Andean Social Infrastructure (No. 1) Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2022

Company Number 12078889

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SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	M S Amin G D Cohen I H Y Wong
REGISTERED OFFICE:	From 5 December 2022 280 Bishopsgate London EC2M 4AG Until 5 December 2022 Bow Bells House 1 Bread Street London United Kingdom EC4M 9HH
ADMINISTRATOR AND SECRETARY:	TMF Group Fund Services (Guernsey) Limited Top Floor Mill Court La Charroterie St Peter Port Guernsey GY1 1EJ
BANKER:	Barclays Bank St Julian's Court St Julian's Avenue St Peter Port Guernsey GY1 1WA
INDEPENDENT AUDITOR:	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
INVESTMENT MANAGER:	abrdn Investments Limited* 10 Queen's Terrace Aberdeen Aberdeenshire AB10 1XL United Kingdom

*On 25 November 2022 Aberdeen Asset Managers Limited changed its name to abrdn Investments Limited.

REPORT OF THE DIRECTORS
For the year ended 31 December 2022

The Directors present their annual report and audited financial statements for Andean Social Infrastructure (No. 1) Limited (the "Company") for the year ended 31 December 2022.

Incorporation
The Company was incorporated on 1 July 2019 as Aberdeen Social Infrastructure (No.1) Limited. The Company's registration number is 12078889.

Registered office
The Company's registered office is at 280 Bishopsgate, London, EC2M 4AG.

Financial risk management
The key risks and uncertainties faced by the Company are managed within the framework established by the Investment Manager of the Fund (Andean Social Infrastructure Fund I LP ("ASIF I LP" or the "Fund"). Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 10 to the financial statements. The Company is funded by ASIF I LP, and as a result liquidity risk is managed by the Company in conjunction with ASIF I LP.

Results and dividends
The Company's total comprehensive income for the year was USD 5,230,779 (2021: USD 12,049,073). Dividend of USD 651,959 (2022: USD nil) was paid during the year. A capital contribution of USD 40,600,000 (2021: USD 52,362,162) was received in the year.

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

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

I H Y Wong is also a director of Andean Social Infrastructure GP Limited, which is the general partner of the Company's immediate parent undertaking, ASIF I LP.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the Audited Financial Statements in accordance with applicable law (i.e. the Companies Act 2006) and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2022

Statement of Directors' responsibilities in respect of the financial statements (continued)
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and enable the Directors to ensure that the financial statements comply with the Companies Act 2006 and UK-adopted international accounting standards. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Subsequent events
The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting date and 25 September 2023, the date the financial statements were available to be issued and have determined that there were no subsequent events to report as at the date of signing this report and the audited financial statements other than those disclosed in Note 16.

Coronavirus
The Directors have considered the impact of coronavirus and where applicable has built this into its fair value modelling which has been reflected in the fair value of the investments in the financial statements.

The private infrastructure market has not been immune. The Company’s portfolio is however made up of infrastructure assets with limited demand risk and strong downside protection, limiting the impact to the investment portfolio to date. The Investment Manager continues to manage the investments to ensure they are well positioned to deal with the ever changing macro situation and believes that Company will continue to create value for the Fund's Limited Partners. Please refer to the Directors assessment of the Company's ability to continue as a going concern highlighted below.

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2022

Geopolitical situation in Ukraine

On 24 February 2022, Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats.

As at the date of approval of the financial statements, the Company did not hold any assets in Ukraine or Russia. The Company's key suppliers do not have operations pertaining to the Company in Ukraine or Russia. The Directors and the Investment Manager continue to monitor the situation carefully and will take whatever steps are necessary in the best interests of the Fund's Investors. This includes but is not limited to ensuring that the requirements of all international sanctions are adhered to, managing the assets of the Company proactively to best mitigate risk and ensuring that the Investment Manager of and other key suppliers continue to operate all protections, protocols and monitoring of heightened cyber threats. At the date of approval of the financial statements, there is not expected to be any significant long term adverse impact from the military operation in Ukraine on the assets, operational activities, processes and procedures of the Company.

Macroeconomic environment

The Directors have considered the continuing inflationary pressures across the Company's geographies and the central bank interest rate rises in response. The rise of government bond rates has led to pressure on infrastructure discount rates. The Company has considered this in the weighted average discount rate of the portfolio and as at 31 December 2022 there are no material impacts on the Company. There is a risk that fair value market discount rates could increase in the future, reducing the valuation, all else being equal.

Going concern

The Company reported comprehesive income of USD 5,230,779 (2021: USD 12,049,073). The Company is in a net asset position of USD 109,723,710 (2021: USD 64,544,890). The Directors have therefore determined that the Company has sufficient resources to continue in operation for the foreseeable future and that the going concern basis is appropriate for preparing the financial statements.

Independent Auditor

PricewaterhouseCoopers CI LLP have indicated their willingness to continue in office.

By order of the Board,

I H Y Wong
Director
28 September 2023

STRATEGIC REPORT
For the year ended 31 December 2022

The Directors present their strategic report on the Company for the year ended 31 December 2022.

Results and review of business
The total comprehensive income for the year is set out in the Statement of Comprehensive Income on page 13. The Directors consider the performance of the Company during the year and its financial position at the end of the year, to be in line with the long term expected performance of the investment, and its prospects for the future to be satisfactory.

Principal activity
The Company operates as an investment holding company for its parent, ASIF I LP, and there has been no change in that activity during the period.

The Company holds a portfolio of economic and social infrastructure assets via its investments in Andean Social Infrastructure No. 1 Spain S.L.U (ASI No. 1 Spain S.L.U) ("ASI No 1 Spain") and GEPIF II Master Refineries Holding B.V. ("Master B.V."). The Directors do not expect any significant changes or developments to occur regarding the Company's business at the time of approval of the financial statements.

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

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

By order of the Board,

I H Y Wong
Director
28 September 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANDEAN SOCIAL INFRASTRUCTURE (NO. 1) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Andean Social Infrastructure (No. 1) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2022; the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

The company operates as an investment holding vehicle for its parent, Andean Social Infrastructure I LP ("ASIF I LP"). The company's subsidiaries are Andean Social Infrastructure No. 1 Spain S.L.U ("ASI No. 1 Spain S.L.U") and GEPIF II Master Refineries Holding B.V. ("Master B.V.") which invest in social infrastructure assets. The company's year end valuations of the subsidiaries and the underlying investments were prepared by abrdn Investments Limited (the "Investment Manager") and approved by the directors of the company. We conducted our audit in Guernsey using information provided by TMF Group Fund Services (Guernsey) Limited (the "Administrator") to whom the directors have delegated the provision of certain functions including the preparation of these financial statements.

Overview

Audit scope

- Our audit was scoped by obtaining an understanding of the company and its environment, including internal controls and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Key audit matters

- Valuation of financial assets at fair value through profit or loss

Materiality

- Overall materiality: USD 1,393,000 (2021: USD 650,300) based on 1% of total assets.
- Performance materiality: USD 1,044,000 (2021: USD 487,700).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditor’s professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of financial assets at fair value through profit or loss	**Valuation methodology**
The company is a wholly owned subsidiary of ASIF I LP, and the company holds ASIF I LP's social infrastructure investment through its subsidiaries ASI No. 1 Spain S.L.U and Master B.V. At the year end, the financial assets at fair value through profit or loss (the "investment in subsidiaries") is valued at USD 139,111,180 (2021: USD 64,585,557).	We assessed the methodology used in determining the value of the subsidiaries and whether it is considered standard industry practice. Furthermore, we assessed the methodology the subsidiaries have used to determine the valuation of its own underlying investments and whether it is also considered standard industry practice.
In determining the fair value of the financial assets at fair value through profit or loss, the company relies on the net asset value (“NAV”) as reported in the latest available financial accounting information of the subsidiaries. As described in note 10 to the financial statements: Critical Accounting Estimates and Judgements, the subsidiaries' accounting records are inclusive of the fair value of the subsidiaries' own underlying investments. The subsidiaries have used the income approach which discounts the expected cash flows attributable to the underlying investment at an appropriate rate to arrive at fair values.	**Controls evaluation** The Investment Manager prepares quarter-end project valuations. We obtained an understanding of the design and implementation of controls in operation over valuation. We specifically tested the operating effectiveness of the periodic review and approval by the Aberdeen Alternatives Pricing Committee (the "Pricing Committee").
In determining the discount rate used in the discounted cash flow model, regard is given to relevant long-term government bond yields, the specific risks of underlying investments and the evidence of recent transactions. The fair value of the subsidiaries has been assessed as a key audit matter due to the significant judgement required and assumptions applied in determining the appropriate values of the underlying investments.	**Net asset value of the subsidiaries** We performed a net asset reconciliation of the investment in subsidiaries by reviewing the subsidiaries’ accounting records at year end against the fair value recognised in the company’s financial records noting the mathematical accuracy and integrity of the accounting information and any adjustments to the NAV made by the Investment Manager.

The key areas of estimation concerning the following factors in the valuation methodology are: ● forecasted future cash flows - adjustments made to underlying investment cash flows to adjust or change the timing of cash flows from the investment; and ● discount rates - the determination of the appropriate discount rate for the underlying investment that is reflective of current market and industry conditions (i.e., macro-economic assumptions such as interest rates, inflation rates, the effects of political developments and trends on these assumptions) and the specific risks as applicable to the underlying investments.	**Valuation of the underlying investments** We tested the cash flow models prepared by the Investment Manager at year end by checking the mathematical integrity of the respective model and recalculating the net present value of the underlying investment by applying the respective discount rates approved by the Pricing Committee and verified by PwC. We inspected the recorded value of the underlying investment in the subsidiary's books and records. **Forecasted cash flow assumptions** We held discussions with the Investment Manager in relation to the underlying investments to understand their performance and completed the following procedures: ● With the assistance of PwC valuation experts and review of their testing performed, we identified the key assumptions used to determine the underlying variable cash flows in the model, including assumptions that require significant judgement or are subject to complex regulatory requirements; ● tested historical accuracy of forecasting by comparing the historical forecast relevant cash flows from the projects to the actual figures; and ● inspected the latest financial statements of the underlying investments for evidence of impairment indicators and inconsistencies with the cash flow model. **Benchmarking discount rates and other valuation assumptions** With the support of our PwC valuation experts, we challenged the discount rates and macroeconomic assumptions applied in the valuation model of the underlying investments by benchmarking these to independent market data, including recent market transactions, and using our valuation expert's experience in valuing similar investments. We further assessed the reasonableness of the Investment Manager's assumptions by comparing these to the assumptions used by peer companies. Based on the procedures detailed above, no misstatements were identified which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we assessed where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the entity's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	USD 1,393,000 (2021: USD 650,300).
How we determined it	1% of total assets
Rationale for benchmark applied	We believe that total assets are the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to USD 1,044,000 (2021: USD 487,700) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above USD 69,400 (2021: USD 32,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- making enquiries of directors about the process followed by management to make the going concern assessment;
- evaluate the assumptions on which the assessment is based and management's plans for future action; and
- examined the cash flow forecast of the relevant financial information used for the assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information 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 financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates in relation to the valuation of the financial assets at fair value through profit or loss. Audit procedures performed by the engagement team included:

- enquiring with the directors, the regulated investment manager and the regulated third-party administrator as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- checking the minutes of meetings of the Board of Directors for additional matters relevant to the audit;
- reviewing the disclosures made in the Strategic Report and Report of the Directors for compliance with the requirements of the Companies Act 2006;
- performing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- identifying and testing journal entries considered to be of higher fraud risk, and the evaluation of the business rationale for any significant or unusual transactions identified as being outside the normal course of business; and
- detailed procedures performed for the management bias in accounting estimates risk in relation to the valuation of the financial assets at fair value through profit or loss are noted under the key audit matters section above.

Auditor's responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

A Peacegood

Adrian Peacegood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey, Channel Islands
28 September 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	2022 USD	2021 USD
Income			
Net change in fair values of financial assets at fair value through profit or loss	5	3,152,948	5,936,998
Dividend income		2,159,985	6,357,058
Loan interest income	4	125,341	-
Foreign exchange unrealised gains		9,622	785
Interest income		172	42,156
Total income		5,448,068	12,336,997
Expenses			
Professional and legal fees		89,744	199,574
Loan interest	8, 13	61,855	43,918
Audit fees	3	29,288	17,661
Administration Fees		15,209	16,966
Other operating expenses		2,351	721
Foreign exchange realised gains / (losses)		-	4,165
Total expenses		198,447	283,005
Profit on ordinary activities before tax		5,249,621	12,053,992
Withholding tax		18,781	-
Tax		61	4,919
Profit on ordinary activities after tax		5,230,779	12,049,073
Total comprehensive income for the year		5,230,779	12,049,073

The notes on pages 17 to 36 form part of these financial statements

STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2022

	Notes	2022 USD	2021 USD
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	**5**	139,111,180	64,585,557
Total non-current assets		139,111,180	64,585,557
Current assets			
Cash and cash equivalents		214,362	444,418
Accounts receivable and prepayments	**6**	1,912	-
Total current assets		216,274	444,418
Total assets		139,327,454	65,029,975
Liabilities			
Non-current liabilities			
Loans and borrowings	**8**	3,792,211	245,308
Total non-current liabilities		3,792,211	245,308
Current liabilities			
Loans and borrowings	**8**	25,708,134	-
Payables and accruals	**7**	103,399	239,777
Total current liabilities		25,811,533	239,777
Total liabilities		29,603,744	485,085
Net assets		109,723,710	64,544,890
Equity			
Share capital	**9**	40,600,001	1
Capital reserve	**9**	52,362,162	52,362,162
Retained earnings		16,761,547	12,182,727
Total equity		109,723,710	64,544,890

The financial statements on pages 13 to 36 of the Company were approved by the Board of Directors of the Company on 27 September 2023 and subsequently signed on its behalf on 28 September 2023 by:

I H Y Wong
Director
28 September 2023

The notes on pages 17 to 36 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Notes	Share capital USD	Capital reserve USD	Retained earnings USD	Total equity USD
Balance at 1 January 2021		1	-	133,654	133,655
Capital contribution	**9**	-	52,362,162	-	52,362,162
Total comprehensive income for the year		-	-	12,049,073	12,049,073
Balance at 31 December 2021		1	52,362,162	12,182,727	64,544,890
Dividends paid		-	-	(651,959)	(651,959)
Capital contribution	**9**	40,600,000	-	-	40,600,000
Total comprehensive income for the year		-	-	5,230,779	5,230,779
Balance at 31 December 2022		40,600,001	52,362,162	16,761,547	109,723,710

The notes on pages 17 to 36 form part of these financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	2022 USD	2021 USD
Cash flows from operating activities			
Profit on ordinary activities before tax		5,249,621	12,053,992
Net change in fair values of financial assets at fair value through profit or loss	**5**	(3,152,948)	(5,936,998)
Return of capital		-	-
Acquisition of investment in subsidiaries	**5**	(71,441,928)	(41,887,984)
Proceeds from investment in subsidiaries - debt securities	**5**	69,253	620,635
Movement in payables and accruals	**7**	(136,378)	175,765
Movement in accounts receivable and prepayments	**6**	(1,912)	1
Movement in taxes paid		(18,842)	(4,919)
Net cash flow used in operating activities		(69,433,134)	(34,979,508)
Cash flows from financing activities			
Loans and borrowings issued / (repaid)	**8**	29,255,037	(16,938,236)
Capital contribution	**9**	40,600,000	52,362,162
Dividends paid		(651,959)	-
Net cash flow generated from financing activities		69,203,078	35,423,926
Net movement in cash and cash equivalents		(230,056)	444,418
Cash and cash equivalents at 1 January		444,418	-
Cash and cash equivalents at 31 December		214,362	444,418

The notes on pages 17 to 36 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

1. GENERAL INFORMATION

Andean Social Infrastructure (No. 1) Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 280 Bishopsgate, London, EC2M 4AG.

The Company operates as an investment holding company.

These financial statements were authorised for issue by the Board of Directors of the Company on 25 September 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with applicable law (i.e. the Companies Act 2006) and UK-adopted International Accounting Standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in accordance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 11.

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investment in subsidiaries at fair value through profit and loss.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

(a) Standards and amendments to existing standards effective 1 January 2022

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2022 that would be expected to have a material impact on the Company.

(b) New standards, amendments and interpretations effective after 1 January 2022 and not early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

2.2 Investment Entity

The Company has determined that it meets the definition of an Investment Entity per IFRS 10 as the following conditions exist:

a) The Company has obtained funds for the purpose of providing investors with professional investment management services;
b) The Company's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income; and
c) The investment is measured and evaluated on a fair value basis.

2.3 Subsidiaries

Where the Company is deemed to control an underlying portfolio company either directly or indirectly through a holding company subsidiary and whether the control be via voting rights or through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the underlying portfolio company and its results are not consolidated and are instead reflected at fair value through the profit or loss.

The Company does not have any other direct subsidiaries other than the two determined to be Investment Entities. The Investment Entity subsidiaries' investments are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10.

The Company operates as an investment structure whereby the Company (via its subsidiaries) invests and commits to invest into its investment subsidiaries. As at 31 December 2022, USD nil (2021: USD nil) remained outstanding with respect to the capital commitment obligations due to the investment subsidiaries.

Movements in the fair value of the Company's underlying project companies directly and indirectly held via the Investment Entity subsidiaries may expose the Company to potential gains or losses.

2.4 Foreign currency translation

(a) Functional and presentation currency

The operating and investing activities of the Company are denominated in United States Dollars ("USD"). As such the performance of the Company is measured and reported in USD. The Directors consider USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company. The financial statements are presented in USD, the Company's functional and presentation currency.

(b) Translations and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency assets and liabilities, other than financial assets and liabilities at fair value through profit or loss are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss".

2.5 Financial assets at fair value through profit or loss

(a) Classification

Financial assets are classified as held for trading or designated as at fair value through profit or loss by the Directors at inception:

(i) Financial assets

The Directors classify classify its investments based on both the Fund's business model for managing those investments and their contractual cash flow characteristics. The portfolio of investments is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information, and it uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets at fair value through profit or loss (continued)

(a) Classification (continued)

(ii) Financial liabilities

The Company's policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis (Note 10), together with other related financial information. Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realised within 12 months of the balance sheet date. Those not expected to be realised within 12 months of the balance sheet date will be classified as non-current.

(b) Recognition, derecognition and measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets at fair value through profit or loss" in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within "Dividend income" when the Company's right to receive payments is established.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's valuation technique for determining the fair value of its investment in subsidiaries is the net present value of the estimated future cash flows based on a discounted cash flow model.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair values of equity securities and holding company investments are calculated using discounted cash flow models based on future profitability forecasts. In summary, the valuation model will include the review of operational performance against plan and other general operational risk indicators. The Company's policy is to fair value both the equity and shareholder debt investments in infrastructure assets together where they will be managed and valued as a single investment, as they were invested in at the same time and cannot be realised separately. The Investment Manager considers that equity and debt share the same characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets and financial liabilities at fair value through profit or loss (continued)

(c) Fair value estimation (continued)

The valuation methodology employed is based on a discounted cash flow analysis of the future expected equity and shareholder debt cash flows (including all fee income). The fair value for each investment is derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts and an appropriate discount rate. The Investment Manager exercises its judgment in assessing the expected future cash flows from each investment. Each investee company produces a detailed concession life financial model. The Company's share of those cash flows are then extracted and a discount rate applied. The discount rate applied is subject to the appropriate risk free rate e.g. indexed linked gilts and the projects' performance and risks (e.g. liquidity, currency risks, market appetite) including any risks to project earnings (e.g. predictability and covenant of the concession income), all of which may be differentiated by project phase.

2.6 Accounts receivable and prepayments

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Prepayments are assets paid in advance and amortised over the relevant period.

Such assets are short term in nature and the carrying value of these assets is considered to be approximate to their fair value. At each reporting date, the Company should measure the loss allowance on the receivable amounts at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company should measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance might be required. If the credit risk increases to the point that it is considered to be credit-impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit-impaired.

2.7 Payables and accruals

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

2.8 Loan notes

Loan notes are accounted as financial liabilities at amortised cost (loans and borrowings). After initial recognition, such interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method ('EIR'). Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as loan interest in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Interest income

Interest income from debt securities that are measured at fair value through profit or loss is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's carrying value or principal amount. The remaining changes in the fair value movement of the loans are recognised separately within 'Net changes in fair value of financial assets and liabilities at fair value through profit or loss' in the Statement of Comprehensive Income.

2.10 Expenses

Expenses are accounted on an accruals basis.

2.11 Taxation

The Company is exempt from income tax on its UK dividend income. Income from any other sources is taxable at 19%. Current tax, including UK corporation tax, is reflected at amounts to be recovered or paid using the tax rate and laws that have been enacted or substantively enacted at the reporting date.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Directors have determined there were no deferred tax assets or liabilities at 31 December 2022.

The Company currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value available and other cash balances with an original maturity of three months or less.

3. AUDITOR'S REMUNERATION

Fees charged by the Company's Independent Auditor for the audit of the Company's financial statements for the year was USD 29,288 (2021: USD 17,661).

4. INTEREST INCOME

	2022 USD	2021 USD
From financial assets at fair value through profit or loss	125,341	-
	125,341	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 USD	2021 USD
Investments in subsidiaries	139,111,180	64,585,557
	139,111,180	64,585,557

Net change in fair values of financial assets at fair value through profit or loss

	2022 USD	2021 USD
As at 1 January	64,585,557	17,381,210
Additions	71,441,928	41,887,984
Repayment of debt	(69,253)	(620,635)
Net change in fair values of financial assets at fair value through profit or loss	3,152,948	5,936,998
As at 31 December	139,111,180	64,585,557
Change in unrealised gain for Level 3 assets held as at year end and included in net change in fair value of financial assets at fair value through profit or loss	3,152,948	5,936,998

The net unrealised gain of USD 3,152,948 (2021: USD 5,936,998) is made up of fair value gains of USD 158,977 (2021: USD 5,936,998) and foreign exchange gain of USD 2,993,971 (2021: USD Nil).

As at 31 December 2022, investment additions totalled USD 71,441,928. This was made up of an equity acquisitions of MXN 221,821,314 (USD 11,058,444) of Infraestructura Hospitalaria del Noreste, S.A. de C.V., MXN 293,858,154 (USD 14,649,691) of Infraestructura Hospitalaria del Estado de Mexico, S.A. de C.V., USD 42,000,000 of Puerto Antioquia and a debt security acqusition of MXN 74,896,162 (USD 3,787,324) issued to Infraestructura Hospitalaria del Noreste, S.A. de C.V..

	2022		2021	
Financial assets at fair value through profit or loss	**Fair value GBP**	**% of total assets**	**Fair value GBP**	**% of total assets**
Investments in subsidiaries				
Equity securities	135,323,856	97.13	64,585,557	99.32
Debt securities	3,787,324	5.82	-	0.00
Total	139,111,180	102.95	64,585,557	99.32

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The Company operates as an integrated structure whereby the Company invests into the subsidiaries. Total investments made by the Company into the subsidiaries during the year ended 31 December 2022 were USD 71,441,928 (2021: USD 41,845,829). As at 31 December 2022 there were no capital commitment obligations and no amounts due to the subsidiaries for unsettled purchases.

On 8 April 2021, ASIF I LP transferred 28,400,000 shares (100% of issued shares) in GEPIF II Master B.V. ("Master B.V.") to the Company for total consideration of USD 41,845,829, by way of issuing an inter company short term loan of USD 41,845,829 from ASIF I LP. On 3 December 2021 the Company repaid the short term loan by converting the short term loan to equity by way of a capital contribution USD 41,845,829. GEPIF II Madero II B.V. ("Madero B.V.") and GEPIF II Cadereyta II B.V. ("Cadereyta B.V.") are subsidiaries held by Master B.V.

The subsidiaries of the Company are as follows:

Subsidiaries	Registered office address	Principal activity	Date of incorporation	Country of incorporation	Holding %
Andean Social Infrastructure No. 1 Spain, S.L.U	Calle Bárbara de Braganza 2, 2º C (28004 de Madrid), Spain	Investment holding	1 July 2019	Spain	100%
Master B.V.	Zuidplein 166, WTC H-Toren, 1077 XV Amsterdam	Investment holding	21 July 2020	Netherlands	100%
Subsidiaries held through Master B.V.					
Madero B.V.	Zuidplein 166, WTC H-Toren, 1077 XV Amsterdam	Oil and gas refinery	21 July 2020	Netherlands	100%
Cadereyta B.V.	Zuidplein 166, WTC H-Toren, 1077 XV Amsterdam	Oil and gas refinery	21 July 2020	Netherlands	100%

The Company operates as an investment holding company (oil and gas refinery, via its subsidiaries) for its parent, ASIF I LP.

The Company's investment into ASI No 1 Spain and Master B.V. forms part of its investments into the infrastructure projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

6. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	2022 USD	2021 USD
Prepayments	1,912	-

As at 31 December 2022 and 2021, the carrying amounts of receivables and prepayments approximate their fair value.

7. PAYABLES AND ACCRUALS

	2022 USD	2021 USD
Accrued interest (note 8)	61,855	16,786
Audit fees	18,727	30,800
Professional fees	10,888	8,115
Service charges recharged	8,139	180,019
Administration fees	3,790	4,057
	103,399	239,777

As at 31 December 2022 and 2021, the carrying amounts of the payables and accruals approximate their fair value.

8. LOANS AND BORROWINGS

	2022 USD	2021 USD
Non-current liabilities loan notes		
As at 1 January	245,308	497,308
Additional drawdown	3,792,211	-
Loan repayment	(245,308)	(252,000)
As at 31 December	3,792,211	245,308
Current liabilities		
As at 1 January	-	16,686,236
Additional drawdown	26,118,316	41,845,829
Loan repayment	(410,182)	(6,169,902)
Reallocation of loan to equity	-	(52,362,163)
As at 31 December	25,708,134	-

Non-current liabilities loan notes

The Company issued a loan note instrument (the "notes") of up to USD 250,000,000 unsecured unsubordinated fixed rate variable funding loan notes due 2043. The notes are listed on The International Stock Exchange in the Channel Islands. The notes shall be subscribed for by and issued to the noteholder in series and in such subscribed amounts as may be agreed between the issuer and the noteholder. Each series of notes issued under this instrument has a maximum nominal amount fixed at date of issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

8. LOANS AND BORROWINGS (CONTINUED)

Non-current liabilities loan notes (continued)

The series 1 notes with a maximum nominal amount of USD 10,000,000 were issued on 5 October 2020 for an initial subscription amount of USD 497,308. The notes were issued to ASIF I LP. The proceeds from the issue were not received directly by the Company but utilised to finance the subsidiary acquisition in ASI No 1 Spain (note 13). Interest accrues at 11% per annum and the notes are due on 30 June 2029.

Following the repayment of the remaining loan notes, USD 245,803, the series 1 notes have been cancelled from the Official List of The International Stock Exchange with effect from 12 October 2022 at the request of the Issuer.

The series 2 notes with a maximum nominal amount of USD 10,000,000 were issued on 12 October 2022 for an initial subscription amount of USD 3,792,211. The notes were issued to ASIF I LP. The proceeds from the issue were utilised to finance the subsidiary acquisition in ASI No 1 Spain (note 13). Interest accrues at 7.35% per annum and the notes are due 31 March 2032.

As at 31 December 2022, the amount of the notes was USD3,792,211 (2021: USD 245,308) and incurred interest of USD 61,855 (2021: USD 43,918) of which USD 61,855 (2021: USD 16,786) was outstanding at year end. See note 16 for additional information.

Non-current liabilities loan due to ASIF I LP

During the year ended 31 December 2020 a short-term loan of USD 16,686,236, was a non-cash transaction and represents the payment for the subsidiaries acquisition in ASI No. 1 Spain by ASIF I LP. The total acquisition value of USD 17,271,492 for the subsidiaries was financed through the short-term loan and loan notes above. Of the purchase value, USD 16,868,176 (96.6%) represents equity and USD 585,315 (3.4%) was purchase of debt.

On 8th April 2021 a further short term loan of USD 41,845,829 was issued to the Company from ASIF I LP, increasing the short term loan balance to USD 58,532,064. On 11 August 2021 the Company made a partial repayment of the short term loan of USD 6,169,902. On 3 December 2021 the Company repaid the remaining short term loan balance by converting the short term loan to equity by way of a capital contribution USD 52,362,162.

Current liabilities loan due to ASIF I LP

On 11 October 2022 the Company received a short-term loan of USD 25,708,134 from ASIF I LP to fund the purchase of Infraestructura Hospitalaria del Estado de México, S.A. de C.V. ("IHEM") and Infraestructura Hospitalaria del Noreste, S.A. de C.V: ("IHN"). The short-term loan is interest free and repayable on demand.

9. SHARE CAPITAL AND RESERVES

	2022 USD	2021 USD
Shares issued	40,600,001	1

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

On 21 April 2022, the Company issued 40,600,000 ordinary shares of USD 1 each nominal value in the capital of the Company.

Capital reserve	2022 USD	2021 USD
Capital contribution	52,362,162	52,362,162

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

9. SHARE CAPITAL AND RESERVES (CONTINUED)

On 3 December 2021 the Company repaid the remaining short term loan balance by converting the short term loan to equity by way of a capital contribution USD 52,362,162, refer to notes 5 and 8 for further details.

10. FINANCIAL RISK MANAGEMENT

10.1 Financial risk factors

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

The Company, owns two investments through debt and ordinary equity of the subsidiaries. The Company has been structured at the outset to minimise financial risks of acquiring and holding the investments. The Company primarily focuses its risk management on the direct financial risks of acquiring and holding the investments, but continues to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Board of the project companies (held by the subsidiaries) and the receipt of regular financial and operational performance reports.

10.1 Financial risk factors (continued)

10.1.1 Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors such as:

- interest rates (interest rate risk);
- foreign exchange rates (currency risk);
- equity markets (other price risk); and
- inflation rates (indexation risk).

The investments are susceptible to market price risk arising from uncertainties about the future value of the instruments. The Investment Manager of ASIF I LP provides the Board of Directors with investment recommendations. The Investment Manager of ASIF I LP's recommendations are reviewed by the Board of Directors before the investment decisions are implemented.

The performance of the investments held by the Company is monitored by the Investment Manager of ASIF I LP on a monthly basis and reviewed by the Board of Directors on a quarterly basis.

(a) Price risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1 Financial risk factors (continued)

10.1.1 Market risk (continued)

(b) Currency

The Company operates internationally and can be exposed to both monetary and non-monetary assets and liabilities denominated in currencies other than the USD, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

	2022 MXN	2022 GBP	2022 UYU	2022 USD	2022 Total
Financial assets at fair value through profit or loss	30,410,692	-	20,837,140	87,863,348	139,111,180
Cash and cash equivalents	-	-	-	214,362	214,362
Payables and accruals	-	(41,544)	-	(29,562,200)	(29,603,744)
	30,410,692	(41,544)	20,837,140	58,517,422	109,723,710
Sensitivity based on 5%	1,520,535	(2,077)	-		
Sensitivity based on 8%	-	-	1,666,971		

	2021 EUR	2021 GBP	2021 UYU	2021 USD	2021 Total
Financial assets at fair value through profit or loss	-	-	19,102,211	45,483,346	64,585,557
Cash and cash equivalents	-	-	-	444,418	444,418
Payables and accruals	(180,019)	(42,972)	-	(16,786)	(239,777)
	(180,019)	(42,972)	19,102,211	45,910,978	64,790,198
Sensitivity based on 5%	(9,001)	(2,149)	955,111		

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1 Financial risk factors (continued)

(c) Interest rate risk

The Company, through its subsidiaries invests in subordinated loan notes (subordinate to senior debt) of the project company, usually with fixed interest rate coupons. The project company's cash flows are continually monitored and re-forecast both over the near future and the long-term (over the whole period of projects' concessions) to analyse the cash flow returns from the investment.

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

(d) Inflation risk

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

10.1.2 Credit risk

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's near term cash flow forecasts are used to monitor the timing of cash receipts from the project counterparties. Underlying the cash flow forecasts is the project companies' cash flow model, which is regularly updated by the project companies for the purposes of demonstrating the project's ability to pay interest and dividends based on a set of detailed assumptions.

No classes within receivables and prepayments contain impaired assets. The maximum exposure to credit risk over financial assets is the carrying value of those assets in the Statement of Financial Position and is set below:

	2022 USD	2021 USD
Investment in subsidiaries - debt securities	3,787,324	-
Cash and cash equivalents	214,362	444,418
	4,001,686	444,418

Cash transactions are limited to Barclays Bank which is a financial institution with a long term debt credit rating of A (2021: A), as rated by the rating agency, Standard & Poor's. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

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

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due.

The Company's investments are in private companies for which there is no active market and, therefore, such investments would take time to realise and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Company operates as an investment structure whereby the Company invests and commits to invest into its investment subsidiaries. As at 31 December 2022, USD nil (31 December 2021: USD nil) remained outstanding with respect to the capital commitment obligations due to the investment subsidiaries.

The following table illustrates the expected liquidity of assets held:

As at 31 December 2022	Less than 1 month USD	1-12 months USD	More than 12 months USD
Total assets	214,362	-	139,111,180
As at 31 December 2021			
Total assets	444,418	-	64,585,557

The amounts in the table are the contractual undiscounted cash flows.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. At present the Company has no immediate plans to exit the position in the investments. When the Board of the Directors are of the view that the disposal of the investment is relatively certain; the total equity, in so far as it may be distributed, will be disclosed in the appropriate liquidity category as noted on the next page.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1.3 Liquidity risk (continued)

As at 31 December 2022

	On demand USD	Less than 1 year USD	Between 1 and 3 years USD	More than 3 years USD	Total USD
Liabilities					
Payables and accruals	-	103,399	-	-	103,399
Loans and borrowings	25,708,134	-	-	3,792,211	29,500,345
Total financial liabilities	25,708,134	103,399	-	3,792,211	29,603,744

As at 31 December 2021

	On demand USD	Less than 1 year USD	Between 1 and 3 years USD	More than 3 years USD	Total USD
Liabilities					
Payables and accruals	-	239,777	-	-	239,777
Loans and borrowings	-	-	-	245,308	245,308
Total financial liabilities	-	239,777	-	245,308	485,085

10.2 Capital risk management

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

The Board of Directors and Investment Manager of ASIF I LP monitor capital on the basis of the value of shareholder's equity.

There were no changes in the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.3 Fair value estimation

As the subsidiaries are not traded on an active market, and its fair value is determined using valuation techniques, the value is primarily based on the latest available financial statements of the subsidiaries as reported by the administrator of the subsidiaries. The subsidiaries financial statements have been prepared based on the valuation of the subsidiary's own underlying investment. The Company and its subsidiaries have effectively used the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is given to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

The fair value hierarchy consists of the following three levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Fair value hierarchy

The determination of what constitutes 'observable' input requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Company's investments measured at fair value:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31 December 2022				
Investments in subsidiaries	-	-	139,111,180	139,111,180
As at 31 December 2021				
Investment in subsidiaries	-	-	64,585,557	64,585,557

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.3 Fair value estimation (continued)

Fair value hierarchy (continued)

There were no transfers between Level 1 and Level 2 during the year. Reconciliations of Level 3 balances are disclosed in the relevant Notes as indicated below. The effect of different economic assumptions on the fair value of the Level 3 assets is disclosed in this Note.

In determining the fair value of the subsidiaries, the Company relies on the valuation as reported in the latest available financial accounting information and the underlying valuation of the investments.

The Investment Manager of ASIF I LP is responsible for monitoring the performance of the subsidiaries and reporting such performance to the Directors. Where the information provided by the subsidiary's Administrator is not considered appropriate by the Investment Manager of ASIF I LP and Directors, the Investment Manager of ASIF I LP will make amendments to the net asset value ("NAV") obtained as noted above in order to recommend a carrying value that more appropriately reflects the fair value at the Company's reporting date.

The following summarises the valuation technique and input used for investments in the underlying project companies categorised in Level 3 as at 31 December 2022 and 31 December 2021.

As at 31 December 2022	Fair value USD	Valuation technique	Significant unobservable inputs	Range of discount rate applied
Financial assets at fair value through profit or loss	139,111,180	Discounted cash flow	Discount rate and expected cash flows	13.36% - 14.95%

Reasonable possible shift (absolute value)	Change in valuation USD
5% movement in discount rate	3,303,408

As at 31 December 2021	Fair value USD	Valuation technique	Significant unobservable inputs	Range of discount rate applied
Financial assets at fair value through profit or loss	64,585,557	Discounted cash flow	Discount rate and expected cash flows	11.43% - 13.73%

Reasonable possible shift (absolute value)	Change in valuation USD
5% movement in discount rate	3,983,702

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

10.3 Fair value estimation (continued)

Fair value hierarchy (continued)

The change in valuation disclosed in the above table shows the direction a change in the respective input variables would have on the valuation result. Decreases in discount rate would lead to an increase in estimated value.

No interrelationships between unobservable inputs used in the Company's valuation of its Level 3 financial assets at fair value through profit or loss have been identified.

10.4 Transfers between levels of the fair hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period. There were no such transfers during the current reporting period.

11. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Board of Directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Judgements
By virtue of the Company's status as an Investment Entity and the exemption provided by IAS 28 and IFRS 11 as well as the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

Investment Entity status
In determining the Company's status as an Investment Entity in accordance with IFRS 10, the Company considered the following:

The Directors have determined that the Company meets the definition of an Investment Entity. An Investment Entity is defined as an entity that:

a) The Company has raised capital to invest in the infrastructure investment and to provide the shareholder with investment management services with respect to this infrastructure investment;
b) The Company intends to generate capital and income returns from its infrastructure investment which will, in turn, be distributed in accordance with the authorisation; and
c) The Company evaluates its infrastructure investment's performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Company met all three defining criteria, the Directors have also assessed the business purpose of the Company, the investment strategies for the infrastructure investment, the nature of any earnings from the infrastructure investment and the fair value model. The Directors made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an Investment Entity versus those of the Company. The Directors determined that the Company meets the definition of an Investment Entity.

11. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Functional currency

The Directors consider the USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The following factors were taken into consideration:

a) The USD is the currency in which the Company issues its capital to shareholders;
b) The Company's loan notes are issued in USD;
c) The currency in which receipts from operating activities are usually retained is USD.

Estimates

The Company recognises its investments at fair value which includes the fair value the individual project company. Fair values for the investments for which a market quote is not available is determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks and the evidence of recent transactions. The Directors have satisfied themselves that PFI/PPP or similar investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes. As of 31 December 2022 and 2021, the fair value of the underlying project investments held by the subsidiaries, approximates the cost of the investment.

The debt security and equity instruments of each investment is managed collectively as a single asset, as the debt and equity portion of any one single investment cannot be realised separately. These are collectively measured at fair value with consideration for the net present value of the estimated future debt and equity cash flows based on a discounted cash flow model (the "income approach"). The carrying value apportioned to the debt security element of the investment is represented by its principal cost, which is considered to be a reasonable proxy of the fair value with any residual fair value attributed to the equity instrument.

The range of discount rates applied in the December 2022 valuation was 13.36% - 14.95% (2021: 11.43% - 13.73%. The discount rate is considered one of the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the financial assets at fair value through profit or loss.

12. FINANCIAL INSTRUMENTS BY CATEGORY

At 31 December 2022 and 2021, the Company held the following classes of financial instruments that are measured at fair value. For all other assets and liabilities, their carrying value approximates to fair value.

As at 31 December 2022	Financial assets at amortised cost	Designated fair value through profit or loss	Total
Assets	**USD**	**USD**	**USD**
Investments in subsidiaries	-	139,111,180	139,111,180
Cash and cash equivalents	214,362	-	214,362
	214,362	139,111,180	139,325,542

12. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2021	Financial assets at amortised cost	Designated fair value through profit or loss	Total
Assets	**USD**	**USD**	**USD**
Investment in subsidiaries	-	64,585,557	64,585,557
Cash and cash equivalents	444,418	-	444,418
	444,418	64,585,557	65,029,975

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	USD	**USD**	**USD**
As at 31 December 2022			
Liabilities			
Payables and accruals	103,399	-	103,399
Loans and borrowings	29,500,345	-	29,500,345
	29,603,744	-	29,603,744
As at 31 December 2021			
Liabilities			
Payables and accruals	239,777	-	239,777
Loans and borrowings	245,308	-	245,308
	485,085	-	485,085

13. RELATED PARTY TRANSACTIONS

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

The Company's immediate parent is ASIF I LP. Dividends of USD 651,959 (2022: USD nil) were paid during the year.

On 11 October 2022 the Company issued series 2 loan note of USD 3,792,211 to ASIF I LP. The loan was issued to fund the purchase of Infraestructura Hospitalaria del Estado de México, S.A. de C.V. investment. The loan note accrues interest at 7.35% per annum. As at 31 December 2022, the loan note interest totalled USD 61,855, the amount of USD 61,855 was payable at the end of the year.

On 11 October 2022 ASIF I LP provided a short-term loan of USD 25,708,134 to the Company to fund the purchase of Infraestructura Hospitalaria del Noreste, S.A. de C.V: ("IHN"). The short-term loan is interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

14. STAFF COSTS

The Company has no employees. The Directors of the Company waived their right to receive Directors' remuneration.

15. ULTIMATE CONTROLLING PARTY

As at 31 December 2022, the Company's immediate parent undertaking is ASIF I LP. The Directors of the Company consider there to be no ultimate controlling party.

16. SUBSEQUENT EVENTS

Following subsequent events was identified:

On 5 January 2023 the Company received funds of USD 2,500,000 from ASI No 1 Spain, being USD 802,515 return of capital, USD 1,616,919 dividend and USD 100,000 surplus funds.

On 11 January 2023 the Company paid USD 2,616,000 to ASIF I LP, being a dividend distribution of USD 2,439,314 and partial repayment of loan note series 2 of USD 175,686 of which USD 105,424 was principal and USD 70,262 was interest.

On 30 March 2023, the Company issued 25,708,134 ordinary shares at a subscription price of USD 1 per share, to the capital of the company, to the Company's sole shareholder ASIF I LP. The shares were issued in the exchange for the short-term loan repayment, granted on 11 October 2022 by the shareholder.

On 4 April 2023 the Company received funds of USD 253,107 from ASI No 1 Spain, being USD 74,605 return of capital and USD 198,735 interest repayment.

The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 25 September 2023, the date the financial statements were available to be issued and have determined that there were no other significant subsequent events requiring adjustment or additional disclosure at the date of signing the audited financial statements.