Uberior Infrastructure Investments (No 6) Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2013

Company Number 8062999

UBERIOR INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

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UBERIOR INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	M S Amin G D Cohen W J Haughey I H-Y Wong
REGISTERED OFFICE:	33 Old Broad Street London EC2N 1HZ
ADMINISTRATOR:	State Street (Guernsey) Limited PO Box 543 First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
INDEPENDENT AUDITORS:	PricewaterhouseCoopers CI LLP PO Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
BANKER:	Lloyds Bank plc (formerly Lloyds TSB Bank plc) 4th Floor 48 Chiswell Street London EC1Y 4XX
INVESTMENT MANAGER:	Uberior Fund Manager Limited Level 1, Citymark 150 Fountainbridge Edinburgh EH3 9PE

REPORT OF THE DIRECTORS
For the year ended 31 December 2013

The Directors present their annual report and audited financial statements for Uberior Infrastructure Investments (No 6) Limited (the "Company") for the year ended 31 December 2013.

Incorporation
The Company was incorporated on 9 May 2012 with registration number 8062999.

Registered office
The Company's registered office is 33 Old Broad Street, London, EC2N 1HZ.

Financial risk management
The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager. Exposures to credit risk, interest rate risk and foreign exchange risk arise in the normal course of the Company's business These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 10 to the financial statements. The Company is funded by its immediate parent undertaking, the Lloyds Bank UK Infrastructure Partners L.P. (the "Fund"), and as a result liquidity risk is managed by the Company in conjunction with the Fund.

Results and dividends
The Company's profit for the year ended 31 December 2013 was GBPnil (period ended 31 December 2012: GBPnil). No dividends were paid during the year (period ended 31 December 2012: GBPnil).

Future developments
The Company remains committed to the business of holding investments and will manage its new investments in the future.

Directors and their interests
The Directors at the date of this report are as stated on page 1 and all served throughout the year.

M S Amin and G D Cohen are also directors of Lloyds Bank UK Infrastructure GP Limited, which is the General Partner of the Fund and Uberior Infrastructure Investments (No 5) Limited.

Directors' responsibilities
The Directors are responsible for preparing the Report of the Directors and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2013

Audit information
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's Independent Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Independent Auditors are aware of that information.

Subsequent events
There were no subsequent events to report at the date of signing this report and audited financial statements.

Going concern
The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors have taken into account all available information about the foreseeable future and consequently the going concern basis is appropriate in preparing the financial statements.

Independent Auditors
A resolution to reappoint the Independent Auditors will be put forward at the forthcoming Annual General Meeting.

By order of the Board,

I H-Y Wong
Director
27 March 2014

Registered Office
33 Old Broad Street
London
EC2N 1HZ

UBERIOR INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STRATEGIC REPORT
For the year ended 31 December 2013

The Directors present their strategic report on the Company for the year ended 31 December 2013.

Review and principal activities
The Company operates as an investment holding company for its parent, the Fund, and there has been no change in that activity during the year. The Company holds the Fund's debt portfolio in high quality, Private Finance Initiative ("PFI")/Public Private Partnerships ("PPP") assets. This portfolio was funded by the Fund and through the issuance of a Eurobond acquired by the Fund. There is also a Credit Facility for the purpose of funding the debt portfolio.

As at 31 December 2013, the Company has committed to subscribe to the following loan notes pursuant to the respective Shareholder Support Agreements:

Project company	Amount of loan notes	Date
Amey Birmingham Highways Holdings Limited	GBP22,852,419	On or around 7 June 2015
Amey Hallam Highways Holdings Limited	GBP16,301,454	On or around 31 October 2016
The Hospital Company (Southmead) Holdings Limited	GBP36,536,230	On or around 25 September 2015
SITA Cornwall Holdings Limited	GBP10,914,494	On or around 01 June 2016
SITA West London Limited	GBP21,213,333	On or around 01 August 2016
The Hospital Company (Liverpool) Limited	GBP15,183,917	On or around 01 May 2017

Principal risks and uncertainties
The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager. Exposures to credit risk, interest rate risk and foreign exchange risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 10 to the financial statements. The Company is funded by its immediate parent undertaking, the Fund, and as a result liquidity risk is managed by the Company in conjunction with the Fund.

Key performance indicators
The Directors of the Company consider its operations to be consistent with those at the level of the Fund that are managed by the General Partner to the Fund in conjunction with the Investment Manager. For this reason, the Company's Directors believe that an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

By order of the Board,

I H-Y Wong
Director
27 March 2014

Independent auditors' report to the members of Uberior Infrastructure Investments (No 6) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its results for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Uberior Infrastructure Investments (No 6) Limited, comprise:

- the statement of financial position as at 31 December 2013,
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended,
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

John Roche (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey
27 March 2014

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Notes	1 January 2013 to 31 December 2013 GBP	9 May 2012 to 31 December 2012 GBP
INCOME			
Equity support fee income	13	1,182,932	415,914
Commitment fee income	13	913,406	687,773
Investment income		361,349	-
Arrangement fee income	13	200,000	-
Total income		2,657,687	1,103,687
EXPENSES			
Facility fees	13	1,310,652	922,439
Administration fees		6,838	1,625
Audit fees		7,225	8,000
Professional fees		18,019	-
Commitment fees	15	128,684	54,778
Organisation expenses		-	1,200
Filing and regulatory fees		5,050	-
Bank charges		418	88
Eurobond interest	13	287,613	-
		1,764,499	988,130
Operating profit		893,188	115,557
FINANCE COSTS			
Credit facility renewal fees	15	260,372	-
Credit facility interest	15	631,969	115,557
		892,341	115,557
Profit on ordinary activities before tax		847	-
Income tax charge	2(i), 3	(847)	-
Profit after tax for the year / period		-	-
Other comprehensive income for the year / period		-	-
Total comprehensive income for the year / period		-	-
Attributable to:			
Equity holders		-	-
Total comprehensive income for the year / period		-	-

The notes on pages 11 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital GBP	Share premium GBP	Retained earnings GBP	Total equity GBP
Balance at 9 May 2012	-	-	-	-
Share capital Issued	1	-	-	1
Share premium	-	45,067	-	45,067
Balance at 31 December 2012	1	45,067	-	45,068
Balance at 1 January 2013	1	45,067	-	45,068
Balance at 31 December 2013	1	45,067	-	45,068

The notes on pages 11 to 22 form part of these financial statements.

UBERIOR INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 GBP	2012 GBP
Assets			
Non-current assets			
Loans and receivables			
Debt securities	4	6,701,349	-
Total non-current assets		6,701,349	-
Current assets			
Receivables and prepayments	5, 13	306,046	668,351
Cash and cash equivalents	6	281,824	48,363
Total current assets		587,870	716,714
Total assets		7,289,219	716,714
Equity and liabilities			
Equity			
Share capital	9	1	1
Share premium	9	45,067	45,067
Total equity		45,068	45,068
Liabilities			
Non-current liabilities			
Eurobond capital	8	6,438,943	-
Total non-current liabilities		6,438,943	-
Current liabilities			
Eurobond interest payable		188,670	-
Payables and accruals	7, 13	616,538	671,646
Total current liabilities		805,208	671,646
Total liabilities		7,244,151	671,646
Total equity and liabilities		7,289,219	716,714

Approved at a meeting of the board of directors on 27 March 2014 and signed on its behalf by:

I H-Y Wong
Director

The notes on pages 11 to 22 form part of these financial statements.

UBERIOR INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	Note	1 January 2013 to 31 December 2013 GBP	9 May 2012 to 31 December 2012 GBP
Cash flows from operating activities			
Total comprehensive income for the year / period		-	-
Adjustments for:			
Investment interest income		(361,349)	-
Eurobond interest expense		287,613	-
Decrease / (increase) in receivables and prepayments		362,305	(668,351)
(Decrease) / increase in payables and accruals		(55,108)	671,646
Net cash flow generated from operations		233,461	3,295
Cash flows from financing activities			
Share capital issued		-	1
Share premium received		-	45,067
Net cash flow generated from financing activities		-	45,068
Net increase in cash and cash equivalents		233,461	48,363
Cash and cash equivalents at 1 January / inception		48,363	-
Cash and cash equivalents at 31 December	6	281,824	48,363

The notes on pages 11 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. GENERAL INFORMATION

The Company is domiciled in the UK. Its registered office is at 33 Old Broad Street, London, EC2N 1HZ.

The financial statements of the Company comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows, together with the related notes.

The Company operates as an investment holding company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRSs, as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements and disclosed in Note 12.

The financial statements of the Company have been prepared on a going concern basis.

i) Standards and amendments to existing standards effective 1 January 2013

IFRS 13, 'Fair value measurement' – the standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The standard did not have any impact on the Company's financial position or results of operations, however, has resulted in additional disclosure in the notes to the financial statements.

Amendments to IFRS 7, 'Disclosures – offsetting financial assets and financial liabilities' require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Company's financial position or results of operations and did not result in additional disclosure in the notes to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2013 that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

ii) Standards effective after 1 January 2013 that have been early adopted by the Company

Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' are effective for annual periods beginning on or after 1 January 2014, and have been early adopted by the Company. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Company's financial position or results of operations.

iii) New standards, amendments and interpretations effective after 1 January 2013 and not early adopted

IFRS 9, 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9. The International Accounting Standards Board ("IASB") is yet to determine the effectivity date of IFRS 9. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by IASB.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the financial statements of Company.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(i) those that the Company intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(ii) those that the Company upon initial recognition designates as available for sale; or

(iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Loans and receivables (continued)

Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the Statement of Financial Position as 'Debt securities'. Interest on loans is included in the Statement of Comprehensive Income and is reported as 'Investment income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the Statement of Comprehensive Income as 'Impairment to loans and receivables'. If in a subsequent period, there is objective evidence that the Company will be able to collect all debt securities, the impairment to loans and receivables is reversed through the Statement of Comprehensive Income.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where the Company currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(d) Receivables

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances that are freely available and other cash balances with an original maturity of three months or less.

(f) Payables

Payables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Payables are derecognised when the obligation under the liability is discharged or cancelled or expires

(g) Equity support fee income, commitment fee income, investment income and arrangement fee income

Equity support fee income, commitment fee income, investment income and arrangement fee income are recognised on an accruals basis. The details of the basis for these fees is set out in Notes 13 and 15.

(h) Expenses

Expenses are recognised on an accruals basis.

Facility fees are recognised as incurred and are based upon the profitability of the Company.

(i) Taxation

The Company is subject to corporation tax at 23.25% (2012: 24.5%) on its profits. However, with agreement with HMRC, only in relation to its interest income and Eurobond interest expense, the Company is only taxed on a margin equivalent to 12.5 basis points on the average outstanding principal balances of the Company's debt security investments, rather than its accounting profits and losses on those items.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Share premium

Share premium is recognised for the consideration received in excess of the par value of shares issued.

(k) Functional currency

The Company considers Pound Sterling the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Pound Sterling is the currency in which the Company measures and reports its results, as well as the currency in which it will receive interest in debt securities.

3. INCOME TAX CHARGE

	2013 GBP	2012 GBP
Current tax expense		
Current year / period	847	-
Reconciliation of effective tax rate		
Average debt securities balance for the year / period	3,004,986	-
Margin payment at 12.5 basis points	3,756	-
Tax at 23.25% (2012: 24.5%) on margin payment	873	-
Adjustments to tax	(26)	-
Total income tax charge in statement of comprehensive income	847	-

4. LOANS AND RECEIVABLES

	2013 GBP	2012 GBP
Loans and receivables at amortised cost		
Debt securities	6,701,349	-

	1 January 2013 to 31 December 2013 GBP	9 May 2012 to 31 December 2012 GBP
Movement in debt securities		
As at 1 January / inception	-	-
Additions	6,701,349	-
As at 31 December	6,701,349	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

5. RECEIVABLES AND PREPAYMENTS

	2013 GBP	2012 GBP
Receivable from The Hospital Company (Southmead) Limited	228,351	228,351
Receivable from SITA Cornwall Holdings Limited	40,929	-
Receivable from SITA West London Limited	29,641	-
Receivable from Uberior Infrastructure Investments (No 5) Limited	-	440,000
Prepayments	7,125	-
	306,046	668,351

6. CASH AND CASH EQUIVALENTS

	2013 GBP	2012 GBP
Cash at bank	281,824	48,363

7. PAYABLES AND ACCRUALS

	2013 GBP	2012 GBP
Payable to the Banker	-	200,000
Facility fees payable	262,092	337,439
Administration fees	1,083	2,825
Audit fees	7,725	8,000
Credit facility interest	303,742	115,557
Credit facility commitment fee	38,409	7,825
Professional and legal fees	2,640	-
Tax payable	847	-
	616,538	671,646

8. EUROBOND CAPITAL

	2013 GBP	2012 GBP
Fixed rate unsecured redeemable loan notes 2033	6,340,000	-
Capitalised interest	98,943	-
	6,438,943	-

On 12 August 2013, the Company has created and authorised the issue of up to GBP100,000,000 in aggregate principal amount of fixed rate unsecured loan notes due 2033 (the "Loan Notes") and an unlimited number of fixed rate unsecured payment-in-kind notes (the "PIK Notes"). The Company intends that the PIK Notes may be issued from time to time to satisfy certain obligations to pay interest on the Loan Notes.

8. EUROBOND CAPITAL (CONTINUED)

The admission to the Official List of the Channel Islands Stock Exchange of up to GBP100,000,000 Loan Notes and PIK Notes was formally considered on 14 August 2013. The maturity of the Loan Notes is 31 March 2033. Interest shall accrue on the Principal Amount outstanding on the Loan Notes at the rate of 11.625% per annum. The interest is due to be paid to the Noteholder on 31 March and 30 September of each year.

On 12 August 2013, the Company issued GBP6,340,000 Loan Notes to the Fund through its general partner Lloyds Bank UK Infrastructure GP Limited. The Loan Notes are redeemable in accordance with condition 5 of the Loan Notes Instrument. Condition 5 states that when the Loan Notes become redeemable, the Company shall pay to the Noteholders pro rata to the amount of Loan Notes held by each Noteholder the percentage of the Original Principal Amount (as per Redemption Schedule of the Loan Notes Instrument). According to Condition 2.6 of the Loan Notes Instrument, the Company capitalised the accrued Eurobond interest of GBP98,943.

9. SHARE CAPITAL

	2013 GBP	2012 GBP
Authorised		
1 ordinary share of GBP1.00 each	1	1
Issued and fully paid		
1 ordinary share of GBP1.00 each	1	1

During the prior period 1 ordinary share of GBP1 was issued at a premium of GBP45,067.

The holder of ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

10. FINANCIAL RISK MANAGEMENT

10.1 Financial risk factors

The objective of the Company's financial risk management is to manage and control the risk exposures of its investment portfolio. The Directors have overall responsibility for overseeing the management of financial risks. The review and management of financial risks are performed by the Company, which has documented procedures designed to identify, monitor and manage the financial risks to which the Company is exposed. This note presents information about the Company's exposure to financial risks, its objectives, policies and processes for managing risk and the Company's management of its financial resources.

The Company owns a portfolio of investments in subordinated loan notes of PPI/PPP companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. The Company primarily focuses its risk management on the direct financial risks of acquiring and holding the portfolios, but continues to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Boards of the project companies and the receipt of regular financial and operational performance reports.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1 Financial risk factors (continued)

10.1.1 Market risk

(a) Price risk

Returns from the Company's investment are affected by the price at which it is acquired. The value of this investment will be a function of the discounted value of its expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets.

(b) Currency risk

The Company conducts its business in Pound Sterling. The Company is not exposed to any currency risk.

(c) Interest rate risk

The Company invests in subordinated loan notes of a project company, usually with fixed interest rate coupon. Where floating rate debt is owned, the primary risk is that the Company's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and re-forecasted both over the near future and the long-term (over the whole period of projects' concessions) to analyse the cash flow returns from investments.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Company holds debt securities that expose the Company to fair value interest rate risk. The Company's policy requires the Investment Manager to manage this risk by reviewing fluctuations of the interest rate sensitivity gap of financial assets and liabilities on a monthly basis and the Directors to review on a quarterly basis.

If interest rates on debt securities had been lower on average by 75 basis points over the period, with all other variables held constant, the decrease in net assets attributable to members would have been GBP23,065 (2012: GBPnil). If interest rates on debt securities had been higher on average by 75 basis points over the period, the increase in net assets attributable to members would amount to GBP23,065 (2012: GBPnil). The Company considers that 75 basis points is the maximum exposure to a decrease or increase in interest rates that could occur in the foreseeable future, although unlikely.

The Company has an indirect exposure to changes in interest rates through its investment in project company, which is in part financed by senior debt. Senior debt financing of project company is generally either through floating rate debt or fixed interest rate bonds. Where senior debt is financed through floating rate debt, the project typically has concession length hedging arrangements in place, which are monitored by the project company's manager, finance parties and boards of directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1 Financial risk factors (continued)

10.1.1 Market risk (continued)

(d) Inflation risk

The Company's project company is generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The Company's overall cash flows are estimated to partially vary with inflation. The effect of these inflation changes do not always immediately flow through to the Company's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

10.1.2 Credit risk

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's direct counterparty is the project company in which it makes debt investments. The Company's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying the cash flow forecasts are project company cash flow models, which are regularly updated by project company for the purposes of demonstrating the project's ability to pay interest and dividends based on a set of detailed assumptions. Many of the Company's investment and its subsidiary entities generally receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Company's revenue arises from counterparties of good financial standing.

The Company is also reliant on the project's subcontractors continuing to perform their service delivery obligations such that revenues to project is not disrupted. The Company has a subcontractor counterparty monitoring procedure in place. The credit standing of subcontractors is reviewed and the risk of default estimated for each significant counterparty position. Monitoring is ongoing and period end positions are reported to the Company on a quarterly basis.

No classes within receivables contain impaired assets The maximum exposure to credit risk over financial assets is the carrying value of those assets in the Statement of Financial Position. As at 31 December 2013, the Company did not have any overdue but not impaired balances (2012: GBPnil).

The cash investments of the Company are limited to financial institutions of a suitable credit quality.

	2013 GBP	2012 GBP
On Statement of Financial Position		
Debt securities	6,701,349	-
Receivables	298,921	668,351
Cash and cash equivalents	281,824	48,363
	7,282,094	716,714

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1 Financial risk factors (continued)

10.1.2 Credit risk (continued)

The table below sets out the internal credit rating of debt securities:

	2013	2012
	%	%
Internal rating – better than satisfactory risk	-	-
Internal rating – satisfactory risk	100	100
Internal rating – viable but monitoring	-	-
Internal rating – high risk	-	-

The clearing and depository operations for the Company's transactions are concentrated with the Banker. The Banker is a member of a major securities exchange, and at 31 December 2013 had a credit rating of A At 31 December 2013, all cash and cash equivalents are placed with the Banker.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit risk exposure on a monthly basis, and the Directors review it on a quarterly basis.

10.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Company's activity is funded by the Fund and there is a Letter of Credit and Revolving Facility available for the purpose of funding working capital expenses and other costs (see Note 15). The Company's liquidity risk is managed in conjunction with the Fund.

The Company's investment company has borrowings which rank senior to the Company's own investment in this company. The senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the project. Debt raised by the investment company from third parties is without recourse to the Company.

The Company has the capacity to issue PIK Notes from time to time to satisfy certain obligations to pay interest on the Loan Notes, effectively capitalising interest and deferring the payment of cash until a future date.

10.2 Capital risk management

The capital of the Company is represented by the net assets attributable to its shareholder. The amount of net assets attributable to its shareholder may change as the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce capital, and the amount of issued Eurobonds. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to its shareholder.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.3 Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value at 31 December 2013 but for which fair value is disclosed.

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Debt securities	-	-	6,701,349	6,701,349
Receivables	-	298,921	-	298,921
Cash and cash equivalents	281,824	-	-	281,824
Total	281,824	298,921	6,701,349	7,282,094
Liabilities				
Eurobond capital	-	6,438,943	-	6,438,943
Eurobond interest payable	-	188,670	-	188,670
Payables and accruals	-	616,538	-	616,538
Total	-	7,244,151	-	7,244,151

The assets and liabilities included in the above table are carried at amortised cost. Their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with bank. Debt securities include investments in loan notes.

Receivables represent the contractual amounts and obligations due to the Company for settlement of expenses. Eurobond interest payable and payables and accruals represent the contractual amounts and obligations due by the Company for settlement of expenses. Eurobond capital represents the contractual amounts and obligations due by the Company for settlement of debt securities.

11. FINANCIAL INSTRUMENTS

	2013 GBP	2012 GBP
Financial assets		
Loans and other receivables at amortised cost:		
Debt securities	6,701,349	-
Receivables	298,921	668,351
Cash and cash equivalents	281,824	48,363
	7,282,094	716,714
Financial liabilities		
Loans and other payables at amortised cost:		
Eurobond capital	6,438,943	-
Eurobond interest payable	188,670	-
Payables	616,538	671,646
	7,244,151	671,646

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

13. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund has a related party relationship with the Banker, as entities under common control. A number of banking transactions are entered into with the Banker in the normal course of business. As at 31 December 2013, the Company had a bank account balance with the Banker amounting to GBP281,824 (2012: GBP48,363). During the year, the Company and the Fund entered into a Single Currency Letter of Credit and Revolving Facilities Agreement with the Banker. The details of the facility agreement are disclosed in Note 14.

The Fund holds 100% of the Company's share capital in issue. During the year ended 31 December 2013, the Company incurred facility fees of GBP1,310,652 (period ended 31 December 2012: GBP922,439), of which GBP262,092 (2012: GBP337,439) remained outstanding as at 31 December 2013.

The Fund also holds 100% of the Eurobond capital issued by the Company, amounting to GBP6,340,000 (2012: GBPnil). During the year, the Company incurred Eurobond interest expenses of GBP287,613 (period ended 31 December 2012: GBPnil), with GBP98,943 (2012: GBPnil) capitalised interest as at 31 December 2013 and GBP188,670 (2012: GBPnil) was outstanding at 31 December 2013 (see Note 8). The Fund paid for the acquisition of debt securities amounting to GBP6,340,000 and in consideration the Company issued the Eurobond capital.

The Company has related party transactions with the Fund's project companies. The Company received equity support fees from the project companies in relation to costs incurred for the provision of equity letters of credit. During the year ended 31 December 2013, the Company earned equity support fee income of GBP1,182,932 (period ended 31 December 2012: GBP415,914) from Amey Birmingham Highways Limited, Amey Hallam Highways Limited, SITA Cornwall Holdings Limited, The Hospital Company (Liverpool) Holding Limited and SITA West London Limited, of which a total of GBP70,570 remained outstanding as at 31 December 2013 (see Note 5). During the year the Company also earned commitment fee income of GBP913,406 (period ended 31 December 2012: GBP687,773) from The Hospital Company (Southmead) Limited, of which GBP228,351 (2012: GBP228,351) remained outstanding as at 31 December 2013. During the year the Company also earned GBP200,000 (period ended 31 December 2012. GBPnil) arrangement fees relating to residual waste service contract from SITA West London Limited, of which GBPnil remained outstanding as at 31 December 2013 (2012: GBPnil).

14. ULTIMATE PARENT UNDERTAKING

As at 31 December 2013, the Company's immediate parent undertaking is the Fund. The Directors of the Company consider there to be no ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2013

15. COMMITMENTS AND CONTINGENCIES

The Company entered into a Single Currency Letter of Credit and Revolving Facilities Agreement dated 11 September 2012 (the "Agreement"), together with the Fund, as an Original Borrower, with the Banker as Lender, with Lloyds Bank UK Infrastructure GP Limited as General Partner and with Uberior Fund Manager Limited as Manager, with terms as defined in the Agreement. The Lender will make available to the Original Borrowers a sterling credit facility in an aggregate amount equal to GBP212,120,000 for the purpose of funding their working capital expenses and other costs and also to apply towards the issuance by the Lender of Letters of Credit.

The credit facility was available from 11 September 2012 to 10 September 2013 and was extended for a period of 364 days to 9 September 2014 based on the Amendment Letter to the Agreement dated 11 September 2013.

Under the Agreement, the Company and the Fund, as Borrowers, must pay a commitment fee on the total available facility amount and a Letter of Credit Commission (recognised as credit facility interest) equivalent to the average market interest rate per annum on the outstanding amount based on the Amendment Letter to the Agreement. The Letter of Credit Commission will reduce to a lower market interest rate per annum where there is cash cover provided to the Lender.

During the year, there were no borrowings from the Banker (2012: GBP200,000), and no borrowings remained outstanding as at 31 December 2013 (2012: GBP200,000). During the year ended 31 December 2013, the Company incurred commitment fees of GBP128,684 (period ended 31 December 2012: GBP54,778) and credit facility interest of GBP631,969 (period ended 31 December 2012: GBP115,557) of which GBP38,409 (2012: GBP7,825) and GBP303,742 (2012: GBP115,557) remained outstanding respectively, as at 31 December 2013.

Based on the Amendment Letter to the Agreement, the Fund and the Company will pay to the Banker a renewal fee at a commercial rate of the available facility During the year ended 31 December 2013, a renewal fee of GBP260,372 was incurred of which GBPnil remained outstanding as at 31 December 2013.

16. SUBSEQUENT EVENTS

There were no subsequent events to report as at the date of signing this report and the audited financial statements.

17. STAFF COSTS

The Company has no employees other than the Directors, who did not receive any remuneration.

18. AUDITORS' REMUNERATION

Fees payable to the Company's Independent Auditors for the audit of the Company's annual accounts for the year ended 31 December 2013 were GBP7,225 (period ended 31 December 2012: GBP8,000).