

Company Number: 5034664

THOMASLLOYD GROUP LIMITED

REPORT OF THE DIRECTORS

STRATEGIC REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

THOMASLLOYD GROUP LIMITED

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THOMASLLOYD GROUP LIMITED

COMPANY INFORMATION

DIRECTORS:

T. U. Michael Sieg
Anthony M. Coveney
Mike G. Airey

REGISTERED OFFICE:

160 Victoria Street
London
SW1E 5LB

REGISTERED NUMBER:

5034664

AUDITORS:

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

THOMASLLOYD GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activities of the Group in the reporting period under review were asset management and merchant banking, dedicated to the sustainable infrastructure sector.

DIRECTORS

The following have served as directors of the company throughout the year:

T.U. Michael Sieg

Anthony M. Coveney

Simon J. Cox (resigned 11 April 2018)

Klaus-Peter Kirschbaum (resigned 31 December 2017)

Michael G. Airey was appointed a director on 23 April 2018.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations have been made during the reporting period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors, the Strategic 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 Group and Parent Company 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 Group and the Company as at the end of the financial year and of the profit or loss of the Group for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in 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 the Group, and enable them to ensure that the Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

THOMASLLOYD GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

BUSINESS REVIEW

Message from T.U. Michael Sieg
Chairman of the Board of Directors

2017 was another successful year for the ThomasLloyd Group, producing further solid financial performance and investment strategy. With its ability to manage the whole investment process from identifying appropriate climate investments to their realisation either through commercial operation or divestment, ThomasLloyd Group is one of the leading investment managers globally in sustainable and climate change-related impact investments. More than ever, today the volatile ecological and geopolitical situation requires our economically rational investment commitment. Especially in the emerging markets and developing countries in Asia, which among all regions of the world are making the largest contribution to a social and ecological impact. Therefore, ThomasLloyd Group will continue to expand its presence in this target market and region, vital to the well-being of both the local communities, in which it invests, and the wider global community.

Based on this I am proud to present on behalf of all directors the strategic report for the year ended 31 December 2017.

Development and performance

2017 saw continuing steady growth of the company, combined with its strategy to expand the core team, so as to support further scalability of its successful business model. This is detailed in our “Roadmap 2023” management strategy. Based on the conviction that Asia represents the best opportunity for sustainable infrastructure investments, ThomasLloyd initiated further portfolio expansion in the Philippines, as all three of the biomass plants on Negros are now in full construction phase. Core of our “Roadmap 2023” is the development of two specialist infrastructure clusters, firstly Southeast Asia (including the Philippines, Indonesia, Malaysia, Thailand and Vietnam) and secondly within the Indian Subcontinent (including India, Nepal, Bangladesh and Sri Lanka).

After successfully developing a 202 Megawatt (MW) solar portfolio in the Philippines, the current focus is on completing the three biomass power plants there, with a total of 70 MW, of which the first, as of date of publication, is being commissioned. The project portfolio includes San Carlos BioPower Inc., South Negros BioPower Inc. and North Negros BioPower Inc. As previously disclosed, future refinancing of this portfolio is provided by a long term loan agreement totaling USD 161 million signed in 2016 from the International Finance Corporation (IFC), a member of the World Bank Group, with support from the Government of Canada and the Clean Technology Fund. As part of the planned expansion of the ASEAN cluster until 2023, ThomasLloyd is currently exploring further attractive projects in additional countries in the region.

During the reporting period ThomasLloyd hosted a delegation of more than a 100 European investors and distribution partners to Negros in the Philippines, home to a significant part of the current investment portfolio. During this 7-day tour, the delegation spent time visiting the offices of our local partner, AC Energy Development Inc., part of the Ayala Group, and the Negros investment sites. ThomasLloyd also hosted an investment symposium on the Philippine economy and energy sector, which featured speakers from the delegation of the European Union to the Philippines, the Department of Energy, the Department of Trade & Industry, the Board of Investments and the University of Asia and the Pacific.

THOMASLLOYD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

capacity in India. ThomasLloyd's investment will initially finance the expansion of this portfolio by a further 190 MW before the end of 2019. These projects benefit from a combination of long-term government and state sector power purchase agreements, as well as some selected private sector contracts. ThomasLloyd will become the largest shareholder in the Company. This first investment in India is from ThomasLloyd Cleantech Infrastructure Holding GmbH, ThomasLloyd Cleantech Infrastructure Fund SICAV and ThomasLloyd SICAV-Sustainable Infrastructure Income Fund.

In line with the "Roadmap 2023" strategy, ThomasLloyd has further expanded the management team since the reporting period. These senior hires include a new Head of Human Resources, a Managing Director Finance, and a Head of Research and Strategy.

Key Performance Indicators

The Board of Directors monitors the general economic development of the company with the help of several Key Performance Indicators (KPIs) showing the relative performance on an year-on-year on-going basis.

(Thousand Euro)	2017	2016	2015	2014	2013	CAGR
Capital Managed in Infrastructure (CmI)	490,691	365,421	280,275	186,863	125,109	
Structuring & Placement Fees	25,837	18,842	18,630	12,081	6,935	38.9%
Management Fees*	5,515	4,876	4,412	2,198	1,613	36.0%
Performance Fees*	1,296	2,709	0	6,914	7,328	
Transaction & Advisory Fees	2,663	2,085	1,375	1,332	593	45.6%
Central Administration Fees	1,099	982	852	732	627	15.1%
Other	1,710	2,164	2,186	2,947	3,386	
Total Revenue	38,120	31,658	27,455	26,204	20,482	16.8%
Cost of Sales	(17,761)	(13,426)	(12,370)	(10,121)	(6,692)	27.6%
Gross Profit	20,359	18,232	15,085	16,083	13,790	10.2%
Administrative Cost	(13,675)	(13,280)	(11,010)	(6,251)	(14,027)	-0.63%
Operating Result (EBIT)	6,684	4,952	4,075	9,832	(237)	
Net Result**	3,455	2,408	1,462	5,710	2,030	14.2%
EBIT Ratio***	17.5%	15.6%	14.8%	37.5%	-1.2%	
Cost Income Ratio****	67.2%	72.8%	73.0%	38.9%	101.7%	
Equity Ratio*****	30%	29%	22%	28%	34%	

* In 2016 the base for the calculation of management and performance fees was changed to IFRS. This methodology was also applied retroactively for the preceding years. In the accounts the effect was completely recognized in the year 2016. For the purpose of this table the effect was allocated to the corresponding years.

** Net Result according IFRS was adjusted by the effect described at * and a lump-sum tax effect of 25%.

*** EBIT / Total Revenue

**** Administrative Cost / Gross Profit

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The equity position with an equity ratio of 30% is solid and represents the conservative use of capital at ThomasLloyd.

The ability of ThomasLloyd to convert the accelerating market trend of sustainable infrastructure investments into business opportunities and a continuously growing track record of successful investments is shown by the solid increase of capital managed in infrastructure and the corresponding build-up of turnover in fees, commissions and advisory income.

At the same time, ThomasLloyd was able to widen and diversify its client base geographically and by type with a constantly growing on boarding of new clients. This steady trend was supported by an expanded network of distribution partners without dependencies on single sales channels.

Financial position

The Group has currently no outstanding bank loans but has issued a number of subordinated bonds to term investors with minimum holding periods between six months and 8 years. ThomasLloyd employs an investment model which targets conservative use of funds by structuring capital maturities in alignment with the timelines and covenants of the investment projects.

Legal proceedings

The company is currently in litigation with the Bank of the Philippine Islands over a disputed investment banking fee. The claim is not material and is subject to on-going legal proceedings. The Directors are not aware of any other legal proceedings or other material conditions that may impact on the Group's ability to continue to undertake its principal activities.

Going Concern

On the basis of conducted enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Outlook

On the basis of the made investments in terms of additional infrastructure investment platforms in Asia and with the support of a strengthened organization and technological landscape the board is fully confident that the company is not only able to continue the set growth path but to accelerate the profitable development.

Dividends

No dividends will be distributed for the year ended 31 December 2017 (2016: € Nil).

RISK AND UNCERTAINTIES

The risks inherent in the Group's activities are kept under constant review by the Board. The Group operates as an adviser in both merchant banking and asset management. In the first activity, the Group acts solely as an adviser. The Group does not underwrite, but raises capital for clients on a 'best efforts' basis. It provides advice from an entity regulated by FINRA and the SEC in New York. The asset management group structures, places, manages and administers its own investment products. The Group does not hold client monies in either business.

THOMASLLOYD GROUP LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial risks are managed through a segregation of roles and responsibilities, so that front office and back office as well as Finance and Treasury have a separate reporting line directly to the CEO. ICS standards as for example four eyes principle and documentation of order and release processes are part of our processes. In a privately owned Group of this size, the directors do not feel it necessary to split the top management role.

The Group's reporting currency is Euros and it only hedges external currency exposure. The Group is therefore exposed to currency fluctuations between the Euro and local currencies of the companies within the Group, being GB Pounds, US Dollars, Swiss Francs and Czech Korunas.

The Group maintains tight financial and budgetary control to keep its operations cost effective to mitigate these financial risks.

ON BEHALF OF THE BOARD:



**Anthony M. Coveney
Director**

14. November 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THOMASLLOYD GROUP LIMITED

Opinion

We have audited the financial statements of ThomasLloyd Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's and parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent 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) require 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 group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not provide any assurance on it. In connection with the audit of the

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THOMASLOYD GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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