UK GREEN INVESTMENT BANK LIMITED

Company Number SC424067

Strategic Report, Directors' Report and Financial Statements for the financial year ended 31 March 2021

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The Company's registered office is:

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144 Morrison Street
Edinburgh, EH3 8EX
Scotland

2021 Strategic Report, Directors' Report and Financial Statements Contents

Strategic Report
for the financial year ended 31 March 2021

In accordance with a resolution of the directors (the "Directors") of UK Green Investment Bank Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities

The Company acts to give effect to its objects as set out in its Articles of Association. The Company was incorporated with a green objective in 2012 and continues to have a green objective, following the acquisition of the Company by Macquarie Group on 17 August 2017. This green objective, articulated as five Green Purposes, can only be altered with the consent of the Green Purposes Company Limited ("Green Purposes Company") the holders of a special share in the Company, issued on 17 August 2017. No proposal to change the Green Purposes has been made.

The principal activities of the Company during the financial year ended 31 March 2021 ("current financial year") were making and holding of green investments either directly or through its subsidiary companies and the employment of staff deployed in the making and management of green investments and ancillary activities.

Review of operations

On 17 August 2017, the UK Green Investment Bank Limited became part of the group of companies of which Macquarie Group Limited is the ultimate holding company (the "Macquarie Group" or "Macquarie"). In order to pursue the Green Investment Bank's mission, and expand its operations geographically, it began operating under the name Green Investment Group ("GIG").

Investments in regions outside of the UK and Europe are unlikely to be made by the Company or its subsidiaries, but instead, will be made by other Macquarie Group entities using the GIG brand for trading and marketing purposes. Other Macquarie Group entities may only use the GIG name and brand in return for a contractual undertaking that any activities using brand will be compliant with the UK Green Investment Bank Limited's Green Purposes, Green Investment Principles and Green Investment Policy.

The financial information, staff numbers and green impact reporting numbers detailed in this Annual Report represent the Company only, and not the full scope of global activity carried out under the GIG platform and brand.

Stakeholders can gain a complete overview of all activities undertaken through the GIG brand on GIG's website (www.greeninvestmentgroup.com), through an annual progress report (published in October 2021) and at an annual stakeholder and industry event (held in October 2021).

During the reporting period the Company, and its subsidiaries, invested in new green energy projects including offshore wind development and waste-to-energy projects in the UK, and created a new European solar energy development platform.

The profit for the financial year ended 31 March 2021 was £143,724,000, as compared to the profit of £33,738,000 in the previous year. The change in profit was driven by a £95,360,000 increase in dividend income and a £44,447,000 increase in investment gains as a result of sold and liquidated entities. The increase in profit was offset by a £34,808 decrease in interest income.

Net operating income for the year ended 31 March 2021 was £145,486,000, as compared to the net operating income of £7,051,000 in the previous year.

Total operating expenses for the year ended 31 March 2021 were £19,263,000, an increase of 3 per cent from £18,642,000 in the previous year.

As at 31 March 2021, the Company had net assets of £243,937,000 (2020: £138,901,000).

Strategic Report
for the financial year ended 31 March 2021 (continued)

Review of operations (continued)
In July 2020, the Company entered into Share Purchase Agreements (SPAs) with Macquarie Asset Management UK Holdings No.2 Limited (MAMUKH2) and Macquarie International Limited (MIL) for the corresponding sale of Green Investment Group Management Limited (GIGML) and UK Green Investments Climate International Limited (UKCI) shares. The SPAs required the transfer of 100% equity holdings in GIGML and UKCI at the 31 March 2020 fair market price of £56.8 million and £8 million, respectively. The sale values were reassessed as at 1 July 2020 as part of an agreed true up payment between the MAMUKH2, MIL and GIB as noted in the SPAs. The revalued sale prices for GIGML and UKCI were £52.2 million and £6.4 million, respectively. The Company recognized a net gain of GBP £42.7 million on the sale of GIGML and UKCI.

Green Impact Reporting (unaudited)
The green impact statements contained in this Annual Report (see p. 52-64) indicate the principal quantifiable environmental benefits arising from the Company's investments. Green impact metrics are reported in terms of estimated lifetime green impact from 2020-21 investments and all investments to date, where the project has reached final investment decision.

We maintain the same robust and consistent approach to accounting and disclosure of green impact metrics as applied in previous years, reporting performance in our green impact statements. This year's reporting also maintains the new disclosures introduced in 2020, where we added reporting of our qualitative contributions to all five Green Purposes – through our Green Ratings – to our existing quantitative green impact statements.

The green impact of all of the Company's projects – whether qualitative or quantitative – is measured by comparing the performance of the project to a defined baseline or 'counterfactual': what would happen in the absence of the project. We do not report green impact for projects into which we have only provided development funding at this stage, due to the relative uncertainty over potential future green impact.

The baseline used for evaluating greenhouse gas emissions avoided by grid-connected energy generation and energy efficiency projects is defined by the IFI harmonized approaches to greenhouse gas accounting[1].

The green impact statements should be read in conjunction with the Company's methodology for calculating green impact. Details of that methodology are set out in the Green Impact Reporting Criteria 2020-21, a copy of which is published on GIG's website.

Selected totals for data in the green impact statements in respect of the financial year 2020-21 have been independently assured by Deloitte in accordance with the Independent Assurance Report set out on p. 65-66. The reporting period for the green impact statements is April 2020 to March 2021.

Equator Principles
The Company adopted the Equator Principles in 2013 and remains as an independent adoptee. In the reporting period, the Company did not make any investments to which the Equator Principles apply. The Equator Principles are not applicable to equity investments.

Principal risks and uncertainties
The Company is responsible for its own risk acceptance decisions. From the perspective of the Company, the principal risks are market risk, credit risk and liquidity risk. The material risks of the Company are monitored by the relevant division of the Risk Management Group ("RMG") of the Macquarie Group. There are currently no plans to substantially change the nature of the business going forward.

[1] http://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting

Strategic Report
for the financial year ended 31 March 2021 (continued)

Principal risks and uncertainties (continued)
The range of factors that may influence the Company's short-term outlook include:
- the duration of COVID-19, speed of the global economic recovery and extent of government support for economies;
- market conditions including significant volatility events and the impact of geopolitical events;
- *potential tax or regulatory changes and tax uncertainties;*
- completion of period-end reviews and the completion rate of transactions; and
- the geographic composition of income and the impact of foreign exchange.

On 31 December 2020, the transition period relating to the withdrawal of the United Kingdom ("UK") from the European Union ("EU") (known as "Brexit") came to an end. Whilst certain elements of the future relationship between the UK and EU have been agreed under a Trade and Cooperation Agreement, a number of matters remain uncertain. The Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts. As at this point in time, there has not been a significant financial impact on the Company.

The continued impact and uncertainty surrounding Novel Coronavirus (COVID-19) pandemic was monitored during the year for the Company by RMG. There was no significant financial impact, and the Company has continued to operate effectively throughout the pandemic.

The Company is not subject to any other material risks or uncertainties, over and above those stated.

COVID-19 did not have a material impact on the operations of the Company during the financial year.

Financial risk management
Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk, operational risk and market risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

As an indirect subsidiary of MGL, the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL. The risks which the Company are exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Credit Risk
Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. Credit exposures, approvals and limits are controlled with the Macquarie Group's credit framework, as established by RMG.

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

Strategic Report
for the financial year ended 31 March 2021 (continued)

Market risk

Market risk is the risk of adverse changes in the value of the Company's trading positions as a result of changes in market conditions. The Company is exposed to market risk from changes in equity prices or commodity prices through its facilitation and market making activities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively. In addition, the Directors have approved RMG imposed cash limits on positions taken by the Equity Markets business.

Interest rate risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings and external parties, all of which earn a variable rate of interest, except for certain positions with fixed rate of interest with external parties. Interest bearing liabilities include payables to other Macquarie Group undertakings and external parties, which also incur a variable rate of interest.

Foreign exchange risk

The Company has foreign exchange exposures which include amounts receivable from and payable to other Macquarie Group undertakings and external parties which are denominated in non-functional currencies. Any material non-functional currency exposures are managed by applying a group wide process of minimising exposure at an individual Company level.

Operational risk

The Company operates within a global framework which is applied consistently across all business lines within the Macquarie Group for the identification, monitoring, management and reporting of operational risk. Operational risk management occurs largely as part of the normal day to day running of each business with the framework, policies and oversight being managed at a central level by RMG. The framework can be tailored to the risk profile of each business, but each business must comply with certain mandatory aspects.

Section 172 (1) Statement

During the reporting period the directors of the Company have acted in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, in doing so, they have regard to the matters set out in s172(1)(a-f) of the Companies Act 2006) in their decision making.

Our Section 172 statement focusses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

From the perspective of the Directors, the matters that the Board is responsible for considering under Section 172 of the Companies Act 2006 have been considered appropriately. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors considered these matters is set out in the Directors' report on pages 8 to 11.

Other matters

Due to the nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators (including with regard to environmental and employee matters) in the Strategic report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Name: Edward Northam
Director

10 December 2021

UK Green Investment Bank Limited
Company Number SC424067

Directors' Report
for the financial year ended 31 March 2021

In accordance with a resolution of the Directors of the Company, the Directors submit herewith the audited financial statements of the Company and report as follows:

Directors and Secretaries
The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:

N. Arora	(resigned 31 March 2021)
M. Dooley	
E. Northam	
D. Wong	(resigned 29 October 2021)

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

H. Everitt

Results
The profit for the financial year ended 31 March 2021 was £143,724,000 (2020: profit of £33,738,000).

Dividends
Dividends of £38,802,000 (2020: £135,000) were paid during the current financial year. No other dividend has been proposed.

State of affairs
The Company received £48 million and £45 million in dividend income from Pentland SPV 1 Limited and Forth SPV 1 Limited, respectively. On 7 September 2021, Pentland SPV 1 Limited and Forth SPV 1 Limited were dissolved.

In July 2020, the Company entered into Share Purchase Agreements (SPA) with Macquarie Asset Management UK Holdings No.2 Limited (MAMUKH2) and Macquarie International Limited (MIL) for the corresponding sale of Green Investment Group Management Limited (GIGML) and UK Green Investments Climate International Limited (UKCI) shares. The SPAs required the transfer of 100% equity holdings in GIGML and UKCI at the 31 March 2020 fair market price of GBP £56.8 million and £8 million, respectively. The sale values were reassessed as at 1 July 2020 as part of an agreed true up payment between the MAMUKH2, MIL and GIB as noted in the SPAs. The revalued sale prices for GIGML and UKCI were £52.2 million and £6.4 million, respectively. The Company recognized a net gain of GBP £42.7 million on the sale of GIGML and UKCI.

There were no other significant changes in the state of affairs of the Company that occurred during the current financial year under review not otherwise disclosed in the Directors' report.

Going Concern
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors' Report
for the financial year ended 31 March 2021 (continued)

Events after the reporting year
On 7 September 2021, subsidiary entities Forth SPV 1 Limited and Pentland SPV 1 Limited were dissolved via voluntary strike-off.

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2021 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

Coronavirus (COVID-19)
The Novel Coronavirus (COVID-19) has had significant impacts on global economies and financial markets, led to several changes in the economy and resulted in several support actions by financial markets, governments and regulators. The impact of COVID-19 continues to evolve and, where applicable, has been incorporated into the determination of the Company's results of operations and measurements of its assets and liabilities at the reporting date.

COVID-19 did not have a material impact on the operations of the Company during the financial year.

IBOR reform: Transition from inter-bank offered rates ("IBOR") to alternative reference rates ("ARRs")
IBOR are interest rate benchmarks that are used in a wide variety of financial instruments such as derivatives and lending arrangements. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate) and 'EURIBOR' (the Euro Inter-bank Offered Rate). Historically, each IBOR has been calculated and published daily based on submissions by a panel of banks. Over time, changes in interbank funding markets have meant that IBOR panel bank submissions have become based less on observable transactions and more on expert judgement. Financial markets' authorities reviewed what these changes meant for financial stability, culminating in recommendations to reform major interest rate benchmarks. As a result of these recommendations, many IBOR around the world are undergoing reforms.

Due to a lack of observable transactions to support robust LIBOR reference rates, LIBOR publication for the majority of currencies is expected to cease in the next financial year by 31 December 2021. To facilitate the transition of contracts from LIBOR to ARRs on an economically equivalent basis, adjustments for term and credit differences will need to be applied.

During 2018, UK Green Investment Bank Limited's ultimate parent Macquarie Group Limited ("MGL") initiated a project, which is sponsored by its Chief Financial Officer ("CFO"), to manage the impacts of IBOR reform, including overseeing the transition from LIBOR to ARRs. A group-wide steering committee was established with its key responsibility being the governance of the project. This committee includes senior executives from MGL's Operating Groups, Financial Management Group ("FMG"), Risk Management Group ("RMG"), Corporate Operations Group ("COG") and Legal and Governance team. The project is wide in scope including identification of the impact of the reform on the separate legal entities within the Consolidated MGL Group (including the Company) and implementing necessary changes in those legal entities.

As at 31 March 2021, the Company did not have any material exposures to the impacted IBOR benchmarks and is not materially impacted by the transition to ARRs.

The Directors believe that no other significant changes are expected other than those already disclosed in this report and the Strategic Report.

Directors' Report
for the financial year ended 31 March 2021 (continued)

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Section 172 (1) Statement
The Directors acknowledge their responsibility under section 172 (1) of the Companies Act 2006 and have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company whilst having regard to relevant matters including those in respect of the Company's stakeholders. The Company's stakeholders are principally group shareholders, employees, the Green Purposes Company Limited ("Green Purposes Company" or "GPC"), industry groups and trade associations, internal and external customers.

The Directors meet periodically (with documentation circulated in advance) to allow them to fully understand the performance and position of the Company. Each decision that is made by the Directors is supported by documentation, discussion and debate at the meetings. This supports informed and robust decision making, including considerations based on the likely impact of a decision, taking into account relevant stakeholders. The following sets out the requirements of section 172 (1), and notes how the Directors have discharged their duties:

(a) Likely consequences of any decision in the long-term
The Company's ultimate parent is Macquarie Group Limited ("MGL"). The reputations of the Company, the Green Investment Group ("GIG") brand and the Company's Directors are fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Company operates to the ethical and business standards set by MGL and the Macquarie Group. Any decision taken will be aligned to the strategy of the Company and the wider Macquarie Group and be made in accordance with Macquarie's Code of Conduct (the "Code").

Directors' Report
for the financial year ended 31 March 2021 (continued)

Section 172 (1) Statement (continued)

(a) Likely consequences of any decision in the long-term (continued)
The Code is based on the three principles that guide the way Macquarie Group does business – Opportunity, Accountability and Integrity. Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with the Macquarie Group's risk management framework, which is embedded across all Macquarie Group's operations. The Macquarie Group's approach to risk management is based on the following stable and robust core risk management principles i) ownership of risk at the business level; ii) understanding worst case outcomes; and iii) independent sign off by the Risk Management Group.

To facilitate good decision making, Directors meet as required with documentation circulated in advance. Where relevant this may include diligence on financial impacts, as well as non-financial factors to allow them to fully understand the performance and position of the Company, along with the matters that are to be discussed.

The principal activity of the Company during the year was the making and holding of green investments, either directly or through its subsidiary companies, and the employment of staff deployed in the making and management of green investments and ancillary activities.

Key decisions which the Board met to consider during the year were:
- the approval of the statutory financial statements of the Company;
- approval of the transparency statement relating to the Modern Slavery Act, for the 2020 financial year;
- the payment of dividends to the shareholder of the Company;
- the divestment of certain investments held by the Company; and
- quarterly review of work health and safety, finance, risk, and human resources reports.

In connection with the fulfilment of the green objective set out in the Company's Articles of Association (the "Green Objective"), all prospective GIG investments are subject to detailed green rating assessment by an independent team which scrutinises an investment's alignment with GIG's Green Objective and measures contributions to GIG's Green Purposes, to ensure compliance with the Green Investment Policy. The findings of this process are presented as a Green Opinion within the investment committee papers presented for consideration as part of the investment decision making process.

All activity undertaken under the GIG name and brand align to the Green Objective, by contributing to at least one of its five Green Purposes.

Further details on GIG's Green Investment Principles, Green Investment Policy and Green Purposes can be found at: https://www.greeninvestmentgroup.com/who-we-are/measuring-our-impact.html.

New investments made under the GIG brand continue to be made by the Company's direct and indirect subsidiaries and each such GIG investment is subject to a specific review to determine the likelihood of the investment furthering the Green Objective. GIG Investments made outside of Europe may be made by other Macquarie Group entities using the GIG name and brand for trading and marketing purposes. However, those entities are only permitted to do this in return for a contractual undertaking that any activities will be compliant with the Company and GIG's Investment Principles and Green Investment Policy.

Further details of the activities of UK GIB can be found in the 2021 GIG Progress Report and GIG's website: https://www.greeninvestmentgroup.com/.

(b) Interests of the Company's workforce
Employees that provide services to the Company have employment contracts either directly with the Company or with other entities within the wider Macquarie Group.

Through communications provided by Macquarie Group's Human Resources team and senior management, the Company involves and informs the workforce on matters that are likely to directly affect them. The Company's policies align with Macquarie Group's workforce related policies, including Macquarie's Workforce Diversity Policy.

Directors' Report
for the financial year ended 31 March 2021 (continued)

Section 172 (1) Statement (continued)

(c) Business relationships with suppliers, customers and others
The Board and GIG are committed to being active citizens in the global green community. GIG participates in over 40 membership organisations around the world, in which its team members hold a number of key positions. Further information on how GIG works in partnership with industry and trade associations can be found at https://www.greeninvestmentgroup.com/en/p-r-2021/progress-report-2021.html.

GPC - The GPC is a key stakeholder of the Company. It is a company limited by guarantee, owned and operated by trustees independent of GIG and Macquarie Group. The primary role of the trustees is to approve or reject any changes proposed to GIG's Green Purposes as they apply in the UK and Europe. The Green Purposes can only be altered with the consent of the GPC, the holders of a special share in the UK Green Investment Bank Limited, issued on 17 August 2017. The GPC is committed to public accountability, transparency and competency, and to contributing positively to the future development of GIG.

The Directors are cognisant of the suppliers and customers of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement. The Board oversees how the Company deals with its various business relationships, including by way of regular Board reporting with respect to business performance and risk management.

Suppliers - Macquarie Group is committed to ensuring high standards of environmental, social and governance performance across its supply chain. This commitment is driven by our business principles. Macquarie Group has put in place a Supplier Governance Policy to manage the risks associated with suppliers who provide the Macquarie Group with high inherent risk goods or services, and also 'Principles for Suppliers' to help uphold our core values with the aim of having supplier relationships that create long-term and sustainable value for our clients, shareholders and community.

Through GIG's workplace health and safety programme, we seek to support our development teams in applying responsible criteria to their supplier selection and procurement activities. GIG takes the reports of human rights abuses and recent allegations associated with polysilicon manufacturing in Xinjiang seriously. We have enhanced our due diligence process for supplier contracts to understand this very complex matter. Our enhanced due diligence includes traceability studies, social audits, reporting and escalation procedures, and ongoing monitoring.

Customers - the Company has both internal and external customers. Along with the publicly available disclosures on our website and through the GIG Progress Report, we look to the Company's workforce (including the Board) to keep customers informed about the depth, breadth and scale of our capabilities in line with local rules and regulations on client suitability and financial promotions. Macquarie Group's publicly available EMEA Terms of Business embed our commitment to the principle of treating customers fairly into all of the Company's business.

With respect to customers and suppliers, the Company and Macquarie Group is committed to our ensuring high environmental, social and governance standards. Further information on relevant principles and policies can be found in the following documents and links:

- Supplier Governance Policy
- Principles for Suppliers
- Third Party Risk team
- EMEA Terms of Business
- GIG Progress Report

In the context of COVID-19, the Board recognises that acute crises bring into focus the imperative for organisations to support customers and contribute to the communities in which they operate. During this period, the Company has worked with its clients as they quickly adapt to a changed environment so that they can continue to operate.

Directors' Report
for the financial year ended 31 March 2021 (continued)

Section 172 (1) Statement (continued)

(d) Community and the environment
The Board recognises the importance of sound Environmental, Social and Governance ("ESG") practices as part of its responsibility to our clients, shareholders, communities, people and the environment in which the Macquarie Group operates. As a subsidiary of the Macquarie Group, the Company has committed to the Group's ESG approach, which is structured around focus areas considered to be material to our business. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of Macquarie's broader risk management framework, to which the Company is subject.

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. The Macquarie Group regularly engage with a broad range of stakeholders including clients, shareholders, investors, analysts, governments, regulators, the workforce, suppliers and the wider community.

Macquarie Group recognises that failure to manage ESG risks could expose the organisation to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties.

In May 2021, Macquarie Group announced a net zero commitment as part of its wider efforts to tackle climate change and help drive action at a global level. This statement signals the intent to steer the Macquarie Group's portfolio over time and in line with a managed transition to global net zero by 2050. Macquarie is already regarded as a global leader in advancing practical climate solutions and this announcement is an opportunity to positively build on that, demonstrating close alignment with our purpose – empowering people to innovate and invest for a better future.

On the same date, GIG also announced a series of commitments in alignment with the Macquarie Group, including a specific commitment to achieving net zero from financing activities associated with renewable energy projects by 2030.

The Board acknowledges the work of the Macquarie Group Foundation (the "Foundation"), which is the philanthropic arm of Macquarie. The Foundation encourages Macquarie's employees to give back to the communities in which they live and work by contributing service, financial support and leadership to the community organisations they feel passionately about.

As an investor, developer, asset manager and owner of businesses, we treat workplace health, safety, environment and social (WHSES) matters as an opportunity to add value beyond risk management. Further details on GIG's approach in the last year can be found at https://www.greeninvestmentgroup.com/en/p-r-2021/progress-report-2021.html.

(e) Reputation for high standards
The reputations of the Company and its Directors are fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Macquarie Group and the Company are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are further reflected in the Code.

(f) Need to act fairly as between members of the Company
The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and in addition to promoting the success of the Company as a whole, the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the Macquarie group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

Directors' Report
for the financial year ended 31 March 2021 (continued)

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Streamlined energy and carbon reporting ("SECR") requirement (unaudited)

1. Methodology

1.1 Reporting period

The data is reported for the year ended 31 March 2021.

1.2 Reporting boundaries

The following information has been prepared using an operational control approach in line with the UK government's Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance.

UK Green Investment Bank ("GIB")'s corporate offices are defined as offices leased by Macquarie Group Limited ("MGL") operating entities globally over which GIB has operational control. The space is also occupied by GIB staff and has a Net Usable Areas (NUA) greater than 100m2. NUA is defined as the area that can be fitted out by the tennant. This includes 144 Morrison Street in Edinburgh ("Morrison Street office") only. The report reflects the consumption and emissions of GIB only and not subsidiary entities.

Business travel is defined as travel ticketed by GIB staff through Macquarie's Travel Management Companies for the primary purpose of business. Where business trips booked through Macquarie's Travel Management Companies include staff-funded spousal travel or personal leisure arrangements made as an aside to a business trip, this has been included in 'business travel'.

1.3 GHG emissions and energy use measurements

Emissions have been calculated in accordance with the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

The UK Department for Environment Food and Rural Affairs ("DEFRA")'s emissions factors have been applied to calculate GHG emissions (tonnes CO2-e).[1]

<u>Total electricity consumed (Scope 2)</u>

All electricity data for the reporting period was obtained directly from actual tenancy or building data. No estimates were required.

<u>Other indirect emissions associated with business travel (Scope 3 emissions)</u>

Travel data was based on reports provided by International SOS, the organisation contracted to track MGL staff travel and provide emergency assistance where required. Emission factors outlined in Measurement of GHG emissions have then been applied to mileage to determine the equivalent indirect emissions associated with business travel (Scope 3 emissions).

<u>Consistency with other energy use and emissions reporting</u>

This disclosure is consistent with Macquarie's other energy use and emissions reporting, including in MGL's Annual Report and its submission to CDP. The FY21 MGL Annual Report and independent assurance statement are available at Macquarie.com/ESG.

[1] DEFRA Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors (2019)

Directors' Report
for the financial year ended 31 March 2021 (continued)

Streamlined energy and carbon reporting ("SECR") requirement (unaudited) (continued)

2. Disclosure
Emissions have been calculated in accordance with the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

	2021	2020
Direct emissions associated with diesel, natural gas and refrigerants usage (Scope 1 emissions)[1]	-	-
Indirect emissions from electricity consumption (Scope 2 emissions) (t CO_2e)[2]	-	34.49
Other indirect emissions associated with business air travel (Scope 3 emissions)[3] (t CO_2e)	**2.86**	1587.51
Total emissions (all scopes) (t CO_2e)	**2.86**	1,622
Intensity ratios: Scope emissions (t CO_2e)/m2	-	0.03
Intensity ratios: Total emissions (t CO_2e) per capita	**0.07**	41.59
Energy consumption – from electricity (kWh)	**96,815**	134,950

[1] No natural gas, diesel or refrigerants have been consumed at the premises.
[2] All electricity consumed at the premises in FY21 was procured from renewable energy sources.
[3] The decrease is due to travel restrictions in place since March 2020.
Macquarie does not collect emissions data on fuel used in personal or hire cars on business use. GIB does not own or operate any vehicles.

<u>Other indirect emissions associated with our client portfolio (Scope 3 emissions)</u>
The Green Investment Group (GIG)'s mission is to accelerate the green transition. Its mission is hardwired into the way the GIG does business and protected by the independent trustees of the GPC. To ensure its projects align to its mission, every GIG project is individually rated against its Green Investment Criteria and it publishes details of its green impact on its website.

For more details visit https://www.greeninvestmentgroup.com/

Energy efficiency measures in the reporting year
The energy consumed at the Morrison Street office reduced by 28% from FY2020. Whilst this can be largely attributed to reduced occupancy levels due to COVID-19, we have also continued our focus on energy use in all Macquarie premises globally.

The Morrison Street office provides some of the best sustainability features available, having a BREEAM 'Excellent' and EPC 'B' rating. The building has been developed with low carbon energy technology, low water use systems, energy efficient lifts and low e-glass glazing.

This year, all of the energy consumed at Morrison Street was sourced from renewable energy, in line with Macquarie Group's RE100 commitment to source 100% renewable energy for all Macquarie premises by 2025.

Carbon offsets
Macquarie purchased and retired carbon offsets for its emissions from a portfolio of Australian Carbon Credit Units (ACCUs) and other voluntary carbon offsets that met the Verified Carbon Standard and Climate, Community and Biodiversity Standard. This includes all GIB emissions disclosed above.

Directors' Report
for the financial year ended 31 March 2021 (continued)

Independent auditors
Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board,

Name: Edward Northam
Director

10 December 2021

Statement of profit or loss and other comprehensive income for the financial year ended 31 March 2021

	Notes	2021 £000	2020 £000
Turnover	4	**123,732**	25,469
Net gain/(loss) on investments	4	**41,265**	(3,182)
Administrative expenses	4	**(19,263)**	(18,642)
Other operating (expenses)/income	4	**(248)**	3,406
Operating profit		**145,486**	7,051
Interest receivable and similar income	4	**72**	34,880
Interest payable and similar expenses	4	**(84)**	(248)
Profit before taxation		**145,474**	41,683
Tax on profit	6	**(1,750)**	(7,945)
Profit for the financial year		**143,724**	33,738
Other comprehensive loss			
Changes in allowance for expected credit losses	21	**-**	(83)
Total other comprehensive loss		**-**	(83)
Total comprehensive income		**143,724**	33,655

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

Turnover and profit before taxation relate wholly to continuing operations.

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

UK Green Investment Bank Limited
Company Number SC424067

Balance sheet
as at 31 March 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	8	701	699
Investments	9, 10, 11	1,750	81,822
Loan assets	12	177	257
Deferred tax asset	13	1,010	471
		3,638	83,249
Current assets			
Debtors	14	281,512	48,461
Assets classified as held for sale	15	-	16,010
Current liabilities			
Creditors: amounts falling due within one year	17	(39,964)	(6,822)
Net current assets		241,548	57,649
Total assets less current liabilities		245,186	140,898
Creditors: amounts falling due after more than one year	18	(491)	(1,239)
Provisions for liabilities	19	(758)	(758)
Net assets		243,937	138,901
Shareholders' funds			
Called up share capital	20	1,567	1,567
Other reserves	21	78,707	78,593
Profit and loss account	21	163,663	58,741
Total shareholders' funds		243,937	138,901

The above balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

The financial statements on pages 15 to 48 were approved by the Board of Directors on 10 December 2021 and were signed on its behalf by:

Edward Northam
Director

Statement of changes in equity
for the financial year ended 31 March 2021

	Note	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total shareholders' funds £000
Balance as at 1 April 2019		156,745	1,489,376	160,088	1,806,209
Profit and total comprehensive income for the financial year		-	-	33,738	33,738
Change on initial application of IFRS 16		-	-	(85)	(85)
Total other comprehensive loss, net of tax		-	(83)	-	(83)
Contribution from ultimate parent entity in *relation to share-based payments*		-	5	-	5
Return of capital	20	(156,745)	(1,410,705)	-	(1,567,450)
Issue of share capital	20	1,567	-	-	1,567
Dividends paid	7	-	-	(135,000)	(135,000)
Balance as at 31 March 2020		**1,567**	**78,593**	**58,741**	**138,901**
Profit and total comprehensive income for the financial year		-	-	143,724	143,724
Contribution from ultimate parent entity in relation to share-based payments	20	-	114	-	114
Dividends paid	7	-	-	(38,802)	(38,802)
Balance as at 31 March 2021		**1,567**	**78,707**	**163,663**	**243,937**

The above statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Notes to the financial statements
for the financial year ended 31 March 2021

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in Scotland. The address of its registered office is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, Scotland, United Kingdom.

The principal activities of the Company during the financial year ended 31 March 2021 were making and holding of green investments either directly or through its subsidiary companies and the employment of staff deployed in the making and management of green investments and ancillary activities.

Note 2. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101") and have been prepared in accordance with the provisions of the Companies Act 2006.

The financial statements contain information about the Company as an individual Company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent MGL, a Company incorporated in Australia.

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

(i) Going concern

As at 31 March 2021, the Company had net assets of £243,937,000 (2020: £138,901,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(ii) Basis of measurement

The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention except for the following items:

- financial assets and liabilities that are otherwise measured on an amortised cost basis.
- non-current assets and disposal groups that have been classified as held for sale and where the disposal group has been impaired to its fair value less costs to sell.
- obligations in terms of cash-settled share-based payment obligations which are typically measured with reference to MGL's share price in accordance with IFRS 2.

(iii) Disclosure exemptions

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

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

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number and weighted average exercise price of share-based payment arrangements concerning equity instruments of another group entity and how the fair value of goods or services received was determined).
- The requirements of paragraph 33(c) of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' (details of cash flows of discontinued operations).
- *The requirements of IFRS 7 'Financial Instruments: Disclosures'.*
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 2. Basis of preparation (continued)

(iii) Disclosure exemptions (continued)

- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of:
  -Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
  -Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

(iv) Critical accounting estimates and significant judgements

The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement in assessing whether the cash flows generated by a financial asset constitute solely payment of principal and interest (SPPI) may require the application of judgement, particularly for certain subordinated or non recourse positions, and in the determination of whether compensation for early termination of a contract is reasonable.
- judgement in timing and amount of impairment of interests in associates, loan assets and investment in subsidiaries (Notes 9, 10, 11, and 12).
- judgement in the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss (ECL) including the determination of significant increase in credit risk (SICR), forecasts of economic conditions and the weightings assigned there to (Note 16).
- estimates in recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (Note 3(iii) and 6).
- estimates in the timing of derecognition of assets and liabilities following the disposal of an investment, including the measurement of the associated gain or loss (Note 3(ii)).

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

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

(v) Coronavirus (COVID-19) impact

The Company's processes to determine the impact of COVID-19 for these financial statements is consistent with the processes disclosed and applied in its 31 March 2020 financial statements. Those processes identified that expected credit losses (Note 16) and the assessment of the impairment of non-financial assets (Note 8) required continued judgement as a result of the impact of COVID-19.

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 2. Basis of preparation (continued)

(v) Coronavirus (COVID-19) impact (continued)

As there is a higher than usual degree of uncertainty associated with these assumptions and estimates, actual outcomes may differ to those forecasted which may impact the accounting estimates included in these financial statements. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods. The impact of COVID-19 has been discussed further in each of the related notes.

Processes applied

As a consequence of COVID 19 and in preparing these financial statements, management:

- re evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- updated its economic outlook – principally for the purposes of inputs into its ECL through the application of forward looking information, but also for input into the impairment analysis of financial and non financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID 19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID 19; and
- considered the impact of COVID 19 on the Company's financial statement disclosures.

Consideration of the impact on the financial statements and further disclosures

Key financial statement items and related disclosures that have been impacted by COVID 19 were as follows:

-Loans and receivables

In response to COVID 19 the Company undertook a review of wholesale and retail credit portfolios, loan to other Macquarie entities and other financial asset exposures and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology, SICR thresholds, and definition of default remained consistent with prior periods. The impact of COVID 19 on the credit risk management disclosures, notably in relation to credit quality and collateral and other credit enhancements was also considered. Refer to Note 12.

-Tangible Assets and right-of-use assets

Given the impact of COVID 19, the Company's tangible assets and right-of-use assets were subject to impairment testing which concluded that no material impairment was required. Refer to Note 8.

-Interest in associates and investments in subsidiaries

The Company's investments in associates is diversified, has been acquired over time and covers various sectors (including infrastructure and green energy) and geographic locations. When it has been assessed that there is an indicator of impairment the Company tests the carrying amount of each of its investments for impairment, by comparing the investment's recoverable amount with its carrying value. In addition to the Company assessing its investments in subsidiaries for impairment, the Company re affirmed that there were no circumstances as a result of COVID 19 that would affect the existing control conclusion for its subsidiaries, including structured entities, nor did it highlight instances in which the Company now had control of such entities. Refer to Note 10 and Note 11.

-Creditors

Debt related covenants were assessed to determine whether there were any breaches for which disclosure is required. The Company identified no such breaches at 31 March 2021 nor at the time at which these financial statements were authorised for issue. Refer to Note 17 and Note 18.

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

The amendments to existing accounting standards that are effective for the annual reporting period beginning on 1 April 2020 did not result in a material impact to the Company's financial statements.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies

(i) Foreign currency translation

Functional and presentation currency

The functional currency of the Company is determined as the currency of the primary economic environment in which the Company operates. The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the net trading income, except when deferred in OCI as a result of meeting cash flow hedge accounting requirements.

(ii) Revenue and expense recognition

Fee and commission income

Revenue earned by the Company from its contracts with customers primarily consists of the following categories of fee and commission income:

Base and other asset management fees and performance fees - The Company earns base and other asset management and performance fees for providing asset management services for listed and unlisted funds, managed accounts and co-investments arrangements. It has been determined that the provision of asset management services is typically a single performance obligation.

Base management fees are recognised over the life of the contract as the asset management services are provided. Any associated performance fees are deemed to be a variable component of the same asset management service and are recognised only when it is highly probable that the performance hurdles are met, and a significant reversal of cumulative fees recognised to date will not occur.

Determining the amount and timing of performance fees to be recognised involves judgement, the use of estimates (including management estimates of underlying asset values) and consideration of a number of criteria relating to both, the fund in which the asset(s) are held, as well as the underlying asset(s), such as:

- the extent to which performance fee liabilities have been accrued by the fund or managed account to date or consideration of the current valuation case of the assets in relation to the performance fee hurdle rate;
- the proportion of assets realised and returns on those assets;
- nature of remaining underlying fund or managed account's assets and potential downside valuation risks on each;
- time remaining until realisation of the assets and the fund's life or asset management services' timeline; and
- consideration of the ability to dispose of the asset, including any barriers to divest.

Mergers and acquisitions, advisory and underwriting fees - The Company earns revenue through its role as advisor on corporate transactions as well as through its role as manager and underwriter of equity and debt issuances. The revenue from these arrangements is recognised at a point in time, and when it has been established that the customer has received the benefit of the service such that the performance obligation is satisfied. For advisory services this is typically at the time of closing the transaction.

Where mandates contain rights to invoice upon reaching certain milestones, the Company assesses whether distinct services have been transferred at these milestones and accordingly recognises revenue. If not, the fee recognition will be deferred until such time as the performance obligation has been completed. Management of capital raisings and underwriting of debt or equity capital raisings are each considered distinct performance obligations that are typically satisfied on the allocation date of the underwritten securities.

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(ii) Revenue and expense recognition (continued)

Other operating income/(expenses)
Other operating income/(expenses) comprises of net trading income or loss, investment income, and other income.

Net trading income comprises gains and losses related to trading assets/liabilities and derivatives including all realised and unrealised fair value changes, dividends and foreign exchange differences.

Investment income includes gains and losses arising from subsequent changes in the fair values of equity and debt investment securities that are classified as FVTPL and dividends or distributions on these securities which represent the return on such investments. Impairment losses/reversal of impairment losses on these financial assets are not reported separately from other changes in fair value.

Gains or losses on the change of control, joint control and/or significant influence and reclassifications to/from held for sale also forms part of investment income.

Net interest income/(expense)
Interest income and interest expense (with the exception of borrowing costs that are capitalised on a qualifying asset, which is not measured at fair value) are recognised using the effective interest rate ("EIR") method for financial assets and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in interest income or interest expense, as applicable, over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

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

The calculation of the EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit impaired ("POCI"). Interest income on these assets is determined using a credit adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest income on financial assets that are not credit impaired is determined by applying the financial asset's EIR to the financial asset's gross carrying amount. Interest income on financial assets that are not classified as POCI but are subsequently classified as credit impaired (Stage III), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).
Interest income and expense on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis.

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

Dividends or distributions are recognised when the right to receive a dividend or distribution is established, it is probable the economic benefits associated with the dividend will flow to the Company and the dividend can be measured reliably.

Dividends or distributions from held for trading ("HFT") assets are recognised in net trading income, as investment income as part of other operating income and charges for other financial assets measured at FVTPL or FVOCI, or as a reduction to the carrying amount of the investment in associates in the Company's balance sheet. Where associates are classified as held for sale, dividends or distributions are recognised within other income as part of other operating income and charges.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(ii) Revenue and expense recognition (continued)

Dividends and distributions (continued)
Judgement is applied in determining whether distributions from subsidiaries, associates are to be recognised as dividend income or as a return of capital. Distributions that represent a return of capital are accounted for by the Company as a reduction to the cost of its investment and are otherwise recognised by the Company within investment income as part of other operating income and charges when the recognition criteria are met.

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

Fee expense
Management fees and cost recoveries are charged to the Company in respect of services provided by other Macquarie group entities as per the agreed cost sharing arrangement. Such expenses are recognised on an accrual basis in accordance with the standard recovery methodology applied by the servicing entity.

(iii) Taxation

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

Deferred tax assets are recognised when temporary differences arise between the tax basis of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Factors considered include the ability to offset tax losses, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities with reference to the nature of the underlying uncertainty.

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

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(iv) Financial instruments

Recognition of financial instruments

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

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

The best evidence of a financial instrument's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only inputs from observable markets. Where such alternative evidence exists, the Company recognises profit or loss immediately when the instrument is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the profit and loss account over the life of the transaction or when the inputs become observable.

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:
- are entered into at the same time and in contemplation of one another;
- have the same counterparty;
- relate to the same risk;
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction; or
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

De-recognition of financial instruments

Financial assets

Financial assets are derecognised from the balance sheet when:
- the rights to cash flows have expired; or
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

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

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

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

Financial liabilities

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

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(iv) Financial instruments (continued)

Gains and losses on the derecognition of debt financial assets and liabilities
Gains and losses arising from the derecognition of debt financial assets or financial liabilities are recognised in:
- net trading income in respect of trading-related balances that are subsequently measured at amortised cost;
- investment income within other operating income and charges in respect of financial investments and loans to associates; and
- other income and charges as part of other operating income and charges for all other financial assets and financial liabilities.

Classification and subsequent measurement

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

Business model assessment
The Company uses judgement in determining the business model at the level that reflects how groups of financial assets are managed and its intention with respect to its financial assets. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:
i. how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's Senior Management personnel and senior executives;
ii. the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
iii. how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Amortised cost
A financial asset is subsequently measured at amortised cost using the EIR method where:
(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
(ii)the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and
(iii)the financial asset has not been classified as DFVTPL.

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

Fair value through other comprehensive income ("FVOCI")
A financial asset is subsequently measured at FVOCI if the following conditions are met:

(i) the financial asset is held within a business model whose objective is to both collect contractual cash flows and to sell the financial asset;
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and
(iii) the financial asset has not been classified as DFVTPL.

Subsequent changes in fair value are recognised in OCI, with the exception of interest (which is recognised as part of interest income), ECL (which is recognised in credit and other impairment charges/reversal) and foreign exchange gains and losses (which are recognised in net trading income) and is net of any related hedge accounting adjustments. When debt financial assets classified at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to investment income in respect of debt financial investments and loans to associates, or to other income and charges as part of other operating income and charges for all other financial assets.

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(iv) Financial instruments (continued)

Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:
- financial assets that are held for active trading (HFT), which are measured at FVTPL. This classification includes all derivative financial assets, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVPTL;
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows (FVTPL);
- financial assets that fail the SPPI test (FVTPL); and
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL).

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised as investment income within other operating income and charges.

Subsequent changes in the fair value of debt financial assets are measured at FVTPL are presented as follows:
- Changes in the fair value of financial assets that are classified as HFT and financial assets managed on a fair value basis are recognised in net trading income.
- Changes in the fair value of debt financial investments and loans to associates that fail SPPI are recognised in investment *income as part of other operating income and charges.*
- Changes in the fair value of all other FVTPL and DFVTPL financial assets are recognised as part of other income and charges within other operating income and charges.

Where applicable, the interest component of financial assets is recognised as interest and similar income.

Reclassification of financial instruments

The Company reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial asset's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either HFT, or have been designated to be measured at FVTPL (DFVTPL). A financial liability may be DFVTPL if:
- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen;
- a group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the liability contains embedded derivatives which must otherwise be separated and carried at fair value.

All derivative liabilities are classified as HFT.

Changes in the fair value of financial liabilities that are not classified as HFT are, with the exception of changes in fair value relating to changes in the Company's own credit risk that are presented separately in OCI and are not subsequently reclassified to profit or loss, are recognised in other income and charges as part of other operating income and charges.
Where applicable, the interest component of financial liabilities is recognised as interest and similar expense.

Offsetting of financial instruments

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

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(v) Loan assets

This category includes loans that are not held for trading purposes and typically includes the Company's lending activities to its customers.

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

Certain finance lease receivables are also presented as part of asset financing within loan assets. For the detailed policy on financial instruments, including treatment on derecognition, refer to Note 3(iv) *Financial Instruments*.

(vi) Investments

Investment in subsidiaries

Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure, or rights, to significant variable returns and the ability to utilise power to affect the Company's own returns.

The determination of control is based on current facts and circumstances and is continuously assessed. The Company has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. The Company also considers the entity's purpose and design. If the Company determines that it has power over an entity, the Company then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

All variable returns are considered in making that assessment including, but not limited to, returns from debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

Subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with *IAS 27 Separate Financial Statements*.

Interest in associates

Associates are entities, over which the Company has significant influence or joint control, but not control, are carried at cost in accordance with *IAS 27 Separate Financial Statements*.

The Company determines the dates of obtaining or losing significant influence or joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies or jointly control the relevant activities of that entity. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

(vii) Tangible assets and Right-of-use ("ROU") assets

Tangible assets are stated at historical cost (which includes, where applicable, directly attributable borrowing costs and expenditure directly attributable to the acquisition of the asset) less, accumulated depreciation and, where applicable, accumulated impairment losses.

ROU assets are measured at cost and comprise of the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration related costs.

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(vii) Tangible assets and Right-of-use ("ROU") assets (continued)

Depreciation to allocate the difference between cost and residual values over the estimated useful life is calculated on a straight-line basis for all assets.

A ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Annual depreciation rates are summarised below:

Tangible Assets	Depreciation rates
Furniture, fittings and leasehold improvements[1]	10 to 20%
Computer Equipment	20 to 50%

Right-of-use asset	Depreciation rates
Property	24%

[1] Where remaining lease terms are less than five years (20%), leasehold improvements are depreciated over the remaining lease term.

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in the light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised as part of other operating income and charges in the profit and loss account.

The depreciation charge relating to corporate building leases is presented as part of occupancy expenses while depreciation relating to leases entered into or assets held by trading related businesses for the purpose of facilitating trading activities is presented as part of net trading income in the profit and loss account. All other depreciation is presented as part of other operating expenses. The Company does not recognise a ROU asset for short-term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses in the profit and loss account.

(viii) Other assets and liabilities

Non-current assets and liabilities of disposal groups classified as held for sale

This category includes assets and disposal groups (groups of assets to be disposed in a single transaction and directly attributable liabilities) for which the carrying amount will be recovered principally through a sale or distribution transaction rather than continuing use. This includes assets and liabilities of businesses and subsidiaries, associates, other assets and liabilities, and subsidiaries that are acquired exclusively with a view to sell or distribute.

These assets and disposal groups are classified as held for sale when they are available for immediate sale in their present condition and the sale of or distribution is highly probable, including that the sale or distribution is expected to occur within 12 months. Where there is a planned partial disposal of a subsidiary resulting in loss of control, but the Company retains an interest in the disposed subsidiary, the entire carrying value of the subsidiary's assets and liabilities are classified as held for sale.

Non-current assets and liabilities of disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Equity accounting, depreciation and amortisation is suspended when the held for sale criteria is satisfied.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell and is recognised in other impairment charges/reversal. A gain is recognised for any subsequent increase in fair value less costs to sell, limited to the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale is recognised at the date of sale.

Financial assets and liabilities that are classified as held for sale are measured in accordance with the Company's financial instruments' policies.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(ix) Due to/from related entities

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

(x) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts issued that are not DFVTPL. The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macroeconomic information ("FLI").

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to Note 15 Expected credit losses for further information. Outcomes within the next financial year that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

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

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

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for FLI. The Company exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI. Detail on the Company's process to determine whether there has been a SICR is provided in Note 15 *Expected credit losses*.

Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

(iii) Stage III – Lifetime ECL credit-impaired

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

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

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(x) Impairment (continued)

Presentation of loss allowances

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

- loan assets, loans and advances to other Macquarie group entities, loans to associates measured at amortised cost – as a deduction to the gross carrying amount.
- loan assets, loans to associates, and debt financial investments measured at FVOCI – as a reduction in FVOCI reserve within equity. The carrying amount of the asset is not adjusted as it is recognised at fair value.
- lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount.
- undrawn credit commitments and financial guarantees (not measured at FVTPL) – as a provision included in other liabilities.

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

Impairment of interests in associates

The Company performs an assessment at each reporting date to determine whether there is any objective evidence that its interests in associates are impaired. The main indicators of impairment are significant changes in the market, economic or legal environment and a significant or prolonged decline in fair value below cost.

In making this judgement, the Company evaluates, among other factors, the normal volatility in share price and the period of time for which fair value has been below cost. If there is an indication that an investment in an associate may be impaired, then the entire carrying amount of the investment in the associate is tested for impairment by comparing the recoverable amount, being the higher of fair value less costs to sell and value in use and, with its carrying amount.

Impairment losses recognised in the profit and loss account for investments in associates are subsequently reversed through the profit and loss account if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. The impairment losses (reversal of impairments) on investment in associates are recognised in the profit and loss account as part of other impairment charges/reversal.

Fair value less costs to sell is estimated using market- based approaches using revenues, earnings and assets under management and multiples based on companies deemed comparable as well as other publicly available information relevant to the business.

Value in use is calculated using pre-tax cashflow projections of operating revenue and expenses. Forecasts are extrapolated using a growth rate and discounted using a pre-tax discount rate incorporating market risk determinants, adjusted for specific risks related to the cash generating units, if any, and the environment in which it operates.

Impairment of interests in subsidiaries

Investments in subsidiaries in the Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in other impairment charges/reversal, for the amount by which the investment's carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value in use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment. The amount of any reversal of impairment recognised must not cause the investment's carrying value to exceed its original cost.

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(x) Impairment (continued)

Impairment of tangible assets and right-of-use assets
For tangible assets and right-of-use assets, an assessment is made at each reporting date for indications of impairment.

Impairment losses are recognised in other impairment charges as part of other operating income and expenses for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(xi) Performance based remuneration

Share-based payments
The ultimate parent Company, MGL, operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan ("MEREP")) granted to employees under share acquisition plans. Information relating to these schemes is set out in Note 25 Employee equity participation.

The Company accounts for its share-based payments as follows:

Equity settled awards: The awards are measured at their grant date fair value and based on the number of equity instruments expected to vest. Expenses are recognised as part of employment expenses with a corresponding increase in equity with reference to the vesting period of those awards. Performance hurdles attached to Performance Share Units ("PSUs") under the MEREP are not taken into account when determining the fair value of the PSUs at the grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest. On vesting, the amount recognised in the share-based payment reserve is transferred to contributed equity. For the Company, the accounting is dependent on whether the Company is compensated for its obligations under the MEREP award. To the extent that employing subsidiaries compensate the Company for the MEREP offered to their employees, a recharge liability due to subsidiaries is recognised by the Company at grant date representing the payment received in advance of the award being settled. This liability reduces over the vesting period with a corresponding increase in the share-based payments reserve. MEREP liabilities are recognised and disclosed in Note 23 *Related party information*. To the extent that employing subsidiaries do not compensate the Company for the MEREP offered to their employees', the Company reflects the provision of the equity settled award as a contribution to its subsidiary and as a result increases its investment in subsidiary with a corresponding increase in the share-based payments reserve. On vesting, amounts recognised in the share-based payments reserve are transferred to contributed equity.

Cash settled awards: The award liability is measured with reference to the number of awards and the fair value of those awards at each reporting date. Expenses are recognised as part of employment expenses with reference to the vesting period of those awards. Changes in the value of the liability are recognised in employment expenses.

Profit share remuneration
The Company recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

(xii) Leases
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non-lease components as a single lease component.

(a) Accounting where the Company is the lessee
The Company leases corporate buildings, commodity storage facilities, technology and other equipment for which contracts are typically entered into for fixed periods of 12 months to 33 years and may include extension options. Leases are recognised as a ROU asset (as explained in Note 3(viii) *Tangible assets and right-of-use assets*) and a corresponding liability at the commencement date, being the date the leased asset is available for use by the Company.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 3. Significant accounting policies (continued)

(xii) Leases (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense. Interest expense is, unless capitalised on a qualifying asset which is not measured at fair value, recognised as part of interest and similar expense in the profit and loss account over the lease period on the remaining lease liability balance for each period. Any variable lease payments not included in the measurement of the lease liability are also recognised as other administrative expenses in the period in which the event or condition that triggers those payments occurs.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, as other administrative expenses, where the carrying value of the ROU asset has been reduced to zero.

Presentation

The Company presents ROU assets in *Tangible Assets & right of use assets* (refer to Note 8) and lease liabilities in *Creditors: amounts falling due after more than one year* (refer to Note 18) in the balance sheet.

(xiii) Called up share capital

Ordinary shares and other similar instruments are classified as equity.

(xiv) Comparatives

Where necessary, comparative information has been restated to conform to changes in presentation in the current year.

For 2020, the Company has restated balances from Provisions for liabilities of £180,000 to Creditors: amounts falling due within one year. These are voluntary changes in accounting policy as it has been determined that this is the appropriate classification given the nature of the balances.

There is no impact on the retained earnings or net assets.

	2020		
	Restated £000	Previously Reported £000	Change £000
Balance sheet:			
Creditors: amounts falling due within one year	(6,822)	(6,642)	(180)
Provisions for liabilities	(758)	(938)	180
Total	(7,580)	(7,580)	-

In accordance with FRS 101 8(g) the Company has applied an exemption from the requirements of IFRS IAS 1 para 40A-D of presenting third balance sheet.

(xv) Rounding of amounts

All amounts in the Strategic Report, Directors' Report and Financial Statements have been rounded off to the nearest thousand pound sterling (£'000) unless otherwise indicated. Pound sterling amounts are presented in the Financial statements and the accompanying notes in thousands (£'000) unless otherwise indicated.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 4. Profit before taxation

Profit before taxation is stated after crediting/(charging):	2021 £000	2020 £000
Turnover by category:		
Advisory services	1,322	2,152
Service fees received from other Macquarie Group undertakings	27,002	23,277
Dividend income	95,360	-
Other income[3]	48	40
Total turnover	123,732	25,469
Net gain / (loss) on investments by category:		
Impairments of interest in associates	(1,425)	(3,173)
Realised gain/(loss) on sale of investment	42,690	(9)
Total net gain / (loss) gain on investments	41,265	(3,182)
Administrative expenses		
Wages and salaries	(9,930)	(10,018)
Social security costs	(1,028)	(923)
Share based payment costs	(1,651)	(940)
Other staff costs	(236)	(317)
Other pension costs	(245)	(326)
Total staff costs	(13,090)	(12,524)
Auditor's remuneration		
- Fees payable to the Company's auditors for the audit of the Company[4]	(40)	(22)
Depreciation charges	(254)	(274)
Management fees	(4,443)	(2,943)
Professional fees[4]	(332)	(286)
Rent and occupancy costs	(294)	(415)
Other administrative expenses	(810)	(2,178)
Total administrative expenses	(19,263)	(18,642)
Other operating expenses:		
Foreign exchange losses	(56)	(283)
Credit impairment (charges)/reversals	(192)	3,689
Total other operating expenses	(248)	3,406
Interest		
Interest receivable and similar income from: [1]		
Other Macquarie Group undertakings	72	34,880
Total interest receivable and similar income	72	34,880
Interest payable and similar expenses to: [2]		
Other Macquarie Group undertakings	(49)	(204)
Unrelated parties	(35)	(44)
Total interest payable and similar expenses	(84)	(248)

[1]Includes interest income calculated using effective interest method of £72,000 (2020: £34,880,000) on the financial assets in the Company that are measured at amortised cost.

[2]Includes interest expense of £84,000 (2020: £248,000) on the financial liabilities measured at amortised cost.

[3]For 2020, the Company has reclassified balances of £18,000 from External interest to Other income to conform with changes in presentation in the current year.

[4]For 2020, the Company has reclassified balances of £26,000 from Auditor's remuneration to Professional fees to conform with changes in presentation in the current year.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 5. Employee information

The average number of persons employed by the Company during the year calculated on a monthly basis was:

By activity	No. of employees 2021	No. of employees 2020
Advisory and sales	32	39
Administration and support services	3	4
Total employees	**35**	**43**

Note 6. Tax on profit

	2021 £000	2020 £000
(i) Tax expense included in profit or loss		
Current tax		
UK corporation tax at 19% (2020: 19%)	2,166	8,045
Adjustment in respect of previous periods	15	67
Total current tax	**2,181**	8,112
Deferred tax		
Origination and reversal of temporary differences	(431)	(90)
Adjustment in respect of previous periods	-	(41)
Effect of changes in tax rates	-	(36)
Total deferred tax	**(431)**	(167)
Tax on profit	**1,750**	7,945

(ii) Reconciliation of effective tax rate

The income tax credit for the period is lower (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
Profit before taxation	145,474	41,683
Current tax charge at 19% (2020: 19%)	27,640	7,920
Effects of:		
Adjustment in respect of previous periods	15	27
Non-deductible (expenses)/income	275	621
Movement in equity reserve	-	108
Non-assessable income	(26,184)	(777)
Effect of rate change	-	(36)
Share based payments	4	82
Total tax on profit	**1,750**	7,945

The UK Government announced in the Budget on 3 March 2021 that the main rate of corporation tax will increase to 25% for the financial year beginning 1 April 2023. Prior to this date, the rate of corporation tax will remain at 19%. The increase to 25% rate was not substantively enacted at 31 March 2021, therefore the Company has continued to measure deferred tax balances at 19%.

Note 7. Dividends paid

	2021 £000	2020 £000
Dividends paid		
- Dividends paid	38,802	135,000
Total dividends paid (Note 21)	**38,802**	135,000

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 8. Tangible assets and ROU assets

As at 31 March 2021	Cost £000	Accumulated depreciation and impairment £000	Carrying Value £000
Assets for own use			
Furniture, fittings and leasehold improvements	544	(525)	19
Computer and communication equipment	134	(130)	4
Total assets for own use	**678**	**(655)**	**23**
Right-of-use assets			
Property	1,112	(434)	678
Total right-of-use assets	**1,112**	**(434)**	**678**
Total tangible assets & right-of-use assets	**1,790**	**(1,089)**	**701**

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

The movement in the carrying value of the Company's tangible assets and right of use assets was as follows:

Assets for own use	Furniture, fittings and leasehold improvements £000	Computer equipment £000	Total £000
Balance at 31 March 2020			
Cost	541	129	670
Accumulated depreciation and impairment	(500)	(127)	(627)
Balance at 1 April 2020	41	2	43
Acquisitions and adjustments	3	5	8
Depreciation (Note 4)	(25)	(3)	(28)
Cost	544	134	678
Accumulated depreciation and impairment	(525)	(130)	(655)
Balance at 31 March 2021	**19**	**4**	**23**

Right-of-use assets	Property £000	Total £000
Balance at 31 March 2020		
Cost	864	864
Accumulated depreciation and impairment	(208)	(208)
Balance at 1 April 2020	656	656
Acquisitions	248	248
Depreciation (Note 4)	(226)	(226)
Cost	1,112	1,112
Accumulated depreciation and impairment	(434)	(434)
Balance at 31 March 2021	**678**	**678**

Note 9. Investments

	2021 £000	2020 £000
Interests in associates (Note 10)	**1,750**	3,175
Investments in subsidiaries (Note 11)	**-**	78,647
Held for sale assets (Note 15)	**-**	16,010
Total Investments	**1,750**	97,832

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 10. Interests in associates

	2021 £000	2020 £000
Loans and investments with provisions for impairment	**10,331**	10,331
Less: provisions for impairment	**(8,581)**	(7,156)
Total interests in associates[(1)(2)]	**1,750**	3,175

[(1)]Financial statements of associates have various reporting dates which have been adjusted to align with the Company's reporting date.

[(2)]There are no associates that are individually material to the Company.

The Company holds a 10% interest (2020: 10%) in UK Green Infrastructure Platform Limited and accounts for it as an interest in associate on the basis of exercising significant influence through its advisory contract, Board representation and secondment of key management. The carrying value of the investment in associate represents the recoverable value of the Company's share as determined on the basis of its value in use ("VIU").

Summarised information of certain interests in material associates are as follows:

		Ownership interest	
Name of entity	**Principal activity**	**2021 %**	2020 %
UK Green Infrastructure Platform Limited	Holding company	**10**	10

Note 11. Investments in subsidiaries

	2021 £000	2020 £000
Investments at cost with no provisions for impairment[(1)]	**-**	78,647
Total investments in subsidiaries	**-**	78,647

[(1)]During the financial year the Company did not recognise a provision for impairment on its investment in subsidiaries. The recoverable amount has been estimated using valuation techniques which incorporate the subsidiaries' consolidated maintainable earnings, financial position and growth rates.

The material subsidiaries of the Company, based on contribution to the Company's profit after income tax, the size of the investment made by the Company or the nature of activities conducted by the subsidiary, are:

Name of subsidiary	Nature of business	Place of incorporation	2021 % ownership	2021 £000	2020 £000
UK Green Community Lending Limited[3]	Holding company	UK[1]	100%	**-**	-
Forth SPV 1 Limited[(3)(4)]	Holding company	UK[1]	100%	**-**	-
Pentland SPV 1 Limited[(3)(4)]	Holding company	UK[1]	100%	**-**	78,647
Green Investment Group Limited[3]	Holding company	UK[2]	100%	**-**	-
Total investments in subsidiaries				**-**	78,647

[1]*The registered address is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom*

[2]The registered address is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, Scotland

[3]The Company's investment in the listed subsidiaries was below £500 for the year ended 31 March 2021.

[4]Pentland SPV 1 Limited and Forth SPV 1 Limited were liquidated during the year ended 31 March 2021.

All subsidiaries have a 31 March reporting date.

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 12. Loan assets

	2021			2020		
	Gross	ECL allowance	Net	Gross	ECL allowance	Net
	£000	£000	£000	£000	£000	£000
Finance lease receivables	177	-	177	257	-	257
Total loan assets	177	-	177	257	-	257

Finance lease receivables

Finance lease receivables are included within loan assets.

The following table represents the maturity profile of the contractual undiscounted cashflows of the Company:

	2021			2020		
	Gross investment in finance lease receivables	Unearned income	Present value of minimum lease payments receivable	Gross investment in finance lease receivables	Unearned income	Present value of minimum lease payments receivable
	£000	£000	£000	£000	£000	£000
Within one year	96	(4)	92	88	(7)	81
Between one to two years	87	(2)	85	95	(4)	91
Between two to three years	-	-	-	87	(2)	85
Total finance lease receivables	183	(6)	177	270	(13)	257

The receivables under finance leases are as follows:

	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
	£000	£000	£000	£000	£000	£000
Within one year	96	(4)	92	88	(7)	81
Between one and five years	87	(2)	85	182	(6)	176
Total	183	(6)	177	270	(13)	257

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 13. Deferred tax assets

The balance comprises temporary differences attributable to:	2021 £000	2020 £000
Other assets and liabilities	924	373
Fixed assets	86	98
Net deferred tax assets	**1,010**	**471**

Reconciliation of the Company's movement in deferred tax assets		
Balance at the beginning of the financial year	471	299
Timing differences:		
Amounts credited to profit and loss	431	89
IFRS 16 transition adjustment charged to equity	-	17
Deferred tax (credited)/charged to equity	108	(11)
Effect of changes in tax rates	-	36
Adjustment in respect of previous periods	-	41
Balance at the end of the financial year	**1,010**	**471**

The above amounts are expected to be recovered after 12 months of the balance date by the Company.

Note 14. Debtors

	2021 £000	2020 £000
Amounts owed by other Macquarie Group undertakings[1]	280,848	46,283
Fees and other receivables	209	1,021
Other debtors	46	13
Prepayments and accrued income	409	527
Taxation	-	617
Total debtors	**281,512**	**48,461**

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2021 the rate applied ranged between LIBOR plus 0.69% and LIBOR plus 1.94% (2020: between LIBOR plus 1.74% and LIBOR plus 2.30%).

Note 15. Assets classified as held for sale

	2021 £000	2020 £000
Investment in subsidiaries[1]	-	16,010
Total assets classified as held for sale	-	**16,010**

[1]Represents 100% of the Company's equity interest in subsidiaries Green Investment Group Management Limited and UK Green Climate International Limited. The investments were sold on 1 July 2020.

Name of subsidiary	Nature of business	Place of incorporation	2021 % ownership	2020 % ownership	2021 £000	2020 £000
Green Investment Group Management Limited	Fund Management	UK[1]	0%	100%	-	8,010
UK Green Investment Climate International Limited	Fund Management	UK[2]	0%	100%	-	8,000
Total investments in subsidiaries					-	16,010

[1]The registered address is 50 Lothian Road Festival Square, Edinburgh, EH3 9WJ, United Kingdom.

[2]The registered address is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 16. Expected credit losses

The Company determines its expected credit losses by assessing whether the credit risk of an exposure has significantly deteriorated and with reference to a range of inputs notably that of exposure at default (EAD), probability of default (PD) and loss given default (LGD). In addition, IFRS 9 requires the inclusion of forward-looking information (FLI) to be included in the determination of the ECL. The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of whether there has been a significant increase in credit risk (SICR) as well as the LGD (relevant to the determination of the recovery rate on collateral).

The below table presents the gross exposure and related ECL allowance for each class of assets and off-balance sheet items subject to impairment requirements of IFRS 9(1).

	As at 31 Mar 2021		As at 31 Mar 2020	
	Gross exposure[1]	ECL allowance	Gross exposure[1]	ECL allowance
	£000	£000	£000	£000
Amounts owed from other Macquarie Group Undertakings	280,848	(302)	46,283	(57)
Other debtors	209	-	1,021	(48)
Undrawn credit commitments and financial guarantees[2]	1,040	(758)	1,040	(758)
Total credit impaired financial assets	282,097	(1,060)	48,344	(863)

[1]Gross exposure represents the carrying value of assets subject to impairment requirements of IFRS 9. Financial assets measured at fair value through profit & loss are not subject to impairment and are therefore not included in the above table.

[2]Gross exposure for undrawn credit commitments and financial guarantees represents notional values of these contracts.

The table below represents the reconciliation from the opening balance to the closing balance of ECL allowances:

	Amounts owed from other Macquarie Group Undertakings	Interests in associates - loans	Other debtors	Undrawn credit commitments	Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2019	(4,194)	(83)	(8)	(231)	(4,516)
Transfers during the year:					
Impairment reversal/(charge)	4,137	83	(40)	(527)	3,653
Balance as at 31 March 2020	(57)	-	(48)	(758)	(863)
Transfers during the year:					
Impairment (charge)/reversal	**(245)**	-	**48**	-	**(197)**
Balance as at 31 March 2021	**(302)**	-	-	**(758)**	**(1,060)**

Note 17. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Accruals and deferred income[2]	**(3,804)**	(3,821)
Amounts owed to other Macquarie Group undertakings[1]	**(31,094)**	(414)
Lease liabilities	**(380)**	-
Taxation	**(2,164)**	-
VAT payable	**(353)**	(258)
Other creditors	**(2,169)**	(2,329)
Total creditors: amounts falling due within one year	**(39,964)**	(6,822)

[1]Amount due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2021 the rate applied was LIBOR plus 1.94% (2020: LIBOR plus 2.30%).

[2]The revenue recognised from performance obligations that were satisfied in the prior year £4,000 (2020: £19,000).

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 18. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	**(491)**	(1,239)
Total creditors: amounts falling due after more than one year	**(491)**	(1,239)

Note 19. Provisions for liabilities

	2021 £000	2020 £000
Expected credit loss - off balance sheet	**(758)**	(758)
Total provisions for liabilities	**(758)**	(758)

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

Reconciliation of provisions:	**ECL £000**	**Total £000**
Balance at the beginning of the financial year	(758)	(758)
Balance at the end of the financial year	**(758)**	**(758)**

Note 20. Called up share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Called up share capital				
Opening balance of fully paid ordinary shares at £0.01 per share (2020: £1 per share)	**156,745**	156,745	**1,567**	156,745
Return of capital	**-**	-	**-**	(155,178)
Closing balance of issued and fully paid ordinary shares at £0.01 per share	**156,745**	156,745	**1,567**	1,567

Note 21. Other reserves and Profit and loss account

FVOCI reserve	2021 £000	2020 £000
Balance at the beginning of the financial year	**-**	83
Change in allowance for ECL, net of tax	**-**	(83)
Balance at the end of the financial year	**-**	-
Equity contribution from parent entity		
Opening balance	**78,593**	78,588
Capital contribution	**114**	5
Total equity contribution from parent entity	**78,707**	78,593
Share premium reserve	**£000**	£000
Opening balance	**-**	1,410,705
Distribution of share premium	**-**	(1,410,705)
Total share premium reserve	**-**	-
Total other reserves	**78,707**	78,593

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 21. Other reserves and Profit and loss account (continued)

Profit and loss account	2021 £000	2020 £000
Balance at the beginning of the financial year	**58,741**	160,088
Profit for the financial year	**143,724**	33,738
Dividends paid on ordinary share capital (Note 7)	**(38,802)**	(135,000)
Change on initial application of IFRS 16	**-**	(85)
Balance at the end of the financial year	**163,663**	58,741

Note 22. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Company's capital management objectives are to:
- ensure sufficient capital resource to support the Company's business and operational requirements;
- safeguard the Company's ability to continue as a going concern.

Periodic reviews of the entity's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital plus reserves, including profit and loss account.

Note 23. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 27.

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

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

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Investments held by Company's subsidiaries:

Details of holdings by related party undertakings are as below:

Name of related party	Registered office	% ownership	Class of shares
Subsidiaries of Forth SPV 1 Limited			
Forth SPV 2 Limited	UK[1]	100%	Ordinary
Subsidiaries of Pentland SPV 1 Limited			
Pentland SPV 2 Limited	UK[1]	100%	Ordinary
Subsidiaries of Green Investment Group Limited			
Green Investment Group Investments Limited	UK[2]	100%	Ordinary
Bilbao Offshore TopCo Limited	UK[3]	100%	Ordinary
Cero Generation Limited	UK[1]	100%	Ordinary
Cero Generation Holdings Italy Limited	UK[1]	100%	Ordinary
Solar Italy III S.R.L.	Italy[4]	100%	Quota
Solar Italy VI S.R.L.	Italy[4]	100%	Quota

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 23. Related party information (continued)

Name of related party	Registered office	% ownership	Class of shares
Sole Renewables Limited	UK[1]	90%	Ordinary
Sole Renewables Italy Limited	UK[1]	90%	Ordinary
Energia Verde Trapani S.r.l.	Italy[5]	90%	Quota
SOL PV1 S.R.L.	Italy[6]	90%	Quota
SR Augusta S.R.L.	Italy[7]	90%	Ordinary
SR Bari S.R.L.	Italy[7]	90%	Ordinary
SR Project 1 S.R.L.	Italy[7]	90%	Ordinary
SR Project 2 S.R.L.	Italy[7]	90%	Ordinary
SR Project 3 S.R.L.	Italy[7]	90%	Ordinary
SR Project 4 S.R.L.	Italy[7]	90%	Ordinary
SR Project 5 S.R.L.	Italy[7]	90%	Ordinary
SR San Giuseppe S.R.L.	Italy[7]	90%	Ordinary
SR Taranto S.R.L.	Italy[7]	90%	Ordinary
SR Torino S.R.L.	Italy[7]	90%	Ordinary
SR Trapani S.R.L.	Italy[7]	90%	Ordinary
Sonne (Italy) Holdings Limited	UK[1]	100%	Ordinary
Trisol 81 S.r.l.	Italy[8]	100%	Ordinary
Trisol 82 S.r.l.	Italy[9]	100%	Quota
Cero Generation Holdings Spain Limited	UK[1]	100%	Ordinary
Nara Solar, S.L.	Spain[10]	80%	N/A
Paseta Servicios Empresariales, S.L.	Spain[11]	100%	Ordinary
Tencata Servicios Empresariales, S.L.	Spain[11]	100%	Ordinary
Encina New Energy S.L.	Spain[12]	80%	Ordinary
Ficus Solar PV, S.L.	Spain[12]	80%	Ordinary
Manzano Solar PV, S.L.	Spain[12]	80%	Ordinary
Solar-PV EXT 001 Sociedad Limitada	Spain[13]	80%	Ordinary
Ticopa Servicios Empresariales, S.L.	Spain[11]	100%	Ordinary
Abeto New Energy S.L.	Spain[12]	80%	Ordinary
Loto Solar PV, S.L.	Spain[12]	80%	Ordinary
Magnolia Solar PV, S.L.	Spain[14]	80%	Ordinary
Olivo New Energy S.L.	Spain[12]	80%	Ordinary
Sabina Solar PV S.L.	Spain[12]	80%	Ordinary
Sauce New Energy, S.L.	Spain[12]	80%	Ordinary
Cero Generation Holdings UK Limited	UK[1]	100%	Ordinary
Enso Green Holdings Limited	UK[1]	75%	Ordinary
Aberthaw Green Limited	UK[1]	75%	Ordinary
Bolney Green Limited	UK[1]	75%	Ordinary
Bramford Green Limited	UK[1]	75%	Ordinary
Bramley Solar Limited	UK[1]	75%	Ordinary
Bridgwater Green Limited	UK[1]	75%	Ordinary
Cowley Baldon Green Limited	UK[1]	75%	Ordinary
Elstree Green Limited	UK[1]	75%	Ordinary
Enso Green Holdings A Limited	UK[1]	75%	Ordinary
Enso Green Holdings B Limited	UK[1]	75%	Ordinary

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 23. Related party information (continued)

Name of related party	Registered office	% ownership	Class of shares
Enso Green Holdings C Limited	UK[1]	75%	Ordinary
Enso Green Holdings D Limited	UK[1]	75%	Ordinary
Enso Green Holdings E Limited	UK[1]	75%	Ordinary
Enso Green Holdings F Limited	UK[1]	75%	Ordinary
Enso Green Holdings G Limited	UK[1]	75%	Ordinary
Enso Green Holdings H Limited	UK[1]	75%	Ordinary
Enso Green Holdings I Limited	UK[1]	75%	Ordinary
Enso Green Holdings J Limited	UK[1]	75%	Ordinary
Enso Green Holdings K Limited	UK[1]	75%	Ordinary
Enso Green Holdings L Limited	UK[1]	75%	Ordinary
Enso Green Holdings M Limited	UK[1]	75%	Ordinary
Enso Green Holdings N Limited	UK[1]	75%	Ordinary
Enso Green Holdings O Limited	UK[1]	75%	Ordinary
Fleet Green Limited	UK[1]	75%	Ordinary
Iron Acton Green Limited	UK[1]	75%	Ordinary
Lovedean Green Limited	UK[1]	75%	Ordinary
Melksham Calne Green Limited	UK[1]	75%	Ordinary
Pembroke Green Limited	UK[1]	75%	Ordinary
Rayleigh Green Limited	UK[1]	75%	Ordinary
Sundon Green Limited	UK[1]	75%	Ordinary
Walpole Green Limited	UK[1]	75%	Ordinary
Warley Green Limited	UK[1]	75%	Ordinary
Wylfa Green Limited	UK[1]	75%	Ordinary
ILIOS INVESTMENT LIMITED	UK[15]	100%	Ordinary
Sonne Solar Limited	UK[1]	100%	Ordinary
Cero Generation Services Limited	UK[1]	100%	Ordinary
Lumani Energy Limited	UK[1]	80%	Ordinary
Green Lighthouse Développement	France[16]	62%	Ordinary
Cordouan 1	France[16]	62%	Ordinary
Cordouan 2	France[16]	62%	Ordinary
Cordouan 3	France[16]	62%	Ordinary
Cordouan 4	France[16]	62%	Ordinary
Cordouan 5	France[16]	62%	Ordinary
Cordouan 6	France[16]	62%	Ordinary
Cordouan 7	France[16]	62%	Ordinary
Cordouan 8	France[16]	62%	Ordinary
Cordouan 9	France[16]	62%	Ordinary
Landes De Gascogne	France[16]	62%	Ordinary
SOCOA	France[16]	62%	Ordinary
SOCOA 1	France[16]	62%	Ordinary
SOCOA 2	France[16]	62%	Ordinary
SOCOA 3	France[16]	62%	Ordinary
SOCOA 4	France[16]	62%	Ordinary
SOCOA 5	France[16]	62%	Ordinary

Notes to the financial statements
for the financial year ended 31 March 2021 (continued)

Note 23. Related party information (continued)

Name of related party	Registered office	% ownership	Class of shares
SOCOA 6	France[16]	62%	Ordinary
SOCOA 7	France[16]	62%	Ordinary
SOCOA 8	France[16]	62%	Ordinary
SOCOA 9	France[16]	62%	Ordinary
Chablis TK Holdings Limited	UK[1]	100%	Ordinary
CHAPTRE GreenCo Holdings Limited	UK[1]	100%	Ordinary
CHAPTRE GreenCo Limited	UK[17]	100%	Ordinary
CHAPTRE Investments Limited	UK[17]	100%	Ordinary
GIG Faune HoldCo Limited	UK[1]	100%	Ordinary
GIG OSW Extension TopCo Limited	UK[1]	100%	Ordinary
Green Empire WtE Holdings Limited	UK[1]	100%	Ordinary
Lapin Investment Limited	UK[1]	100%	Ordinary
Maryland HoldCo Limited	UK[1]	100%	Ordinary
Nordic Renewable Power Holdings (UK) Limited	UK[1]	100%	Ordinary
Nordic Renewable Power (Holdings) AB	Sweden[18]	100%	Ordinary
Nordic Renewable Power AB	Sweden[18]	100%	Ordinary
Buheii Vindkraft AS	Norway[19]	100%	Ordinary
Lake Wind AB	Sweden[20]	100%	Ordinary
Tysvaer Vindpark AS	Norway[21]	100%	Ordinary
Offshore Wind Power Limited	UK[22]	51%	Ordinary
Poland Wind HoldCo Limited	UK[1]	100%	Ordinary
Vanadium Holdco Limited	UK[1]	100%	Ordinary
Collfield Investments sp. Z.o.o.	Poland[23]	100%	Ordinary
Elwiatr Pruszynski sp. z o.o.	Poland[24]	100%	Ordinary
Future Energy sp. z o.o.	Poland[25]	100%	Ordinary
NieuweWind HoldCo Limited	UK[1]	100%	Ordinary

[1]The registered address is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

[2]The registered address is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, Scotland, United Kingdom.

[3]The registered address is 3, 4th Floor, More London Riverside, London, SE1 2AQ, England.

[4]The registered address is Via Giorgio, Giulini 2, CAP 20123, Milano, Italy.

[5]The registered address is via Venti Settembre, 69, Palermo, Italy.

[6]The registered address is Augusta (SR) , Via Deledda 5, 96011, Sicily, Italy.

[7]The registered address is Largo Donegani 2, 20121, Milano, CAP, Italy.

[8]The registered address is Milano (MI), Via Cusani 5, CAP 20121, Italy.

[9]The registered address is Via Cusani 5, CAP 20121, Milano, Italy.

[10]The registered address is Calle Serrano 41, 7th floor , Madrid, Spain.

[11]The registered address is Avenida Felipe II numero 17, First Floor, 28009, Madrid, Spain.

[12]The registered address is Paseo Del Club Deportivo 1 - Somosaguas, ED. 06 A, Parque Empresarial La Finca, Plantapozuelo De Alarcon, 28223, Madrid, Spain.

[13]The registered address is Calle Boabdil, Numero 4, Edificio Vega 6, 2 a Planta, Parque Empresarial Vega Del Rey, -CP 41900, Camas Sevilla, Spain.

[14]The registered address is Paseo del Club Deportivo Edificio 6-A, planta 1a, Parque Empresarial La Finca, 28223, Somosaguas, Pozuelo de Alarcon, C.P., Madrid, Spain.

[15]The registered address is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

[16]The registered address is 1 Allée J. Rostand, Technopôle Montesquieu, 33650, Martillac, France.

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 23. Related party information (continued)

[17]The registered address is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG, United Kingdom.

[18]The registered address is c/o Permian, Bryggargatan 5, 111 21, Stockholm, Sweden.

[19]The registered address is Wergelandsveien 23B, 0167 Oslo, Oslo, 0301, Norway.

[20]The registered address is c/o OX2, Box 2299, 103 17, Stockholm, Sweden.

[21]The registered address is 5570 Aksdal, Tysvaer, 1146, Norway.

[22]The registered address is Clava House, Cradlehall Business Park, Inverness, IV2 5GH, United Kingdom.

[23]The registered address is Towarowa Street 28, 00-839, Warsaw, Poland.

[24]The registered address is Plac Pilsudskiego 1, 00-078, Warsaw, Poland.

[25]The registered address is Pl. Rodła 8, 70-419 Szczecin, Poland.

Note 24. Directors' remuneration

During the financial years ended 31 March 2021 and 31 March 2020, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform Directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful.

Note 25. Employee equity participation

Macquarie Group Employee Retained Equity Plan (MEREP)

The Company participates in its ultimate parent Company's, MGL, share based compensation plans, being the MEREP. In terms of this plan, awards are granted by MGL to qualifying employees for delivery of MGL shares.

Award Types under the MEREP:

Restricted Share Units ("RSUs")

An RSU is a beneficial interest in an MGL ordinary share held on behalf of a MEREP participant by the plan trustee ("Trustee"). The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights of the share. The participant also has the right to request the release of the share from the MEREP Trust, subject to the vesting and forfeiture provisions of the MEREP.

	Number of RSU Awards	
	2021	2020
RSUs on issue at the beginning of the financial year	**30,631**	10,719
Granted during the financial year	**13,209**	21,754
Forfeited during the financial year	**(1,089)**	(816)
Vested RSUs withdrawn or sold from the MEREP during the financial year	**(4,756)**	(1,026)
Net transfers to related body corporate entities	**(222)**	-
RSU on issue at the end of the financial year	**37,773**	30,631
RSUs vested and not withdrawn from the MEREP at the end of the financial year	**-**	-

The weighted average fair value of the RSU awards granted during the Financial year was £68.62 (2020: £62.82).

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 25. Employee equity participation (continued)

Deferred Share Units ("DSUs")

A DSU represents a right to receive on exercise of the DSU either an MGL's share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of the Company's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of RSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

Deferred Share Units ("DSUs") (continued)

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical. DSUs have been granted with an expiry period of up to nine years.

	Number of DSU Awards	
	2021	2020
DSUs on issue at the beginning of the financial year	-	-
Granted during the financial year	10,780	-
DSUs on issue at the end of the financial year	10,780	-
DSUs exercisable at the end of the financial year	3,697	-

The weighted average fair value of the DSU awards granted during the financial year was £63 (2020: £Nil).

Restricted Shares

A Restricted Share is an MGL ordinary share transferred from the MEREP Trust and held by a MEREP participant subject to restrictions on disposal, vesting and forfeiture rules. The participant is entitled to receive dividends on, and to exercise the voting rights of, the Restricted Shares. Restricted Shares are only offered in jurisdictions where legal or tax rules make RSU/DSU awards impractical.

Participation in the MEREP is currently provided to the following Eligible Employees:

- Staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards).
- Staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards) and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards).
- New MFHPL Group staff who commence at Associate Director, Division Director or Executive Director level and are awarded a fixed Australian dollar value, depending on level (New Hire Awards).
- In limited circumstances, MFHPL Group staff may receive an equity grant instead of a remuneration or consideration payment in cash. Current examples include individuals who become employees of the MFHPL Group upon the acquisition of their employer by an MFHPL Group entity or who receive an additional award at the time of joining Macquarie (also referred to above as New Hire Awards).

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 25. Employee equity participation (continued)

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards and Promotion Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant(1)
Retained DPS Awards	All other Executive Directors	1/3rd in the 3rd, 4th and 5th year following the year of grant(2)
New Hire Awards	All Director-level staff	1/3rd on each first day of a staff trading window on or after the 2nd, 3rd and 4th anniversaries of the date of allocation

(1) Vesting will occur during an eligible staff trading window.

(2) Vesting will occur during an eligible staff trading window. If an Executive Director has been on leave without pay (excluding leave to which the Executive Director may be eligible under local laws) for 12 months or more, the vesting period may be extended accordingly.

In limited cases, the application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in jurisdictions outside Australia may have a different vesting period due to local regulatory requirements.

For Retained Profit Share awards representing 2020 retention, the allocation price was the weighted average price of the shares acquired for the 2020 purchase period, which was 25 May 2020 to 5 June 2020. That price was calculated to be £61.87 (2019 retention: £62.82).

Assumptions used to determine fair value of MEREP awards

RSUs and DSUs are measured at their grant dates based on their fair value(1). This amount is recognised as an expense evenly over the respective vesting periods.

RSUs and DSUs relating to the MEREP plan for Executive Committee members have been granted in the current financial year in respect of the 2020 performance. The accounting fair value of each of these grants is estimated using MGL's share price on the date of grant and for each PSU also incorporates a discounted cash flow method using the following key assumptions:

- interest rate to maturity: 0.2023% per annum
- expected vesting dates of PSUs: 1 July 2024
- dividend yield: 4.33% per annum.

While RSUs and DSUs for FY2021 performance will be granted during FY2022, the Company begins recognising an expense for these awards (based on an initial estimate) from 1 April 2020. The expense is estimated using the price of MGL ordinary shares as at 31 March 2021 and the number of equity instruments expected to vest.

The Company annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, as part of employment expenses in the profit and loss account, with a corresponding adjustment to equity (for equity settled awards), or a corresponding adjustment to liabilities (for cash settled awards).

For the financial year ended 31 March 2021, compensation expense relating to the MEREP totalled £1,667k (2020: £183k).

Notes to the financial statements for the financial year ended 31 March 2021 (continued)

Note 26. Contingent liabilities and commitments

The following contingent liabilities and commitments exclude derivatives.

Commitments exist in respect of	2021 £000	2020 £000
Undrawn credit facilities[1],[2]	**1,040**	1,040
Total contingent liabilities and commitments	**1,040**	1,040

[1]Undrawn credit facilities are irrevocably extended to clients. These amounts include fully or partially undrawn commitments that are legally binding and cannot be unconditionally cancelled by the Company. Securities underwriting represents firm commitments to underwrite debt and equity securities issuances and private equity commitments.

[2]Includes £1,040 (2020: £1,040) of debt commitment to associates of the Company.

The Company operates in a number of regulated markets and is subject to regular regulatory reviews and inquiries. From time to time these may result in litigation, fines or other regulatory enforcement actions. As at the reporting date there are no matters of this nature for which the Company expects to result in a material economic outflow of resources and the Company considers the probability of there being a material adverse effect in respect of litigation or claims that have not yet been provided for to be remote.

Note 27. Ultimate parent undertaking

At 31 March 2021 the immediate parent undertaking of the Company is Moorgate PL Holdings Limited.

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

Note 28. Events after the reporting year

On 7 September 2021, subsidiary entities Forth SPV 1 Limited and Pentland SPV 1 Limited were dissolved via voluntary strike-off.

There were no material events subsequent to 31 March 2021 and up until the authorisation of the financial statements for issue that have not been reflected in the financial statements.

Independent auditors' report to the members of UK Green Investment Bank Limited

Report on the audit of the financial statements

Opinion

In our opinion, UK Green Investment Bank Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: Balance sheet as at 31 March 2021; the Statement of profit or loss and other comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance, and applying management bias in the determination of accounting estimates and judgements. Audit procedures performed by the engagement team included:

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 December 2021

Green impact statements (unaudited)

Green performance

The Company maintains the same robust and consistent approach to accounting and disclosure of green impact metrics as applied in previous years, reporting performance in our green impact statements. This year's reporting also maintains the new disclosures introduced in 2020, where we added reporting of our qualitative contributions to all five Green Purposes – through our Green Ratings – to our existing quantitative green impact statements.

GREEN IMPACT STATEMENTS

The green impact statements on p. 52 - 63 describe the quantified contributions of the Company's investments to its green purposes. Further details on the green impact statements are provided on p.58.

In 2020 the Company commissioned an independent benchmarking review to identify potential new metrics to track green impact. We look forward to further developing emerging approaches in the fields of environmental and biodiversity measurement that can be applied in future years.

GREEN RATINGS

The Company has always used qualitative data as well as metrics to evaluate the green impact of investments, as we know that certain environmental effects of projects – such as on habitats and species – are not readily quantified.

Every investment decision by the Company is informed by our green ratings against all five of our Green Purposes, with the project's contribution evaluated on a scale of AAA to E, as indicated on the following page. The graphics on the following pages indicate the number of investments in the year[2] assigned to each rating.

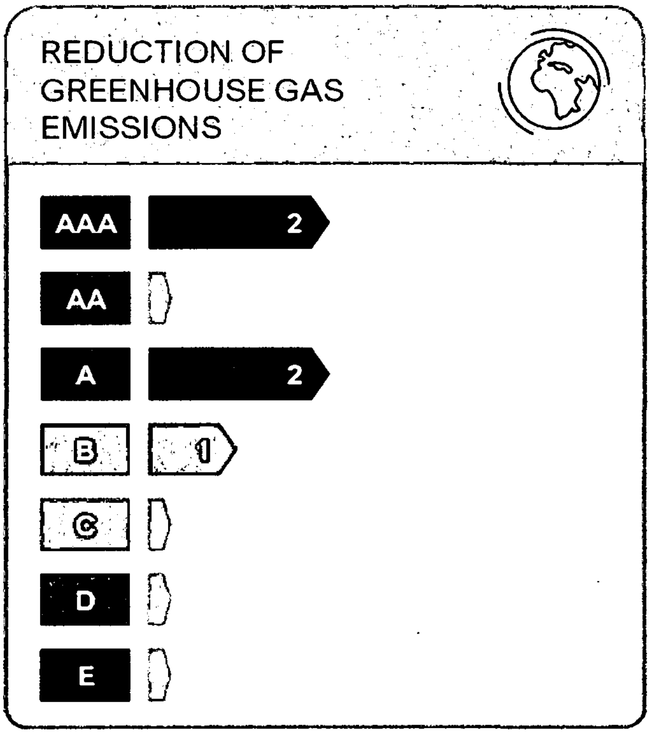
The reporting period for the green impact statements is April 2020 to March 2021.

[2]Investments made at Final Investment Decision or later, in accordance with our Green Impact Reporting Criteria

Green impact statements (unaudited) (continued)

Green performance (continued)

The reduction of greenhouse gas emissions

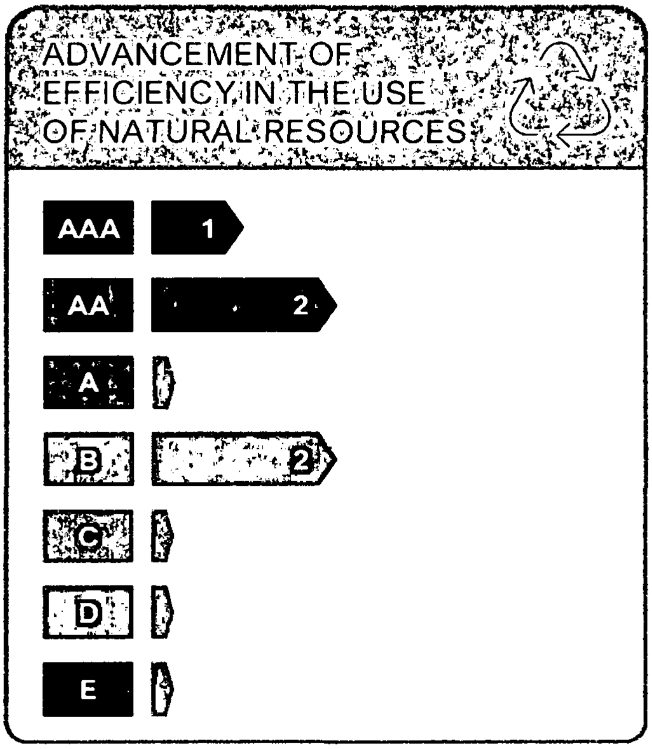


- All of the projects in which we invested in 2020-21 are forecast to result in reduced greenhouse gas emissions.
- Projects achieving higher green ratings for this Green Purpose are located in countries with higher grid emissions (e.g. Poland) and are technologies with lower embedded project emissions (e.g. onshore wind).
- The metric reported for this Green Purpose is lifetime greenhouse gas emissions avoided (kt CO_2e).

Green impact statements (unaudited) (continued)

Green performance (continued)

The advancement of efficiency in the use of natural resources

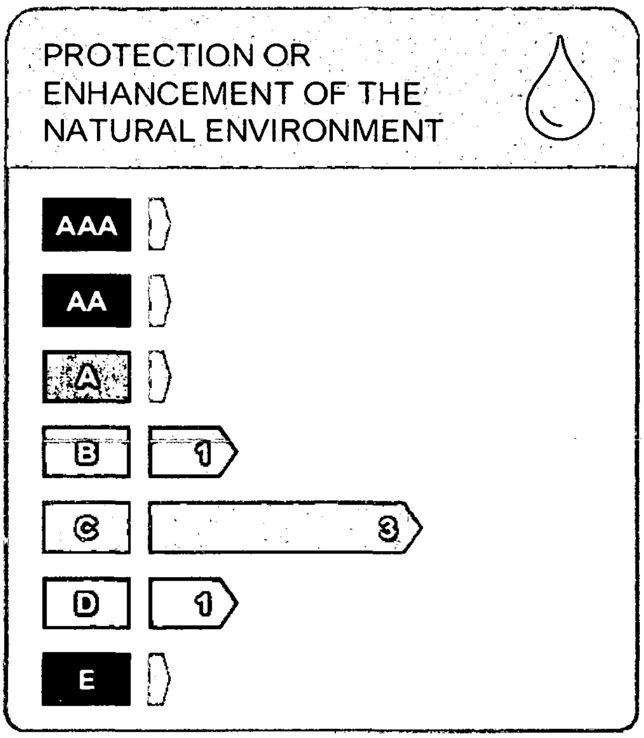


- All of the 2020-21 projects are forecast to advance resource use efficiency.
- Projects achieving higher ratings have greater displacement of natural resource consumption.
- Metrics reported for this Green Purpose are:
  - renewable energy generation (GWh)
  - energy consumption avoided (GWh)
  - materials recovered for recycling (kt)

Green impact statements (unaudited) (continued)

Green performance (continued)

The protection or enhancement of the natural environment

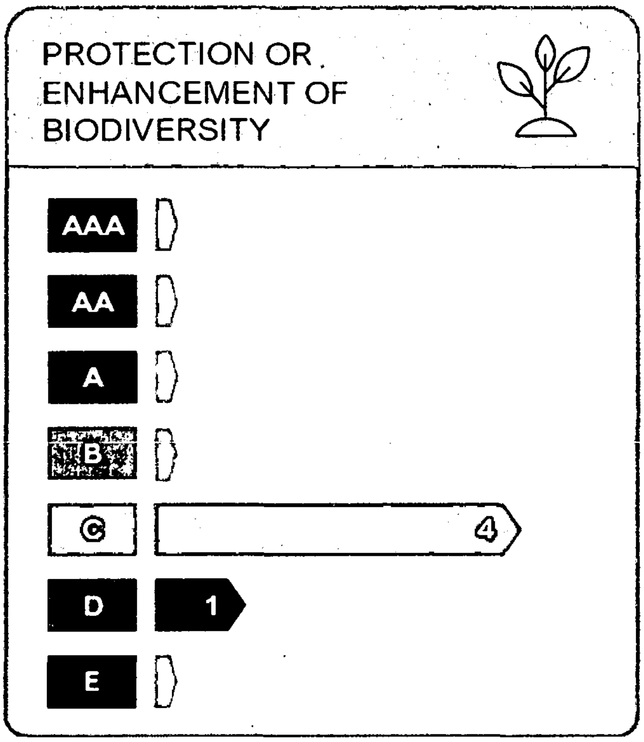


- Most of the 2020-21 projects are anticipated to have no significant or minor adverse effects on the local natural environment, following environmental mitigation measures.
- One project is expected to contribute positively to protection of the natural environment by diverting waste from landfill.
- The metric reported for this Green Purpose is landfill avoided (kt).

Green impact statements (unaudited) (continued)

Green performance (continued)

The protection or enhancement of biodiversity

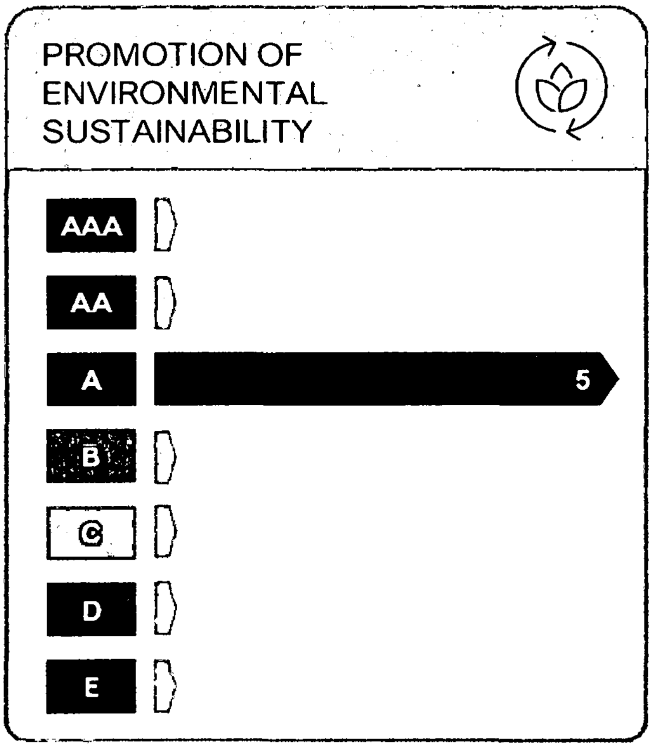


- None of the 2020-21 projects are expected to contribute directly to biodiversity protection or enhancement.
- With biodiversity net gain principles being adopted in countries such as the UK, we expect to report a positive contribution to this Green Purpose in the 2021/22 Green Ratings summary.
- Adverse effects on biodiversity have been mitigated to the fullest extent possible, with residual effects deemed acceptable by planning and permitting authorities for each project.
- The majority of projects are anticipated to result in minor or no significant adverse effects on biodiversity, following mitigation and compensatory measures, but some will have moderate adverse effects.
- Where there is uncertainty over impacts – e.g. disturbance of mammals and birds during onshore wind construction and operation – we conservatively assume more severe impacts until mitigation measures are implemented.

Green impact statements (unaudited) (continued)

Green performance (continued)

The promotion of environmental sustainability



- Whilst the other Green Purposes encompass direct environmental sustainability improvements, this Green Purpose relates to actively and visibly supporting, encouraging or facilitating the transition to a greener global economy through the indirect effects of the investments.

- All of our projects are expected to make a positive contribution to indirect promotion of environmental sustainability.

Green impact statements (unaudited) (continued)

Green performance (continued)

Lifetime green impact metrics

	Additional lifetime green impact from investments made in 2020/21	Lifetime green impact from all investments made to date
Greenhouse gas emissions avoided (kt CO_2e)	3,771	166,970
Renewable energy generated (GWh)	10,258	500,282
Energy demand reduced (GWh)	-	3,959
Materials recycled (kt)	1,961	37,747
Waste to landfill avoided (kt)	7,770	122,581

Green impact statements
The green impact statements on p. 52 - 63 indicate the principal environmental benefits arising from the Company's investments. Green impact metrics are reported in terms of estimated lifetime green impact from 2020-21 investments and all investments to date, where the project has reached final investment decision. The reporting period for the green impact statements is April 2020 to March 2021.

The green impact statements should be read in conjunction with the Company's methodology for calculating green impact. Details of that methodology are set out in the Green Impact Reporting Criteria 2020-21, a copy of which is published on https://www.greeninvestmentgroup.com/en/who-we-are/measuring-our-impact.html. Further explanatory notes to the green impact statements can be found on p. 64.

Selected totals for data in the green impact statements in respect of the financial year 2020-21 have been independently assured by Deloitte in accordance with the Independent Assurance Report set out on p. 65-66.

Green impact statements (unaudited) (continued)

Reduction of greenhouse gas emissions

Estimated lifetime GHG emissions reduction of new UK Green Investment Bank Limited investments in the reporting period

	year ended 31.03.21 $ktCO_2e$	year ended 31.03.20 $ktCO_2e$
Offshore wind	-	9,791
Waste	1,929	2,172
Energy efficiency	-	-
Bioenergy	-	-
Onshore wind	1,543	593
Solar	299	1,351
Total	3,771	13,907

Estimated lifetime GHG emissions reduction of all UK Green Investment Bank Limited investments to date

	year ended 31.03.21 $ktCO_2e$	year ended 31.03.20 $ktCO_2e$
Offshore wind (note 4)	50,891	55,855
Waste	37,639	35,899
Energy efficiency	2,277	2,277
Bioenergy	67,302	67,302
Onshore wind	7,063	5,440
Solar	1,798	1,351
Total	166,970	168,124

Green impact statements (unaudited) (continued)

Generation of renewable energy

Estimated lifetime renewable energy generated by new UK Green Investment Bank Limited investments in the reporting period

	year ended 31.03.21 GWh	year ended 31.03.20 GWh
Offshore wind	-	27,380
Waste	4,448	4,797
Energy efficiency	-	-
Bioenergy	-	-
Onshore wind	4,976	9,696
Solar	834	3,932
Total	10,258	45,805

Estimated lifetime renewable energy generated by all UK Green Investment Bank Limited investments to date

	year ended 31.03.21 GWh	year ended 31.03.20 GWh
Offshore wind (note 4)	120,629	134,510
Waste	70,466	66,617
Energy efficiency	1,265	1,265
Bioenergy	222,359	222,359
Onshore wind	80,363	74,971
Solar	5,200	3,932
Total	500,282	503,654

Green impact statements (unaudited) (continued)

Energy demand reduction

Estimated lifetime energy demand reduced by new UK Green Investment Bank Limited investments in the reporting period

	year ended 31.03.21 MWh	year ended 31.03.20 MWh
Electricity	-	-
Heating fuels	-	-
Total	-	-

Estimated lifetime energy demand reduced by all UK Green Investment Bank Limited investments to date

	year ended 31.03.21 MWh	year ended 31.03.20 MWh
Electricity	1,800,459	1,800,459
Heating fuels	2,158,799	2,158,799
Total	3,959,258	3,959,258

UK Green Investment Bank Limited

Green impact statements (unaudited) (continued)

Recycling of materials

Estimated lifetime materials consumption avoided through materials recycling by new UK Green Investment Bank Limited investments in the reporting period

	year ended 31.03.21 tonnes	year ended 31.03.20 tonnes
Compost	-	-
Digestate (PAS 110)	-	-
Compost-like output	-	-
Plastics - mixed	-	-
Ferrous metals	90,000	94,500
Non-ferrous metals	190,000	199,500
Paper/card	-	-
Glass	-	-
Mineral aggregates	1,680,775	1,764,840
Waste electrical and electronic equipment (WEEE)	-	-
Other	-	-
Total	1,960,775	2,058,840

Estimated lifetime materials consumption avoided through materials recycling by all UK Green Investment Bank Limited investments to date

	year ended 31.03.21 tonnes	year ended 31.03.20 tonnes
Compost	987,642	987,642
Digestate (PAS 110)	7,466,156	7,466,156
Compost-like output	1,128,809	1,128,809
Plastics - mixed	704,050	704,050
Ferrous metals	1,373,718	1,297,798
Non-ferrous metals	753,832	580,695
Paper/card	654,299	654,299
Glass	9,424	9,424
Mineral aggregates	18,488,365	17,039,461
Waste electrical and electronic equipment (WEEE)	34,328	34,328
Other	6,146,348	6,146,348
Total	37,746,971	36,049,010

Green impact statements (unaudited) (continued)

Avoidance of waste to landfill

Estimated lifetime waste to landfill avoided by new UK Green Investment Bank Limited investments in the reporting period

	year ended 31.03.21 tonnes	year ended 31.03.20 tonnes
Biodegradable waste	6,742,000	7,079,100
Non-biodegradable waste	1,028,225	3,099,060
Total	7,770,225	10,178,160

Estimated lifetime waste to landfill avoided by all UK Green Investment Bank Limited investments to date

	year ended 31.03.21 tonnes	year ended 31.03.20 tonnes
Biodegradable waste	82,278,651	76,384,290
Non-biodegradable waste	40,302,097	39,687,791
Total	122,580,748	116,072,081

Green impact statements (unaudited) (continued)

Notes to the Green Impact Statements

Year-on-year changes to estimated lifetime green

The table on the following page shows how the lifetime green impact at the end of 2020/21 compares to that at the end of 2019/20, and provides a breakdown of the changes. In summary, these changes in lifetime green impact were caused by:

1. Non-material corrections – during the process to quantify the 2020 performance of the Dublin energy from waste project a minor error in the modelled assumptions was identified, leading to a non-material correction to the actuals data in the periods 2018/19 and 2019/20. These data were corrected and reflected in the lifetime green impact metrics.

2. New investments made in the period – GIG invested in and developed beyond Final Investment Decision, which is the milestone for securing the project's financing prior to construction and the point at which projects are reported in the green impact statements, projects in solar, onshore wind and energy from waste sectors. These include portfolios of solar projects in the UK (with Amazon, Tesco and Anglian Water), solar projects in Spain (Bolotana A), onshore wind projects (Tysvaer, Norway; Jozwin and Scieki, Poland) and one energy from waste project (Protos, UK).

3. Removal of estimated remaining lifetime of exited assets that were acquired as operational – in line with GIG's Green Impact Reporting Criteria, when GIG acquired assets that were already operational, the remaining lifetime green impact of these is not included upon divestment. Remaining green impact from such assets divested prior to, during, and since the reporting period is not included in the 2020/21 figures.

4. Existing projects' variation of performance/reforecasts from last year forecasts – where project performance varies >10 per cent from forecasts, GIG takes an average of past performance and, where relevant, pre-operational forecasts to estimate the remaining lifetime green impact. Where GIG's equity stake changes in assets that were acquired as operational, the change in remaining lifetime green impact, in line with GIG's Green Impact Reporting Criteria, is reflected in this re-forecast. This was done on the East Anglia One project, where GIG's equity stake went from 40% at the end of 2019/20 to 20% at the end of 2020/21.

Equator Principles

In the reporting period, GIG did not make any investments to which the Equator Principles apply. The Equator Principles are not applicable to equity investments. There is no change to applicability under Equator Principles 4.

Estimated lifetime green impact of all the Company's investments to date – year-on-year changes

	GHG emissions reduction kilotonnes CO_2e	Renewable energy generated GWh	Energy demand reduced MWh	Materials recycled tonnes	Waste to landfill avoided tonnes
Year ended 31.03.20	**168,104**	**503,559**	**3,959,258**	**36,007,402**	**115,843,210**
Revised 31.03.20 following non-material corrections (note 1)	**168,124**	**503,654**	**3,959,258**	**36,049,010**	**116,072,081**
New investments made in the period (note 2)	3,771	10,258	-	1,960,775	7,770,225
Projects cancelled in the period	-	-	-	-	-
Removal of estimated remaining lifetime of assets exited in the period that were acquired as operational (note 3)	(191)	(479)	-	(266,073)	(1,261,558)
Variation of forecast remaining lifetime and actuals from last year's forecast (note 4)	(4,734)	(13,151)	-	3,259	-
Year ended 31.03.21	**166,970**	**500,282**	**3,959,258**	**37,746,971**	**122,580,748**

Independent Assurance Report to the UK Green Investment Bank Limited on Green Impact Data and the application of Equator Principles within the UK Green Investment Bank Annual Report

To: the Directors of UK Green Investment Bank Limited

We have been engaged by the Directors of the UK Green Investment Bank Ltd. ("GIB") to conduct a limited assurance engagement over specific Assured Disclosures. The Assured Disclosures comprise performance-related Green Impact Data ("Green Impact Data") and the application of Equator Principles within the GIB Annual Report for the year ended 31 March 2021.

Our conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Assured Disclosures, which have been prepared in accordance with GIB's Green Impact Reporting Criteria and Equator Principles Reporting Criteria (the "Reporting Criteria"), materially misstate GIB's Green Impact for the year ended 31 March 2021. The data have been prepared on the basis of the methodology set out in GIB's respective Reporting Criteria which can be seen on the Green Investment Group website.

Responsibilities of the Directors

The Directors are responsible for preparing the GIB Annual Report, including the following Assured Disclosures:

Green Impact Data

Estimated lifetime performance for new GIB investments in the reporting period and all GIB investments to date as at financial year end.

Greenhouse gas (GHG) emissions reduction (kilotonnes CO_2e)

Renewable energy generated (GWh)

Energy demand reduced (MWh)

Materials consumption avoided through materials recycling (tonnes)

Waste-to-landfill avoided (tonnes)

Equator Principles

Total number of Project Finance transactions and Project-Related Corporate Loans that reached financial close within the reporting period, to which the Equator Principles apply (absolute)

Responsibilities of the assurance provider

Our responsibility is to express a conclusion on the selected subject matter based on our procedures. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with the independence and ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Ethics Standards Board for Accountants ("IESBA") Code of Ethics and the Financial Reporting Council ("FRC") Revised Ethical Standard 2019 and in some areas are more restrictive. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The evidence gathering procedures for a limited assurance engagement are more limited than for a reasonable assurance engagement, and therefore the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures consisted primarily of:

- interviewing managers, including those with operational responsibility for the preparation of GIB's Assured Disclosures and application of Equator Principles;
- evaluating the processes and controls for managing, measuring, collating and reporting the Assured Disclosures, including the application of the methodology within the Reporting Criteria to underlying assumptions; and
- testing a representative sample of Green Impact Data and Equator Principles applicable deals, selected on the basis of their inherent risk and materiality to the Green Impact Data. The focus of our testing is the work undertaken by management to prepare the Assured Disclosures based on information supplied by GIB's clients, projects or fund managers or collected within GIB. We have not carried out any work to verify that information, nor have we conducted site visits.

Our report is made solely to GIB, in accordance with ISAE 3000 (Revised). Our work has been undertaken so that we might state to GIB those matters we are required to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than GIB for our work, this report, or for the conclusions we have formed.

Inherent Limitations

Since the Estimated Lifetime Green Impact Data are based on assumptions about the future which cannot be predicted with certainty, as with any predictions about the future, the actual future Green Impact Data may be more or less than the stated Estimated Lifetime Data.

GIG does not receive project data or conduct further estimations following the exit date from an investment.

With respect to disposals, GIB processes do not require reconciliation between: the operating assumptions on which Estimated Lifetime Green Impact Data is based; and asset actual or expected performance data (if any) stated in investment disposal documentation. Consequently we rely on written management representations to confirm that Estimated Lifetime Green Impact Data with respect to disposed-of investments is based on the best information available to GIB management at the point of disposal.

Independence

We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants' Code of Ethics and in some areas are more restrictive. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte LLP

Deloitte LLP

13th December 2021

GREEN PURPOSES COMPANY LIMITED: ANNUAL LETTER 2021

Introduction

This is our fourth annual letter in which we independently comment on GIG's performance against its green objective and five green purposes. The letter addresses GIG's activities in the UK and Europe for the financial year 2020/21. We confirm that no request to change the green purposes has been received since our last letter.

During this reporting period we reached the 3-year anniversary since privatisation. We provided a letter to the Public Accounts Committee regarding GIG's performance against the commitments made at the time of the sale, in which we noted that these had been fulfilled.

GIG remains, in our view, a market leader in renewable energy investment. It is clear however, that GIG now operates in an increasingly crowded market. Other actors are progressively influential in renewable energy investment, and in green finance more generally. And market good practice, such as in green impact reporting where GIG has led the way, is also advancing. GIG therefore needs to continue to evolve if it wishes to maintain a market leading position and to fulfil its mission to 'accelerate the green transition'.

Against this background, we draw attention to areas where we believe GIG can further strengthen its performance against its green objective and five green purposes (hereon in the "GPs") as enshrined in its articles.

Working relationship between GPC and GIG

We enjoy a constructive relationship with GIG, including quarterly meetings with their senior leadership team and subject matter experts, with no significant impact from the pandemic and switch to remote working. Our regular meetings, together with an information sharing protocol, have helped ensure that the GPC and special share arrangement remains effective. It is important that GIG continues to devote the time and resources necessary to ensure this remains the case.

Investment Strategy

GIG appears to be having a positive influence over the wider Macquarie group in respect to their approach to green investment. This is significant and welcome: Macquarie is a major global infrastructure investor with the resources and influence to accelerate the flow of capital into green projects around the world in support of net zero.

We continue to encourage GIG to invest beyond carbon reduction projects, and to use all investments to contribute to the full spectrum of their GPs. This was a point also noted by BEIS in its evidence to the PAC and, in our view, could help these essential markets scale further on commercial terms.

Green Impact Reporting

GIG operates a Green Governance Framework to ensure compliance with, and to measure impact against, the GPs. We are pleased that GIG applies this to all global activity undertaken using the GIG brand.

We welcome the updated definitions of the GPs which were developed during the year. These should help avoid misinterpretation. The process reinforced the need to further develop robust methodologies and quantified metrics for some of the GPs. We would also welcome further progress in implementing recommendations made from the independent review of the Green Investment Ratings methodology.

We have noted in previous letters the limitations of using the IFI (International Financial Institution) methodology and data sets. As such, we welcome GIG's commitment to undertake sensitivity analysis using more up-to-date national data sets where these exist. In this regard, and in general, we encourage greater transparency of the methodology and data sets used such that it is possible to readily verify the claimed contribution of a project to a green purpose. This is particularly important with respect to development platforms and pre-construction investments where green impacts are being forecast or are not yet defined.

It is welcome to note that GIG's process for identifying and resolving any negative impacts of a development that require mitigation and compensation appears to be well-documented. Nonetheless, GPC lacks evidence that any measures go beyond minimum legal requirements.

We note the conservative approach to measuring the green impact of battery storage investments. In this case all benefits have been attributed to green purpose 5 (promotion of environmental sustainability) whereas in all likelihood the project would also contribute to green purpose 1 (reduction of greenhouse gases). Trustees understand the challenges around this and would welcome further engagement with GIG on how the impact of such new technologies should be assessed against the GPs.

External green assurance

GIG's independent green assurers have provided unqualified, limited assurance to GIG on its green impact reporting. We note that in granting this assurance, the quality or accuracy of the underlying data was not in scope, only the calculation methodologies and output data are verified. While this meets with current market expectations, GIG should consider broadening the scope of its approach to assurance in order to improve confidence in the application of its methodologies.

Innovation

Notwithstanding our earlier point on encouraging a wider range of green investment, GIG has continued to broaden its approach across new markets and important technologies needed to meet net zero. This, together with innovation in project design and financing structures, and a willingness to fund projects at early stage, continues to set them apart from other actors.

Thought leadership and influence

This continues to be a strength with GIG, and increasingly the wider Macquarie group, playing an active leadership and influencing role in relation to net zero. The flagship Green Energy Conference, engagement at political and international level by Macquarie's CEO, thought leadership, and the new Green Talks series - among other examples - demonstrate GIG's commitment in this area.

Investment record

In our previous letters we have reported on the value of investments made across the UK, Europe and the result of the world. This allowed GPC to verify the £3bn commitment by GIG at the time of privatisation. Now that commitment has been met GIG no longer provides this information and therefore we are unable to report on investment values.

GIG has provided green dashboards and other information in respect of the investments made over the period as required by the information sharing protocol. The consistency, accuracy, and timeliness of the information provided however could be improved and we look forward to helping develop an improved procedure.

Divestments

In our last letter we identified the risk of double counting green impact if a new investor claimed benefits already reported in GIG's lifetime green impact assessment. We are pleased to see that GIG now highlights this risk.

Forward look

August 2022 will mark the 5-year anniversary of the GPC, and the end of initial tenure of the current Trustees. It is GPC's intention to continue its role and to ensure continuity of Trustees, but in anticipation of some rotation we plan to commence the search for a small number of successors in early 2022.

We look forward to working with GIG over the year ahead.

T. Hutchings

Trevor Hutchings
Chair, for and on behalf of the Trustees of the Green Purposes Company
30 September 2021