challenge

We recognise the adverse effects of climate change on the environment, the society and the economy globally and our responsibility to contribute to addressing the climate change challenge.

2. Protect investments value against climate change risks

Climate change represents both risks and opportunities which can affect the risk profile of our existing and future investments; we must assess climate change factors to protect the value of our investments and adapt our investment strategy.

3. Embed climate-related considerations in processes

Climate change factors must be integrated in governance, strategic planning & investment decisions, risk management and metrics & performance reporting at both manager and investment levels in line with TCFD guidance.

4. Drive climate action

We seek to influence portfolio companies to elaborate carbon reduction plans, invest in companies contributing to the decarbonisation of the economy and collaborate with like-minded organisations to help reach the Paris Agreement goal.

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 its own business).

Vantage's 'Risk Framework' governs the firm's arrangements to monitor and assess the adequacy and effectiveness of its procedures, controls, risk management measures and actions. Vantage's Risk Committee and Board regularly review and update its 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.

At portfolio level, proprietary risk assessment frameworks have been developed to consistently identify, evaluate and manage ESG factors at every stage of the investment process. A company's resilience to climate change is one of the key environmental factors assessed pre-, during and post-investment within these frameworks.

The Equity team also routinely updates its climate-related risk assessment of portfolio companies, 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 is performed on both existing investments and as part of late-stage due diligence for potential investments and is presented to the Equity Investment Committee and client(s), with several portfolio companies also reporting their own risks and opportunities analyses in their risk management processes. Qualitative, and where possible and material, quantitative, scenario analyses are also run to assess and possibly quantify the financial and value implications of climate-related factors. Similarly, the Debt team stress tests the resiliency of relevant potential investments to energy transition risks using conservative Net Zero forecasts, with analysis again presented to its Debt Investment Committee and/or client(s).

Vantage Infrastructure (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Metrics and Targets

Vantage has been working with a number of its investee companies to ensure that accurate metrics in relation to climate change are being reported, often with the support of external advisors, and that appropriate targets are being set. Metrics include energy usage, carbon emissions and savings, water usage and volumes of waste and recycling. Such metrics are typically set internally and presented to and discussed by the management and/or boards of portfolio companies to ensure that targets are appropriately ambitious yet achievable and in order to hold accountability. Vantage are also currently assessing the merits of assurances and approved net-zero commitment pathways.

Approved by the Board on 21 April 2022 and signed on its behalf by:



.....
Timothy Cable
Director

Vantage Infrastructure (UK) Limited

Directors' Report for the Year Ended 31 December 2021

The directors of Vantage Infrastructure (UK) Limited present their report and the financial statements for the year ended 31 December 2021.

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 and to the date of this report, were as follows:

Timothy Cable

Valeria Rosati

Catherine Jones (resigned 22 April 2021)

Darius Berendji

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 £566,276 in the year (2020: profit of £397,188). No dividends were paid during the year (2020: £nil).

Financial risk management

Information on the manner in which the Company manages financial risk is disclosed in Note 21 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.

Going concern

The financial statements have been prepared on a going concern basis. Further information on going concern can be found in Note 2.

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.

Vantage Infrastructure (UK) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

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 21 April 2022 and signed on its behalf by:



.....
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 Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 Accounting Standards in conformity with the requirements of the Companies Act 2006 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 2021, 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 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following:

- We confirmed our understanding of management's going concern assessment process, including the liquidity and capital adequacy calculations and performance forecast for the going concern period which covers 12 months from the report date. The Company has modelled a number of adverse scenarios in their forecasts and have considered the impact of any changes to the operations of the business.
- We have performed an assessment of the factors and assumptions included in Company's forecasts and calculations. We have considered the appropriateness of the methods used within the assessment with respect to the impact of COVID-19 and other factors impacting the business and have determined that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity.
- We reviewed the Company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Vantage Infrastructure (UK) Limited

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

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 contained with the annual report.

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.

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 course of 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 themselves. 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 14], 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.

Vantage Infrastructure (UK) Limited

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

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirement of Companies Act 2006 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with relevant Financial Conduct Authority's (FCA) rules and regulations relating to its operations.
- We understood how the Company is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing board meeting minutes and policy and procedures manuals. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business. We tested a sample of invoices issued to Funds managed by the Company by recalculating the amounts in the invoices and agreed the fee rate, any performance conditions and the managed Funds' Net Asset Values ('NAV') to Investment Management Agreements and NAV reports obtained from third-party administrator.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses, review of breaches and complaints register and review of board meeting minutes.
- The Company is a regulated investment manager under the supervision of the FCA. As such, the Senior statutory auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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

.....
Mitul Shah (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

22 April 2022

Vantage Infrastructure (UK) Limited

Income Statement for the Year Ended 31 December 2021

	Note	Year to Dec 2021 £	Year to Dec 2020 £
Revenue	3	10,369,150	10,995,517
Employee benefits expense	5	(6,840,099)	(6,308,777)
Service fees		(1,254,261)	(1,888,703)
Administrative expenses		(2,878,139)	(2,218,151)
Depreciation	9	(79,247)	(88,327)
Foreign exchange (loss)/gain		(51,089)	(6,042)
Other operating expenses	6	<u>(68,753)</u>	<u>(164,329)</u>
Operating (loss)/profit		(802,438)	321,188
Finance costs	4	<u>(11,038)</u>	<u>(16,876)</u>
(Loss)/profit before tax		(813,476)	304,312
Income tax receipt	7	<u>247,200</u>	<u>92,876</u>
(Loss)/profit for the year		<u>(566,276)</u>	<u>397,188</u>

The above results were derived from continuing operations.

Vantage Infrastructure (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Year to Dec 2021 £	Year to Dec 2020 £
(Loss)/profit for the year/year	<u>(566,276)</u>	<u>397,188</u>
Total comprehensive income for the year/year	<u>(566,276)</u>	<u>397,188</u>

Vantage Infrastructure (UK) Limited

(Registration number: 05675754)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	9	116,265	167,880
Right of use assets	10	227,441	389,102
Deferred tax assets	7	408,843	161,643
Other non-current financial assets	11	1,044,895	169,660
		<u>1,797,444</u>	<u>888,285</u>
Current assets			
Trade and other receivables	12	3,003,644	6,345,253
Cash and cash equivalents	13	5,990,101	3,477,116
		<u>8,993,745</u>	<u>9,822,369</u>
Total assets		<u>10,791,189</u>	<u>10,710,654</u>
Equity and liabilities			
Equity			
Share capital	14	4,625,551	4,625,551
Share premium		3,649,442	3,649,442
Other reserves		1,503,336	1,343,621
Retained earnings		(4,594,080)	(4,027,804)
Total equity		<u>5,184,249</u>	<u>5,590,810</u>
Non-current liabilities			
Long term lease liabilities	15	40,847	244,642
		<u>40,847</u>	<u>244,642</u>
Current liabilities			
Current portion of long term lease liabilities	15	203,795	197,780
Trade and other payables	17	3,318,215	3,380,388
Provisions	16	2,044,083	1,297,034
		<u>5,566,093</u>	<u>4,875,202</u>
Total liabilities		<u>5,606,940</u>	<u>5,119,844</u>
Total equity and liabilities		<u>10,791,189</u>	<u>10,710,654</u>

Approved by the Board on 21 April 2022 and signed on its behalf by:



.....
Timothy Cable
Director

The notes on pages 24 to 46 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Note	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2021		4,625,551	3,649,442	1,343,621	(4,027,804)	5,590,810
Loss for the year		-	-	-	(566,276)	(566,276)
Total comprehensive income		-	-	-	(566,276)	(566,276)
Share based payment transactions	5	-	-	159,715	-	159,715
At 31 December 2021		<u>4,625,551</u>	<u>3,649,442</u>	<u>1,503,336</u>	<u>(4,594,080)</u>	<u>5,184,249</u>

	Note	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2020		4,625,551	3,649,442	838,770	(4,424,992)	4,688,771
Profit for the year		-	-	-	397,188	397,188
Total comprehensive income		-	-	-	397,188	397,188
Share based payment transactions	5	-	-	504,851	-	504,851
At 31 December 2020		<u>4,625,551</u>	<u>3,649,442</u>	<u>1,343,621</u>	<u>(4,027,804)</u>	<u>5,590,810</u>

The notes on pages 24 to 46 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/profit for the year/year		(566,276)	397,188
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		79,247	88,327
Depreciation on right of use assets		161,661	161,661
Finance costs	4	11,038	16,876
Amortisation of lock-in shares	5	528,689	459,354
Income tax expense	7	(247,200)	(92,876)
Adjustments for operating items within equity:			
Share based payment transactions		159,715	504,851
		<u>126,874</u>	<u>1,535,381</u>
Working capital adjustments			
Decrease/(increase) in trade and other receivables	12	841,609	(303,755)
(Decrease)/increase in trade and other payables	17	(62,173)	1,251,235
Increase/(decrease) in provisions	16	747,049	(484,531)
		<u>1,653,359</u>	<u>1,998,330</u>
Cash flows from investing activities			
Acquisitions of property plant and equipment	9	(27,631)	(22,752)
Acquisition of other financial assets	11	(1,403,924)	-
		<u>(1,431,555)</u>	<u>(22,752)</u>
Cash flows from financing activities			
Proceeds from other borrowing draw downs		2,500,000	1,500,000
Repayment of other borrowing		-	(1,500,000)
Payments to finance lease creditors		(208,819)	(208,818)
		<u>2,291,181</u>	<u>(208,818)</u>
Net cash flows from financing activities			
		<u>2,512,985</u>	<u>1,766,760</u>
Net increase in cash and cash equivalents			
		<u>3,477,116</u>	<u>1,710,356</u>
Cash and cash equivalents at 1 January			
		<u>5,990,101</u>	<u>3,477,116</u>
Cash and cash equivalents at 31 December			

The notes on pages 24 to 46 form an integral part of these financial statements.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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 was 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 Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006. IAS 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 IAS and under historical cost accounting rules.

The preparation of financial statements in conformity with IAS 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 Directors have considered the impact of the COVID-19 global pandemic, which initially resulted in unprecedented risks and significant levels of volatility and reduced asset prices in global equity and bond markets. The volatility, risks and economic uncertainties of the pandemic have eased throughout 2021, as vaccine programmes were initiated and rolled out globally and as government restrictions related to the pandemic were revised. The Directors have assessed that there has been no material impact on Assets Under Management, revenues and liquidity as a result of COVID-19.

In February 2022, in response to the Russian military invasion of Ukraine, the United Kingdom, the European Union, the United States of America and a number of other countries imposed a wide range of economic sanctions against certain entities, persons and institutions connected to Russia and/or President Putin personally in response to this invasion. The conflict between Russia and Ukraine and the role, if any, of NATO and/or other nations is sufficiently fast developing that it is not possible to predict the ultimate impact of recent events on global market conditions. This poses potential regulatory risks for the Company with regard to the monitoring of and complying with sanctions issued by the various governments and governing bodies.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

The situation is dynamic but introduces uncertainty in the business, legal and political environment and risks, including short and long-term market volatility, currency volatility, and macroeconomic risk to European and global economies. Any resulting deterioration of political, socio-economic and financial conditions globally may result in widespread disruption to certain sectors including the financial sector. The full scope of the duration, intensity and consequences of the foregoing risks are uncertain and the resultant economic slowdown and/or negative business sentiment across markets and/or any long-term changes that may arise therefrom could have a negative and long-lasting impact on the business operations and financial condition of the Company.

The Directors, having considered the impacts of COVID-19 and the Ukraine conflict and having reviewed the Company's financial forecasts and cashflow projections, believe the Company is well placed to remain a going concern for at least twelve months from the date of this report.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 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 2021 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.

The principles in IAS 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 represent fees earned for providing investment advisory and asset management services and group corporate functions to Vantage USA and Vantage Australia in accordance with the Vantage Infrastructure Intragroup Services Agreement.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

(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.

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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

(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.

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

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 a 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.

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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and short term bonuses 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.

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 the VLTIP only applied on bonuses awarded from the year ending 31 December 2020.

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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee is made redundant or 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.

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.

3 Revenue

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

	2021 £	2020 £
Management fees	10,343,283	10,985,907
Interest/other	<u>25,867</u>	<u>9,610</u>
	<u>10,369,150</u>	<u>10,995,517</u>

4 Finance income and costs

	2021 £	2020 £
Finance costs		
Interest expense on leases - Property	(10,528)	(16,079)
Interest expense on leases - Other	<u>(510)</u>	<u>(797)</u>
Total finance costs	<u>(11,038)</u>	<u>(16,876)</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

5 Staff costs

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

	2021	2020
	£	£
Wages and salaries	5,134,691	4,389,189
Social security costs	470,900	478,862
Other post-employment benefit costs	173,404	181,846
Share-based payment expenses	688,404	964,205
Other employee expense	372,700	294,675
	<u>6,840,099</u>	<u>6,308,777</u>

An analysis of Share-based payment expenses is shown below. Refer also to note 11, Other financial assets, and note 18, Share-based payments.

	2021	2020
	£	£
Amortisation of Vantage lock-in shares	528,689	459,353
Equity settled share based payment expense	159,715	504,851
	<u>688,404</u>	<u>964,204</u>

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

	2021	2020
	No.	No.
Directors	2	2
Other	23	23
	<u>25</u>	<u>25</u>

6 Other operating expenses

	2021	2020
	£	£
Placement agent fees	<u>68,753</u>	<u>164,329</u>

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

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Income tax

Tax charged/(credited) in the income statement

	2021 £	2020 £
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>(247,200)</u>	<u>(92,876)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
(Loss)/profit before tax	<u>(813,476)</u>	<u>304,312</u>
Corporation tax at standard rate	(154,560)	57,819
Tax effects of amounts either not deductible/(taxable) in calculating the taxable income:		
Fixed asset differences	4,771	4,771
Non deductible expenses	142	2,171
Under provision in prior period deferred tax	-	(157,637)
Impact of change in tax rates on deferred tax balances	(98,122)	-
Other tax effects between accounting and tax treatment	<u>569</u>	<u>-</u>
Total tax credit	<u>(247,200)</u>	<u>(92,876)</u>

As at balance sheet date, the Company has unutilised tax losses carried forward of £1,574,675 (2020 - £816,901). The Company has recognised a deferred tax asset arising from the unutilised tax losses carried forward as shown below:

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2021 £	Recognised in income £	At 31 December 2021 £
Accelerated tax depreciation	3,676	2,507	6,183
Short term timing differences	2,756	6,235	8,991
Tax losses carry-forwards	155,211	238,458	393,669
Net tax assets/(liabilities)	<u>161,643</u>	<u>247,200</u>	<u>408,843</u>

Deferred tax movement during the prior year:

	At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
Accelerated tax depreciation	882	2,794	3,676
Short term timing differences	918	1,838	2,756
Tax losses carry-forwards	66,967	88,244	155,211
Net tax assets/(liabilities)	<u>68,767</u>	<u>92,876</u>	<u>161,643</u>

8 Auditors remuneration

	2021 £	2020 £
Audit of the financial statements	<u>59,050</u>	<u>50,300</u>
Other fees to auditors		
Other audit related work - (CASS)	<u>9,450</u>	<u>7,950</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Property, plant and equipment

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 January 2020	284,574	207,540	268,957	761,071
Additions	-	5,139	17,613	22,752
At 31 December 2020	284,574	212,679	286,570	783,823
At 1 January 2021	284,574	212,679	286,571	783,824
Additions	-	12,197	15,434	27,631
At 31 December 2021	284,574	224,876	302,005	811,455
Depreciation				
At 1 January 2020	175,965	180,363	171,288	527,616
Charge for year	29,056	9,745	49,526	88,327
At 31 December 2020	205,021	190,108	220,814	615,943
At 1 January 2021	205,021	190,108	220,814	615,943
Charge for the year	29,057	11,162	39,028	79,247
At 31 December 2021	234,078	201,270	259,842	695,190
Carrying amount				
At 1 January 2020	108,609	27,177	97,669	233,455
At 31 December 2020	79,553	22,571	65,756	167,880
At 31 December 2021	50,496	23,606	42,163	116,265

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Right of use assets

The Company has adopted IFRS 16 using the modified retrospective approach. The Company has entered into lease agreements for the use of its office space and certain IT equipment. Under IFRS 16 the Company is recognising right of use assets and the associated lease liabilities. The lease liabilities are disclosed in Note 15, Lease liabilities.

	Property £	Other £	Total £
Cost or valuation			
At 1 January 2020	760,891	49,788	810,679
At 31 December 2020	760,891	49,788	810,679
At 1 January 2021	760,891	49,788	810,679
At 31 December 2021	760,891	49,788	810,679
Depreciation			
At 1 January 2020	240,949	18,967	259,916
Charge for year	152,178	9,483	161,661
At 31 December 2020	393,127	28,450	421,577
At 1 January 2021	393,127	28,450	421,577
Charge for the year	152,178	9,483	161,661
At 31 December 2021	545,305	37,933	583,238
Carrying amount			
At 31 December 2020	<u>367,764</u>	<u>21,338</u>	<u>389,102</u>
At 31 December 2021	<u>215,586</u>	<u>11,855</u>	<u>227,441</u>

11 Other financial assets

	31 December 2021 £	31 December 2020 £
Non-current financial assets		
Employee lock-in shares	<u>1,044,895</u>	<u>169,660</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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Other financial assets (continued)

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 48 months from date of issue, 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.

Movement in other financial assets

	31 December 2021 £	31 December 2020 £
Cost		
At 1 January	1,471,214	1,471,214
Additions	1,403,924	-
At 31 December	<u>2,875,138</u>	<u>1,471,214</u>
Amortisation		
At 1 January	1,301,554	842,201
Amortisation	528,689	459,353
At 31 December	<u>1,830,243</u>	<u>1,301,554</u>
Carrying amount		
At 31 December	<u><u>1,044,895</u></u>	<u><u>169,660</u></u>

12 Trade and other receivables

	31 December 2021 £	31 December 2020 £
Trade receivables	7,743	-
Accrued income	2,363,826	3,276,245
Loan - immediate controlling entity	-	2,500,000
Prepayments	98,480	177,692
Receivable - immediate controlling entity	126,989	138,010
Receivable - other related entities	131,100	91,376
Other receivables	275,506	161,930
	<u>3,003,644</u>	<u>6,345,253</u>
	<u><u>3,003,644</u></u>	<u><u>6,345,253</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 22, Related party transactions.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Trade and other receivables (continued)

(a) Past due but not impaired

As at balance sheet date, trade and other receivables of £nil (2020- £nil) 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 year.

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.

13 Cash and cash equivalents

	31 December 2021	31 December 2020
	£	£
Cash at bank	<u>5,990,101</u>	<u>3,477,116</u>

14 Share capital

Allotted, called up and fully paid shares

	31 December 2021	31 December 2020
	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>

15 Lease liabilities

The Company has adopted IFRS 16 Leases using the modified retrospective approach. 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 2021	31 December 2020
	£	£
Within one year	203,795	197,780
Between one and five years	<u>40,847</u>	<u>244,642</u>
Total lease liabilities	<u>244,642</u>	<u>442,422</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Provisions

	Employee benefits £	Bad debts £	Other provisions £	Total £
At 1 January 2021	1,244,571	3,172	49,291	1,297,034
Additional provisions	1,791,935	114,123	6,501	1,912,559
Provisions used	(1,165,510)	-	-	(1,165,510)
At 31 December 2021	<u>1,870,996</u>	<u>117,295</u>	<u>55,792</u>	<u>2,044,083</u>
Current liabilities	<u>1,870,996</u>	<u>117,295</u>	<u>55,792</u>	<u>2,044,083</u>

17 Trade and other payables

	31 December 2021 £	31 December 2020 £
Trade payables	75,967	60,523
Accrued expenses	891,708	841,769
Social security and other taxes	284,030	295,456
Payable - other related entities	<u>2,066,510</u>	<u>2,182,640</u>
	<u>3,318,215</u>	<u>3,380,388</u>

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

18 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 2021 No.	Issued during year No.	Released during period No.	Forfeited during period No.	Outstanding 31 Dec 2021 No.
22-Mar-2018	1	100,303	-	(100,303)	-	-
30-Apr-2018	1	40,701	-	(40,701)	-	-
29-Apr-2019	2	<u>6,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,938</u>
		<u>147,942</u>	<u>-</u>	<u>(141,004)</u>	<u>-</u>	<u>6,938</u>

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Share-based payments (continued)

Notes

(1) Shares vested on 19 March 2021. Fair value of shares at grant date was £9.79 per share and £22.44 at vesting date.

(2) Shares vest on 1 April 2022. Fair value of shares at grant date was £19.32 per share and £22.44 at year-end.

Charge/credit arising from share-based payments

The total grant value of the 147,942 shares in the table above at 31 December 2021 is £1,514,511 (2020 - £1,514,511) which is recognised over the vesting period for the shares granted. The period end expense is £159,715 (2020 - £504,851) and is disclosed as share based payments within note 5, Staff costs, and credited back to reserves within the Statement of Changes in Equity.

19 Commitments

Commitments for minimum lease payments in relation to operating leases are disclosed at Note 15.

The Company had no other outstanding commitments as 31 December 2021 or 31 December 2020.

20 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.

21 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. The Company's undrawn loan to its immediate parent company is interest free and therefore has no interest rate risk. 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.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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

(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.

(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 and delays in receipt escalated with counterparties and senior management.

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 12 - Trade and other receivables. The Directors believe there is negligible expected credit loss, and the contractual maturities of financial assets are set out below:

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2021	£	£	£	£
Trade and other receivables	2,995,902	-	-	2,995,902
	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2020	£	£	£	£
Trade and other receivables	3,845,253	2,500,000	-	6,345,253

(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 forecasts operational cash flows to ensure the Company will hold sufficient cash to meet future liabilities as and when they fall due.

The contractual maturities of financial liabilities are set out below:

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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

Maturity analysis

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2021	£	£	£	£
Trade and other payables	3,318,214	-	-	3,318,214
	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2020	£	£	£	£
Trade and other payables	3,380,388	-	-	3,380,388

(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 unusually 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

2021	Carrying amount	Interest rate risk		Foreign exchange risk	
		-1.0%	1.0%	-10.0%	10.0%
		Profit/(loss)	Profit/(loss)	Profit/(loss)	Profit/(loss)
	£	£	£	£	£
Financial assets					
Cash and cash equivalents	5,990,101	-	59,901	20,415	(16,703)
Trade and other receivables	3,003,644	-	-	27,560	(22,459)
Financial liabilities					
Trade and other payables	3,318,214	-		-	-
Total increase/(decrease)		-	59,901	47,975	(39,252)

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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

2020	Carrying amount	Interest rate risk		Foreign exchange risk	
		-1.0%	1.0%	-10.0%	10.0%
		Profit/(loss)	Profit/(loss)	Profit/(loss)	Profit/(loss)
	£	£	£	£	£
Financial assets					
Cash and cash equivalents	3,477,116	-	34,771	31,020	(25,380)
Trade and other receivables	6,345,253	-	-	106,381	(87,039)
Financial liabilities					
Trade and other payables	3,380,388	-	-	-	-
Total increase/(decrease)		-	34,771	137,401	(112,419)

22 Related party transactions

(a) Key management personnel

Key management compensation

	31 December 2021	31 December 2020
	£	£
Salaries and other short term employee benefits	500,000	500,000
Share-based payments	246,780	442,293
	<u>746,780</u>	<u>942,293</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel (Directors). The expense related to the highest paid Director was £373,390 (2020 - £471,147).

Loan to parent company

	2021	2020
	£	£
Loan to VIHL	-	2,500,000

The Company has a loan facility (the Facility) in place between the Company as lender (lender) and VIHL as the borrower (borrower) whereby the lender has made available to the borrower an interest free loan facility that is repayable on demand in an amount up to £2,500,000. VIHL repaid the loan on 20 December 2021 and as at 31 December 2021 the loan facility remained fully undrawn.

Other balances outstanding with related parties are detailed in 12 - Trade and other receivables and Note 17 - Trade and other payables.

Vantage Infrastructure (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

22 Related party transactions (continued)

	2021	2020
	£	£
Revenue		
Service fee revenue - Vantage Group	-	-
Expenses		
Service fees - Vantage group	1,254,261	1,888,704

Balances outstanding are detailed in Note 12 - Trade and other receivables and Note 17 - Trade and other payables.

23 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 Mr Ernesto Bertarelli.

24 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.



Pillar 3 Disclosure

Vantage Infrastructure (UK) Limited

as at 31 December 2021

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 the Board. 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 2021, 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 2021 is shown below:

Capital Resources	
Core Tier 1	
Share capital (including premium)	8,275
Retained earnings	(4,594)
Other reserves	1,503
Deductions from Tier 1 Capital	-
Total Tier 1 Capital	5,184

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 2021 is shown below:

Credit risk requirement	GBP'000		GBP'000
	Balance 31 Dec 2021	Risk Weight	Risk weighted exposure
Trade & other receivables	4,535	8%	363
Cash and cash equivalents	5,990	1.6%	96
Total Credit risk requirement			459

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 2021	Risk Weight	Risk weighted exposure
Non-GBP cash balances held	184	8%	15
Total market risk requirement			15

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	7,399	25%	1,850

Based on the above calculations, VI UK's **Total Pillar 1 requirement is £1,950,000**, being the Fixed Overheads Requirement plus the PII requirement of £100,000. (VI UK has in place a professional liability risk insurance policy for £20m with a policy excess of £100,000).

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	5,184
Capital Requirement (Pillar 1 + 2)	<u>(1,950)</u>
Overall Capital Surplus	3,234

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.