

Registration number: 08246423

BUUK Infrastructure No 1 Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



BUUK Infrastructure No 1 Limited

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BUUK Infrastructure No 1 Limited

Company Information

Directors	C Linsdell P Sim S Van Krimpen G Montesi C Teskey
Company secretary	C Mumford
Registered office	Synergy House Woolpit Business Park Woolpit Bury St Edmunds Suffolk IP30 9UP
Auditors	Deloitte LLP Statutory Auditor London United Kingdom

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report, annual report and audited financial statements for the year ended 31 December 2020. The Directors, in preparing this Strategic Report, have complied with s414c of the Companies Act, 2006.

Principal activity

The principal activity of the Company is to act as an intermediate holding company in the BUUK Infrastructure Group ('the Group'). The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next 12 months.

Fair review of the business

The profit for the year, after taxation, amounted to £20,000,053 (2019: profit of £94,773,347). At the year-end the Company had net assets of £402,132,987 (2019: net assets of £402,563,372).

The Company operates as part of the BUUK Infrastructure Group ('BUUK', the 'Group') and the Directors of the Group do not consider individual entities in the Group to have individual key performance indicators (KPIs). The Group's results are considered as a whole, and details of the performance can be found in the consolidated group financial statements prepared by BUUK Infrastructure No 2 Limited.

Principal risks and uncertainties

The Company is part of the BUUK Infrastructure Group, owned by BUUK Infrastructure (Jersey) Limited. The principal risks and uncertainties facing the Group and the entity are:

Regulatory

The Group operates in stable and transparent regulated utility markets in the UK. The Group is not aware of any proposed changes impacting the existing regulatory frameworks in which it operates. Any such change could have either a positive or negative impact on our future business prospects.

Health, Safety and Environmental

The Group operates a comprehensive Health, Safety and Environmental framework to ensure that, as far as possible, it eliminates risk to its employees, customers and the environment. The Group has an excellent track record in this regard and has culturally aligned itself to continually improve its performance in this area.

Liquidity and Interest Rates

The Group has a policy of seeking to have a number of sources of funds at any given time to meet its liquidity needs, as well as maintaining a balanced maturity profile to minimise, as far as possible, peaked repayments and refinancing risk. Debt facilities are arranged with appropriate financial and operating covenants, ensuring that management has the necessary flexibility in the operation of its business. The majority of the Group's existing debt has an unexpired term exceeding 10 years and is subject to a fixed interest rate.

Cash flow risk

The Group uses derivative financial instruments to manage certain exposures to fluctuations in interest rates, inflation rates and exchange rates. The Group does not hold any speculative financial instruments.

Credit risk

Whilst the Group is dependent on a number of large customers, the credit risk from the failure of those customers is limited by regulatory regimes. The Group takes appropriate measures to reduce credit risk to a manageable level and has strict procedures to manage credit risk relating to trade receivables.

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

COVID-19

The Directors have considered the expected impact of COVID-19 on future periods. As an intermediate holding company within the BUUK Group, the potential impact of COVID-19 on the Company is considered the same as for the Group as a whole.

As at the date of the approval of this report the Group had £236.8m of undrawn committed facilities, of which £109.1m is available for general corporate purposes and £127.7m is linked to future capital expenditure. This availability of facilities and the performance of the Group in 2020, combined with the nature of the Group's activities, as discussed below, has led the Directors to the conclusion that it is unlikely the Group would be unable to meet its obligations as they fall due. The Group's business model and financing structure are resilient and there is a strong order book in place for the provision of new connections in the future.

The Group's core business activity is the ownership and operation of infrastructure assets, supplying essential services of gas, electricity, water, fibre, waste water and district heat. The transportation revenues from this activity are highly stable and predictable and are currently underpinned by a supportive regulatory framework. These revenues are expected to remain stable and continue to generate positive cash flows. This has been demonstrated by the Group's performance during 2020, which has seen the Group maintain a strong EBITDA position and remain cash generative despite the impact of the COVID-19 pandemic.

Additionally, BUUK undertakes the construction of new infrastructure assets to be owned and operated by the Group. Construction activity levels were reduced in the early stages of the year due to the suspension of works by some housebuilders on some new housing sites, however this has steadily recovered throughout the year, with new connections now close to pre-COVID levels. As construction levels continue to increase the Directors are committed to ensuring BUUK retains the resources necessary to meet this demand, implementing procedures and policies to make it practical and safe to do so.

The Directors have also undertaken a series of stress test financial models at group level over the impact of COVID-19. The key uncertainty and area of judgement in this modelling is construction activity levels. BUUK has based its assumptions on a reference scenario published by the UK Government's independent forecaster, the Office for Budget Responsibility ("OBR") on 25 November 2020, evidence from operations undertaken by the Group and detailed understanding of the industry. Under the OBR scenario and all other reasonably possible scenarios, the Group can continue to meet its obligations as they fall due. Further details of this can be found in the Going Concern section of note 2.

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors are presented with and review a wide range of papers relating to different stakeholders. The papers are discussed at Board meetings and form the basis by which policies and actions of the business are developed and, through this process, the Board have identified the key stakeholders. The Board consider that, both individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the year and, in doing so, have had regard to the stakeholders and matters set out in s172(1) (a-f) of the Companies Act 2006.

The Board of Directors' intention is to behave responsibly and to ensure that management operate the business in a responsible manner to maintain a reputation for high standards of business conduct. The Board of Directors also recognise the importance of behaving fairly between the members of the company.

The Board of Directors aims to create a balance between the development of opportunities with our customers, stimulating and rewarding our staff, working with and supporting our local communities, sustaining the environment in which we operate, interact with and comply with policies of the relevant regulators and engage in positive relationships with lenders. The following disclosures describe how the Board of Directors has had regard to the matters set out in section 172(1) (a-f) in respect of the Group's stakeholders and forms the Directors' Statement required under Section 414CZA of The Companies Act 2006. As part of the BUUK Infrastructure Group, the Company has prepared this statement in accordance with the statement of the Group.

COVID-19

The Board of directors have considered the needs of the different stakeholders of the Group and have balanced these in their actions to mitigate the impact of COVID-19:

- The Coronavirus Job Retention Scheme has been utilised to help secure the jobs of employees. In taking advantage of this scheme the Group has also considered the needs of the Government as a stakeholder, trying to reduce the level of support taken to a minimum. This has been achieved, in part, by senior members of staff taking voluntary pay cuts during the year
- A range of temporary measures have been implemented to support employees in continuing to work in a safe and effective manner. This includes greater support for remote working but also investment in safety equipment in office locations and the implementation of social distancing measures to allow employees to work safely in the office environment and continue to offer high quality support to customers
- Continued to support the mental health of employees through the provision of an employee assistance programme
- The Group has supported the local community and worked with the local surgery to provide a location to be used for flu vaccinations

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

COVID-19 has presented a unique challenge to many businesses and the Group has carefully considered whether the following policies remain appropriate. Where they have not, due to social distancing measures and safety concerns, they have been temporarily suspended or alternatives found if possible. As the Group intends to continue with these policies once it is appropriate to do so, the policies continue to be disclosed below.

Further information on the risks presented by COVID-19 and the considerations on going concern can be seen in the Principal Risks and Uncertainties section of the Strategic Report and the Going Concern section of Note 2.

Engagement with Employees

We aim to create, develop and retain highly motivated people and teams who are equipped with the necessary competencies and skills to perform highly and who demonstrate our core values.

We support and engage with our people in a range of ways:

Stimulating positive and responsive communication

- Company news is always available to employees through the Company's intranet
- Conduct quarterly cascade team briefings to keep employees apprised of business performance and industry changes followed by Q&A opportunities
- Regularly circulate internal magazines and articles
- Provide a platform where the business can pose challenges to employees for ideas and where employees can also post other ideas or questions
- Engage in the "Great Place to Work" Programme to understand what improvements we can make to improve the working lives of employees
- Conduct annual face to face Directors presentations to encourage two-way communication

The feedback loop created by the communication has led to the development and enhancement of policies which enhance the working environment and benefits employees receive.

Supporting appropriate learning and development opportunities

- Offer a dual utility engineering apprenticeship scheme
- Offer a Graduate Development Programme
- Annual process to identify training needs backed by investment in development for staff

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Supporting our staff to realise their full potential

- Offer a flexible employee benefits scheme
- Employee assistance programmes including stress counselling and medical information services
- Dedicated Health and Wellbeing Committee established
- Offer regular employee social events
- Maintaining a safe, healthy and sustainable working environment for our staff, those we work for and for the general public
- Provide a platform for staff to commit to building a positive safety culture irrespective of role or responsibility
- In April 2020 the Group was recognised as a 'Best Super Large Workplace' by Great Places to Work which reflects the Group's commitment to the importance of its employees

Equal opportunities

A fair and equal opportunities culture is operated throughout the Group. Employment opportunities, whether in the recruitment, training or promotion of employees, are granted on merit irrespective of race, colour, religion, national origin, age, gender, disability or sexual orientation.

Full consideration and equal opportunities are given to employment applications from disabled persons with due regard to the requirements of the job. Where existing employees become disabled every effort is made to provide opportunities for continued employment within the Group supported with training and development as appropriate.

Business Relationships

We recognise the importance of engaging with the Group's suppliers and customers and the need to foster relationships with them.

Customers

- Customer satisfaction is closely monitored via both the Net Promoter Score and Customer Effort Score frameworks and results are used to drive process and performance improvements
- Customer feedback is reviewed by Senior Management regularly and is used to continuously improve the business, an example being developing the way in which work is requested by our developer customers to ensure site visits are not aborted

Suppliers

- Corporate social responsibility is a key selection and approval criteria for suppliers
- Group corporate social responsibility requirements are communicated to all suppliers and are accessible on our websites
- Collaborative working with suppliers is critical to the business, an example being the way a key supplier delivers stock to sites has been enhanced and automated to ensure stock is available at critical times.

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Regulators

We have a positive relationship with our regulators and are focused on maintaining this and ensuring we act in a way which is open and transparent. We regularly liaise with our regulators at different levels and through a variety of “touch points” with regulatory and government departments to ensure the business evolves alongside any regulatory changes. Our engagement includes:

- Actively participating in strategic regulatory reviews through industry working groups, consultation responses and one to one meetings;
- Engaging with government departments and regulators on a one to one basis and through broader industry groups to promote industry change;
- Responding to regulatory consultations and requests for information;
- Meeting with regulators to promote industry change or to develop solutions to potential concerns;
- Hosting visits to our offices or to sites where we operate to demonstrate how our business model of operating in a multi utility world brings value to customers.

The Board receive regular updates on regulatory interaction and are committed to complying with all relevant regulatory requirements and continue to closely monitor the status of our regulatory relationships, enhancing engagement across key regulatory changes.

Lenders

We actively engage with banks and other lenders to foster a strong relationship. The Board proactively ensures compliance with all borrowing covenants and has an open dialogue with lenders to manage the financing needs of the business.

- Proposals are prepared and reviewed with our lenders for all significant decisions pertinent to those lenders
- Lenders are kept up to date by sharing quarterly accounts and budget information

BUUK Infrastructure No 1 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Communities and Environment

BUUK has been recognised as the overall asset sector leader for its superclass in the 2020 GRESB Infrastructure Assessment, achieving a score of 84% and a 5 star rating. The GRESB is the leading environmental, social and governance benchmark for retail and infrastructure investments across the world.

BUUK recognises the impacts that it has on the community and the environment and seeks to make a positive difference in the places where we operate.

- Engage in community projects which involve employees working in and amongst the local community
- Actively make available work experience opportunities for 16 to 18 year old students
- Provision of volunteering leave to support local community projects
- Integration of Climate Change Adaptation
- Increasing awareness of environmental issues
- Drive to eliminate single use plastics in our supply chain
- Waste elimination programmes at all sites
- Solar panels installed at head office
- Maintained registration of ISO 14001 environmental accreditation
- The Group expects all employees and its suppliers to work to the Group's own policies and procedures, which as a minimum standard requires compliance with any relevant international and national legal or regulatory framework

Approved by the Board on 23 March 2021 and signed on its behalf by:



.....
G Montesi
Director

BUUK Infrastructure No 1 Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020. Principal risks and uncertainties, equal opportunities, employee engagement and business relationships can be found in the Strategic Report.

Directors of the Company

The Directors who held office during the year and to the date of this report, unless stated otherwise, were as follows:

C Linsdell

P Sim

S Van Krimpen

G Montesi

J Kelly (resigned 10 January 2020)

C Teskey (appointed 25 March 2020)

Dividends

During the year interim dividends were approved and paid of £20,903,438 (2019: £94,772,930). The Directors do not recommend the payment of a final dividend (2019: £Nil).

Future developments

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year. The Directors are satisfied that the Company is well placed to continue to perform satisfactorily during the coming year.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the annual report and financial statements. The directors have received assurances that the company will have access to the BUUK Group's financial resources for a period of at least one year from the date of signing of the financial statements, that companies in the BUUK Group will not demand repayment of any inter-company debt where the company does not have the financial resources to effect such payment, and that this financial support will be sufficient for the company to continue to trade and meet its obligations as they fall due.

Further details regarding the adoption of the going concern basis can be found in Note 2 of the financial statements.

Directors' liabilities

The Company has Directors' and Officers' liability insurance to provide against liability in respect of proceedings brought forward by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

BUUK Infrastructure No 1 Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Disclosure of information to the auditors

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

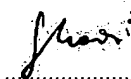
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reappointment of auditors

Deloitte LLP has indicated its willingness to continue in office and a resolution to reappoint them as the Company's auditor will be put to the forthcoming Annual General Meeting.

Approved by the Board on 23 March 2021 and signed on its behalf by:



G Montesi
Director

BUUK Infrastructure No 1 Limited

Independent Auditor's Report to the Members of BUUK Infrastructure No 1 Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BUUK Infrastructure No 1 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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.

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

BUUK Infrastructure No 1 Limited

Independent Auditor's Report to the Members of BUUK Infrastructure No 1 Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

BUUK Infrastructure No 1 Limited

Independent Auditor's Report to the Members of BUUK Infrastructure No 1 Limited (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

BUUK Infrastructure No 1 Limited

Independent Auditor's Report to the Members of BUUK Infrastructure No 1 Limited (continued)

Matters on which we are required to report by exception

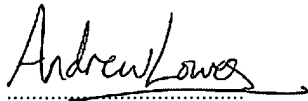
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Andrew Lowes (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

24 March 2021

BUUK Infrastructure No 1 Limited

Income Statement for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover		-	-
Operating profit/(loss)	3	-	-
Income from investments	8	20,000,000	94,772,930
Interest receivable and similar income	4	69	435
Profit before tax		20,000,069	94,773,365
Taxation	7	(16)	(18)
Profit for the financial year		<u>20,000,053</u>	<u>94,773,347</u>

The above results were derived from continuing operations.

No separate Statement of Comprehensive Income has been presented because the Company has no items of comprehensive income other than the profit for the financial year.

The notes on pages 18 to 28 form an integral part of these financial statements.

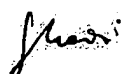
BUUK Infrastructure No 1 Limited

(Registration number: 08246423)

Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	8	393,812,378	393,812,378
Current assets			
Debtors	9	8,319,854	8,638,448
Cash at bank and in hand		<u>768</u>	<u>112,626</u>
		8,320,622	8,751,074
Creditors: Amounts falling due within one year	10	<u>(13)</u>	<u>(80)</u>
Net current assets		<u>8,320,609</u>	<u>8,750,994</u>
Net assets		<u>402,132,987</u>	<u>402,563,372</u>
Capital and reserves			
Called up share capital	11	235,279,510	235,278,410
Share premium reserve	13	887,385	415,485
Profit and loss account	13	7,426,908	8,330,293
Convertible loan notes	12	<u>158,539,184</u>	<u>158,539,184</u>
Total equity		<u>402,132,987</u>	<u>402,563,372</u>

Approved and authorised by the Board on 23 March 2021 and signed on its behalf by:



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G Montesi
Director

The notes on pages 18 to 28 form an integral part of these financial statements.

BUUK Infrastructure No 1 Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Profit and loss account £	Convertible loan notes £	Total £
At 1 January 2019	235,278,197	345,362	252	158,539,184	394,162,995
Profit for the year	-	-	94,773,347	-	94,773,347
Dividends	-	-	(94,772,930)	-	(94,772,930)
New share capital subscribed	213	70,123	-	-	70,336
Capital contribution	-	-	8,329,624	-	8,329,624
At 31 December 2019	<u>235,278,410</u>	<u>415,485</u>	<u>8,330,293</u>	<u>158,539,184</u>	<u>402,563,372</u>

	Notes	Share capital £	Share premium £	Profit and loss account £	Convertible loan notes £	Total £
At 1 January 2020		235,278,410	415,485	8,330,293	158,539,184	402,563,372
Profit for the year		-	-	20,000,053	-	20,000,053
Dividends	14	-	-	(20,903,438)	-	(20,903,438)
New share capital subscribed	11	<u>1,100</u>	<u>471,900</u>	<u>-</u>	<u>-</u>	<u>473,000</u>
At 31 December 2020		<u>235,279,510</u>	<u>887,385</u>	<u>7,426,908</u>	<u>158,539,184</u>	<u>402,132,987</u>

The notes on pages 18 to 28 form an integral part of these financial statements.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales.

The address of its registered office and principal place of business is:

Synergy House
Woolpit Business Park
Woolpit
Bury St Edmunds
Suffolk
IP30 9UP

These financial statements were authorised for issue by the Board on 23 March 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

The financial statements are presented in Pounds Sterling, which is also the functional currency.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to members of a group where consolidated financial statements are publicly available. Exemptions have been taken in relation to the presentation of a cash flow statement, certain financial instruments and remuneration of key management personnel.

Name of parent of group

These financial statements are consolidated in the financial statements of Brookfield Infrastructure Partners LP.

The financial statements of Brookfield Infrastructure Partners LP may be obtained from Brookfield Infrastructure Partners LP, Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

Group financial statements not prepared

As a member of a larger group whose consolidated accounts are publicly available, the Company has taken the exemption from preparing consolidated financial statements in accordance with section 401 of the Companies Act 2006. Accordingly the financial statements present information about the Company as an entity, and not as a group.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

The Company forms part of the Group headed by BUUK Infrastructure (Jersey) Limited ("BUUK") of which the ultimate parent undertaking is Brookfield Asset Management Inc. The funding required to finance the activities of BUUK's subsidiaries is organised and managed on a centralised basis on behalf of all members of the Group.

The Group is cash generative and holds a Baa2 (investment grade) rating from Moody's. The rating was reconfirmed by Moody's in May 2020. At the date of approval of the financial statements the Group has undrawn committed facilities of £236.8m with a syndicate of banks, of which £109.1m is available for general corporate purposes and £127.7m is linked to future capital expenditure. These facilities were renewed in 2019 and are due to expire on 18 September 2024.

The Group has Senior Secured Loan notes denominated in GBP (£1,510m) and US\$ (\$300m). The loan notes incur a fixed rate of interest and cross currency interest rate swaps have been taken out to fix the US\$ denominated interest and capital repayments. The Group's borrowings have an average remaining maturity of c.10.8 years with maturity dates ranging from 2023 to 2048.

In light of the COVID-19 pandemic the Group has undertaken a series of stress test financial models to assess the Group's ability to meet obligations as they fall due for a period of at least 12 months from the date of this report. Based on existing financing facilities, the Group has sufficient cash available to meet its obligations under all reasonably possible scenarios modelled.

The most likely scenario modelled by the Group is in line with a reference scenario published by the UK Government's independent forecaster, the Office for Budget Responsibility ("OBR") on 25 November 2020 and supported by the activity levels of the Group in the year. Under this scenario, and other reasonable downside scenarios, the Group remains compliant with all borrowing covenants in existence and has sufficient cash to meet its obligations for a period of 12 months.

Further details of the COVID-19 measures undertaken by the Group can be found in the Strategic Report.

The directors have received assurances that the company will have access to the BUUK Group's financial resources for a period of at least one year from the date of signing of the financial statements, that companies in the BUUK Group will not demand repayment of any inter-company debt where the company does not have the financial resources to effect such payment, and that this financial support will be sufficient for the company to continue to trade and meet its obligations as they fall due. The Group's forecasts, taking into account reasonable possible changes in trading performance, show that the Company should have adequate resources to continue in operational existence for the foreseeable future.

Given the above, the Directors have a reasonable expectation that the Company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of this annual report. Accordingly, they have prepared the financial statements on the going concern basis.

Judgements and key sources of estimation uncertainty

The Directors consider that there are no critical judgements or sources of estimation uncertainty to be disclosed that have been made in the process of applying the Company's accounting policies which have a significant effect on the amounts recognised in the financial statements.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Income from investments

Income from investments represent dividends received from subsidiary undertakings during the year. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Finance income and costs

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be reliably measured. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest costs are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Tax

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

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

Tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the underlying transaction.

Investments

The Company's investments in shares of subsidiary undertakings are included at cost. The carrying value of fixed asset investments is reviewed for impairment if circumstances indicate that it may not be recoverable. The recoverable amount is deemed to be the higher of its value in use and its fair value less costs to sell.

Cash and cash equivalents

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

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Share capital

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

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Convertible loan notes

The Company has issued convertible loan notes. The notes are convertible at the issuer's discretion into a fixed number of ordinary shares of the issuer. As there is no obligation to deliver cash settlement these notes do not meet the definition of a financial liability and are instead treated as equity.

3 Operating profit

Fees for the audit of the financial statements of £13,040 (2019: £11,300) were borne by another Group company during the year on behalf of BUUK Infrastructure No 1 Limited.

4 Other interest receivable and similar income

	2020 £	2019 £
Interest income on bank deposits	<u>69</u>	<u>435</u>

5 Staff costs

The Company had no employees during the year with all administrative tasks undertaken by employees of fellow Group undertakings.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	<u>1,388,000</u>	<u>2,069,000</u>

During the year the number of Directors for whom retirement benefits were accruing was nil (2019: nil).

In respect of the highest paid Director:

	2020 £	2019 £
Remuneration	<u>1,388,000</u>	<u>1,959,000</u>

7 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	13	80
UK corporation tax adjustment to prior periods	<u>3</u>	<u>(62)</u>
	<u>16</u>	<u>18</u>

The differences between the tax assessed for the period and the standard rate of corporation tax of 19% (2019: 19%) are reconciled below:

	2020 £	2019 £
Profit before tax	<u>20,000,069</u>	<u>94,773,365</u>
Corporation tax at standard rate	3,800,013	18,006,939
Effect of revenues exempt from taxation	(3,800,000)	(18,006,859)
Increase/(decrease) in tax from adjustment for prior periods	<u>3</u>	<u>(62)</u>
Total tax charge	<u>16</u>	<u>18</u>

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Taxation (continued)

The Finance Act 2016, substantively enacted in September 2016, provided for a reduction in the main rate of corporation tax to 17% from 1 April 2020. Accordingly deferred tax for the year ended 31 December 2019 was calculated using a tax rate of 17%. The Finance Act 2020, substantively enacted in March 2020, provided for the main rate of corporation tax rate to remain at 19%. Accordingly, deferred tax for the year ended 31 December 2020 has been calculated using a tax rate of 19%.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and, as a non-adjusting post-balance sheet event, this does not impact the deferred tax position as at 31 December 2020; however in future periods deferred tax will be remeasured based on a tax rate of 25%.

The Company has no unrecognised deferred tax assets or liabilities at 31 December 2020 (2019: £nil).

8 Investments

	2020 £	2019 £
Investments in subsidiaries	<u>393,812,378</u>	<u>393,812,378</u>
	2020 £	2019 £
Dividends from subsidiary undertakings included in income	<u>20,000,000</u>	<u>94,772,930</u>

Included within investments are £158,539,184 (2019: £158,539,184) of convertible loan notes issued by BUUK Infrastructure No 2 Limited with a redemption date of 1 November 2044. At the discretion of the issuer these loan notes may be repaid or converted into a fixed number of their own ordinary shares at any time prior to the redemption date.

Fixed asset investments are in group undertakings and are stated at cost. The Company's investments represent equity shares in BUUK Infrastructure No 2 Limited, a wholly owned subsidiary incorporated in England and Wales, whose principal activity is that of an investment holding company.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Details of undertakings

Subsidiaries	Holding	Current Year	Prior Year	Principal Activity
Express Utilities Limited (formerly Express Pipelaying & Repairs Limited)	Shares	100%	0%	Construction of infrastructure
EPLR Holdings Limited	Shares	100%	0%	Dormant
BUUK Infrastructure No 2 Limited	Shares and convertible loan notes	100%	100%	Investment holding company
BUUK Infrastructure Issuer Plc	Shares	100%	100%	Debt issuer
GTC Infrastructure Limited	Shares	100%	100%	Provider of services to the Group
GPL Investments Limited	Shares	100%	100%	Dormant
Power On Investments Limited	Shares	100%	100%	Investment holding company
GTC Pipelines Limited	Shares	100%	100%	Ownership and operation of gas infrastructure in the UK
The Electricity Network Company Limited	Shares	100%	100%	Ownership and operation of electric infrastructure in the UK
GTC Utility Construction Limited	Shares	100%	100%	Construction of utility infrastructure in the UK
Power On Connections Limited	Shares	100%	100%	Construction of electric infrastructure in the UK
Utility Grid Installations Limited	Shares	0%	100%	Dormant
The Gas Supply Company Limited	Shares	0%	100%	Dormant
Inexus Connections Limited	Shares	100%	100%	Investment holding company
Inexus Group (Holdings) Limited	Shares	100%	100%	Investment holding company
Independent Pipelines Limited	Shares	100%	100%	Ownership and operation of gas infrastructure in the UK
Quadrant Pipelines Limited	Shares	100%	100%	Ownership and operation of gas infrastructure in the UK
Independent Meters Limited	Shares	100%	100%	Ownership and operation of gas meters in the UK
Independent Power Networks Limited	Shares	100%	100%	Ownership and operation of electric infrastructure in the UK
Open Fibre Networks Limited	Shares	100%	100%	Ownership and operation of telecommunication infrastructure in the UK
Independent Water Networks Limited	Shares	100%	100%	Ownership and operation of water infrastructure in the UK
Independent Community Heating Limited	Shares	100%	100%	Ownership and operation of district energy infrastructure in the UK

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Subsidiaries	Holding	Current Year	Prior Year	Principal Activity
Metropolitan Infrastructure Limited	Shares	100%	100%	Procurement, design and management of utility infrastructure projects in the UK
Connect Utilities Limited	Shares	100%	100%	Procurement, design and management of utility infrastructure projects in the UK
Ultrastream Business Services Limited	Shares	100%	0%	Dormant
Open Fibre Networks (Wholesale) Limited	Shares	100%	100%	Provider of fibre retail services
EPL&R Utilities Limited	Shares	100%	0%	Dormant
Independent Service Provider Limited	Shares	100%	100%	Provider of district energy services
Farriss Holdings Limited	Shares	0%	100%	Dormant
Farriss Limited	Shares	0%	100%	Dormant
Reactive Flow Controls Limited	Shares	0%	100%	Dormant
Gas Engineering Services Limited	Shares	0%	100%	Dormant
Inexus Services Limited	Shares	0%	100%	Dormant
Smart Meter Assets 1 Limited	Shares	100%	100%	Ownership and operation of smart utility meters in the UK

The above subsidiaries are all registered in England and Wales apart from GTC Infrastructure Limited which is registered in Guernsey.

The registered office of the subsidiary above is Synergy House, Woolpit Business Park, Windmill Avenue, Woolpit, Bury St Edmunds, Suffolk, IP30 9UP.

9 Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	<u>8,319,854</u>	<u>8,638,448</u>

Included within amounts owed by group undertakings are non-interest bearing amounts of £8,319,854 (2019: £8,638,448), which are unsecured and repayable on demand.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Creditors

	2020 £	2019 £
Due within one year		
Amounts due to group undertakings	<u>13</u>	<u>80</u>

Included within amounts due to group undertakings are non-interest bearing amounts of £13 (2019: £80), which are unsecured and repayable on demand.

11 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
A Ordinary Shares of £1 each	235,273,194	235,273,194	235,273,194	235,273,194
B Ordinary Shares of £0.001 each	1,364,594	1,364.59	1,364,594	1,364.59
C Ordinary Shares of £0.001 each	762,826	762.83	762,826	762.83
D Ordinary Shares of £0.001 each	839,815	839.82	839,815	839.82
E Ordinary Shares of £0.001 each	712,210	712.21	712,210	712.21
F Ordinary Shares of £0.001 each	513,270	513.27	513,270	513.27
G Ordinary Shares of £0.001 each	414,343	414.34	414,343	414.34
H Ordinary Shares of £0.001 each	395,816	395.82	395,816	395.82
I Ordinary Shares of £0.001 each	213,141	213.14	213,141	213.14
J Ordinary Shares of £0.001 each	<u>1,100,000</u>	<u>1,100.00</u>	<u>-</u>	<u>-</u>
	<u>241,589,209</u>	<u>235,279,510</u>	<u>240,489,209</u>	<u>235,278,410</u>

New shares allotted

During the year 1,100,000 ordinary shares having an aggregate nominal value of £1,100 were allotted for an aggregate consideration of £473,000.

Rights, preferences and restrictions

Shares on trust

The B, C, D, E, F, G, H, I and J shares are held on trust by BUUK Infrastructure (Jersey) Limited for participants in the Company's long term incentive plan.

The Ordinary B, C, D, E, F, G, H, I and J shares of the Company do not carry the right to vote at a general meeting of the Company; have a restricted right to participate in dividends and a restricted right to participate in capital distributions on winding up.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Convertible loan notes

	2020 £	2019 £
Convertible loan notes	<u>158,539,184</u>	<u>158,539,184</u>

The convertible loan notes are zero coupon unsecured convertible loan notes. These notes are held by BUUK Infrastructure (Jersey) Limited and have a redemption date of on or before 1 November 2044.

The notes are convertible at the issuer's discretion into a fixed number of ordinary shares of the relevant issuer. As a result they have the substance of equity rather than a liability.

13 Reserves

During the year an intercompany receivable of £Nil (2019: £8,329,624) was contributed to the Company from its parent undertaking. This is accounted for as a capital contribution recognised directly within equity.

14 Dividends

	2020 £	2019 £
Interim dividend of £0.09 (2019 - £0.40) per A ordinary share	<u>20,903,438</u>	<u>94,772,930</u>

15 Contingent liabilities

The Company has entered into cross guarantees with fellow subsidiary undertakings, which guarantee certain borrowings of the Group. As at 31 December 2020 the total borrowings, as part of the BUUK Group, amounted to £1,809,495,000 (2019: £1,692,857,000).

16 Related party transactions

The Company has taken advantage of the exemption provided by FRS 102 paragraph 33.1A not to disclose transactions with other wholly-owned Group undertakings.

The Company has taken advantage of the exemption provided by FRS 102 paragraph 1.12(e) not to disclose key management personnel compensation.

BUUK Infrastructure No 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

17 Parent and ultimate parent undertaking

The company's immediate parent is BUUK Infrastructure (Jersey) Limited, incorporated in Jersey.

The ultimate parent and controlling party is Brookfield Asset Management Inc, incorporated in Canada.

The largest group of which the Company is a member and for which Group financial statements are prepared is Brookfield Asset Management Inc. These financial statements are available upon request from its registered office at Brookfield Asset Management Inc., Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

The smallest group of which the Company is a member and for which Group financial statements are prepared is Brookfield Infrastructure Corporation, a Company registered in Canada. These financial statements are available upon request from its registered office at Brookfield Infrastructure Corporation, Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.