ANTIN
INFRASTRUCTURE PARTNERS

PILLAR 3 STATEMENT

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OVERVIEW

The Capital Requirement Directive ("CRD") and the Alternative Investment Fund Management Directive ("AIFMD") of the European Union ("EU") established a revised regulatory capital framework across Europe based on the provisions of the Basel Capital Accord. In the United Kingdom, CRD and AIFMD have been implemented by the Financial Conduct Authority ("FCA") in its Handbook of Rules and Guidance, and specifically through the creation of the General Prudential Sourcebook ("GENPRU"), the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") and the Interim Prudential Sourcebook for Investment Business ("IPRU (INV)").

The new framework consists of three categories or pillars:

Pillar 1 sets out the minimum capital requirements that firms are required to meet for credit, market and operational risk;

Pillar 2 requires a firm to take a view on whether additional capital should be held against risks not covered by Pillar 1 and to take action accordingly within the Internal Capital Adequacy Assessment Process ("ICAAP"); and

Pillar 3 requires firms to publish certain disclosures which will allow market participants to assess key information about firms' underlying risks, risk management controls and capital position.

SCOPE

The purpose of this document is to provide the Pillar 3 disclosures as required by BIPRU 11 in relation to Antin Infrastructure Partners UK Limited ("AIP UK" or the "Firm"). AIP UK is a Full Scope UK AIFM and also undertakes activities which result in it being subject to BIPRU. The Firm is categorised by the FCA for prudential regulatory purposes both as a collective portfolio management investment firm (CPMI) and a BIPRU 125K firm.

MATERIALITY AND APPROPRIATENESS OF DISCLOSURE

The regulations provide for the omission of one or more of the required disclosures if the information is deemed immaterial, proprietary or confidential. Materiality is based on the criterion that where the omission or misstatement of information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions, then that information is deemed to be material. Proprietary information is that which, if it were shared, would undermine AIP UK's competitive position. Information is considered to be confidential where there are obligations binding AIP UK to confidentiality with its clients and counterparties.

FREQUENCY AND LOCATION OF DISCLOSURE

It is the intention of AIP UK to publish its Pillar 3 disclosures on an annual basis shortly after the completion of the annual audit. This information will be published on the Firm's website.

VERIFICATION

These disclosures have been put together in accordance with BIPRU 11 in order to explain certain capital requirements and provide information about the management of certain risks and for no other purposes. They do not constitute any form of audited financial statements and must not be relied upon in making any judgement on the firm.

RISK MANAGEMENT OBJECTIVES AND POLICIES

Our risk management policies and processes are adequate and proportionate to the nature and scale of our business. Senior Management meet both formally and informally on a regular basis to discuss current projections for profitability, cash flows, regulatory capital management, and business strategy, together with all the relevant risks and how those risks may be mitigated and managed most effectively to minimise the impact on the financial performance of AIP UK. Where risks are identified which fall outside of the Firm's risk tolerance levels, or where the need for remedial action is recognised in respect of identified weaknesses in the Firm's mitigating controls, action is taken to improve the control framework.

Senior Management determine the Firm's business strategy and risk appetite together with the design and implementation of a risk management framework.

AIP UK's risk management framework involves both top-down and bottom-up processes:

- Top-down includes regular Senior Management review of all corporate level risks that threaten the achievement of AIP UK's business objectives, and periodic review of the ICAAP document and processes for identifying and mitigating material business risks.
- Bottom-up involves staff, at a departmental level, identifying the risks and respective controls relating to the operational processes for which they are individually responsible.

MATERIAL RISKS

The following are considered to be the most significant risks faced by the firm:

- credit risk;
- market risk;
- operational risk;
- business risk; and

CREDIT RISK

Credit risk is the risk arising from the possibility that AIP UK will incur financial loss from the failure of customers or counterparties to meet their obligations as and when they fall due.

AIP UK's credit risk exposure is small and arises primarily from its receivables and cash deposits placed with international banks. Credit risk on receivables is predominantly from investment advisory fees due from related parties. All receivables are reviewed at least monthly to ensure timely collection of amounts due. Credit risk on cash deposits with third party banks is limited, as cash is only deposited with financial institution(s) having high credit ratings assigned by international credit-rating agencies.

MARKET RISK

Market risk is the risk of potential loss of income or decrease in the value of AIP UK's assets caused by adverse changes or movements in interest rates, foreign exchange rates or market prices.

As AIP UK does not have a trading book, market risk exposure is relatively small and confined to foreign exchange (currency) risk on operating assets and liabilities denominated in currencies other than Euros.

Whilst the reporting currency is EUR, Senior Management consider the underlying currency to be GBP. The firm's foreign exchange risk therefore would only arise in respect of its accounts receivable and cash balance held in currencies other than GBP.

Foreign exchange risks within AIP UK are managed through monthly review and reconciliation of all open positions.

OPERATIONAL RISK

Operational risk is the risk of potential loss arising from fraud, human error, inadequate controls or failures in internal processes and systems, or from external events, including legal risk.

AIP UK has adequate systems and controls, procedures and crisis management and disaster recovery arrangements to manage and mitigate against these risks.

Appropriate insurance policies including professional indemnity insurance have also been put in place.

BUSINESS RISK

AIP UK faces a risk that significant damage to the business and/or its reputation could arise from continuous poor performance or under performance relative to performance targets of funds managed and advised by AIP UK. A significant reduction in the assets under management or inability to raise new funds could have material implications in terms of reduced revenues and profits.

To mitigate business risk, AIP UK will at least annually undertake stress testing/analysis of various negative/downturn scenarios to model the impact on the Firm's financial position. This enables the Firm to monitor its business risk and assists in its capital planning.

Business risk is further mitigated by establishing high professional standards and the continuous strengthening of teams by investing in new talent.

CAPITAL RESOURCES

AIP UK's capital resources are comprised of Tier 1 capital only with small deductions for material holdings in subsidiary undertakings. The Firm's capital position as at 31 December 2015 is shown below:

	EUR '000
Tier 1 capital :	
Ordinary share capital	300
Share premium	318
Audited retained earnings	1,773
Total Tier 1 capital before deductions	2,391
Deductions from Tier 1 capital (Intangible assets)	(115)
Total Tier 1 capital after deductions	2,276
Tier 2 capital	-
Total Tier 1 and Tier 2 capital after deductions	2,276
Deductions from Tier 1 plus Tier 2 capital (material holdings)	(13)
Total Tier 1 plus Tier 2 capital after deductions	**2,263**

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

AIP UK carries out an Internal Capital Adequacy Assessment Process, commonly known as ICAAP, to determine whether any additional capital is required to support current and future activities for Pillar 2. The ICAAP process includes an assessment of specific risks to our business, the likelihood of these occurring and the controls implemented to mitigate them. The impact of risks is assessed by modelling their effect on our income and expenses over a three year time horizon. Any residual risk is mitigated by setting aside capital to meet the worst case potential impact.

Following the latest ICAAP exercise the Board of AIP UK concluded that the Firm does not require additional capital resources beyond its calculated Capital Resources Requirement in order to manage its risks.

CAPITAL RESOURCES REQUIREMENT

AIP UK is categorised by the FCA for prudential regulatory purposes both as a collective portfolio management investment firm (CPMI) and a BIPRU 125K firm. The Firm's minimum capital requirement is the highest of:

- Base capital requirement of EUR 125,000 and the sum of its Market Risk and Credit Risk requirements; **or**
- Base capital requirement of EUR 125,000 **plus** 0.02% of the amount by which AIP UK's assets under management ("AUM") exceeds EUR 250,000,000, (subject to a maximum of €10,000,000); **or**
- The Fixed Overhead Requirement ("FOR").

Plus to cover professional liability risks, either:

- Additional own funds equal to 0.01% of the value of the AIP UK's AUM; or
- Professional indemnity insurance ("PII") cover meeting certain criteria (and for which the agreed excess is in addition to the own funds requirement).

AIP UK has put in place appropriate professional indemnity insurance cover.

AIP UK's Pillar 1 capital requirement is based on its FOR, the greatest of the possible base levels. FOR is calculated as one quarter of the previous year's audited relevant annual expenditure (25% of the firm's operating expenses less certain variable costs.

	EUR '000
Relevant fixed expenditure	6,624
Fixed Overheads Requirement	1,656
PII excess	100
Capital Resources Requirement	**1,756**

The firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

REMUNERATION DISCLOSURE

As AIP UK is authorised and regulated by the FCA as a CPMI and BIPRU firm, it is subject to FCA Rules on remuneration. These rules are contained in the FCA's Remuneration Code ("RemCode") under SYSC Sourcebook of the FCA's Handbook. The Remuneration Code covers an individual's total remuneration, both fixed and variable.

AIP UK's Remuneration Policy is designed to ensure that the Firm complies with the FCA's RemCode. It ensures compensation arrangements are consistent with and promotes sound and effective risk management, do not encourage excessive risk-taking which is inconsistent with the risk profiles of the AIFs managed, include measures to avoid conflicts of interest and are in line with the Firm's business strategy, objective, values and long-term interests.

The Executive Committee is the governing body which proposes and develops the general principles of the Firm's remuneration policy and is responsible for its implementation. All decisions relating to remuneration are taken on a majority basis and recorded in the minutes. No individual is able to determine their own remuneration.

Remuneration generally comprises fixed pay (i.e. salary and fixed benefits) and employees have the potential to receive a proportion of their salary in the form of a discretionary performance-related bonus. Discretionary performance-related pay is linked to an employee's individual personal performance and the Firm's overall performance.

AIP UK's policy is only to pay discretionary remuneration from realised profits, taking account of any necessary adjustment for future risk and only to the extent that to do so does not impact the Firm's capital base.

AIP UK also provides long term incentives awards which are designed to link reward with the long term success of the firm and recognise the responsibility employees have in making AIP UK successful. Long term incentive awards are discretionary and mainly comprise grants of carried interest in the AIFs managed which are subject to vesting requirements.

As at 31st December 2015 the aggregate proportion of remuneration in respect of services provided by Code Staff to AIP UK was EUR 2,298,417.