

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP LIMITED

Annual Report and financial statements for the period ended 31 December 2018

Company number: 11265124

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
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The Private Infrastructure Development Group Limited
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Directors and advisors for the period ended 31 December 2018

Directors (appointed 20 March 2018 upon incorporation, unless otherwise noted)

Andrew Bainbridge (Chair)
Johan Bastin
Patrick Crawford CB
Rachel English - appointed 11 March 2019
Yukiko Omura
Tania Songini
John Walker

Company Secretary

MDY Legal
Temple Chambers
3 – 7 Temple Avenue
London EC4Y 0DA

Registered Office

6 Bevis Marks
London
EC3A 7BA

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

The Private Infrastructure Development Group Limited

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Business review for the period ended 31 December 2018

Principal activities

The Private Infrastructure Development Group Limited (PIDG Ltd or the Company) was incorporated on 20 March 2018 under the laws of England and Wales. The Company's primary activity is to oversee the activities of and, where appropriate, provide centralised resources in relation to the other companies in The Private Infrastructure Development Group (PIDG or the Group) on behalf of its shareholders¹ and the members of PIDG², similar to that of a head office or parent company.

PIDG was established by the members with a mission to combat poverty in the poorest and most fragile countries through pioneering infrastructure, thereby helping economies grow and changing people's lives. PIDG's vision is to enhance the provision of affordable and sustainable infrastructure services in low-income countries and fragile states to combat poverty and help economies grow. Financing for these projects should be increasingly sourced through local capital and credit markets. PIDG provides the leadership, development capability, funding and finance solutions across the project life cycle to support this infrastructure provision, resulting in a high development impact by strengthening the local capacity, capability and the financing potential of local credit and capital markets.

PIDG operates along the project life cycle and across the capital structure, to help projects overcome financial, technical or environmental challenges – creating investment-ready, bankable infrastructure opportunities, catalysing private sector participation and creating development impact. In doing so, it contributes directly to the achievement of many of the United Nations' Sustainable Development Goals.

PIDG delivers high development impact projects in low-income countries and fragile and conflict-affected states, predominantly in sub-Saharan Africa and south and south-east Asia. PIDG operates in countries where 2 billion people live on less than \$3.20 per day, and 753 million people live on less than \$1.90 per day; where 2.6 billion people do not have access to constant electricity, 2.4 billion people lack access to basic sanitation and almost 800 million people lack access to clean water. In some African countries where PIDG operates, infrastructure constraints are estimated to cut productivity by around 40%, severely affecting competitiveness and limiting opportunities for people to have jobs to lift them out of poverty. PIDG considers a range of indicators when selecting projects, including those reflecting different aspects of inclusion, such as infrastructure service access; employment creation; export-earning potential; climate change, gender and disability.

¹ SG Kleinwort Hambros Trust Company (UK) Limited, Multiconsult Trustees Limited and Minimax Limited, acting for and on behalf of The Private Infrastructure Development Group Trust (the Trust).

² The current members of PIDG are:

- (i) The Secretary of State for International Development of the Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department for International Development;
- (ii) The Government of the Netherlands represented by the Directorate-General for International Cooperation – the Netherlands Minister for Foreign Trade and Development Co-operation;
- (iii) The Swiss State Secretariat for Economic Affairs;
- (iv) The Commonwealth of Australia as represented by the Department of Foreign Affairs and Trade;
- (v) The Swedish International Development Co-operation Agency;
- (vi) KfW Group, a German development bank;
- (vii) The Norwegian Ministry of Foreign Affairs, through the Department of Economic Relations and Development, Section for Economic and Commercial Affairs. Norway has expressed its intention to withdraw as a member of PIDG once Green Africa Power LLP, the PIDG company that it funds, has been wound up which is expected to be completed in 2019; and
- (viii) The International Finance Corporation, a member of the World Bank Group.

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Business review for the period ended 31 December 2018 *continued*

Business model

PIDG Ltd was established in March 2018 as part of a governance reorganisation within PIDG to co-ordinate and oversee activities across the PIDG companies, particularly in relation to corporate governance, co-ordination and oversight.

The Company's shareholders are the Trustees of the Trust, a special purpose trust established in 2001 by the members of PIDG under the laws of Mauritius³ to pool, co-ordinate and administer the members' funds in relation to PIDG activities. As shareholder of PIDG Ltd, the Trust is required to seek the consent of the members of PIDG before taking any material decision as shareholder of PIDG Ltd.

The Trust has established eight corporate entities⁴ (PIDG companies) since 2001 on behalf of the members of PIDG. These entities offer a variety of financing and infrastructure-related services to private sector infrastructure projects in the poorest countries in the world.

The members of PIDG provide the Trust with funding to use to subscribe for shares or to make capital contributions to the PIDG companies. The PIDG members also provide funding to the Trust for a Technical Assistance Facility and for a trust fund, DevCo, held by the International Finance Corporation (IFC), which the IFC uses to fund advisory services to governments on public and private infrastructure partnerships in PIDG's target countries. PIDG members also provide the Trust with funding to pay for the operating costs of the Trust and PIDG Ltd.

The Company has entered into service level agreements with the Trust and the other PIDG companies under which it charges the Trust and the other PIDG companies for its oversight, support and advice as well as any centralised services it provides to them.

A private company limited by shares, PIDG Ltd voluntarily reports on how it has applied (on a comply or explain basis) and on what it has assessed as the relevant principles of the UK Corporate Governance Code considering the public nature of its funding and its policy of transparency. The Company fully endorses the principles on which the code is based - namely that the Company is a long-term partnership of its various stakeholders.

Business strategy

PIDG has recently launched its new five-year strategy for the period 2019-2023 (available at www.pidg.org).

³ The Trust is a UK tax resident.

⁴ The PIDG companies and their countries of registration are:

- (i) The Emerging Africa Infrastructure Fund Limited (Mauritius) (EAIF);
- (ii) GuarantCo Limited (Mauritius) (GuarantCo);
- (iii) InfraCo Africa Limited (England) (InfraCo Africa);
- (iv) InfraCo Asia Development Pte. Ltd. (Singapore) (InfraCo Asia);
- (v) ICF Debt Pool LLP (England) – a partnership that is closed to new business;
- (vi) InfraCo Africa Investment Pte. Ltd. (England);
- (vii) InfraCo Asia Investments Pte. Ltd. (Singapore); and
- (viii) Green Africa Power LLP (England), currently in a members' voluntary liquidation with an expected completion date of 2019.

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Business review for the period ended 31 December 2018 *continued*

Business strategy *continued*

PIDG's five-year strategy is focused on delivering pioneering infrastructure projects that offer an innovative, agile and sustainable way of combating poverty and delivering high development impact. Through four key strategic priorities - of scale, replicability, affordability and transformation - PIDG will provide a vehicle for investment that not only delivers life-changing opportunities for the poorest and most fragile countries, but also delivers sustainable returns. Using its unique blended finance approach, PIDG also provides value for money that ensures the long-term viability of its infrastructure projects.

Operating at the frontier, be that through the lens of geographies, sectors, products or standards, PIDG develops early-stage projects that explore new approaches or technologies – creating investment-ready, bankable infrastructure opportunities as well as building local capability and capacity, while providing innovative financing solutions.

PIDG is focused on delivering projects compatible with its strategic objectives of scale, replicability, affordability and transformation. Combined with the identification and leverage of programmatic themes, PIDG will apply these strategies to deliver greater development impact while continuously improving value for money for its members. PIDG's four strategic priorities are:

- (i) **Scale:** PIDG is committed to providing infrastructure services that create benefits for people and business, with large-scale infrastructure associated with economic zones, such as on-grid renewable and clean water projects;
- (ii) **Replicability:** PIDG focuses on projects that can be replicated not only by PIDG in the future, but by its partners and other organisations. Through initial development of small scale or pilot projects and the use of innovative replicable models, be that financially or technologically, PIDG ensures that transaction costs are reduced, and growth is achieved at an increased speed;
- (iii) **Affordability:** PIDG is committed to enabling access to infrastructure for low-income groups and improving overall economic efficiency and competitiveness. Through initiatives such as affordable housing and affordable agri-processing solutions, PIDG ensures that its projects have the most impact upon those who have less; and
- (iv) **Transformation:** PIDG believes in delivering projects that truly offer fundamental changes in behaviour or market functions. Through the example set by its new models for private sector investment in water, PIDG will deliver genuinely transformative projects that strengthen the capacity of local developers and local capital markets, improve investor confidence and empower women.

PIDG will also seek to identify other themes common across the PIDG companies, provided they meet the criteria for delivery of impact and value for money.

In response to a series of market failures, PIDG harnesses its specialist companies to mobilise private sector investment with public funds to provide infrastructure vital for boosting economic growth and combating poverty.

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Business review for the period ended 31 December 2018 *continued*

Business strategy *continued*

PIDG's values are the principles which guide the way PIDG works. PIDG's values are:

- (i) **Opportunity:** PIDG fills market gaps in parts of the world where it is thought to be impossible, provides equal opportunity in its activities and prizes diversity within PIDG;
- (ii) **Accountability:** PIDG delivers and takes ownership when things do not go as planned. PIDG leads with high ethics and environmental, social and governance standards. This includes the impact of PIDG's work on local communities and the environment;
- (iii) **Safety:** PIDG insists on a safety mindset and culture delivered through practical, locally relevant solutions because it is a matter of life or death;
- (iv) **Integrity:** PIDG is honest and transparent, building mutual trust with its stakeholders; and
- (v) **Impact:** PIDG has a strong, positive and tangible effect on people's lives.

Through its core principles, PIDG will deliver success in a way which is pioneering, collaborative and with a sense of excitement.

PIDG's purpose is to maximise the development impact of its activities with available resources and consistently develop financial sustainability over time. PIDG will identify a pathway to be financially sustainable at the consolidated PIDG level in the medium-term. To achieve this, PIDG requires the ongoing profitability of its Credit Solutions businesses (comprised of EAIF and GuarantCo). PIDG also provides Upstream Technical Assistance through its Technical Assistance Facility and DevCo, and Developer-Investor services through InfraCo Africa and InfraCo Asia.

PIDG aims to be risk-aware, as opposed to risk-averse. Its niche arises from taking on projects that others cannot or will not, hence the risks can be intrinsically high. PIDG aims to understand these risks, mitigate them as far as possible and make informed judgments about whether the residual risk in an individual project is justified by its expected impact, sustainability and its long-term nature.

Activities since incorporation

To the extent permitted by law, the Company has full accountability for the activities of the other PIDG companies. It is now the principal point of contact for the members of both PIDG and the Trust, taking responsibility to keep all parties appropriately informed of relevant activities and decisions within the Group. The Company has delegated authority from the members of PIDG and the directors of other PIDG companies in relation to certain key decisions within the Group (to the extent permitted by law or as otherwise agreed with PIDG members).

During the period the Board of the Company established the following committees, to enable the Board to perform its role within PIDG:

- (i) Audit Committee;
- (ii) Risk Committee;
- (iii) Credit Committee;
- (iv) Africa Investment Committee;
- (v) Investment and Divestment Asia Committee; and
- (vi) Health, Safety, Environment and Social (HSES) Committee

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Business review for the period ended 31 December 2018 *continued*

Activities since incorporation *continued*

Further information about the roles of each Committee is set out in the *Governance and internal controls* section of this report on page 11.

On 20 March 2018 the Board appointed a Chief Executive Officer (CEO), Philippe Valahu, who has appointed an Executive team – a Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head of Partner Relations, Chief Operating Officer (COO), Head of Development Impact, General Counsel and Director of HSES - to whom the Board has delegated the design and operation of all activities across PIDG. The strategic framework for PIDG for the five-year period to 2023, a risk framework (including a risk appetite statement) and a unified investment policy have been developed and are in the process of being adopted and implemented throughout the Group. The Company has also developed a series of health and safety, environment and governance policies for all PIDG's activities, which will be adopted and implemented both within the Group and at the project-level that PIDG supports.

The Company also refreshed the PIDG brand and associated communications, moved into a new office and upgraded PIDG's policies and procedures for financial management and reporting, operations, IT management (and associated systems) and development impact.

Financial performance

The Company's results for the ten-month period are set out on page 31. As a services company, income is received from charging PIDG companies and the Trust for its services through arms-length service level agreements. During the period to 31 December 2018 the Company received income of £3,875,282 from this source, plus a one-off grant income receipt of £621,597 from the Trust. This receipt was used to fund certain pre-incorporation costs, particularly those associated with the fit-out of its office space at 6 Bevis Marks, London EC3A 7BA. The Company also received a further £50,979 of income through the recovery of rent from EAlF and InfraCo Africa.

The Company incurred costs of £3,682,591. This includes staff and contractor costs of £2,368,294, all of whom provide financial management, compliance and risk management services, legal and company secretariat, partner relations (including communications and branding), development impact services, operations, human resources advice and administration to PIDG companies.

Third party costs were incurred in areas such as development impact studies of projects supported by PIDG, HSES and risk consultancy advice and legal and professional fees, plus the core operating costs of running the Company.

The Company's profit before tax was £862,802 and is predominately made up of £235,841 generated by the transfer pricing margin on service level agreements for the period, plus the initial grant of £621,597 from the Trust for pre-incorporation expenses. As at 31 December 2018 the Company had £447,243 in fixed assets, comprising leasehold improvements, furniture, fixtures and fitting and IT equipment and software associated with its new premises.

Financial performance *continued*

As a UK tax resident, the Company pays corporation tax and value added tax (VAT), as well as national insurance contributions in relation to its employees. In relation to its overseas activities the Trust and PIDG Companies comply with the European Development Finance Institutions' *Principles for Responsible Tax in Developing Countries*.

Principal risks and uncertainties

The key risks identified by the Company and the associated controls are noted below. These are not expected to change materially in 2019:

Conduct and reputational risk

The Company shall endeavour not to involve itself with transactions, activities, processes or relationships that are likely to attract negative publicity that cannot be credibly rebutted.

The assessment of reputational risk forms a key component of strategic business approval processes. In the unified investment policy for PIDG that was developed in 2018, the Company defined the sectors in which PIDG plans to operate - any deviation requires approval from PIDG members. The policy also sets out certain excluded sectors in which PIDG companies will not invest. Whilst the Company does not invest itself in the infrastructure projects, nor directly lend or guarantee the projects that PIDG companies support, it has responsibility for the investment and credit decisions of the Group. As such, it faces the reputational risk of any poor decisions made which it seeks to minimise through having experienced committee members and operating robust review processes for credit and investment.

The Company has adopted PIDG's Code of Conduct and Operating Policies and Procedures (OPPs), which set out the values and behaviours expected from employees within the Group and from other relevant stakeholders, such as project partners. These include policies on anti-corruption and integrity, conflicts of interest, share dealing and remuneration and are available on www.pidg.org.

The Company adopted a whistleblowing policy and has media monitoring software in place which alerts it to any adverse publicity about the Group and where necessary, the Company's communications team prepares defensive lines and reactive statements.

Health and safety risk

Health and safety forms a key element of PIDG's ethos and the Company has developed a HSES Management System for the Group, which requires the Company and other PIDG companies to comply with the IFC's Environmental and Social Performance Standards and other best practice guidelines. This system is being continually upgraded and implementation will allow all key HSES risks to be identified and managed by PIDG to a level that can be considered "as low as reasonably practicable." The Company also requires PIDG companies to report any incident to its Executive team within 24-hours of a PIDG company becoming aware of it.

The HSES Committee reviews and advises on safe-guarding practices and sustainability thereby ensuring relevant issues are discussed, understood, owned and promoted at Board level. This includes advising on areas as broad as climate change and human rights through to workplace safety initiatives and campaigns.

Principal risks and uncertainties *continued*

Legal risk

There is a risk of loss that can result from a lack of awareness or misunderstanding of, ambiguity in or reckless indifference to the way law and regulation apply to the Company's businesses, its relationships, processes, products and services. This is primarily caused by factors such as:

- (i) a defective transaction (such as legal advice not sought in relation to an agreement or poor legal advice given);
- (ii) a claim (including a defense to a claim or a counterclaim) being made or some other event occurring which results in a liability for PIDG Ltd; or
- (iii) failing to take appropriate measures to protect assets (for example, intellectual property) owned by the Company; or inadequate contract approval procedures and poor staff training on such procedures and associated risks for PIDG Ltd.

The Company mitigates these risks by having a suitably qualified legal team that also seeks specialist advice when necessary and ensuring there is an adequate and robust contract approval process in place.

A significant legal risk for the Company is that as it is responsible for all investment and key credit decisions and the activities of PIDG, it may be sued or held responsible for any failure or misconduct at a PIDG company or project level (for example a HSES failure or fraud). This is mitigated through PIDG's policies and procedures, in particular PIDG's Due Diligence Policy and Procedures (available on www.pidg.org) and HSES policies and procedures, the terms and conditions the Company requires before it will permit other PIDG companies to provide any form of support for a project and how PIDG monitors compliance at the project level.

Other operational risks

Operational risk includes risks associated with people, process, systems and external events. The OPPs set out the key controls that employees of PIDG Ltd and other relevant stakeholders need to follow, and these are underpinned by internal procedures and associated controls.

Compliance with the OPPs is on a "comply or explain" basis and any breaches of the OPPs by the Company are recorded and an annual OPP Compliance exercise is undertaken. This is presented to both the Audit and Risk Committees with key findings also being submitted to the Board.

Financial risk management

Key financial risks are itemised below and in further detail in note 16 of the financial statements.

Credit risk

Counterparties of PIDG Ltd include the banks which hold the Company's cash reserves. Credit risk arising from cash balances is managed by depositing the Company's cash reserves with institutions that have a credit rating of at least investment grade.

Principal risks and uncertainties *continued*

Financial risk management continued

Currency risk

A significant percentage of the Company's income is denominated in US dollars, while many of its expenses are denominated in Sterling. A small proportion of the Company's assets and liabilities are also denominated in foreign currencies. To mitigate this risk the Company converts foreign currency income to Sterling when it is practical to do so.

Liquidity risk

Liquidity risk arises on timing differences between the receipt of funds from the Trust and PIDG companies and the Company's financial obligations to its creditors. The Company's approach to managing this risk is to produce both short and long-term cash flow forecasts. In addition, the Company has a loan facility agreement for US\$5 million from GuarantCo, which will ensure sufficient cash reserves to meet liabilities when due, should PIDG members' contributions to the running costs of the Company be delayed.

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 Governance and internal controls for the period ended 31 December 2018

Governance and internal control framework

The Company and PIDG are committed to complying with all applicable laws and regulations in the jurisdictions in which they operate and, as noted in the *Business review* section of this Annual Report, operates in accordance with the UK Corporate Governance Code where applicable. With a core value of integrity, the Company and PIDG apply high ethical standards to everything they do. PIDG Ltd expects all its people to comply with both the letter and spirit of the law.

The Company has adopted PIDG’s Code of Conduct and its corresponding OPPs, which are available at www.pidg.org. These policies and procedures ensure that the Company’s commitment to integrity and legal compliance is followed. Both the Company and PIDG have zero tolerance for incidences of corruption and other unethical conduct or unsafe behaviour, including but not limited to fraud, corruption and sexual exploitation. PIDG Ltd insists upon adherence to the highest standard of anti-fraud, anti-corruption, anti-money laundering and health and safety practices in its activities.

PIDG Ltd Board and its Committees

PIDG Ltd. Board						
Andy Bainbridge Johan Bastin Patrick Crawford Rachel English Yukiko Omura Tania Songini John Walker						
PIDG Ltd. Board Committees	Audit	Risk	Credit	Africa Investment Committee	Investment and Divestment Asia Committee	HSES
	Cyril Wong Andy Bainbridge Rachel English Kathie Painter CFO attends CRO attends	Dianne Rudo Patrick Crawford Amy Lee Godfrey Mwindaaire Tania Songini Chair, Credit Committee CFO attends CRO attends	Oscar Kang’oro Andy Bainbridge Ana Corvalan Patrick Crawford Tony Marsh Philippe Valahu CRO attends	Marc Lagesse Peter Hutchinson Kathie Painter Tania Songini Philippe Valahu CEO InfraCo Africa (no vote) CEO InfraCo Asia (no vote)	Clive Turton Johan Bastin Peter Kennedy Philippe Valahu CEO InfraCo Africa (no vote) CEO InfraCo Asia (no vote)	Rachel Kyte Andy Bainbridge Peter Hutchinson Yukiko Omura Philippe Valahu CRO attends HSES Director attends

The Board

The Board is comprised of seven non-Executive Directors who collectively bring a broad range of business and development experience to the Board, which is essential for the effective running of both the Company and PIDG. The Board is ultimately responsible for and is accountable to the members of PIDG and the Trust not just for its own activities, but for the activities of the Group as a whole.

Certain Company and PIDG matters are reserved for Board approval and there is a clear delegation of authority to the CEO and other senior Executives within the Company for other specific matters. Certain matters also require the approval of PIDG members.

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Governance and internal controls for the period ended 31 December 2018 *continued*

The Board *continued*

Exercising their independent judgement, the Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance and health and safety, as well as ensuring environment and social standards are maintained throughout the Group. The Board is chaired by Andrew Bainbridge and meets at least four times a year and at other times as necessary. In addition to its statutory obligations, the role of the Board is to:

- exercise independent judgement and contribute to strategy and policy formation;
- determine the direction and strategy of PIDG Ltd and the Group in accordance with the unified investment policy and strategy – both of which have been approved by PIDG members;
- monitor the achievement of the Company's business objectives and the development impact objectives for the Company and PIDG as set by PIDG members;
- ensure that the Company's responsibilities to the Trust and PIDG members are met;
- monitor the Company and PIDG's financial and managerial performance;
- ensure that risks are identified and appropriate controls are in place; and
- ensure that the Company's people apply appropriate ethical standards in the performance of their duties in accordance with PIDG's Code of Conduct.

The Directors are independent of the Trust and PIDG members, although their appointment by the Trust requires the approval of PIDG members. There are no Executive Directors on the Board. All Directors are also members of either a Board Committee and / or have been appointed as a director of another PIDG company.

The Company's articles of association do not require retirement by rotation, but the Directors' appointments are subject to an annual internal performance evaluation and an independent performance evaluation every three years. Appointments and performance are evaluated in accordance with the Appointment and Evaluation of Directors Policy and Procedures (available at www.pidg.org) as approved by PIDG members. The maximum term for any Director is nine years, with the possibility of a further one-year extension on an exceptional basis.

The Board met, as scheduled, four times in the period 20 March 2018 to 31 December 2018. In addition, two ad-hoc meetings were held – one to discuss a confidential commercial issue and one to discuss an issue raised by a member of PIDG. There was regular communication between the CEO, members of the Executive team and the Board (and its Committees) throughout the period.

The Chair, Company Secretary and CEO agree the agenda for Board meetings, but all Directors are entitled to raise other issues and the Executive team is entitled to attend Board meetings. The Chair ensures that the Board is properly briefed on all issues arising at its meetings and on the views of the shareholder and PIDG members. The Executive team provide the Board with quality and timely information that enables it to carry out its duties and training is provided where appropriate. All Directors have access to the advice and services of the Company Secretary and Assistant General Counsel. They can also obtain independent professional advice at the Company's expense, subject to the approval of the Board. All Board and Committee meetings are appropriately minuted by either the Company Secretary or the Assistant General Counsel or, in relation to the Africa Investment Committee and the Investment and Divestment Asia Committee, by other lawyers within PIDG.

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Governance and internal controls for the period ended 31 December 2018 *continued*

The Board *continued*

The Company operates a comprehensive induction process for new Board and Committee members, which is co-ordinated by the Company Secretary supported by the Human Resources (HR) team.

The table below indicates the attendance of all Directors during the period ended 31 December 2018:

Number of meetings during the period	6
Andrew Bainbridge (Chair)	6
Johan Bastin	6
Patrick Crawford	6
Rachel English*	-
Yukiko Omura	6
Tania Songini	5
John Walker	3

* Rachel English was appointed to the Board on 11 March 2019

The Chair and CEO

There is a clear division of responsibility and authority between the Chair and the CEO. The Chair is responsible for leading the Board, ensuring its effectiveness and steering its agenda and ensuring that there is a healthy culture of challenge and debate. The Chair also evaluates the performance of the CEO and is responsible for succession planning. The CEO is responsible for the management of the Company and PIDG on a day-to-day basis. This includes making recommendations to the Board on strategy and other issues.

Both the Chair and the CEO provide regular updates to PIDG members through informal and formal monthly meetings (as well as quarterly progress meetings) and at an Annual General Meeting (AGM). Additionally, the Executive team provide the Trust with a monthly update on activities and ensure that matters requiring escalation to or sign off by the Trustees are promptly actioned and managed. Given the size and complexity of the Company, the Board has decided not to appoint a Senior Independent non-Executive Director.

The Directors

Andrew Bainbridge is also a director of ICF Debt Pool LLP (a limited liability partnership within PIDG) and is a member of the Company's Audit, Credit and HSES Committees.

Andy is currently the CEO of SBM Holdings Ltd, the parent entity of the State Bank of Mauritius. He has previously held positions with Standard Chartered Bank, Barclays and BMI Bank. Andy holds a degree in law, is a Fellow of the Institute of Financial Services (in the UK) and a Fellow of the Institute of Directors of Southern Africa. He has been involved with PIDG since 2002 and has previously been a director of PIDG companies EAIF & GuarantCo.

The Board considers that Andy had sufficient time to undertake his duties at PIDG Ltd in 2018.

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Governance and internal controls for the period ended 31 December 2018 *continued*

The Board *continued*

The Directors continued

Johan Bastin is also a member of the Company's Investment and Divestment Asia Committee.

Johan is currently director of London-based DTEK Finance Plc as well as a managing partner of Iveaghhouse Capital Investment Advisors B.V., an investment boutique advising energy companies on corporate strategy, investment finance, mergers and acquisitions and renewable energy. He serves as non-executive director on the supervisory boards of Metinvest B.V., DTEK Energy B.V., DTEK Grids B.V. and DTEK Renewables B.V., one of the largest private energy holding companies in Eastern Europe. Johan has previously held senior executive positions with CapAsia, Darby Private Equity, Franklin Templeton Investment Austria, the Harvard Institute for International Development and Dutch Ministry of Foreign Affairs. Johan also held senior management positions with the European Bank for Reconstruction and Development in London where he was Head of the Infrastructure and Energy Utilities Group.

Johan previously served as a director of EAIF.

Patrick Crawford CB is also chair of the board of directors of EAIF and serves on both the Company's Risk and Credit Committees.

Patrick is chair of The Caxton Trust, a UK educational charity operating under the name of Catch Up. He held previous positions with Morgan Grenfell, Deutsche Bank, The Charity Bank Limited and Standard Bank. He was chief executive and accounting officer of UK Export Finance, the government department that functions as the UK's official export credit agency.

Patrick was the head of EAIF's fund manager for two years when it was first established. His career has brought him extensive involvement with credit risk and liability management and with international project financing.

Rachel English was appointed to the Board of PIDG Ltd and the Audit Committee on 11 March 2018.

Rachel has held a number of non-executive positions over the past ten years in both the private and public sector. Currently, she is also chair of Acacia Mining plc (a FTSE 250 natural resource company with operations in Africa), and a director of Helios Social Enterprise. Previous non-executive roles include being a member of the Audit Committee for the UK Department for International Development (DFID) and more recently, chair at Adam Smith International, a global advisory company.

Previously, Rachel has held senior positions in leading energy companies, including BG Group and Royal Dutch Shell, with responsibilities spanning finance, corporate strategy, mergers and acquisitions and business development. She began her career at PriceWaterhouseCoopers and subsequently worked for the World Bank Group and European Bank for Reconstruction and Development. Rachel is also a Fellow of the Institute of Chartered Accountants in England and Wales.

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Governance and internal controls for the period ended 31 December 2018 *continued*

The Board *continued*

The Directors continued

Yukiko Omura is also chair of the board of directors of GuarantCo and is a member of the HSES Committee.

Yukiko has more than 35 years of international professional experience in both the public and private financial sector. She is currently a non-executive director of HSBC Bank PLC, Assured Guaranty Ltd. and Nishimoto HD Co. Ltd. Yukiko was formerly the Under-Secretary General and COO and vice president at the International Fund for Agricultural Development. Prior to that, she was executive vice president / CEO of the Multilateral Investment Guarantee Agency of the World Bank Group. She held positions with the Inter-American Development Bank in Washington DC, J.P. Morgan, Lehman Brothers, UBS Japan and Dresden Bank.

Tania Songini is also a member of the Company's Risk and Africa Investment Committees, as well as a director of InfraCo Africa.

Tania brings over 20 years of senior financial management experience, most recently serving as finance director of Siemens Energy UK and director of Finance and Operations for the International Rescue Committee UK, before concentrating on a portfolio career, which includes roles on the board of Thrive Renewables plc, a mid-sized renewable energy developer and operator, London Energy Ltd, a waste-to-energy operator and Oxford Policy Management, a development consultancy. Prior to 2015 Tania worked at Siemens for 18 years, during which she was involved in the energy, healthcare and logistics sectors. Her energy experience includes fossil and renewable power generation and transmission network infrastructure, and her healthcare work focused on PPP hospital managed equipment services.

John Walker is also chair of the board of directors of InfraCo Asia.

John is the chairman of Macquarie Capital Asia and the chairman of Macquarie Group of Companies, Republic of Korea. In 2015 he was appointed as the chairman of Macquarie Project Services for Middle East and Asia. John has also worked with the Australian government to deliver several large private infrastructure project and became a Member of the Order of Australia in 1999 for services to economic reform and the design of the transportation plan for the 2000 Sydney Olympics. He has also received a Presidential citation in the Republic of Korea for his contribution to the development of South Korean capital markets.

The Committees

The Board has established six committees to assist it in fulfilling its responsibilities. The Board has delegated investment decision powers to the Credit Committee, the Africa Investment Committee and the Investment and Divestment Asia Committee. The terms of reference of the committees are available at www.pidg.org.

All committees comply with PIDG's objectives to achieve value for money in all activities and deliver development impact.

The Private Infrastructure Development Group Limited
 Annual Report and financial statements 2018
 Governance and internal controls for the period ended 31 December 2018 *continued*

The Committees *continued*

Each committee includes at least one non-Executive Director as well as industry expert members. The committees are tasked with working with the other committees of the Board and the Company, to achieve information flows between PIDG companies on investment opportunities, market information and risk issues.

Audit Committee

The table below sets out the members and their attendance at scheduled meetings during the period. The quorum is three members. The CFO and CRO attend.

Number of meetings during the period	4
Cyril Wong (Chair)	4
Andrew Bainbridge	4
Kathie Painter	4
Rachel English*	-

* Rachel English was appointed to the Audit Committee on 11 March 2019.

There was a vacancy on the Audit Committee during the period ended 31 December 2018, which was subsequently filled by the appointment of Rachel English in 2019. The Chair of the Audit Committee is Cyril Wong, who is also a director of EAIF and GuarantCo. As well as being a qualified accountant, Cyril is an experienced Audit Committee chair with recent and relevant financial experience. The other members in 2018 were the Chair of the Company and Kathie Painter, a former director of InfraCo Africa. All members have significant experience of corporate governance and financial matters in the infrastructure financing sector.

The Audit Committee's main duties are to review the financial statements of the Company and the other PIDG companies; review the findings of the external auditors of the Company and the other PIDG companies; ensure the external auditors' independence; review and monitor as a whole the integrity of the financial, social and environmental information and development impact metrics provided by PIDG Ltd and PIDG to its members and the Trust. In consultation with the Risk Committee, the Audit Committee also reviews and monitors the Company's and PIDG's system of internal controls and risk management and the process for compliance with PIDG's Code of Conduct and OPPs.

Risk Committee

The table below sets out the members and their attendance at scheduled meetings during the period. The quorum is three members. The CFO and CRO attend.

Number of meetings during the period	5
Dianne Rudo (Chair)	5
Patrick Crawford	5
Tania Songini	5
Oscar Kang'oro (from 10 December 2018)*	-
Amy Lee	4
Godfrey Mwindaaire	5

*There were no subsequent meetings held in the period after 10 December 2018

The Private Infrastructure Development Group Limited
 Annual Report and financial statements 2018
 Governance and internal controls for the period ended 31 December 2018 *continued*

The Committees *continued*

Risk Committee continued

The Committee's main duties are to review and monitor risk management systems, policies and procedures for the Company and PIDG; reviewing new products proposed by GuarantCo and / or EAIF; and portfolio review and monitoring.

Credit Committee

The table below sets out the members and their attendance at scheduled meetings during the period. The quorum is three members. The CRO attends.

Number of meetings during the period	4
Oscar Kang'oro (Chair)	4
Andrew Bainbridge ⁵	3
Patrick Crawford	4
Ana Corvalan	4
Anthony Marsh	4
Philippe Valahu ⁵	-

The Credit Committee's main duties are to make investment decisions in relation to EAIF and GuarantCo where such decisions are outside the authority delegated to EAIF's fund manager.

Africa Investment Committee

The table below sets out the members and their attendance at scheduled meetings during the period. The quorum is three members.

Number of meetings during the period	6
Marc Lagesse (Chair)	6
Tania Songini (from 10 December 2018)*	-
Peter Hutchinson (until 30 November 2018) ⁶	5
Kathie Painter	6
Philippe Valahu	6
CEO of InfraCo Africa (non-voting) ⁶	1
CEO of InfraCo Asia (non-voting) ⁶	4

*There were no subsequent meetings held in the period after 10 December 2018

⁵ Either Andy Bainbridge or Philippe Valahu attend meetings of the Credit Committee where credit proposals are considered - not both. Andy Bainbridge did not attend the first meeting of the Credit Committee as this was to provide other members of the Credit Committee the opportunity to independently discuss the terms of reference for the Credit Committee – no credit proposals were discussed.

⁶ After 30 November 2018 Peter Hutchinson sat as a non-voting member in his capacity as CEO of InfraCo Africa. The Committee also includes the CEO of InfraCo Asia Developments as a non-voting member.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

The Committees *continued*

Africa Investment Committee continued

The Africa Investment Committee's main duties are to develop the investment strategy for PIDG in Africa; to oversee and monitor the investment performance of InfraCo Africa's portfolio; to oversee and monitor investment and risk from an investment perspective (including market and regulatory risk, development impact and HSES risk); to make investment decisions on behalf of InfraCo Africa; to work with the Board from an investment and risk perspective on any issues relating to PIDG's Africa investment strategy and / or the portfolio; and to work with the board of InfraCo Africa from an investment and risk perspective on any issues relating to InfraCo Africa's investment strategy and / or portfolio in so far as the board of InfraCo Africa have not delegated such activities to PIDG Ltd.

Investment and Divestment Asia Committee

The table below sets out the members and their attendance at scheduled meetings during the period. The quorum is three members.

Number of meetings during the period	7
Clive Turton (Chair)	7
Johan Bastin	6
Philippe Valahu	7
Peter Kennedy (appointed in 2019)	-
CEO of InfraCo Asia (non-voting)	7
CEO of InfraCo Africa (non-voting)*	-

* Appointed 10 December 2018

The Investment and Divestment Asia Committee's main duties are to develop the investment and divestment strategy for PIDG in Asia; to oversee and monitor the investment and divestment performance of InfraCo Asia's portfolio; to review and approve investment and divestment proposals pertaining to InfraCo Asia; to work with InfraCo Asia's team to consider and analyse investment and divestment opportunities and the performance of InfraCo Asia's portfolio; to work with PIDG companies to ensure consistency across PIDG in assessing and approving investment and divestment proposals; and to advise, in conjunction with the other committees of the Company and the Executive team, the Board and InfraCo Asia from an investment risk perspective on any issues relating to PIDG's Asia investment strategy and / or portfolio.

Health, Safety, Environment and Social Committee

The table below sets out the members and their attendance at scheduled meetings during the period. The quorum is three members.

Number of meetings during the period	1
Rachel Kyte (Chair)	1
Andrew Bainbridge	1
Yukiko Omura	1
Peter Hutchinson	1
Philippe Valahu	1

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

The Committees *continued*

Health, Safety, Environment and Social Committee

The HSES Committee's main duties are to monitor performance and key risks that PIDG companies face in relation to HSES management and governance, with a focus on operational safety and reducing incident rates across all projects supported by PIDG; to review as required the development and effectiveness of HSES policies, standards and procedures for PIDG; to oversee the processes and systems put in place by PIDG companies to meet PIDG's stated objectives of protecting employees, the communities in which PIDG operates, and the natural environment; to monitor the effectiveness of operations across PIDG companies in delivering continuous improvements in HSES on projects that PIDG supports; and to provide assurance to the Board, the Trust and PIDG members that the Company is using good governance in its oversight of HSES performance.

In addition to the Committees of the Board noted above, the Company also has the following governance bodies:

Executive team

The Company's Executive team meets with the executive directors and CEOs of other PIDG companies (together called the "ExCo") every two weeks. The ExCo also meets quarterly to review the PIDG companies' performance against their key performance indicators (which include performance indicators for development impact), their financial performance, risk management, staff and communications developments.

Independent Panel on Development Impact

The Trust has contracted three individuals to act as an Independent Panel on Development Impact, reporting to the Board of PIDG Ltd.

The Independent Panel provides an expert view to the Board on whether PIDG is evaluating the development impact of its activities in a way which properly reflects the nature of those activities, enables meaningful conclusions to be reached about the impact of those activities, and generates learning about what delivers the greatest development impact. The Independent Panel plays an important role in providing the Board with assurance that PIDG's reported development impact is robust and that suitably rigorous evidence is being generated efficiently and cost-effectively to inform strategic decision-making. In providing such independent and effective oversight of the monitoring and evaluation activities of PIDG, the Independent Panel challenges and supports the direction of the Company's development impact team on its processes and programme for monitoring and evaluating development impact.

Stakeholder engagement

The Company provides quarterly reports on PIDG's performance to the members of PIDG and the Trust. In addition, the Board and PIDG members meet annually at an AGM⁷. The Executive team provides monthly and quarterly reports on PIDG's performance to the Board and meets with the Trust every month.

⁷ The shareholder of the Company is the PIDG Trust, not the members of PIDG hence this is not a statutory AGM required under UK company law. As shareholder of the Company, the Trust will resolve to dispense with the need for an AGM of the shareholder and the Company will instead make any decisions required of it at an AGM by written resolution.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company complies with PIDG's Conflict of Interest and Share Dealing Policy and Procedures, which is available at www.pidg.org and a Register of Interests for the Company's Directors, Committee members and officers (and how the Board agrees each interest should be managed) is maintained by the Company Secretary and reviewed at the beginning of each Board and Committee meeting. Directors and Committee members are required to declare any interest in any agenda item for a meeting at the start of each meeting and their interest and how it will be managed is minuted.

Company Secretary and Assistant General Counsel

The Directors have access to the advice and services of the Company Secretary and Assistant General Counsel. The Company Secretary is responsible for advising the Board on corporate governance and secretarial matters through the Chair. Either the Company Secretary or Assistant General Counsel attend all Board and Board committee meetings⁸.

Remuneration

The Company does not have a standing Remuneration Committee as the remuneration of Directors and Committee members is fixed by the PIDG members in consultation with the Company Board and is set out in the PIDG Remuneration Policy and Procedures (including Remuneration Framework) available at www.pidg.org.

The levels of remuneration in the Remuneration Framework are set following a benchmarking exercise carried out by an independent remuneration consultant (currently Willis Towers Watson). The remuneration levels set out in the PIDG Remuneration Framework are to be reviewed at least every three years.

Neither the Board nor Committee members participate in bonus schemes with the Company, nor are their appointments pensionable.

The current fixed fees payable to Directors and Committee members of the Company are set out below. All fees are subject to an annual cap of £35,000:

Primary role	Annual fees
Chair of the Board	£35,000
Non-Executive Director	£22,000 + £nil for a second position + £6,000 for each position thereafter
Chair of Committee	£18,000 + £nil for a second position + £6,000 for each position thereafter
Committee member	£12,500 plus £6,000 for each position thereafter

The Directors and Committee members are covered by the Company's travel insurance policy for travel undertaken on behalf of the Company. Travel and other reimbursable expenses incurred by Directors and Committee members are reimbursed in line with PIDG's Travel and Expense Reimbursement Policy and Procedures (available at www.pidg.org).

⁸ Except for Africa Investment Committee and the Investment and Divestment Asia Committee, which are attended by other lawyers within PIDG.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

Remuneration *continued*

The CEO and other members of the Executive team do not receive remuneration for attending Board or Committee meetings, nor for being a director of a PIDG company or for being a Committee member.

Each Director and Committee member has entered into the standard service contract approved for all Directors and Committee members (and other directors within PIDG). These are available to view at the Company's registered office.

Employees

The Company's policy on employment is one of equal opportunity in the recruitment, training, career development and promotion of employees. Formal employee appraisals and information discussions are the Company's principal means of updating itself on the views and opinions of employees. The Executive team is responsible for keeping employees up to date with developments and performance of the business, which is achieved by way of regularly scheduled meetings. The day to day management of the Company is led by the Executive team, whose members are not Directors of the Company.

Remuneration of the Company's employees (including the Executive team) is determined by the PIDG Remuneration Framework. There are four permanent members of staff who are part of the Executive team and all four are remunerated within an annual salary band of £150,000 - £200,000. In addition, each permanent Executive team member is eligible for a discretionary bonus of up to 10% of their base pay, a 7.5% defined contribution pension (with the employee paying in at least a further 1.5%⁹), business travel insurance, private health insurance and life assurance.

The Executive pay bands noted above exclude the following Executives:

- **The CEO** is provided under a service contract between the Trust and InfraLinx Sàrl. Fees payable under the service contract are up to £200,000 - £250,000 per annum. The contract also allows for a discretionary bonus payable to InfraLinx Sàrl of up to 10% of this fee, subject to a performance evaluation by the Board. Neither the CEO nor InfraLinx Sàrl receive any additional remuneration or benefits from either the Trust or the Company in relation to these services, aside from reimbursement of sundry expenses;
- **The COO** is provided under a service contract between the Company and Exousia Limited on a set daily rate at an effective annual cost with the range of £150,000 to £200,000. Exousia Limited receives no other payments from the Company, aside from reimbursement of sundry expenses; and
- **The General Counsel, Assistant General Counsel and the Head of Development Impact** are provided under a short-term service contract between the Company and MDY Legal pending the Company's appointment of its own staff.

Audit Committee report

Much of the Audit Committee's time in the period was spent considering management and statutory financial reporting of both the Company and PIDG, including the implementation of IFRS 9 *Financial Instruments*, in particular how this was applied by EAIF and GuarantCo.

⁹ One Executive team member has opted-out of the pension scheme and receives 7.5% of their base pay less the employers' national insurance contribution charge. This amount does not form part of their base salary and is therefore not subject to bonus.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

Audit Committee report *continued*

The Committee agreed terms of reference for the Audit Committee, assessed the assurance processes proposed for the development impact data that PIDG includes in its Annual Review¹⁰, assessed the external audit plans for all PIDG companies and ran a competitive tender to appoint an external auditor for the Company. BDO LLP was selected and appointed as the Company's external auditor and it is envisaged that the other PIDG companies will transition to BDO LLP over the next few years.

From its work during the period, the Audit Committee has concluded that it has acted in accordance with its terms of reference and that it has ensured the independence and objectivity of the external auditor.

Members and meetings

As noted above, the Audit Committee met four times during the period which included one ad hoc meeting on the Credit Solutions and PIDG Companies' implementation of IFRS 9. The CFO, CRO and other Executives of PIDG Ltd and PIDG companies are invited to attend meetings of the Audit Committee as appropriate.

Audit Committee activities

The Audit Committee has reported to the Board on how it has discharged its responsibilities during the period. This has included reporting and making recommendations on remedial action to address any matters or areas in the Group where the Audit Committee has considered improvements were required. The Audit Committee considered the following significant issues in relation to the financial statements for the Company for the period:

- the nature of the service level agreements and associated transfer pricing margin in place between the Company, the PIDG companies and the Trust;
- the lease incentive associated with the rent-free period at the Company's office at 6 Bevis Marks, London EC3A 7BA;
- the useful life of capitalised items; and
- bonus provisions for staff.

Risk management, compliance and internal controls

The Board is responsible for the overall adequacy of the Company's and Group's system of internal controls and risk management. The Board has delegated responsibility to its Committees for reviewing and monitoring the effectiveness of the Company's and PIDG's systems for risk management and internal control. The systems of internal control are designed to manage, rather than eliminate, risk. Consequently, these controls provide reasonable, but not absolute, assurance against material misstatement or loss.

Key controls are assessed on a regular basis for both design and operating effectiveness. The Audit Committee reviews the system for internal control and risk management annually. The review covers all material controls, including financial, operational and compliance controls and compliance with the OPPs. Throughout the period PIDG Limited has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

¹⁰ PIDG's Annual Review is separate to this Annual Report and is a review of PIDG's performance against its development impact objectives and a summary of the main development impact activities in the year.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

Audit Committee report *continued*

Risk management, compliance and internal controls continued

Regular reports are made to the Board covering significant risks across PIDG. The key risks that the Company is exposed to are reported in the *Business review* section on pages 8 – 9 of this report.

The Audit Committee is responsible for examining the Company and PIDG's financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation. The Audit Committee and Board scrutinises and approves the Annual Report and financial statements and ensures that appropriate disclosures have been made. This governance process ensures that both the Company's Executive team and Board are given sufficient opportunity to debate and challenge the Company's financial statements and other significant disclosures before they are made public.

The Executive team are responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB).

The Audit Committee has assessed the internal control over financial reporting as of 31 December 2018 and it has concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2018.

External auditor independence

The Audit Committee and the external auditor, BDO LLP have safeguards in place to avoid the possibility that objectivity and independence could be compromised. These safeguards include the auditor's report to the Audit Committee on the actions it takes to comply with professional, ethical and regulatory requirements and best practice, designed to ensure its independence.

The Audit Committee monitors and controls additional, non-audit, work provided by the auditor. The Audit Committee considers there are some areas of work that are prohibited by the external auditor, including where:

- the provision of the services would contravene any relevant regulation or ethical standard;
- the external auditor is not considered to be an expert provider of the non-audit service;
- the provision of such services by the external auditor creates a conflict of interest for the Board; and
- the potential services provided are likely to inhibit the auditor's independence or objectivity.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Governance and internal controls for the period ended 31 December 2018 *continued*

Audit Committee report *continued*

External auditor independence continued

The Audit Committee will evaluate the performance of the auditor annually taking into account the objectivity and effectiveness of the audit, the quality of formal and informal communications with the Committee and the views of management.

This report was approved by the Audit Committee and signed on its behalf by:



Cyril Wong

Chair of the Audit Committee

1 April 2019

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Directors' report for the period ended 31 December 2018

The Directors present the Directors' report and the audited financial statements for the period ended 31 December 2018.

Directors

The Directors of the Company at the date of signing the Annual Report and financial statements are:

Andrew Bainbridge (Chair)
Johan Bastin
Patrick Crawford
Rachel English
Yukiko Omura
Tania Songini
John Walker

All Directors were appointed to the Company Board on 20 March 2018 with the exception of Rachel English who was appointed on 11 March 2019.

Business review and future developments

A review of the Company's operations and performance during the financial period, setting out the position at the period end, significant changes during the period and the principal risks to which the Company is exposed is provided within the *Business review* section of this Annual Report. The Company's risk management processes are outlined in more detail in the *Governance and internal controls* section of this Annual Report. The Directors have considered section 172 of the Companies Act 2006 and are aware of their wider responsibilities to not only the Company and its shareholder but also to a wider group of stakeholders.

Share capital

At 31 December 2018, the issued share capital of the Company was £1. This comprised 1 ordinary share held by the PIDG Trust which was issued during the period under review.

Results and dividends

The results for the period are set out in the Income statement on page 31. The Company did not declare any dividends for the period ended 31 December 2018.

Charitable donations

The Company did not make any charitable donations during the period ended 31 December 2018.

Directors' indemnities

Directors' and Officers' liability insurance is maintained by the Company for all Directors and Officers of the Company (including Committee members) as permitted by the Companies Act 2006. The Company indemnifies its Directors and Officers against any claim made against them as a consequence of the execution of their duties as a Director or Officer of the Company, to the extent permitted by law and in accordance with its Articles of Association. The indemnity has been in force since incorporation and up to the date of approval of these financial statements.

Employment

The Company aims to attract and develop staff with a performance management process that comprises of a yearly appraisal against agreed objectives and Company core values. Output from this appraisal process is used to inform decisions on remuneration, career development and progression.

Going concern

The Directors have reviewed the Company's forecasts and projections which have been prepared to 31 December 2023. The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Greenhouse gas emissions

The Company's office is a multi-occupied building so the Company has limited ability to manage the greenhouse emissions of the building, but the building is energy efficient (BREEAM Excellent rated) and the Company operates a recycling policy. The Company also tries to minimise the amount of flights its employees and Directors take as far as is practical through the use of telephone and video conferencing facilities.

Small company exemption

In preparing this report, the Directors have taken advantage of the small company exemptions provided by Section 415A of the Companies Act 2006.

The Company has not prepared consolidated accounts for the Group. The Company has been delegated the authority to manage and control the PIDG companies by its Parent entity, the PIDG Trust. However, any variable returns such as dividends payable by PIDG companies accrue to the PIDG Trust and not to the Company, hence the Company is not eligible under IFRS to prepare consolidated accounts.

Post balance sheet events

Rachel English was appointed as a non-Executive Director of the Company on 11 March 2019. The Company also agreed the terms of an intra-group loan facility with GuarantCo Limited, a PIDG company, for US\$5 million on 19 March 2019.

Directors' disclosure of information to the auditor and independent auditors

All Directors have taken all the appropriate steps to ensure that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that he or she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint BDO LLP as auditor of the Company will be proposed to the Trust as shareholder.

This report was approved by the Board of Directors and signed on its behalf by:


Andrew Bainbridge
Chair of PIDG Ltd Board
1 April 2019

Statement of Directors' responsibilities

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 prepared the Company's financial statements in accordance with IFRS. Under company law, the Directors must not approve the accounts 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:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

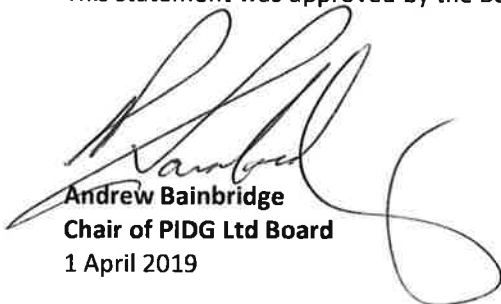
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The *Business review* on page 3 includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks that it faces.

This statement was approved by the Board of Directors and signed on its behalf by:



Andrew Bainbridge
Chair of PIDG Ltd Board
1 April 2019

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Independent auditor's report to the members of

The Private Infrastructure Development Group Limited

Opinion

We have audited the financial statements of The Private Infrastructure Development Group Limited (PIDG Ltd or the Company) for the 10 months period ended 31 December 2018 which comprise the Income statement and Statement of comprehensive income for the period ended 31 December 2018, Statement of financial position as at 31 December 2018, Statement of changes in equity for the period ended 31 December 2018 and Cashflow Statement for the period ended 31 December 2018 and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Independent auditor's report to the members of
The Private Infrastructure Development Group Limited *continued*

Other information *continued*

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Business review and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Business review and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Business review and Director's report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Independent auditor's report to the members of

The Private Infrastructure Development Group Limited *continued*

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

BDO LLP

Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street, London, W1U 7EU

1 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Income statement for the period ended 31 December 2018

	Note	Period from 20 March to 31 December 2018 £
Revenue	4	4,496,879
Other income	5	50,979
Operating costs	6	(3,682,591)
Finance income	8	470
Finance expense	8	(2,935)
Profit before tax		862,802
Taxation	9	(167,930)
Profit on ordinary activities after taxation		694,872

Statement of comprehensive income for the period ended 31 December 2018

	Period from 20 March to 31 December 2018 £
Profit on ordinary activities after taxation	694,872
Other comprehensive income for the period	-
Total comprehensive income for the period	694,872

The notes on pages 35 to 48 form part of these financial statements.

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Statement of financial position as at 31 December 2018
Company number: 11265124

	Note	2018 £
Assets		
Property, plant and equipment	10	447,243
Other receivables	11	162,422
Total non-current assets		609,665
Cash and cash equivalents		455,147
Trade and other receivables	11	681,386
Total current assets		1,136,533
Total assets		1,746,198
Equity and liabilities		
Called up share capital	13	1
Retained earnings	14	694,872
Total equity		694,873
Trade and other payables	12	890,509
Total current liabilities		890,509
Other payables	12	160,816
Total non-current liabilities		160,816
Total equity and liabilities		1,746,198

Authorised for issue and approved by the Board on 1 April 2019.



Andrew Bainbridge
Chair of PIDG Ltd Board

The notes on pages 35 to 48 form part of these financial statements.

The Private Infrastructure Development Group Limited
 Annual Report and financial statements 2018
 Statement of changes in equity for the period ended 31 December 2018

	Note	Share capital £	Retained earnings £	Total £
Share issue 20 March 2018	13	1	-	1
Profit for the period	14	-	694,872	694,872
Balance at 31 December 2018		1	694,872	694,873

The notes on pages 35 to 48 form part of these financial statements.

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Cash flow statement for the period ended 31 December 2018

	Note	Period from 20 March to 31 December 2018 £
Operating activities		
Profit before taxation		862,802
<i>Adjustments for:</i>		
Depreciation	10	54,042
Interest received	8	(470)
Operating cash flows before movement in working capital		916,374
Increase in trade and other receivables		(843,807)
Increase in trade and other payables		883,394
Net cash generated from operating activities		955,961
Investing activities		
Acquisition of property, plant and equipment		(501,285)
Net cash used in investing activities		(501,285)
Financing activities		
Own shares		1
Interest received	8	470
Net cash generated from financing activities		471
Net increase in cash and cash equivalents		455,147
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of the period		455,147

The notes on pages 35 to 48 form part of these financial statements.

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Notes to the financial statements for the period ended 31 December 2018

1. General information

The Private Infrastructure Group Limited (PIDG Ltd or the Company) is incorporated and domiciled in the UK. The registered office is 6 Bevis Marks, London EC3A 7BA, United Kingdom.

The nature of the Company's operations and principal activities are detailed in the *Business review* section of this report.

2. Standards issued but not yet effective

The Company adopted all accounting standards, interpretations and amendments that were effective as of 1 January 2018. The following standard issued has not yet been early adopted:

Standard	Topic	Effective for annual periods beginning on/after
IFRS 16	Leases	1 January 2019

IFRS 16 Leases was issued in 2016 and replaces *IAS17 Leases*. *IFRS 16* requires all operating leases of more than one year, where the Company is lessee, to be included on the statement of financial position and recognised as a right-of-use asset and related lease liability representing the obligation to make lease payments. The right-of-use asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest rate method. Exceptions are available under *IFRS 16* for leases of less than 12 months and for low value leases.

The Board is in the process of assessing the full impact of *IFRS 16*. The Board believes the most significant impact to the Company will be the need to recognise on its balance sheet a right-of-use asset and lease liability for its office space which is currently treated as an operating lease. At 31 December 2018, the future minimum payments of the lease amounted to £1,130,301 (see note 15) of which £134,801 is recognised as a non-current lease liability in the balance sheet. For future periods, the nature of this expense will change from one of an operating lease expense to depreciation of a right-of-use asset and an interest charge. The Company does not expect the combined value of depreciation and interest expense to be materially different from the operating lease rental expense that would otherwise be expected in future periods. Furthermore, *IFRS 16* has not made any significant changes to the accounting for lessors and therefore the Company does not expect any significant changes for leases where they are acting as a lessor.

3. Accounting policies

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations, as adopted by the European Union (IFRS as adopted by the EU).

The functional and presentational currency of the Company is Pound Sterling.

The accounting policies set out below have been applied consistently throughout the period presented in these financial statements.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

3. Accounting policies *continued*

Revenue

The Company's revenue source is a recharge of all of its services, in addition to a transfer pricing margin on top of these services, in line with the terms of the service level agreements in place between the Company and the PIDG Trust and other PIDG companies. Invoices are raised quarterly based on budget with a true-up for the year's actual costs incurred at year end. Revenue is recognised as the point at which services are provided by the Company.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors have prepared financial projections for five years to 31 December 2023. These projections have been prepared using assumptions which the Directors consider to be appropriate to the current financial position of the Company with reference to current expected revenues and its cost base. In addition, the Directors have considered the PIDG members' commitments to funding the agreed 2019 PIDG Ltd budget. They have also considered the availability of funding for future years through funding 'letters of arrangement' with the PIDG members, administrative cash balances available to the Trust that the Company can access and the service level agreements with the PIDG companies (who have sufficient funding for this) that allow for recovery of PIDG costs in future periods. The Company has also entered an intra-group loan agreement for a facility of US\$5 million in 2019. See note 19 for further information.

The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

Foreign currency

Foreign currency transactions are translated at the rates prevailing when they occurred. Any differences are taken to the income statement. At each reporting date, monetary assets and liabilities denominated in a foreign currency are translated at the rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date of transaction.

Operating leases

Operating lease payments, net of lease incentives, are recognised as an expense in the income statement on a straight-line basis over the lease term.

Operating lease receipts, net of lease incentives, are recognised as other income in the income statement on a straight-line basis over the lease term. See *Critical accounting estimates and judgements* for further information of on lease incentives.

Pensions

Pension contributions made to defined contribution schemes by the Company are charged to the income statement as they become payable.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

3. Accounting policies *continued*

Taxation

Current tax is based on taxable profits for the period after all potential reliefs available have been utilised. Taxable profits differ from 'profit before tax' as reported in the income statement because it excludes items that are taxable or deductible in other periods. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful lives shown below:

- Leasehold improvements – life of the lease
- Fixtures, fittings and equipment – 5 years
- Information technology (IT) equipment and software – 3 years

Impairment of non-financial assets

The Company's non-financial assets have a finite useful life and are subject to depreciation. They are also subject to impairment testing when events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference.

Impairment charges are included in the income statement except to the extent they reverse gains previously recognised in other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. Financial instruments include:

Cash and cash equivalents

Cash comprises cash at banks and demand deposits with a maturity of three months or less.

Trade and other payables

Trade and other payables are initially recognised at cost and subsequently remeasured at amortised cost using the effective interest rate method. Accruals are based on the latest information and therefore require a degree of estimation.

3. Accounting policies *continued*

Financial instruments continued

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. These are assets with fixed or determinable payments.

The majority of trade receivables represent amounts charged to PIDG Trust and PIDG companies for the Company's services delivered under service level agreements.

The Company applies the *IFRS 9* Simplified Approach to assess expected credit losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Company's historical experience, adjusted for current and forward-looking information on factors that may affect these balances.

Critical accounting estimates and judgements

The preparation of financial statements in compliance with IFRS requires the Company's Directors to make certain critical accounting estimates and exercise judgements, as well as making assumptions and estimates regarding the future. The estimates and assumptions exercised in preparing these financial statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Bonus provision

The 2018 bonus provision has been initially estimated based on advice from the CEO. The maximum discretionary bonus for employees is set at 10% per annum. Contract staff are not eligible for a bonus. The bonus provision will be further refined against an employee's overall performance towards the end of Q1 2019, with approval for bonuses by both the CEO and Board Chair anticipated in April 2019.

Lease incentives

The Company holds a lease for office space. The lease allows for an initial 6-month rent-free period followed by a further 12 months at 50% reduced rent. Subsequently, a second rent-free period of 10 months will be effective if the Company does not break the lease in February 2023. At the date of signing the lease, the Company has assumed it was more likely than not that it would hold the lease for a full 10-year period until February 2028. This assumption has been included in the calculation of lease incentives.

Impairment of financial assets: expected credit loss

The Company applies the *IFRS 9* Simplified Approach to measuring expected credit losses for cash balances and trade receivables. The Company's cash balances are held with Barclays Bank plc, which has an investment grade rating of A+ (Fitch). The Company has considered the expected credit loss on trade receivables with related parties on a collective basis as they have a similar credit risk and aging. The expected loss rates for trade receivables are based on the financial strength of the ultimate Parent entity (the Trust) and its Owners, the levels of current and forecast liquidity of the other PIDG Companies and their payment history.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

3. Accounting policies *continued*

Critical accounting estimates and judgements continued

Impairment of financial assets: expected credit loss *continued*

Other financial assets include a VAT receivable from HMRC, recharges due from other PIDG Companies and a rental deposit paid with respect to 10th Floor, 6 Bevis Marks, London EC3A 7BA. The expected credit loss on these balances has been assessed as nil.

Service level agreements

For the period ended 31 December 2018, the Company recharged out its costs from the 2018 budget to PIDG Trust and four other PIDG companies, with a true-up process between the amounts charged based on budget to the actual results for the financial period. Costs were initially categorised and each category had an estimate to be shared between PIDG Trust and four PIDG companies. Costs were deemed more governance-focused, support and advice which is more companies-focused, or general overhead. The allocation impact of these costs is currently:

- Governance – 70% Trust, 30% PIDG companies;
- Support and advice – 30% Trust, 70% PIDG companies; and
- General overhead – 50% Trust, 50% PIDG companies.

Nearly 86% of 2018 costs were categorised as general overhead. In each subsequent year, the time spent by Company staff on governance matters versus support and advice will be continuously reviewed and the percentage charges to PIDG Trust and the four PIDG companies adjusted accordingly.

Transfer pricing margin

A transfer pricing margin is added to charges stemming from service level agreements. During the financial period under review, these rates were initially set at an average of 4%. These rates were revised for the last six months of the period to an average of 7%.

4. Revenue

Analysis of revenue of type of service:

	Period from 20 March to 31 December 2018
	£
Grant income from PIDG Trust	621,597
Recharges to PIDG Trust and PIDG companies	3,639,441
Transfer pricing margin	235,841
	4,496,879

Grant income from PIDG Trust were funds used for the Company's pre-incorporation expenses, including those expenses associated with office fit-out costs at 10th Floor, 6 Bevis Marks, London EC3A 7BA.

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Notes to the financial statements for the period ended 31 December 2018 *continued*

4. Revenue *continued*

Analysis of revenue by location of customers:

	Period from 20 March to 31 December 2018
	£
UK	654,715
Mauritius	3,296,082
Singapore	546,082
	4,496,879

5. Other income

Other income of £50,979 relates to rental income for the shared office space at 6 Bevis Marks, London EC3A 7BA, which is charged to two PIDG companies, The Emerging Africa Infrastructure Fund Limited (EAIF, £5,820) and InfraCo Africa Limited (£45,159).

6. Operating costs

	Period from 20 March to 31 December 2018
	£
Staff costs (note 7)	2,368,294
Premises costs	349,698
Professional fees	292,951
Travel and subsistence costs	246,097
IT and communications	115,796
Marketing and communications	113,282
Development impact studies	94,994
Professional indemnity insurance	16,026
Depreciation (note 10)	54,042
Foreign currency exchange gains	(1,797)
Other	33,208
	3,682,591

Included within professional fees is auditor's remuneration, an analysis of which is below:

	Period from 20 March to 31 December 2018
	£
Fees payable to BDO LLP	
Audit of the Company accounts	15,000
Other fees – other services	14,000
	29,000

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

7. Staff costs

Staff costs (including temporary staff, Board and Committee members) comprise:

	Period from 20 March to 31 December 2018
	£
Salaries (including bonuses and incentives)	1,073,246
National insurance charge	107,003
Other employee benefits (insurances)	10,399
Pension costs	42,849
Contractors	963,931
Other personnel costs	170,866
	2,368,294

Other personnel costs include recruitment fees, staff training and £2,032 in redundancy costs.

Pensions

The Company contributes 7.5% to defined contribution schemes and the assets of these schemes are held separately from those of the Company in independently administered funds. The pension costs represent contributions payable by the Company to these funds. Contributions totalling £432 were payable to the funds at the year end and are included in trade and other payables.

Directors and key management personnel

Key management personnel are defined as members of the Board, PIDG committees and the Executive team. Remuneration of key management personnel during the period was £1,005,773.

Remuneration of the Board and PIDG committee members is analysed in the *Governance and internal controls* section of this report.

Employees

The average number of people (including temporary staff, contractors, non-Executive Directors and Committee members) employed during the year was 39.

	No.
CEO, PIDG Board and Committee members	18
Support – Finance, Human Resources, Operations, Legal	11
Development Impact	4
Partner Relations including communications	4
Risk, Health & Safety	2
	39

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

8. Finance income and expense

Period from 20 March to
31 December 2018

£

Finance income:

Interest received from banks 470

Finance expense:

Bank charges 2,871

Credit card fees 64

2,935

9. Taxation

Period from 20 March to
31 December 2018

£

Current tax

Current period (note 12) 141,915

Deferred tax

Current year (note 12) 26,015

167,930

Period from 20 March to
31 December 2018

£

Profit on activities before corporation tax 862,802

Tax at the standard rate of corporation tax (19%) 163,932

Effects of:

Expenses not deductible for tax 3,998

167,930

Deferred tax

Temporary differences

£

Opening

-

Charge through the income statement (note 12) 26,015

As at 31 December 2018 26,015

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Notes to the financial statements for the period ended 31 December 2018 *continued*

10. Property, plant and equipment

	Leasehold improvements £	IT equipment & software £	Fixtures & fittings £	Total £
<i>Cost</i>				
At 1 January 2018	-	-	-	-
Additions	258,431	146,084	96,770	501,285
At 31 December 2018	258,431	146,084	96,770	501,285
<i>Accumulated depreciation</i>				
At 1 January 2018	-	-	-	-
Depreciation charge for the year	(17,228)	(24,680)	(12,134)	(54,042)
At 31 December 2018	(17,228)	(24,680)	(12,134)	(54,042)
<i>Net book value</i>				
At 31 December 2018	241,203	121,404	84,636	447,243

11. Trade and other receivables

	2018 £
<i>Due within one year</i>	
Trade receivables	521,484
Other receivables	83,257
Prepayments and accrued income	51,362
Lease asset	25,283
	681,386
<i>Due after more than one year</i>	
Rental deposit	162,422
	843,808

The rental deposit was paid to GuarantCo Management Company Limited (GMC) for office space at 10th Floor, 6 Bevis Marks, London EC3A 7BA. See note 15 for further information.

The lifetime expected loss provision for trade receivables is nil, documented below. The majority of trade receivables arise on fees due from other PIDG companies.

	0 – 30 days	Past due			Total
		31 – 60 days	61 – 90 days	Over 91 days	
Expected loss rate	-%	-%	-%	-%	
Gross carrying amount	498,229	18,000	-	5,255	521,484
Loss provision	-	-	-	-	-

The Private Infrastructure Development Group Limited
Annual Report and financial statements 2018
Notes to the financial statements for the period ended 31 December 2018 *continued*

12. Trade and other payables

	2018 £
<i>Due within one year</i>	
Trade payables	164,350
Other payables	25,480
Accruals and deferred income	255,535
VAT and social security	303,229
Corporation tax (note 9)	141,915
	890,509
<i>Due after more than one year</i>	
Lease liability	134,801
Deferred tax (note 9)	26,015
	160,816
	1,051,325

The average trade creditors days for the period ended 31 December 2018 was 19.

13. Share capital

	2018 Number	2018 £
<i>Authorised and issued</i>		
1 ordinary share at £1	1	1
	1	1

14. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	Net gains and losses and transactions with owners not recognised elsewhere.

15. Operating leases

As at the end of the reporting period the Company had future minimum payments under non-cancellable operating leases as set out below:

	2018 £
Within one year	207,813
Between two and five years	922,488
	1,130,301

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

15. Operating leases *continued*

The above payments are for the Company's material sub-lease agreement with GMC for the office space at 10th Floor, 6 Bevis Marks, London EC3A 7BA. The lease end date is 4 February 2028 with the option to break the lease in February 2023. The terms of the lease included a rent-free period of six months followed by a further twelve months at reduced rent. Rental payments for the period ended 31 December 2018 were £59,468.

A portion of the lease costs are recharged to two PIDG companies who share the Company's office, EAIF and InfraCo Africa. The Company anticipates the following receipts:

	EAIF £	InfraCo Africa £	2018 £
Within one year	6,673	83,125	89,798
Between two and five years	29,620	368,995	398,615
	36,293	452,120	488,413

The Company has extended the same lease incentives and break clause it enjoys through its sub-lease agreement to both EAIF and InfraCo Africa.

16. Financial risk management

Management continually monitors the Company's risk exposure and ensures that there are appropriate systems of controls in place to create an acceptable balance between the potential cost to the Company should a risk occur and the cost of managing those risks. This section provides details of the Company's exposure to financial risks and describes the methods used by management to control such a risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its financial and contractual obligations to the Company as and when they fall due. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Company's primary exposure to credit risk relates to its cash and cash equivalents with Barclays Bank, a regulated financial institution. The Company is also exposed to credit risk on trade receivables, representing service level agreement (SLA) fees due. SLA fees are due from other PIDG Companies. An analysis of the ageing of these is provided in note 11.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of the Company's income is denominated in US dollars and the Company also holds cash in both US dollars and Euros. The Company's principal foreign exchange risk arises from the income received in this currency, together with an exposure to some minor expenses incurred in US dollars, Euros and other currencies, whilst most of its operating costs are incurred in Pound Sterling.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

16. Financial risk management *continued*

Foreign exchange risk continued

The strategy of the Company for the period ended 31 December 2018 has been to convert foreign currency receipts back to Pound Sterling when it is practical to do so.

The Company's exposure to foreign currency risk at 31 December 2018 was:

	EUR/GBP £	USD/GBP £
<i>Assets</i>		
Cash and cash equivalents	465	76,460
Trade and other receivables	-	171,989
	465	248,449
<i>Liabilities</i>		
Trade and other payables	(3,606)	(22,247)
Net exposure	(3,141)	226,202

The estimated impact on the Company's post-tax profit and net assets caused by a 5% variance in the exchange rate used to measure assets and liabilities held in foreign currencies is insignificant, assuming all other variables are held constant.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at cost. The Company monitors its liquidity risk using cash flow forecasts.

The Company considers its share capital and retained earnings to be its total capital. This is shown in the statement of changes in equity. The Company currently has no borrowings.

At 31 December 2018 the Company had cash and cash equivalents of £455,147 with a further £681,386 in current assets. This is £246,024 in excess of current trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to minimal interest rate risk on its cash balances.

Fair value of financial instruments

Financial instruments are defined in note 3. The Company considers the following to be its principal financial instruments, from which financial instrument risk arises:

- Cash and cash equivalents;
- Trade and other receivables, excluding prepayments; and
- Trade and other payables, excluding corporation and deferred tax.

The Directors consider there to be no difference between the carrying value of the Company's financial assets and liabilities and their fair value due to their short-term nature.

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

16. Financial risk management *continued*

Fair value of financial instruments continued

At reporting date, the Company held the following financial assets and liabilities, itemised by category:

	Loans and receivables	Financial liabilities measured at amortised cost
	£	£
<i>Financial assets</i>		
Cash and cash equivalents	455,147	-
Trade and other receivables	814,367	-
Total financial assets	1,269,514	-
<i>Financial liabilities</i>		
Trade and other payables	-	883,395
Total financial liabilities	-	883,395

17. Related party transactions

The Board considers the following to be related party transactions

- transactions and balances between the Company, the Trust and other PIDG companies; and
- transactions and balances with entities controlled by the Company's key management personnel.

During the period the Company provided services of £4,547,856 to related parties. The transactions were included within revenue and other income:

	Period from 20 March to 31 December 2018
	£
The Emerging Africa Infrastructure Fund Limited	554,127
GuarantCo Limited	548,307
InfraCo Africa Limited	582,819
InfraCo Asia Investments Pte Ltd	60,507
InfraCo Asia Development Pte Ltd	485,575
ICF Debt Pool LLP	4,801
PIDG Trust	2,311,720
	4,547,856

The Private Infrastructure Development Group Limited

Annual Report and financial statements 2018

Notes to the financial statements for the period ended 31 December 2018 *continued*

17. Related party transactions *continued*

During the period the Company paid operating expenses of £252,651 to related parties. The transactions were included within operating costs:

	Period from 20 March to 31 December 2018 £
InfraCo Africa Limited	3,981
InfraCo Asia Development Pte Ltd	25,107
Exousia Capital Limited	169,400
MC Consulting Partners Limited	54,163
	252,651

The following balances were owed by / (owed to) related parties at 31 December and were included in the Company's statement of financial position:

	2018 £
The Emerging Africa Infrastructure Fund Limited	66,429
GuarantCo Limited	59,591
InfraCo Africa Limited	106,921
InfraCo Asia Development Pte Ltd	54,492
ICF Debt Pool LLP	5,869
Exousia Capital Limited	(14,880)
InfraCo Asia Investments Pte Ltd	3,900
PIDG Trust	227,838

Exousia Capital Limited and MC Consulting Partners Limited are related parties by virtue of each being controlled by a member of the Company's key management personnel. Both MC Consulting Partners Limited and a portion of Exousia Capital Limited represent pre-incorporation costs. Furthermore, the contract with MC Consulting Partners Limited was terminated on 31 March 2018. All other companies listed above are subsidiaries of PIDG Trust, which is the Company's ultimate Parent entity.

18. Contingent liabilities

At the date of issue and authorisation of these financial statements, the Company did not have any contingent liabilities.

19. Post balance sheet events

On 11 March 2019 Rachel English was appointed as a non-Executive Director of PIDG Limited.

On 19 March 2019 the Company agreed to the terms of an intra-group loan agreement with GuarantCo Limited for a facility of US\$5 million.