

- (a) the InfraCo Africa Management Accounts;
- (b) a cash forecast report providing a summary of expected sources and uses of funds by Quarter for the remaining Quarters in the current Financial Year and by Financial Year for each Financial Year thereafter (up to the last Final Owner Disbursement Date of Commitments set out in Schedule 1 or the latest end date of InfraCo Africa's financial contractual obligations, or for the next following three Financial Years, whichever period shall be the shorter) which shall include:
 - funding anticipated from InfraCo Africa Owners identifying each InfraCo Africa Owner and whether committed under a Funding Instrument or not;
 - funding anticipated from other sources (e.g. loan drawings);
 - material receipts from any other sources e.g. asset sales;
 - expected uses of funds including Project pipeline requirements, payments of fees and expenses to Developers, loan repayments (where relevant) and any other requirements;
 - InfraCo Africa's corporate operating costs;
 - opening cash balance consistent with the closing cash balance set out in the InfraCo Africa Management Accounts for the immediately preceding Quarter; and closing cash balance for the end of the period;
 - a record of any funds from previous InfraCo Africa Owner disbursements to InfraCo Africa not committed (by way of contract) or spent by InfraCo Africa;
 - a copy of InfraCo Africa's current pipeline of proposed Projects highlighting any new Projects, the current status of the Projects (e.g. whether in due diligence phase, about to start due diligence, anticipated financial close etc.) and including a budget versus actual expenditure report for each Project;
 - a schedule of InfraCo Africa's current and estimated future Contingent Termination Payments;

- the current status of any Promissory Note(s) that any InfraCo Africa Owner has issued, including whether any amounts are still to be drawn down under any issued Promissory Notes(s), how any amounts drawn down by the PIDG Trust under any issued Promissory Note(s) have been used and any changes to the schedule(s) setting out the estimated timing of drawdown of amounts under the Promissory Note(s) submitted under Clause 4.2.4.

The format of (a) the InfraCo Africa Management Accounts and (b) the cash forecast report on expected sources and uses of funds can be the same as any equivalent accounts or report required by any other InfraCo Africa stakeholders to whom InfraCo Africa owes a similar reporting obligation;

- (c) the key assumptions and risks behind the information provided under Clause 9.1(ii)(b) and an update of InfraCo Africa's "risk register" including a report on all other material risks for InfraCo Africa at that time (including in relation to any Project or other asset of InfraCo Africa, for example, any material management decision(s) about any impairment or provision in respect of any Project or other asset of InfraCo Africa, any actual or potential reputational risk for the PIDG and/or InfraCo Africa and/or any environmental health or social risk);
- (d) information, if appropriate, on liquidity management;
- (e) progress reports on the status of the activities of InfraCo Africa in such form and detail as PIDG Ltd may reasonably require including an update on progress against Pre-Agreed Targets and results achieved, a summary and status update of InfraCo Africa's pipeline of Projects and any other Project Interest or asset of InfraCo Africa and any special reports relating to Projects of InfraCo Africa and/or any Project Interests and/or other asset of InfraCo Africa as PIDG Ltd may require;

PIDG Trust

- (iii) within 60 days of the end of each Quarter the PIDG Trust Management Accounts which shall include updated valuations of the ownership interests of the PIDG Trust in each of the PIDG Companies;

Annually:

InfraCo Africa

- (iv) on or prior to 1 November in each Financial Year or such other date as may be agreed with PIDG Ltd in order for PIDG Ltd to meet its reporting obligations to the PIDG Owners, a copy of InfraCo Africa's Business Plan and Annual Budget, for approval by PIDG Ltd by the earlier of 15 Business Days of receipt and 15 December (or such other date as may be agreed with PIDG Ltd) in each Financial Year;
- (v) within 90 days after the end of each Financial Year, a copy of InfraCo Africa's audited consolidated financial statements (consolidated if necessary or required) for such Financial Year prepared in accordance with IFRS together with (i) an audit report thereon signed by InfraCo Africa's auditors, and a copy of the auditor's letter to management with a summary of the findings from the audit process; (ii) an annual letter of representation signed on behalf of InfraCo Africa, which shall contain an assertion that the information provided to the auditors is accurate and not misleading and that the financial procedures and controls and governance adopted by InfraCo Africa are satisfactory; and (iii) a copy of the audit adjustments between InfraCo Africa's audited consolidated financial statements and the InfraCo Africa Management Accounts submitted in such Financial Year, if any. InfraCo Africa hereby agrees to arrange for a copy of InfraCo Africa's audited financial statements (consolidated if necessary or required) to be published on InfraCo Africa's website within 40 days of the end of the said 90-day period;
- (vi) in-depth lessons learned/policy development reports to be produced and presented by InfraCo Africa in accordance with the Pre-Agreed Targets;
- (vii) such reasonable support, assistance and written contributions to the PIDG Annual Report as PIDG Ltd may require;

PIDG Trust

- (viii) within 180 days after the end of the financial year of the PIDG Trust the audited financial statements of the PIDG Trust, which shall include updated valuations of each of the PIDG Trust's investments;

Miscellaneous:

InfraCo Africa

- (ix) as soon as InfraCo Africa becomes aware of such event or circumstance, notice of any event or circumstance which may cause or will cause an actual or potential reputational risk for PIDG and/or a change to InfraCo Africa's risk register, including any material management decision(s) about any impairment or provision to be recorded in the InfraCo Africa Management Accounts in respect of any Project and/or Project Interest, investment or other asset of InfraCo Africa;
- (x) reports on the development impact of the Projects and InfraCo Africa in accordance with the results monitoring methodology, format and timetable agreed by PIDG Ltd and set out in the PIDG Results Monitoring Handbook which shall include an annual report on InfraCo Africa's performance against the Pre-Agreed Targets;
- (xi) case studies in respect of each Project that reaches financial close in the year in which the Project reaches financial close and in respect of each Project Interest that is sold by InfraCo Africa in such form and substance as PIDG Ltd may reasonably require from time to time (subject to a maximum of 4 case studies per year);
- (xii) the organisation and hosting, in consultation with PIDG Ltd, of at least one "InfraCo Africa Awareness Day" (in workshop format) per 4-year period (on date(s) to be agreed with PIDG Ltd) for PIDG Owners and PIDG Companies on such InfraCo Africa activity as InfraCo Africa and PIDG Ltd may agree, but to include an element of lessons learned and policy development;
- (xiii) prompt notice of any proposed change in the purpose, nature or scope of the business or operations of InfraCo Africa;

- (xiv) at least 14 days' notice (or such other period of notice as permitted by the InfraCo Africa Constitution) of the calling of any meeting of shareholders of InfraCo Africa indicating the agenda thereof, and as soon as available thereafter the minutes of such meeting;
- (xv) prompt notice of any litigation which is reasonably likely to affect, materially and adversely, InfraCo Africa, PIDG Ltd, the PIDG Trust or any PIDG Owner;
- (xvi) without limitation to the above, any information reasonably requested by the PIDG Trust and/or PIDG Ltd (and it will allow representatives of the PIDG Trust and PIDG Ltd the right to review the progress of any investment by InfraCo Africa (including the audited financial statements of any Project)) and allow the representatives of PIDG Ltd, the PIDG Trust and the PIDG Owners the right to audit the books and records of InfraCo Africa; and
- (xvii) such reasonable support and assistance as PIDG Ltd may require when undertaking any mid-term or progress review (or equivalent) of InfraCo Africa.

9.2 InfraCo Africa shall be obliged (and shall require that any Developer shall be obliged) (where applicable) (i) to retain or cause to be retained for at least 7 (seven) years from the date of creation of the record, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing InfraCo Africa's expenditure and ensure that such records and accounts are included in the annual audit of InfraCo Africa and enable PIDG Ltd and/or the InfraCo Africa Owners' representatives to examine such records and accounts of InfraCo Africa; and (ii) without limitation to the above, to furnish or cause to be furnished to PIDG Ltd and the InfraCo Africa Owners any information reasonably requested by PIDG Ltd and/or an InfraCo Africa Owner and to allow representatives of PIDG Ltd and/or the InfraCo Africa Owners on reasonable notice the right to review the progress of any Project and allow PIDG Ltd and/or the InfraCo Africa Owners the right to audit the books and records of InfraCo Africa and any Developer (where applicable).

9.3 PIDG Ltd undertakes to InfraCo Africa that it shall keep confidential all information of a secret or confidential nature received by it relating to InfraCo Africa. This clause 9.3 does not apply to the disclosure of information: -

9.3.1 pursuant to the PIDG Disclosure Policy and Procedures (which form a part of the PIDG Operating Policies and Procedures as defined);

- 9.3.2 to the extent that such information comes into the public domain (other than through the breach of this clause 9.3) or as required by law (including the UK Freedom of Information Act 2000) or by any court or any other regulatory body;
- 9.3.3 to the other PIDG Companies' officers and employees and their professional advisors provided that any such disclosure is made on the basis that the information is treated as confidential by the recipient and used by him only for the purpose for which it was disclosed; or
- 9.3.4 to any of the InfraCo Africa Owners and/or PIDG Ltd.'s officers and employees and their professional advisors provided that any such disclosure is made on the basis that the information is treated as confidential by the recipient and used by him only for the purpose for which it was disclosed.

10. TERM

- 10.1 Subject to earlier termination pursuant to Clause 10.2, this Agreement shall continue for a term (the "Term") of 15 (fifteen) years from the original date of this Agreement (28 July 2009). PIDG Ltd shall meet with the InfraCo Africa Owners at least 6 months prior to the end of the Term to discuss whether or not the InfraCo Africa Owners wish to continue the activities of InfraCo Africa and, if so, on what terms. If no agreement is reached, then (save to the extent that any Project Interests, investments or other assets are still owned by InfraCo Africa which will be dealt with in accordance with Clause 10.3) this Agreement shall automatically terminate on the expiry of the Term whereupon InfraCo Africa shall be wound up and any Proceeds distributed in accordance with Clause 7.
- 10.2 PIDG Ltd and the InfraCo Africa Owners shall meet at least 6 months prior to the last Final Owner Disbursement Date to discuss whether or not they wish to continue the activities of InfraCo Africa and, if so, on what terms. If no agreement is reached, within a reasonable period of time, then InfraCo Africa shall be wound up and any Proceeds distributed in accordance with Clause 7 whereupon this Agreement will be deemed to have terminated.
- 10.3 In the event that this Agreement is terminated pursuant to either Clause 10.1 or Clause 10.2 and at the date of termination InfraCo Africa still owns any Project Interests, investments or other assets, PIDG Ltd and the InfraCo Africa Owners will discuss

between themselves (without any commitment of the InfraCo Africa Owners (or any other Party hereto) to provide further funding to InfraCo Africa other than any Winding Up Costs) how the value of the Project Interests, investments or other assets might be maximised, by assignment, sale or transfer or otherwise managed by PIDG Ltd. In the event that following such discussions, PIDG Ltd and the InfraCo Africa Owners elect to dispose of any, or all of, the Project Interests, investments or other assets, then the Parties will use their reasonable endeavours to assign, sell or transfer such Project Interests, investments or other assets, but to the extent they are unable to do so, the termination date referred to in Clause 10.1 or Clause 10.2 (as applicable) shall be extended until such time as all such Project Interests, investments and other assets have been assigned, sold or transferred or otherwise agreed to be managed by PIDG Ltd.

- 10.4 Termination of this Agreement shall not affect the validity of any Promissory Note issued by an InfraCo Africa Owner to the PIDG Trust prior to the date of such termination, irrespective of whether any funds have, as at the date of such termination, been drawn down under the relevant Promissory Note pursuant to a Promissory Note Drawdown Request.

11. TRANSFERS AND ACCESSION

- 11.1 An InfraCo Africa Owner may not transfer its Commitment to another InfraCo Africa Owner or a PIDG Owner or another Entity, and the PIDG Trust may not transfer its InfraCo Africa Shares (or shares in any Holding Company), unless (i) the other InfraCo Africa Owners and the PIDG Trust have consented in writing to such transfer(s); and (ii) the transferee(s) has entered into a Funding Instrument (or the transfer, novation or assignment of a Funding Instrument) in a form acceptable to the other InfraCo Africa Owners and any other parties thereto.
- 11.2 Upon a transfer of a Commitment or InfraCo Africa Shares (or shares in any Holding Company) or an increase or reduction of a Commitment, or any InfraCo Africa Owner ceasing to be a member of the PIDG, or where otherwise agreed by the InfraCo Africa Owners, a revised Schedule of Commitments shall be agreed upon in writing by PIDG Ltd, whereupon Schedule 1 of this Agreement shall (without requiring any further consent from or action on the part of any Party) be replaced by, and shall be deemed to have been amended accordingly to reflect such revised Schedule of Commitments.

12. GENERAL

- 12.1 Each of the Parties shall, to the extent permitted by law, from time to time do or procure all things as may be required to give effect to this Agreement and to all other agreements referred to in this Agreement, including, without limitation, the execution of all deeds and documents, procuring the convening of all meetings, the giving of all necessary waivers and consents, the passing of all resolutions and otherwise exercising all powers and rights available to them to ensure that the PIDG Trust, PIDG Ltd and any director appointed to the Board of Directors as nominated by any of them (or their alternates) give effect to the terms of this Agreement.
- 12.2 No Party shall make or permit any person connected with it to make any announcement concerning this Agreement or any ancillary matter before, on or after the date of this Agreement except as required by law or any regulatory body without the consent of PIDG Ltd, except that nothing in this Agreement shall prevent the publication or disclosure by PIDG Ltd on www.pidg.org (including pursuant to the International Aid Transparency Initiative (IATI)) or by InfraCo Africa on InfraCo Africa's own website of all or any of the provisions of this Agreement (including, without limitation, any of the documents annexed hereto or referred to herein).
- 12.3 The Parties shall each bear their own costs and expenses incurred in relation to the preparation, negotiation and execution of this Agreement and all ancillary matters.
- 12.4 This Agreement and the documents referred to in it (including but not limited to the Subscription Agreements) contain the whole agreement between the Parties relating to the subject matter of this Agreement and supersede all previous agreements between the Parties relating thereto.
- 12.5 This Agreement and any amendment or variation hereto in accordance with Clause 12.6 may be executed in any number of counterparts, all of which taken together shall constitute the whole Agreement.
- 12.6 No amendment or variation of this Agreement or any provision of this Agreement shall be effective unless it is in writing and duly executed by or on behalf of all the Parties.
- 12.7 None of the rights or obligations under this Agreement may be assigned or transferred without the prior written consent of all the other Parties.

- 12.8 Any Party may release or compromise in whole or in part any liability of any one or more of the other Parties under this Agreement or grant any of them any time or other indulgence, but any such action shall not affect any other liability of such other Parties hereunder.
- 12.9 Nothing in this Agreement shall be deemed to constitute a partnership between the Parties nor constitute any Party the agent of any other Party for any purpose.
- 12.10 The provisions contained in each clause of this Agreement shall be enforceable independently of each of the others and their validity shall not be affected if any of the others is invalid; if any provision is void but would be valid if some part of it were deleted, the provision shall be deemed to apply with such modification as may be necessary to make it valid.
- 12.11 The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision hereof, and any illegal, invalid or unenforceable provisions shall at the request of PIDG Ltd be replaced by other provisions in accordance with the purpose and meaning of this Agreement.
- 12.12 Time is not of the essence in relation to any obligations under this Agreement unless:
- (i) time is expressly stated to be of the essence in relation to that obligation;
 - (ii) one Party fails to perform an obligation by the time specified in this Agreement and the other Parties serve a notice on the defaulting Party requiring it to perform the obligation by a specified time and stating that time is of the essence in relation to that obligation.
- 12.13 The language of this Agreement is English and all notices, demands, requests, statements, certificates or other documents or communications shall be in English unless otherwise agreed in writing.
- 12.14 Without prejudice to Clause 8.4, each of the Directors for the time being of InfraCo Africa and each of the InfraCo Africa Owners (the “Relevant Third Parties”) can enforce the terms of any right that is expressly set out in this Agreement for the benefit of the Relevant Third Parties pursuant to the Contracts (Rights of Third Parties) Act 1999 of England and Wales (the “**Third Parties Act**”). Save for the Relevant Third

Parties, no third party shall have any rights pursuant to the Third Parties Act.

- 12.15 (i) If any provision of this Agreement conflicts with the provisions of the InfraCo Africa Constitution or a Subscription Agreement then (to the extent permitted by law) this Agreement shall prevail and each of PIDG Ltd, the PIDG Trust and InfraCo Africa undertakes forthwith as among themselves to take all reasonable steps to amend, waive or suspend such provisions of the Constitution and/or Subscription Agreement to the extent necessary to reflect the provisions of this Agreement.
- (ii) If any provision of this Agreement conflicts with the provisions of any Funding Instrument then (to the extent permitted by law), the relevant Funding Instrument shall prevail and each of PIDG Ltd, the PIDG Trust and InfraCo Africa undertake forthwith to take all reasonable steps to amend, waive or suspend such provision(s) of this Agreement to the extent necessary to reflect the provisions of the relevant Funding Instrument.
- 12.16 Except where this Agreement expressly provides to the contrary, obligations, covenants, warranties, representations and undertakings expressed to be undertaken or given by two or more persons shall in each case be construed as if expressed to be undertaken and/or given severally and not jointly or jointly and severally.
- 12.17 No failure to exercise and no delay in exercising, on the part of any Party, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other power or right.
- 12.18 No Party shall be held responsible for any loss or damage or failure to perform any of its obligations hereunder resulting from any legal enactment, the intervention of any public authority, an act of war, a strike (other than of personnel of any of the Parties), a blockade, a boycott, a lockout, or any other similar circumstance.

13. DISPUTES

- 13.1 **Governing Law:** This Agreement and any dispute arising out of or in connection with it or its subject matter (including non-contractual disputes or claims) (a “**Dispute**”) shall be governed by, and construed in accordance with, the laws of England and Wales.
- 13.2 **Amicable Settlement:** If any Dispute arises between any of the Parties, they shall

use all reasonable endeavours to resolve the matter amicably. If one Party gives any other Party notice that a material Dispute has arisen, and the Parties are unable to resolve such Dispute within 30 (thirty) days of service of such notice, then such Dispute shall be referred to the respective chairmen or chief executives or equivalents of the Parties in dispute. No Party shall resort to arbitration against any other Party under this Agreement until at least 30 (thirty) days after such referral. This shall not affect a Party's right, where appropriate, to seek interim relief from a court of competent jurisdiction.

- 13.3 **Arbitration:** All Disputes which are unresolved by the chairmen or chief executives or equivalents pursuant to Clause 13.2, shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("LCIA") Rules, which Rules are deemed to be incorporated herein.
- 13.4 **Constitution and Language:** Arbitration under the LCIA Rules shall consist of one arbitrator who shall be either a barrister or a solicitor admitted to practice in England and Wales for at least fifteen 15 years. The Parties to an arbitration under this Agreement shall attempt to agree the arbitrator within 20 (twenty) days of the commencement of the arbitration. Failing such agreement, the sole arbitrator shall be appointed by the LCIA Court. The seat of the arbitration shall always be, and all arbitration proceedings shall be in London, England (though if the Parties to an arbitration agree, any arbitration proceeding may be held in such other venue as may be mutually convenient). The language of the arbitration shall be English.
- 13.5 **Appeals:** None of the Parties shall make an application pursuant to Sections 45 or 69 of the Arbitration Act 1996. The decision of the arbitrator shall be final and binding and non-appealable.
- 13.6 **Joinder:** The arbitrator shall have power after the commencement of an arbitration to allow, only on the application of a party to that arbitration, another party to this Agreement to be joined in the arbitration as a party, and thereafter to make a single final award, or separate awards, in respect of all Parties so implicated in the arbitration.
- 13.7 **Aid to Arbitration:** All Parties irrevocably submit to the non-exclusive jurisdiction of the courts of England and Wales to support and assist the arbitration process pursuant to Clause 13.3 including, if necessary, the grant of interlocutory relief pending the outcome of that process.

- 13.8 **Inconvenient Forum:** The Parties hereby irrevocably waive any claim they may now or hereafter have that any proceeding in relation to this Agreement has been brought in an inconvenient forum.

14. NOTICES

- 14.1 All notices or other communications to be given under this Agreement shall be made in writing and by letter or e-mail transmission (save as otherwise stated) and shall be deemed to be duly given or made when delivered (in the case of personal delivery), when despatched (in the case of e-mail transmission) or ten days after being despatched in the post, postage prepaid, by the quickest mail available and by registered mail if available (in the case of a letter) to such Party at its address or e-mail address specified in Clause 14.2, or at such other address or e-mail address as such Party may hereafter specify for such purpose to the others by notice in writing.

- 14.2 The addresses referred to in Clause 14.1 are:

14.2.1 PIDG Ltd:

6 Bevis Marks
London, England
EC3A 7BA
Tel: + 44 (0) 20 3848 6740

E-mail: diane.harris@pidg.org; karen.lynch@pidg.org
FAO: Company Secretary PIDG Ltd

14.2.2 The Trustees of the PIDG Trust:

C/O SG Kleinwort Hambros Trust Company (UK) Limited
5th Floor
8 St James's Square
London SW1Y 4JU
United Kingdom
Tel: +44 (0) 207 597 3065

E-mail: rachel.iles@sghambros.com
FAO: Rachel Iles

14.2.3 InfraCo Africa:

6 Bevis Marks
London, England

EC3A 7BA
Tel: +44 (0) 20 3597 5401

E-mail: IMT @infracoafrica.com
FAO: Chief Executive Officer

- 14.3 A notice or other communication received on a day other than a Business Day, or after business hours, in the place of receipt shall be deemed to be given on the next following Business Day in such place.
- 14.4 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

THIS AGREEMENT has been signed by the Parties or their duly authorised representatives on the date which appears on the first page of this Agreement.

The Trustees of the PIDG Trust acting for and on behalf of the)
PIDG Trust)


SG Kleinwort Hambros Trust Company (UK) Limited)

By: )

Name: **RACHEL ILES**)

Title: **DIRECTOR**)

SG Kleinwort Hambros Trust Company (UK) Limited)

By: )

Name: **SCOTT RICE**)

Title: **AUTHORISED SIGNATORY**)

Multiconsult Trustees Ltd

By:

Name: Rubina Hossen Ally

Title: Authorised signatory.

Multiconsult Trustees Ltd

By:

Name: Looksana Shahabally

Title: authorized signatory.

Minimax Ltd

By:

Name: Sandeep Fakun.

Title: Authorised signatory.

Minimax Ltd

By:

Name: Kamalam Rungapadiachy

Title: Authorised signatory.

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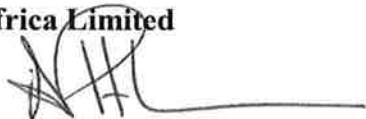
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) 

) 

InfraCo Africa Limited

By:



Name: Peter Hutchinson

Title: Chief Executive Officer

The Private Infrastructure Development Group Limited

By:

Name:

Title: Director

InfraCo Africa Limited

)

By:

)

Name:

)

Title:

)

The Private Infrastructure Development Group Limited

)

By:



)

Name: YUKIKO OMURA

)

Title: Director

)

SCHEDULE 1
SCHEDULE OF COMMITMENTS

Disbursement Financial Year	Amount in US\$ 000,000*				
	I	II	III	IV	V
	DGIS (to PIDG Trust)	DFID (to PIDG Trust)	SECO (to PIDG Trust)	ADA (to PIDG Trust)	<i>PIDG TRUST</i> (to InfraCo Africa) Total Available Commitment
2005		11.0 (£5.9)			11.0
2006	5.0				5.0
2007	5.0				5.0
2008	0.5	4.5 (£2.5)	2.5	3.0 + 1.95 (EUR 1.5)	12.45
2009	4.0	2.55 (£1.25)	2.5		9.05
2010	4.0	5.0 (£3.25)	2.0		11.0
2011	16.92 (\$4 + EUR10)	1 (£0.67)	1.5	2.33 (EUR 1.8)	21.75
2012		41.88 (£11 + £5 + 10)	10		51.88

2013			1.5		1.5
2014			1.5		1.5
2015		12.873 (£8.539)	2		13.873
2016		29.166 (£21.989)	0		30.166
2017		14.181 (£10.823)	4		18.181
2018	13	15.0 (£11.061) + Promissory Note for £23.7m	3		31.0 + Promissory Note for £23.7m
2019	8				
2020	5	19.0 (£14.3)	2		
2021	5	15.7 (£11.8)	1		
Totals				7.28	
Final Owner Disbursement Date	31.03.2021 (2018 DGIS Conditional Loan Agreement)	31.03.2021 (Fifth DFID Grant Arrangement)	31.12.2021 (2017 SECO Letter of Arrangement)		

Note:

Note * Where Commitments are made in currencies other than US Dollars (i) in respect of disbursed Commitments, the US\$ amount is shown (converted at the actual conversion rate as at the date of disbursement) with the amount of the original GBP sterling or EUR Commitment shown in brackets and (iii) in respect of undisbursed Commitments, the original GBP sterling or EUR sums are shown

in brackets and the US\$ equivalents are included for indicative purposes only converted for convenience at a notional rate of US \$1.31 = GBP £1.00 as on 06/03/19 (www.oanda.com).

SCHEDULE 2

PARTICULARS OF INFRACO AFRICA LIMITED

Share Capital:

Class	Ordinary shares of £1 each
Issued	147,536,994

Shareholders:

Name	Number of InfraCo Africa Shares: 147,536,994
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SG Kleinwort Hambros Trust
Company (UK) Ltd, Multiconsult
Trustees Ltd. and Minimax Ltd as
trustees of the Private
Infrastructure Development Group
Trust

Directors:	Philippe Valahu, Mike Chilton, Tania Songini, Jim Cohen, Godfrey Mwindaaare
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Secretary:	Jordans Limited
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Registered office:

6 Bevis Marks
London
EC3A 7BA
United Kingdom

Company number:	05196897
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Date of incorporation:	4 August 2004
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Accounting reference date:	31 December
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Auditors:	Mazars LLP
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SCHEDULE 3

MATTERS REQUIRING CONSENT OF PIDG LTD

Part 1

PIDG Ltd and the PIDG Trust agree that they shall exercise all rights available to them to procure that InfraCo Africa shall not (and that any subsidiaries of InfraCo Africa shall not) undertake any of the items set out in Part 1 of Schedule 3 without the prior written consent of PIDG Ltd (and of the PIDG Trust where the consent of the Shareholder of InfraCo Africa is required) and PIDG Ltd shall also seek the prior written consent of the InfraCo Africa Owners for any items where it is required to do so under the 2018 Reorganisation Agreement:

1. change the InfraCo Africa Constitution, unless required by law, in any manner which would be inconsistent with the provisions of this Agreement;
2. save as contemplated by this Agreement, make any variation (including, without limitation, any allotment, conversion, consolidation, subdivision, redemption or reorganisation) in the share capital of InfraCo Africa, or create any options or other rights to subscribe for, or to convert into, InfraCo Africa Shares or for the purchase or redemption of InfraCo Africa Shares;
3. commence any action to wind up or dissolve itself voluntarily;
4. alter its accounting reference date or (except insofar as is necessary to comply with International Accounting Standards) material accounting policies and practices or change its auditors;
5. undertake or permit any merger, consolidation or reorganisation of InfraCo Africa;
6. implement any other matter which, according to the Law of England and Wales, is required to be decided upon by the shareholders of InfraCo Africa;
7. appoint or remove any person as a director of InfraCo Africa (including a chief executive officer or equivalent); or
8. agree (conditionally or otherwise) to do any of the matters or things set out in this Part 1 of Schedule 3.

Part 2

InfraCo Africa undertakes that it shall not (and that any subsidiaries of InfraCo Africa shall not), without the prior written consent of PIDG Ltd (and the PIDG Trust where the consent of the PIDG Trust as Shareholder of InfraCo Africa is required) and PIDG Ltd shall also seek the prior written consent of the InfraCo Africa Owners for any items where it is required to do so under the 2018 Reorganisation Agreement:

1. enter into any transaction with any person other than in the ordinary course of InfraCo Africa's business, on the basis of arm's-length arrangements and in accordance with the Unified Investment Policy, the HSES Policies and Procedures, the PIDG Code of Conduct and the PIDG Operating Policies and Procedures;
2. change the Unified Investment Policy, unless required by law, in any manner which would be inconsistent with the provisions of this Agreement;
3. grant, make or permit to exist guarantees, indemnities, loans or advances to, or deposits with other persons or investments in any person or enterprise, other than in accordance with the Unified Investment Policy, the HSES Policies and Procedures, the PIDG Code of Conduct and the PIDG Operating Policies and Procedures or in the ordinary course of business of InfraCo Africa;
4. make any material alteration (including cessation) to the general nature of its business beyond that set out in Clause 2 to this Agreement;
5. enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby InfraCo Africa's income or profits are, or might be, shared with any other person outside the ordinary course of business;
6. enter into, terminate, amend or grant any waiver in respect of any provision of a Developer Services Agreement except as contemplated in, and in accordance with, the terms thereof;
7. declare or distribute any Proceeds arising in any way from InfraCo Africa save as recommended by the InfraCo Africa Owners or otherwise as set out in this Agreement;
8. other than in the ordinary course of business, sell, transfer, lease, license or in any other way dispose of all or a substantial part of its business, undertaking or assets whether by a single transaction or series of transactions;

9. enter into or terminate any service agreement with a director of InfraCo Africa;
10. save to the extent approved as part of InfraCo Africa's Business Plan and Budget, incur any material expenditure or liability of a capital nature in each case in excess of GBP 1,000,000 or the equivalent thereof (including, for this purpose but without limitation, the acquisition of any asset under lease or hire purchase) but excluding, for the avoidance of doubt, the acquisition of any Project Interests by InfraCo Africa in accordance with the Business Plan and Budget;
11. borrow any money or obtain any advance or credit in any form other than normal trade credit or other than on normal banking terms for unsecured overdraft facilities or vary the terms and conditions of any borrowings or bank mandates, in each such case where the sum of money involved is in excess of GBP 1,000,000 or the equivalent thereof except that InfraCo Africa shall not be required to seek the prior written consent of PIDG Ltd for any money borrowed or any advance or credit obtained by subsidiaries of InfraCo Africa from IAfl for Projects, subject to InfraCo Africa notifying PIDG Ltd in writing in advance of the relevant InfraCo Africa subsidiary's intention to borrow money or obtain an advance or credit from IAfl;
12. pay any remuneration or expenses to any person other than as proper remuneration for work done or services provided or as proper reimbursement for expenses incurred in connection with its business;
13. make any gift or political or charitable donation;
14. commence or settle any legal or arbitration proceedings otherwise than in the ordinary course of its business;
15. create or allow to subsist any encumbrance over any of its assets otherwise than in the ordinary course of business;
16. establish any subsidiary or any other Entity (other than any subsidiary to be established solely for the purposes of developing any Project); or
17. agree (conditionally or otherwise) to do any of the matters or things set out in this Part 2 of Schedule 3.

SCHEDULE 4

FUNDING INSTRUMENTS

Owner	Funding Instrument	Date	Amount	Subscription Agreement
ADA	First ADA Grant Arrangement	2 April 2008	US\$3,000,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 2)
	Second ADA Grant Arrangement	27 November 2008	EUR 1,500,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 2)
	Third ADA Grant Arrangement	24 November 2011	EUR 1,800,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 3)
DFID	First DFID Grant Arrangement	8 December 2003	£5,900,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 1)
	Second DFID Grant Arrangement	29 February 2008	£5,000,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 2)
	Third DFID Grant Arrangement	29 October 2009	£3,037,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 3)
	Fourth DFID Grant Arrangement	12 March 2012	£49,000,000 £30,000,000 \$15,000,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 4)
	Fifth DFID Grant Arrangement*	4 December 2018	£49,800,000	PIDG Trust/PIDG

				Ltd/InfraCo Africa Subscription Agreement (No 5)
DGIS				
	2006 DGIS Funding Letter	6 March 2006	US\$10,000,000	Under the 2006 DGIS Funding Letter and further to a letter dated 25 June 2007 between DGIS and the PIDG Trust.
	2009 Conditional DGIS Loan Agreement	28 July 2009	US\$12,500,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 2)
	2018 Conditional DGIS Loan Agreement*	22 November 2018	EUR10,000,000 US\$27,000,000 US\$78,000,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 4)
SECO	SECO Conditional Loan Agreement	28 July 2009	\$8,500,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 2)
	2012 SECO Letter of Arrangement	5 December 2012	US\$ 15,000,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 4)
	2017 SECO Letter of Arrangement*	22 November 2017	US\$ 10,000,000	PIDG Trust/InfraCo Africa Subscription Agreement (No 4) and PIDG Trust/PIDG Ltd/InfraCo

				Africa Subscription Agreement (No 5)
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*Where indicated, copies of each of the Funding Instruments are annexed to this Schedule 4.

SCHEDULE 5

FORM OF SHARE SUBSCRIPTION REQUEST

To: PIDG Trust
c/o The Private Infrastructure Development Group Ltd
6 Bevis Marks
London
EC3A 7BA
United Kingdom

Date

Dear Sirs

Share Subscription Request – Second Amended & Restated Agreement between InfraCo Africa Limited, The Private Infrastructure Development Group Ltd and their Shareholder in relation to the funding and operation of InfraCo Africa Limited dated [] (the “InfraCo Africa Funders Agreement”)

Terms used in this Share Subscription Request shall have the same meaning given to them in InfraCo Africa Funders Agreement unless otherwise defined herein.

[The “Current Exchange Rate” means the relevant rate of exchange for [] to GB Pounds Sterling obtained by SG Kleinwort Hambros Bank Limited (as bankers to the PIDG Trust) in the London foreign exchange market on the date and time at which the Share Subscription Amount is disbursed by PIDG Trust to InfraCo Africa and communicated in writing by SG Kleinwort Hambros Bank Ltd via PIDG Ltd to InfraCo Africa (or otherwise as may be agreed in writing between the PIDG Trust and InfraCo Africa).

Pursuant to Clause 5 of the InfraCo Africa Funders Agreement, we hereby request the following proposed subscription [for][of []] InfraCo Africa Shares of [GB£1.00] in the capital of InfraCo Africa:

1. Number of InfraCo Africa Shares to be subscribed: [[] InfraCo Africa Shares] [such number of InfraCo Africa Shares denominated in GB Pounds Sterling as result from the application of the Current Exchange Rate to the Share Subscription Amount referred to below and communicated in writing by the PIDG Trust (via PIDG Ltd) to InfraCo Africa].

1. Share Subscription Date: []

2. Share Subscription Amount: £ / US\$ []

3. Payment Instructions:

Bank: []

Address: []

A/C Name: []

A/C Number: []

We confirm, warrant and represent that (i)(a) the matters warranted in Clause [6] of the InfraCo Africa Funders Agreement and (i)(b) the matters relating to InfraCo Africa which the PIDG Trust and PIDG Ltd is obliged to confirm, warrant and represent to [DFID][SECO][DGIS] in relation to the relevant disbursement request(s) under the relevant Funding Instrument are true and accurate at the date of this Share Subscription Request and will be true and accurate as at the Share Subscription Date specified above as if made at such date, and (ii) that the conditions set out in Clause [5.3] of the InfraCo Africa Funders Agreement have been duly complied with.

Yours faithfully

For and on behalf of
InfraCo Africa Limited
Authorised Signatory

SCHEDULE 6

FORMAT OF PROMISSORY NOTE

PROMISSORY NOTE

PIDG Trust/InfraCo Africa Limited

[PIDG Trust Reference]

[Amount and Currency]

1. For value received, the [PIDG Owner] ("[]") under the arrangement between [PIDG Owner] and the Trustees of the Private Infrastructure Development Group Trust (the "**PIDG Trust**") and [The Private Infrastructure Development Group Limited] ("**PIDG Ltd**") for financial support for the activities of the PIDG dated [x] as amended from time to time (the "**Letter of Arrangement**"), hereby promises to pay to the PIDG Trust the sum of £[] without interest to be administered and applied for the purposes specified in the Letter of Arrangement.
2. All or any part of the sum shall be paid, upon demand made in writing or by duly authenticated electronic cable or telex to the Bank of England, by credit of the amount so demanded to the account of the PIDG Trust with the depository duly designated by [PIDG Owner] pursuant to the Letter of Arrangement.
3. This Promissory Note is executed and delivered pursuant to the provisions of the Letter of Arrangement.
4. This Promissory Note is non-negotiable.

[PIDG Owner]

Dated: _____ By: _____

**Annex 1 to Promissory Note
Format of Promissory Note Drawdown Request**

**To: [PIDG Owner]
[address]**

Date:
Dear Sirs

Promissory Note Drawdown Request

Promissory Note dated [] issued by [PIDG Owner] in favour of the Trustees of the PIDG Trust for Financial Support for the Activities of InfraCo Africa Limited (“[PIDG Trust Reference]”)

Pursuant to Promissory Note [*insert PIDG Trust reference*], we hereby demand for disbursement by [*insert disbursement date*]:

- (i) [[*insert amount*] for [*insert purpose for which funds will be used*], which InfraCo Africa Limited has confirmed in writing (see attached letter dated [*insert date*]) meets the criteria set out in the Unified Investment Policy to its reasonable satisfaction;] [and]
- (ii) [*insert amount*] to meet all or part of InfraCo Africa’s liability for Contingent Termination Payments [*as defined in the Second Amended and Restated Funders’ Agreement*]].

We also attach:

- (i) management accounts for InfraCo Africa Limited for the previous Quarter [*as defined in Second Amended and Restated Funders’ Agreement*];
- (ii) evidence of InfraCo Africa Limited’s current cash balances and InfraCo Africa Limited’s current pipeline of relevant projects, highlighting any new projects and the current status of all projects (e.g. whether in due diligence phase; about to start due diligence; anticipated financial close etc)); [and]
- (iii) [a schedule of InfraCo Africa Limited’s current and estimated future Contingent Termination Payments].

We confirm that neither the PIDG Trust nor InfraCo Africa Limited holds sufficient available funding to meet the amount of financing required.

Yours faithfully

**For and on behalf of SG Kleinwort Hambros Trust Company (UK) Ltd
Representing The Private Infrastructure Development Group Trust**

By:
Date:

For and on behalf of InfraCo Africa

By:
Date:

SCHEDULE 7

Format of Promissory Note Issue Request

To: [PIDG Owner]
[address]

Date:
Dear Sirs,

Promissory Note Issue Request

Letter of Arrangement dated [x] (as amended from time to time) between [PIDG Owner], PIDG Ltd and the Trustees of the PIDG Trust for Financial Support for the Activities of PIDG (the “Letter of Arrangement”)

Pursuant to paragraph [] of the Letter of Arrangement between the Trustees of the PIDG Trust, PIDG Ltd and yourselves, we hereby request the issue of a Promissory Note by [*insert disbursement date*] for [*insert amount*], such amount being:

- (i) such amount that [*PIDG Owner*] has agreed in writing to disburse to finance [*insert purpose of Promissory Note*, for example to finance up to four (4) projects identified by the PIDG Company] and set out in InfraCo Africa Limited’s pipeline of proposed projects for the following 12-month period; [and]
- (ii) [such amount that [*PIDG Owner*] has agreed in writing to disburse for InfraCo Africa Limited’s liability for Contingent Termination Payments] (as defined in the Second Amended and Restated Funders’ Agreement) in the period [insert]].

We set out below the current status of any Promissory Note(s) that [*PIDG Owner*] has already issued, including whether any amounts are still to be disbursed under any issued Promissory Note(s) and how any amounts drawn down by the PIDG Trust under any issued Promissory Note(s) have been used. We also attach:

- (i) management accounts for InfraCo Africa Limited for the previous quarter;
- (ii) [evidence of InfraCo Africa Limited’s current cash balances and InfraCo Africa Limited’s current pipeline of projects, highlighting any new projects and the current status of all projects (e.g. whether in due diligence phase; about to start due diligence; anticipated financial close etc);] [and]
- (iii) [a schedule of InfraCo Africa Limited’s current and estimated future Contingent Termination Payments]; and
- (iv) a schedule setting out the anticipated timing for the drawdown of amounts under the Promissory Note.

We confirm that neither the PIDG Trust nor InfraCo Africa Limited holds sufficient available funding to meet the amount of financing requested and that financing for [*insert purpose of funding, for example the 4 projects*] [and] [Contingent Termination Payments] are not covered under an existing Promissory Note issued by [*PIDG Owner*] to the PIDG Trust.

Yours faithfully

For and on behalf of SG Kleinwort Hambros Trust Company (UK) Ltd
Representing The Private Infrastructure Development Group Trust

By:
Date:

For and on behalf of InfraCo Africa Limited

By:
Date:

ANNEXURE 1

MEMORANDUM AND ARTICLES OF ASSOCIATION OF INFRACO AFRICA

ANNEXURE 2

GUIDANCE ON PREPARING PIDG COMPANY TREASURY POLICIES

1. Introduction

Treasury policy is a mechanism by which the board or management of a company can delegate fundamental decisions about the business in a controlled manner. Having well thought through and documented treasury policies is critical to the risk management of all businesses and particularly relevant for PIDG companies (the “Companies”) which often have the following characteristics:

- holding large cash balances received from PIDG Members;
- transacting in multiple currencies;
- involved in the provision of equity and debt financing with uncertain, lumpy disbursement and repayment profiles;
- day-to-day operations outsourced to a third-party fund manager/project developer, with varying degrees of delegation; and
- focussed on operations in riskier territories, with less stable economies and less developed financial markets.

This memorandum offers guidance to the Boards of the Companies on how to go about ensuring that each Company has an appropriate treasury policy and considers in the following order: good governance for Boards; the scope of treasury policy; the key risk areas managed by a treasury function; and the importance of adequate controls around treasury dealings.

Where the fund manager or project developer is part of a wider financial institution they will have their own treasury policies and procedures which they should be familiar with. These policies could provide a basis for those to be adopted by the Fund with key differences highlighted.

Appendix I considers in more detail the key risk areas covered by a treasury policy (not exhaustive).

2. Governance

Given the prevalence of outsourced fund managers or project developers (each a “Manager”), good governance needs to be at the foundation of the Companies’ treasury policies.

We anticipate that the Manager would be asked to prepare the relevant treasury policy documentation which would be approved by the Board. The Manager would also be responsible for day to day treasury management, seeking Board approval for transactions

outside the Manager's delegated authority, so would need to understand clearly its responsibilities in this area vs the responsibilities of the Board.

The Board should be fully briefed by the Manager on treasury exposures and risks. These risks would be set out and addressed in a clearly defined and Board approved treasury policy document. The treasury policy should be reviewed and updated periodically (at least annually) as the Company matures or when new developments occur.

It is also customary to establish a treasury reporting committee / ALCO ("asset-liability committee") on which the Board would have representation, to monitor the effectiveness of treasury policy and deal with treasury related matters.

In order to sign off a treasury policy the Board should be satisfied that:

- they have been fully briefed on and understand the areas in which the Fund has treasury exposures;
- the Fund's own KPIs (if any) are reflected in the treasury policy;
- they have a clear, comprehensive, Board approved treasury policy;
- the roles and objectives for the treasury function (or ALCO) are clearly defined;
- responsibility and decision-making authority on treasury matters is clearly defined as between Manager and Board;
- performance against policy will be reported and can be measured;
- a structured review process is in place, together with external auditing of compliance with treasury policies.

The Board should see treasury policy and management as a dynamic process. As business issues arise and are dealt with, so the Board and Manager will become aware of previously unidentified risks and will need to adapt and develop their treasury policies to match. Regular treasury or ALCO meetings are an ideal forum for shaping and refining policy.

3. Scope of treasury policy

There is no standard template treasury policy. To date the Association of Corporate Treasurers have not issued such a document since they believe companies need to go through the thought processes themselves to consider and assess what is appropriate for their own circumstances and risk appetite.

The need for bespoke, risk-driven policies is applicable to the PIDG funds where each fund offers different products with their own unique operational and financial characteristics.

Treasury policy should encompass:

- the objectives of the treasury function;
- role of a treasury committee or ALCO (including frequency of meetings);
- treasury structure and organisation;

- a list of responsibilities for each member of staff and segregation of responsibilities;
- a description of the risks to be managed (see 4 below);
- delegation of authority / approval limits;
- permitted hedging instruments;
- bank mandate instructions and banking relationships;
- payment procedures;
- dealing procedures (if relevant)

In practice treasury policies should be written down into a formal document often with a “Mission statement” regarding the role and approach of the treasury function. Many companies split the policy into two or more documents, the first being a high-level summary which the Board review and approve annually and the second which set out a more detailed description of risks and management procedures.

4. Primary risks managed by the treasury function

The treasury function should be primarily responsible for two key, inter-connected areas (see Appendix I for more detail): cash management and financial risk management.

4.1 Cash management:

- liquidity review;
- timely reporting and variance analysis of cash forecasting;
- receipt and payment management;
- bank relationships;
- debt management (covenants, undertakings, maturities, etc.);
- investment management (how surplus funds are invested).

4.2 Financial risk management:

- Interest rate risk (fixed vs floating, payment dates);
- Foreign exchange risk (exposure to different currencies);
- Funding risk (maturity profile of investing/lending, refinancing timetable, etc.);
- Counterparty risk (exposure limits to different counterparties based on credit ratings);
- Operational risk;
- Political / national risk;
- Capital risks (internal matching of investment to capital / financing commitments).

The above list is not intended to be exhaustive. As stated above, each Board and Manager should together consider the risks inherent in their own businesses, set objectives and develop policies accordingly.

In addition to monitoring the business's own risk, treasury policy best practice also considers those risks inherent in the business's customers and suppliers. In terms of the PIDG funds, the treasury policy should consider the Operational risks inherent in the Manager as well as the risks inherent in the underlying investee or borrower businesses including contingent funding requirements.

5. Controls environment and the treasury function

Controls are essential to safeguard the flow of funds from error, fraud or significant market movements, and there are numerous historic examples where inadequate controls have had significant consequences (e.g. Barings, Northern Rock, et al.). For the implementation of treasury policy to be effective adequate controls and procedures should be in place.

In addition to general governance matters detailed above, treasury related controls should cover three broad areas: i) legal and regulatory; ii) systems and security; and iii) reporting and audit.

5.1 Legal and regulatory:

It is important that all treasury transactions are supported by proper contracts. Standardised ISDA documentation simplifies the time required to enter into treasury transactions and need to be understood properly by staff responsible for this area. Contracts should be reviewed regularly to ensure obligations under the contracts are understood and complied with.

Similarly, to the extent that activities are regulated, regular compliance checks should be conducted and reported.

5.2 Systems and security:

This is a wide-ranging area, and controls required will depend upon the level of delegated authority in the Manager.

Controls include: background checks on staff recruited and with authority to enter into treasury transactions; ensuring staff take annual leave; suitable training programmes for treasury staff; segregation of duties (one person should not be able to deal, authorise and account for the same transaction, although segregation should acknowledge the often small size of teams of used by Managers); bank mandates regularly reviewed and updated; password protected computer systems; tested disaster recovery plans, etc.

5.3 Reporting and auditing:

We have discussed the benefits of a treasury sub-committee or ALCO which can meet regularly to consider treasury risks. Typically, this committee would be presented with a report on the interest rate/foreign exchange risk positions, liquidity, cash flow, breaches of policy and any other matters relevant.

Internal audit of the treasury function is probably impractical in the context of the Companies. However, using the external auditors to review compliance with treasury policy controls and procedures as part of the annual or semi-annual audit process is recommended.

Appendix – Detailed treasury policies

Key area	Policy subject	Rationale	Policy should cover:
Cash management	Liquidity review	To ensure sufficiency of day to day liquidity	<ul style="list-style-type: none"> • OBJECTIVES OF THE POLICY • DESCRIPTION OF THE FUND'S CASH POSITION • LIST OF BANK ACCOUNTS IN OPERATION • DESCRIPTION OF ANY NETTING ARRANGEMENTS • LIST OF PERMITTED BANKS
			1.
	Timely reporting and variance analysis of cash and payment forecasts	To ensure management of longer-term cash position and accurate forecasting	<ul style="list-style-type: none"> • OBJECTIVES OF THE POLICY • IDENTIFY PERIODS SUSCEPTIBLE TO UNCERTAINTY OR WHERE CASH POSITION IS AT RISK • IDENTIFY PERIODS WHERE CASH SURPLUSES ARE BEING GENERATED • PROCEDURES FOR REPORTING AND DEALING WITH SIGNIFICANT FUTURE CASH ITEMS
			2.
	Receipt and payment management	To ensure large "lumpy" payments and receipts are managed effectively	<ul style="list-style-type: none"> • OBJECTIVES • IDENTIFY KEY RECEIPTS AND PAYMENTS • IDENTIFY ACTIONS TO BE TAKEN TO MANAGE CASH FLOW EFFICIENTLY

3.

Bank relationships (if applicable) Good banking relationships (if applicable) are essential for any treasury function and need to be managed. Generally, the more attention given to the banks the less demands are made by the banks, and vice versa

- OBJECTIVES
- STRUCTURE OF THE BANKING GROUP; INTER-RELATION OF BANKING GROUPS
- CRITERIA FOR CHOICE OF BANK
- CREDIT RATING

Debt management (if applicable) To ensure transactions undertaken are in compliance with banking documents, and to ensure potential non-compliance with covenants is identified in advance to avoid crisis

- OBJECTIVES
- IDENTIFY KEY REQUIREMENTS OF EACH LOAN AGREEMENT
- MONITOR COMPLIANCE AGAINST THESE REQUIREMENTS
- PROCEDURES FOR REPORTING AND DEALING WITH ANY POTENTIAL OR ACTUAL NON-COMPLIANCE

Investment management To maximise the benefits of core surplus funds

- OBJECTIVES
- A DESCRIPTION OF HOW THE FUNDS ARISE AND HOW LONG THEY WILL BE AVAILABLE FOR
- AUTHORISED LIST OF INSTRUMENTS AND COUNTERPARTIES
- A SUMMARY OF COUNTERPARTY EXPOSURE / RISK
- A PROCEDURE FOR DETERMINING HOW BEST TO INVEST SURPLUS FUNDS

Appendix – Detailed treasury policies (continued)

Key area	Policy subject	Rationale	Policy should cover:
Financial management	Interest rate risk	Ensuring risk of increased interest expense (or reduced interest income) due to changes in market interest rates. The policy will seek to place limitations on the period over which interest rates on debt are exposed	<ul style="list-style-type: none"> • OBJECTIVES • METHOD OF HEDGING • LIMITS / TARGETS FOR EXPOSURE (I.E. UNHEDGED POSITIONS) • PROCEDURES FOR BREACH OF LIMITS • LIST OF AUTHORISED INSTRUMENTS • APPROVAL PROCEDURES
	Foreign exchange risk	Foreign exchange risk falls into two key areas: transaction exposure and balance sheet exposure. Policies should be adopted for each area	<ul style="list-style-type: none"> • OBJECTIVES • METHOD OF HEDGING • LIMITS / TARGETS FOR EXPOSURE (I.E. UNHEDGED POSITIONS) • PROCEDURES FOR BREACH OF LIMITS • LIST OF AUTHORISED INSTRUMENTS • APPROVAL PROCEDURES
	Funding risk	This policy will seek to determine the strategy for long-term funding of the Fund	<ul style="list-style-type: none"> • OBJECTIVES • LIMITS AND TARGETS FOR COMMITTED FUNDING • LIMITS AND TARGET FOR DIFFERENT SOURCES OF FUNDING (E.G. BANK VS EQUITY) • ASSESSMENT OF REPAYMENT PROFILES, AND IDENTIFICATION OF PERIODS WHERE HEADROOM MAY BE LIMITED
	Counterparty risk	This policy should define how counterparty risk (i.e. risk of counterparty failure resulting in financial loss) is measured and counterparties are selected	<ul style="list-style-type: none"> • OBJECTIVES

		<ul style="list-style-type: none"> • LIMITS FOR EACH COUNTERPARTY AND CRITERIA (E.G. BY REFERENCE TO CREDIT RATING) • MONITORING OF EXPOSURES • APPROVAL PROCEDURES FOR CHANGING THE LIMITS • PROCEDURES IN THE EVENT OF A CHANGE IN RISK OF A COUNTERPARTY
		<ul style="list-style-type: none"> • OBJECTIVES • MONITOR TOTAL EXPOSURES • AGREE TO RETAIN OR HEDGE EXPOSURE
		<ul style="list-style-type: none"> • OBJECTIVES • LIMITS FOR EACH JURISDICTION AND CRITERIA • MONITORING OF EXPOSURES • MONITORING OF INDIVIDUAL INVESTMENTS IN HIGH RISK JURISDICTIONS • PROCEDURES IN THE EVENT OF A CHANGE IN RISK OF A COUNTERPARTY
		<ul style="list-style-type: none"> • OBJECTIVES • LIST OF CURRENT EQUITY CAPITAL COMMITMENTS, FUNDED VS COMMITTED • PROCEDURES REQUIRED TO ENSURE UNFUNDED COMMITMENTS ARE FOLLOWED UP, AND OWNER PROCEDURES FOR RELEASING CAPITAL ARE UNDERSTOOD
Concentration / correlation risk	This policy should define how concentration/correlation risk (i.e. risk of geographic, industry) is measured and how much is acceptable given the objectives of the Fund	
Political / national risk	This policy should assess the financial risk associated with investments made to particular jurisdictions, and would work in conjunction with the Fund investment policy	
Capital management	Given the reliance upon capital commitments from Owners, this policy is intended to ensure that commitments are monitored and followed up so that outgoing financial commitments are matched by incoming commitments	