INTERNATIONAL PUBLIC PARTNERSHIPS

Annual Report and Financial Statements
for the year ended 31 December 2014

Contents

www.internationalpublicpartnerships.com

International Public Partnerships Limited
Registered number: 45241

Cover image: Federal Ministry of Education and Research, Berlin, Germany.
For more details refer to page 30.

Key Points

6.30pps
2014 Full Year Distribution

6.45pps
2015 Full Year Distribution Target

6.65pps
2016 Full Year Distribution Target

127.0pps
NAV Per Share

£71.2m
Profit Before Tax

Net Asset Value

> Net Asset Value ('NAV')[1] per share of 127.0 pence as at 31 December 2014 (123.0 pence – 31 December 2013)

> NAV of £1,062.1 million as at 31 December 2014, up £126.7 million (£935.4 million – 31 December 2013)

Shareholder Returns

> 2014 fully covered cash dividend[2] of 6.30 pence per share[3] (6.15 pence per share – 31 December 2013)

> Two year forward looking fully covered minimum cash dividend target for the years ended 31 December 2015 and 2016 of 6.45 and 6.65 pence per share respectively – maintaining a long-term average increase of c.2.5% per annum

> Significant degree of inflation linkage within the portfolio – 0.85% per annum projected increase in return for a 1% increase over anticipated average portfolio inflation[4]

> Total Shareholder Return since listing in 2006 to 31 December 2014 of 98.5%[5] compared to 47.7% on the FTSE All Share over that same period or 8.8% and 4.9% (respectively) on an annualised basis

Earnings

> Profit before tax of £71.2 million for the year ended 31 December 2014 (£56.1 million – 31 December 2013)

Highlights

> Increase in fully or majority owned investments from 79.4% to 84.8% of portfolio

> Underlying investments with external debt[6] represent 81.9% of the investment portfolio

> Underlying investments with no external debt[7] represent 18.1% of the investment portfolio

> £188.2 million of additional investments made during the year and a further £18.2 million since 31 December 2014

> Divested £22.3 million of stakes in non-strategic, minority projects substantially in excess of the carrying value for these stakes at the time of their disposal

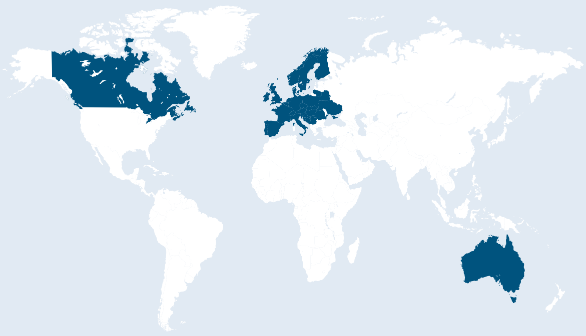
> £95.0 million (before issue costs) of new equity capital raised from shareholders

> Strong set of international and UK investment opportunities

1 The methodology used to determine investment fair value is incorporated within the Net Asset Value ('NAV') as described in detail on pages 20–24.
2 Cash dividend payments to investors are paid from net operating cash flow (after taking into account financing costs).
3 The forecast date for payment of the full year dividend is June 2015.
4 See pages 24 and 25 for information relating to the Company's use of sensitivity analysis.
5 Source: Bloomberg. Share price plus dividends assumed to be reinvested.
6 Represent investments in equity and/or subordinated debt in underlying projects ('Risk Capital').
7 Represent investments in Risk Capital and senior debt in underlying projects.

Company Overview
About the Company

International Public Partnerships Limited (the 'Company'), in accordance with its Investment Policy, invests in equity, subordinated/mezzanine debt and senior loans made to entities owning or operating infrastructure concessions, assets or related businesses.



Investments have included schools, courthouses, health facilities, police stations, and other public sector buildings, rail operations, rolling stock leasing entities and offshore electricity transmission asset owning entities. The Company's investments are located in the UK, Europe, Australia and Canada.

Whilst the Company is able to invest in regulated infrastructure and other forms of economic infrastructure projects, to date it has primarily invested in entities holding physical infrastructure and associated services procured under Public Private Partnerships ('PPP')/Private Finance Initiative ('PFI') and similar processes. The Case Study on page 16 provides more detail on these structures.

Features of International Public Partnerships Limited and its investment portfolio are:

Portfolio

> Geographically diversified with a portfolio across seven countries in a variety of sectors
> A focus on yielding operational investments but with some 'in construction' with prospects for future capital appreciation
> A significant degree of inflation linkage to investment returns – a 1% per annum increase in the anticipated rate of inflation across the portfolio would imply a 0.85% per annum increase in return across the portfolio
> The Investment Adviser has historical success in originating and developing investment opportunities in new sectors with low risks relative to returns
> A high degree of management and control of underlying investments to support sustained performance
> Access to a pool of pre-emptive and other preferred rights to increase investment in assets that have proven performance within the existing portfolio
> Operational performance and income from underlying investments is predominantly founded on asset availability, not demand, usage or other non-controllable variables
> A significant portion (14.3%) of the portfolio is investment in secured senior debt (where no other debt ranks in preference to the Company's investment in the asset)

Shareholder Returns

> Strong track record of delivering consistent dividend growth and capital appreciation
> Share liquidity through listing and trading on the London Stock Exchange
> Target internal rate of return equal to or greater than 8% per annum, set at the time of initial public offering in 2006

Governance

> Experienced independent leadership and strong corporate governance
> Long-term alignment of interest with the Investment Adviser and asset manager

Market Information

> FTSE listed since November 2006 with an initial market capitalisation of £300 million
> Member of the FTSE 250 and FTSE All Share indices
> £1,132 million market capitalisation as at 31 December 2014 (2013: £972.9 million)
> 836.2 million shares in issue as at 31 December 2014 (2013: 760.6 million)
> The Company's shares are eligible for ISA/PEPs and SIPPs transfers
> The Company's shares are excluded from the Financial Conduct Authority restrictions which apply to non-mainstream investment products and can therefore be recommended by independent financial advisers to their clients (see page 48 for details)

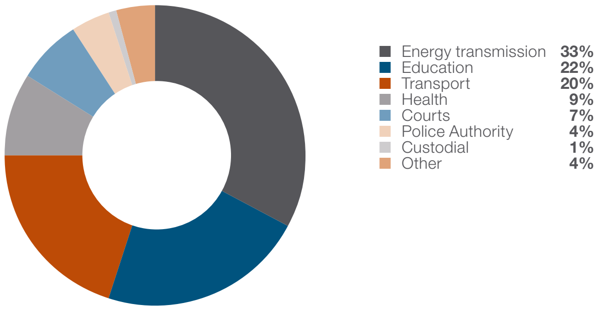
Investment Adviser Fees

> Competitive fee structure
> 1.2% per annum of gross asset value ('GAV') of investments bearing construction risk
> For fully operational assets:
- 1.2% per annum of the GAV (excluding uncommitted cash from capital raisings) up to £750 million
- 1.0% per annum where GAV (excluding uncommitted cash from capital raisings) is between £750 million and £1.5 billion
- 0.9% per annum where GAV (excluding uncommitted cash from capital raisings) value exceeds £1.5 billion

> 1.5% asset origination fee of the value of new investments to cover acquisition due diligence
> Investment Adviser bears the risk of abortive transaction origination cost
> No incentive or performance fees
> Further details can be found in the Strategic Report on pages 13 and 15

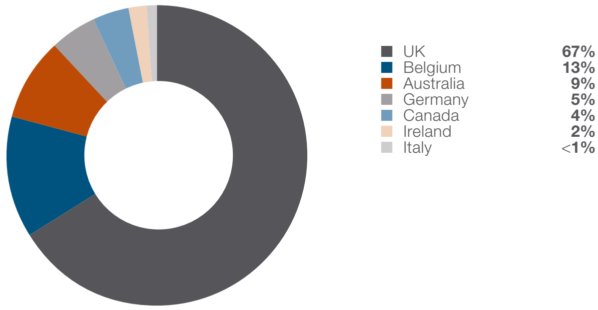
Key Portfolio Facts as at 31 December 2014

Sector Breakdown



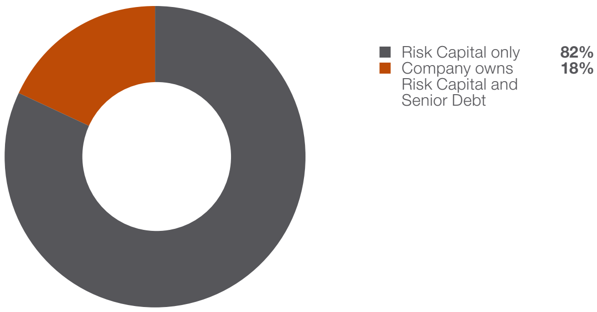
112 investments in infrastructure projects[1] across a variety of sectors

Geographical Split



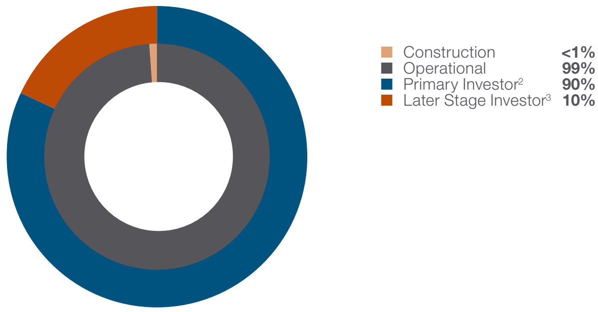
Invested in selected jurisdictions which meet the Company's risk and return requirements

Investment Type



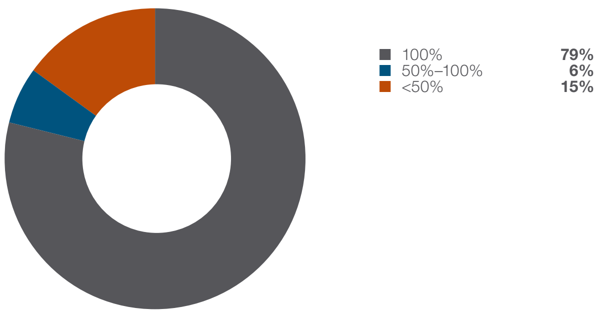
Invested across the capital structure taking into account appropriate risks to returns

Mode of Acquisition/Asset Status



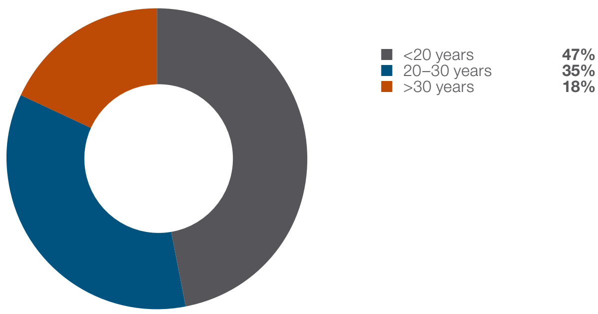
Early stage investor to maximise capital growth opportunities

Project Ownership



Preference to hold majority stakes

Concession Length



Weighted average portfolio life of 22 years

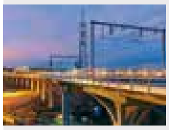
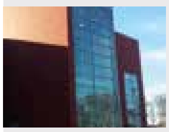
1 Information provided in charts above is based on 31 December 2014 portfolio investment fair value. Unless otherwise stated the Company and its subsidiaries hold investments in equity, subordinated debt and senior loans made to entities owning or operating infrastructure concessions, assets or related businesses most of which are investment subsidiaries.
2 Primary stage investor – asset developed or originated by the Investment Adviser or predecessor team.
3 Later stage investor – asset acquired from another investor in the secondary market.

Top 10 Investments

For more information go to:
www.internationalpublicpartnerships.com

A complete listing of the Group's investments can be found in note 23 of the financial statements and further information about each of these investments is available on the Company's website.

Significant movements in the Group's portfolio for the year ended 31 December 2014 can be found on page 28 of the Strategic Report.

	Name of Project	Location	Sector	Status at 31 December 2014	% Holding at 31 December 2014	% Investment Fair Value 31 December 2014	% Investment Fair Value 31 December 2014
	**Lincs Offshore Transmission[1]**	Lincolnshire, England	Energy Transmission	Operational	100% Risk Capital[2]	16.29%	N/A
	**Diabolo Rail Link[3]**	Brussels, Belgium	Transport	Operational	100% Risk Capital[2]	13.80%	15.55%
	**Ormonde Offshore Transmission**	Cumbria, England	Energy Transmission	Operational	100% Risk Capital[2] and 100% senior debt	12.52%	14.90%
	**Royal Children's Hospital**	Victoria, Australia	Health	Operational	100% Risk Capital[2]	4.47%	5.18%
	**BeNEX Rail**	Various, Germany	Transport	Operational	49% Risk Capital[2]	3.52%	4.18%
	**Hereford & Worcester Courts**	Worcestershire, England	Courts	Operational	100% Risk Capital[2] and 100% senior debt	3.20%	4.09%
	**Northampton Schools**	Northamptonshire, England	Education	Operational	100% Risk Capital[2]	3.18%	3.91%
	**Alberta Schools**	Alberta, Canada	Education	Operational	100% Risk Capital[2]	2.65%	3.45%
	**Strathclyde Police Training Centre**	Strathclyde, Scotland	Police Authority	Operational	100% Risk Capital[2] and 100% senior debt	2.34%	2.99%
	**Tower Hamlets Schools**	London, England	Education	Operational	100% Risk Capital[2]	1.99%	2.46%

1 Lincs OFTO was acquired by the Group in November 2014.
2 Risk Capital includes both project level equity and subordinated shareholder debt.
3 Northern Diabolo project revenues are dependent on availability but also include an element of linkage to passenger numbers. All other investments receive entirely availability based revenues.

Chairman's Letter

Rupert Dorey
Chairman

Dear Shareholders,

It is with great pleasure that I am able to report to you on another successful year for the Company.

The year has been an active one with all our assets performing well and record levels of new investment being made. The Company's market capitalisation at year end of over £1.1 billion very much reflects the ongoing positive development of our portfolio of infrastructure projects.

Dividend Growth

The Board understands that the Company's ability to deliver consistent and growing dividends is a key factor in many of our shareholders' decisions to invest in the Company. It is therefore pleasing to report to you that the Company was again able to deliver its dividend target for the year of 6.30 pence per share or c.2.5% growth, a rate of growth that has been consistent since the Company's inception eight years ago.

We remain focused on the ability of the Company to continue to grow fully covered cash dividends and we are confident that this can be achieved. The Board have therefore once again published a minimum dividend target being 6.45 pence per share for 2015 and new guidance of 6.65 pence per share for the 2016 dividend, an average increase of c.2.5% per annum, to give additional clarity to shareholders as to our intentions in the future.

Investment Activity and Capital Raising

The markets in which the Company operates continue to be very buoyant. This is positive for our existing assets as the rates at which comparable assets are traded provide evidence of the value of our own assets. However, as we have previously noted, the strength in the market also provides a challenge for sourcing value-enhancing investments on an ongoing basis. This is particularly the case for assets which are traded in the 'secondary market' where competition for such assets has pushed pricing to levels that we believe would not be accretive to our portfolio.

The Company believes that its differentiated strategy of preferring to acquire investments off-market, by exercising pre-emption rights in existing investments and via the origination activities of its Investment Adviser, Amber Fund Management Limited ('Amber') continues to be the most effective way to secure new assets for the portfolio – these avenues often have reduced levels of competition and through these better value can be achieved for shareholders. Indeed the five investments made during the period, representing investment of £188.2 million (2013: £36.5 million), were all made on this basis. A further £18.2 million has been committed to the first two of five batches of schools being delivered through the Priority Schools Building Programme's 'Aggregator' funding vehicle earlier this month.

This preferred access to new opportunities should be further enhanced through the recently announced link-up between Amber and the Hunt Companies (more details of which are referred to below). This has resulted in the grant to the Company of additional rights of first look in respect of certain new investments, of a type consistent with our existing portfolio, within the United States and we look forward to an enhanced flow of projects from this source in the medium term.

New investments in 2014 were funded through a mix of the Company's existing resources, including its corporate debt facility, together with share capital raised (by means of a tap issue) in November 2014. This capital issuance was extremely well supported and closed oversubscribed with a mix of existing and new investors, raising £95 million, well in excess of the £70 million originally targeted. The capital was immediately fully deployed in reducing the balance of the Company's revolving debt facility. We would like to thank all those shareholders who participated in the offer for their support.

Despite the record level of investment in 2014 the Company remains very focused on adding to its portfolio in a measured way, choosing to do so only where it considers an investment represents good value. The addition of such a large volume of investment in 2014 contrasts with the position in 2013 and is reflective of the many years of work that are often required to develop and execute these transaction opportunities. The timing of the completion of these projects is often difficult to predict.

In addition to the acquisitions made during the period, the Company disposed of a number of minority interests within its portfolio generating proceeds of £22.3 million (being substantially in excess of the carrying value of these stakes at the time of their disposal). While the Company does not expect to trade assets regularly, preferring instead to retain the long-term income generation potential of its holdings, these 'secondary market' pricing levels validate the increased popularity and attractions of the asset class in which the Company is invested.

Portfolio Performance

The operational performance of the Company's portfolio continues to be excellent. Significant progress was made during the year in the ongoing management of the portfolio where we continue to focus on delivering our expected returns, managing our public sector customer relationships and enhancing the investments through efficient management and contract variations requested by our public sector clients.

Our control over the operational performance of our investments is a key point of differentiation – other investment vehicles in the sector often outsource responsibility for such asset level management activity to unrelated third party construction/facilities management contractor parties. However, we believe that strong asset-level relationships with public sector clients are a key factor in both protecting our reputation and safeguarding investment performance. The Company continues to benefit from our relationship with Amber in this respect, particularly for the majority of investments where Amber is responsible for the detailed day-to-day delivery of management services and relationships with our public sector clients. Evidence of this is the successful conclusion of a number of construction projects, which were finished on budget and on time, in part because of Amber's oversight of key contractors.

The macroeconomic environment continues to be of relevance to our performance. Long-term inflation expectations continue to run at levels above our base case assumptions but short-term inflation rates are low and the prospect of deflation exists in some Eurozone countries. We receive regular enquiries from investors as to how we estimate our portfolio would perform in various inflationary or deflationary scenarios. To assist shareholders we have provided some additional sensitivity forecasts focusing on this point in this report (refer page 25). I am pleased to say we estimate our performance is likely to remain robust in such scenarios.

We are very aware that most of our investors hold our stock with a view to the long-term income that we expect to generate and we continue to focus on improving the certainty and quality of this income as much as we can.

Corporate Governance and Regulation

The Board is required by the UK Corporate Governance Code to commission periodic external assessment of its procedures and corporate governance. The first such formal review took place in 2014 and I am pleased to advise that the Board was found to be performing extremely well. Only minor improvements were suggested and all have been implemented.

Two new Board committees were formed during the period – the Investment Committee and the Nominations and Remuneration Committee. Previously these functions were performed by the full Board (absent the representative of the Investment Adviser as appropriate). However, the new committees reflect the increased importance the Board believe should be given to the process governing these matters and to provide additional transparency to shareholders. Further details of all the Board's committees can be found in the Corporate Governance section and terms of references are available on the Company's website.

The Audit and Risk Committee has also spent time with the Investment Adviser performing a detailed review of existing and emerging risks affecting the Company. The results of this have been captured where relevant within the Principal Risks and Mitigation section of this Annual Report. Of particular note is the current OECD coordinated effort to align certain tax rules with the aim of preventing 'tax base erosion and profit shifting' but which may inherently expose the Company and the sector as a whole to potential unintended consequences. For example, during the period, the OECD issued a consultation paper setting out its proposals for national legislators to consider 'best practice' rules for the restriction of tax relief for debt interest. The OECD paper specifically seeks feedback as to whether the infrastructure sector should benefit from a carve-out from such proposals. However, it is currently uncertain to what extent the proposals will be amended or accepted and it remains to be seen the extent to which they will be adopted by national legislators. The OECD action is set to conclude in September 2015. The Board and Investment Adviser are actively engaging with the relevant industry bodies and advisers and will continue to monitor and report back to shareholders on significant developments as they evolve.

The other major regulatory change that affected the Company in the period was the European Union's Alternative Investment Fund Managers Directive ('AIFMD') which came into force. I am pleased to report that the Company has notified the Financial Conduct Authority in the UK that, as a Guernsey domiciled self-managed Alternative Investment Fund, in accordance with the National Private Placement Regime, the Company is able to market within the UK. We hope, over time, that this will also improve the ability of the Company to market its shares across the EU although this is highly dependent on the differing degrees to which various EU countries facilitate this.

Investment Adviser

As noted above, earlier this month, Amber our Investment Adviser agreed to the Hunt Companies ('Hunt'), a privately owned US group with similar activities to those of the Amber group of Companies, becoming a 50% shareholder in the holding company of the Investment Adviser with existing director and management shareholders continuing to hold the remaining shares.

The transaction offers the potential to expand the activities of both the Investment Adviser and the Company into the United States which is widely seen as one of the largest growth markets for infrastructure investment in the developed world. The Company believes that this is an exciting and forward looking transaction with an experienced and well-established partner who benefits from strong links to the public sector in the United States.

As part of this transaction the Company has been granted a right of 'first look' in similar terms to the right it already enjoys with Amber which will extend to such of Hunt's activities in public infrastructure projects which meet the Company's investment criteria in the United States.

The terms of the transaction between management and Hunt prohibit any sale of shares by either Hunt or Amber's management for a minimum term of four years and there will be no changes to management personnel within Amber or the way in which the Investment Adviser and the Company interact. The transaction is subject to FCA approval.

Outlook

The Company's performance in the first few months of 2015 has continued to offer promise for the future both in terms of the performance of existing investments and new opportunities. We continue to have a high degree of confidence in the existing portfolio's ability to generate increasing returns for investors in line with published expectations. We are also encouraged by the number of new opportunities which we see.

While there is undoubtedly increased competition for the types of assets in which the Company invests, we remain confident in the ability of the Company and its Investment Adviser to continue to identify and execute new investments in core markets to strengthen the Company's portfolio further.

Where new investment opportunities do arise we will continue to be selective in those acquisitions which we bring into the portfolio to ensure that they bring long-term value to shareholders. Further details are provided within the Outlook section of the Strategic Report.

I thank all shareholders for their support of the Company in 2014 and look forward to continuing to serve them in 2015.

Rupert Dorey
25 March 2015
Chairman

Strategic Report
Investment Policies and Objectives

Investment Objectives
The Company seeks to provide shareholders with a predictable, attractive and sustainable investment yield in addition to the potential for capital appreciation of the investment portfolio.

The Company targets a minimum annual dividend (which for 2015 is targeted to be 6.45 pence per Ordinary Share and for 2016 is targeted to be 6.65 pence per Ordinary Share or a minimum average increase of c.2.5% per annum) and seeks to continue to increase this annually by a similar rate where sustainable to do so.

The Company also targets an internal rate of return ('IRR') equal to or greater than 8% per annum on the Initial Public Offer issue price of 100 pence per Ordinary Share to be achieved over the long-term. The Directors seek to achieve this through asset development, future acquisitions, active management and prudent use of gearing. The 2014 Financial and Operating Performance Review section provides further information relating to performance during the year.

Investment Policy
The Company's investment policy is to invest directly or indirectly in public or social infrastructure assets (usually via entities which have been granted a concession to operate and manage those assets) and related businesses located in the UK, Australia, Europe, North America and, it is anticipated, in due course, in other parts of the world where the risk profile meets the Company's risk and return requirements.

The Company intends to continue to acquire operational and construction phase assets and hold them for the long-term or life of the asset (or concession), unless there is a strategic rationale for earlier realisation. The Company will seek to enhance the capital value and the income derived from its investments. The full Investment Policy is available on the Company's website www.internationalpublicpartnerships.com.

Investment parameters
The Company intends to acquire further investments within the following parameters:

> investments with characteristics similar to the existing portfolio

> investment in other assets or concessions having a public or social infrastructure character and in respect of which:
  - availability based payments are or will become payable
  - a property rental is or will become payable, or
  - user paid charges (or payments related to amount of use) are or will become payable

> investments in infrastructure assets or concessions characterised by high barriers to entry and expected to generate an attractive total rate of return over the life of the investment

Portfolio composition
The Company may make investments in any location or jurisdiction where the investment meets the parameters set out above, although the Company does not currently expect to invest in projects in non-OECD countries.

The Company will, over the long-term, seek a spread of investments both geographically and across industry sectors in order to achieve a broad balance of risk in the Company's portfolio.

The actual asset allocation will depend on the maturity of development of the local infrastructure investment market, wider market conditions and the judgement of the Investment Adviser and the Board as to the suitability of the investment from a risk and return perspective. Key Portfolio Facts on page 3 has details of the current composition of the investment portfolio.

Investment restrictions
The Company's investment policy restricts it from making any investment of more than 20% of the Company's total assets in any one investment at that time.

This policy does not however oblige the Company to rebalance its investment portfolio subsequently as a result of a change in the net asset value of any investment or the Company as a whole. However, its purpose is to limit the risk of any one investment to the overall portfolio.

The Company is also subject to certain restrictions pursuant to the UKLA Listing rules, i.e. to invest and manage assets with a view to spreading or otherwise managing investment risk in accordance with the Investment Policy; to not conduct a trading activity which is significant to the Group; to not hold more than 10% of its total assets in other listed closed-ended investment funds. Currently the Company has no investment in any listed closed-ended investment funds.

Managing conflicts of interest
It is expected that further investments will continue to be sourced by the Investment Adviser, Amber Fund Management Limited. It is likely that some of these investments will have been originated and developed by, and in certain cases may be acquired from, members of the Amber Infrastructure Group.

The Company has established detailed procedures to deal with conflicts of interest that may arise and manage conduct in respect of any such acquisition. The Company's Board is required, in accordance with the UKLA Listing Rules, to have a majority of independent members and a Chairman who is independent from the Investment Adviser. The Operating Model section within this Strategic Report sets out the operating model for the Company and the Corporate Governance Report sets out more details on the conflicts management process.

Financial management

The Company may hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest, inflation or currency risks.

Subject to the strategy approved by the Board, the Investment Adviser manages such hedging activities for the purpose of efficient portfolio management to enhance returns from the portfolio. Hedges are not entered into for speculative purposes. Further details on the Company's use of hedges are provided in the financial statements in note 13.

The underlying entities into which the Company invests often are leveraged. Any debt assumed by these vehicles is non-recourse to the Company and variable interest rate debt is swapped to fixed rates at that project's inception to ensure that the cost of the debt is known over the life of the project concession.

The Company may make prudent use of leverage to enhance returns to investors, to finance the acquisition of investments in the short-term and to satisfy working capital requirements.

Under the Company's Articles, outstanding borrowings at the Company level, including any financial guarantees to support subscription obligations in relation to investments, are limited to 50% of the Gross Asset Value of the Company's investments and cash balances. The Company has the ability to borrow in aggregate up to 66% of such Gross Asset Value on a short term basis (i.e. less than 365 days) if considered appropriate. Currently, the Company's corporate debt facility, which was increased to £175 million in January 2014, as at the date of this report is £27.2 million drawn (see page 29 for further details).

The Company and Group may borrow in currencies other than GBP as part of its currency hedging strategy.

Operating cash surpluses and funds pending investment are held in cash, cash equivalents, near cash instruments, money market instruments and money market funds and cash funds.

Changes to investment policy

Material changes to the investment policy summarised in this section may only be made by ordinary resolution of the shareholders in accordance with the UK Listing Rules.

Strategic Report
Strategy

The Company's strategy, which is determined by and reviewed by the Board, can be divided into three different but inter-linked areas of focus. In combination, these areas of focus assist the Company to manage its investments and finances throughout the investment cycle and, where justified, identify new investment opportunities which meet its investment objectives. The Company's 2014 performance is measured against these as summarised on pages 8 and 9.

Strategy		
1. Active Asset Management	**2. Value-focused Portfolio Development**	**3. Efficient Financial Management**
> Focus on **delivery of anticipated returns** from existing assets > Maintain **high levels of public sector satisfaction** and **asset performance** > Deliver **additional capital value from existing assets** through management of construction risk and delivery of operational improvements to meet client requirements	> Through **relationships with co-shareholders** and **pre-emptive rights** where applicable increase individual investment holdings to 100% where beneficial > Make additional acquisitions where possible, ideally **off market**, at prospective returns that are beneficial in risk/return terms > Enhance prospects for **capital growth** by investing as **primary investor** and/or in construction phase assets where available > Identify **complementary investment sectors** within the Company's investment policy offering better returns with a similar risk profile > Take advantage of infrastructure opportunities **internationally** where investments have an appropriate risk profile and contractual structures are reliably enforceable to enhance diversification > Undertake ongoing review of portfolio composition to ensure a suitable **blend of risk/return, inflation linkage, yield** versus **capital** characteristics, level of **diversification** and **opportunistic enhancements**	> **Efficient financial management** of cash holdings and debt facilities available for investment and appropriate hedging strategies

1. Active Asset Management
The delivery of returns anticipated to be received from the Company's investments is fundamental to the Company's performance. The Company takes an active approach to asset management, encouraging the Investment Adviser and its associates to maximise cash flow from its investments in ways that are consistent with delivering high levels of service to the underlying assets' public sector clients. These relationships and the Company's overall approach are described in more detail in the Operating Model section below. The success of the Company's policy of active asset management can be seen through a combination of the Company's record in receiving investment cash flows in line with projections and the level of satisfaction that public sector clients have with the facilities which they occupy.

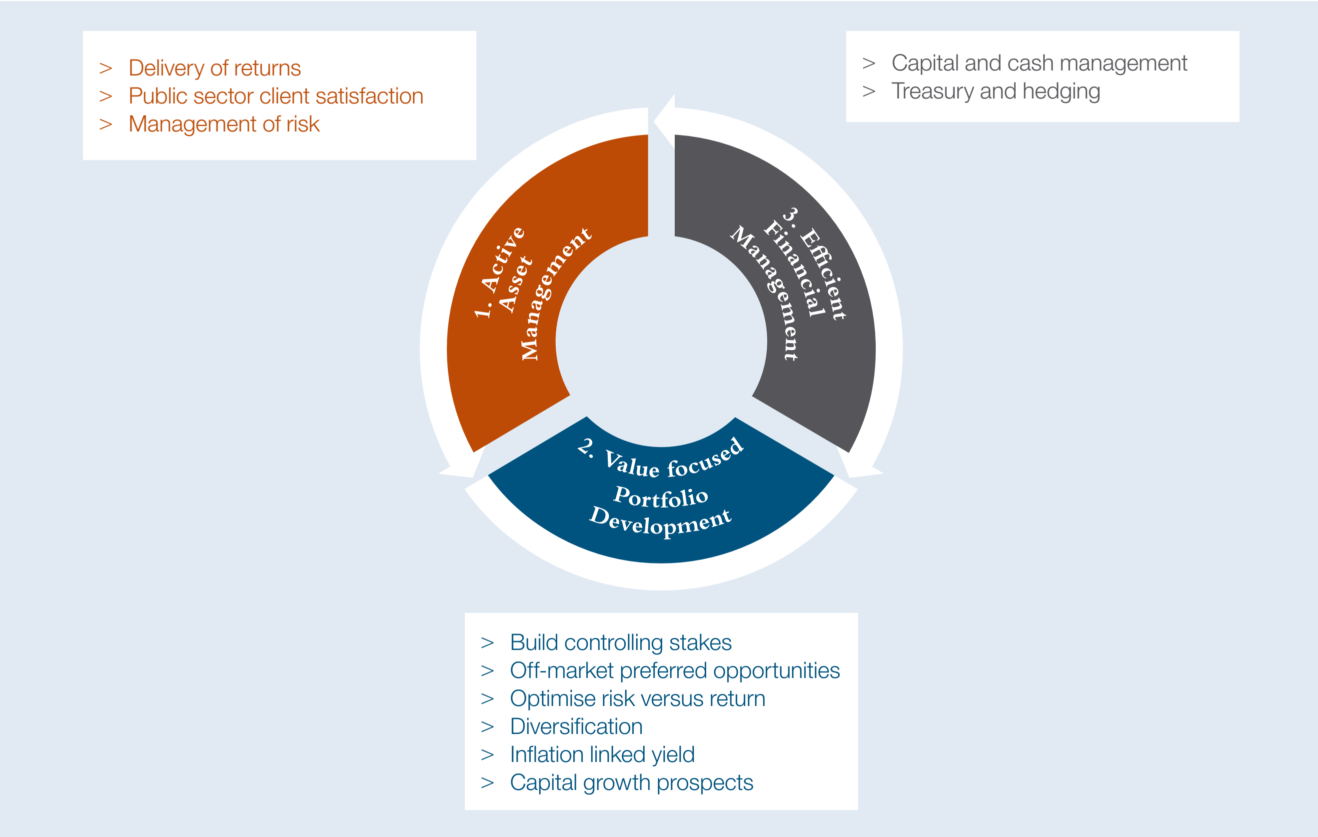
2. Value-focused Portfolio Development
The second aspect of the Company's strategy is to seek out further attractive investments that can improve the overall quality of projected returns from the Company's portfolio. To this end the Company works closely with its Investment Adviser to seek out new opportunities which meet the Company's desired risk and return profile. Historically this has included both 'primary' investments where the Company (or its Investment Adviser) have originated a new project and 'secondary' investments where an existing investment is acquired from a third party.

The Company does not have a preference as to whether the investments it acquires are characterised as senior debt, subordinated debt or equity (or a combination of any of these). What is relevant to the Company is the risk adjusted return available to it from such investment.

The Company's preference is to own majority or 100% holdings in its investments, where possible, in order to have full oversight and control over underlying investment performance. The Company's strategy during the year has therefore been to continue to make incremental investments in existing projects where available and beneficial to the overall risk/return profile of the Company.

The Company has also targeted, and expects to continue to target, overseas markets where it has experience from existing investments and client relationships, and where it and its Investment Adviser have operational experience of the effectiveness of contractual structures, to mitigate risks.

In recent times, the level of market competition for assets sold through open auction processes has led the Company to focus its strategy particularly on identifying niche, off-market, secondary opportunities and continuing to develop its access to primary market transactions. The Company continues to see such opportunities offering attractive returns for the level of risk.



The Company considers that it has sector differentiation and a competitive advantage in being able to take this approach through the strong record of its Investment Adviser (and its associated group) in developing new opportunities and gaining early-mover competitor advantage in relatively new growth sectors such as OFTOs[1].

As a consequence, the Directors believe that the Company will continue to be well placed to take advantage of similar off-market and emerging sector opportunities in the future as well as on-market opportunities that may emerge. For further details, refer to the Operating Model section of this Strategic Report.

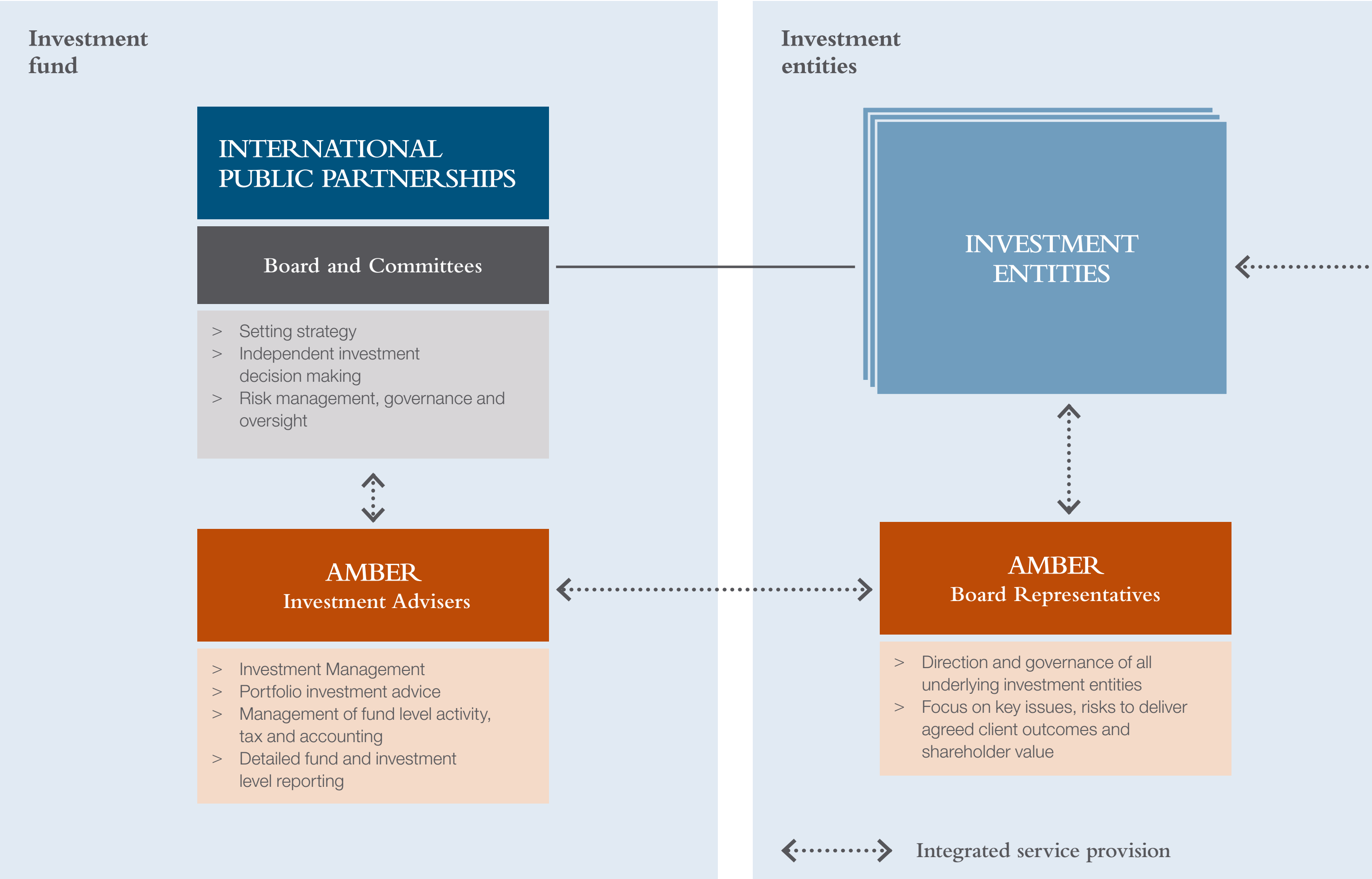
Portfolio development also includes realisation of value for investors through divestment, particularly where investments are no longer core or are minority holdings and where the acquisition of further investment to a majority position is considered unlikely.

3. Efficient Financial Management

The Board seeks to manage returns on operating cash surpluses and efficiently manage cash available for investment through prudent use of a corporate debt facility. The Company also seeks to use foreign exchange derivatives, interest rate swaps and other appropriate hedging strategies to protect investment returns where appropriate to do so, in accordance with the Investment Policy (see Investment Policy section). Currently the Company only has foreign exchange forward contracts in place (excluding hedging arrangements at the underlying investment entity level).

1 Offshore electricity transmission owner licensed entities.

Strategic Report
Operating Model



Key Aspects of the Operating Model

The diagram above illustrates the Company's operating model, which is founded upon:

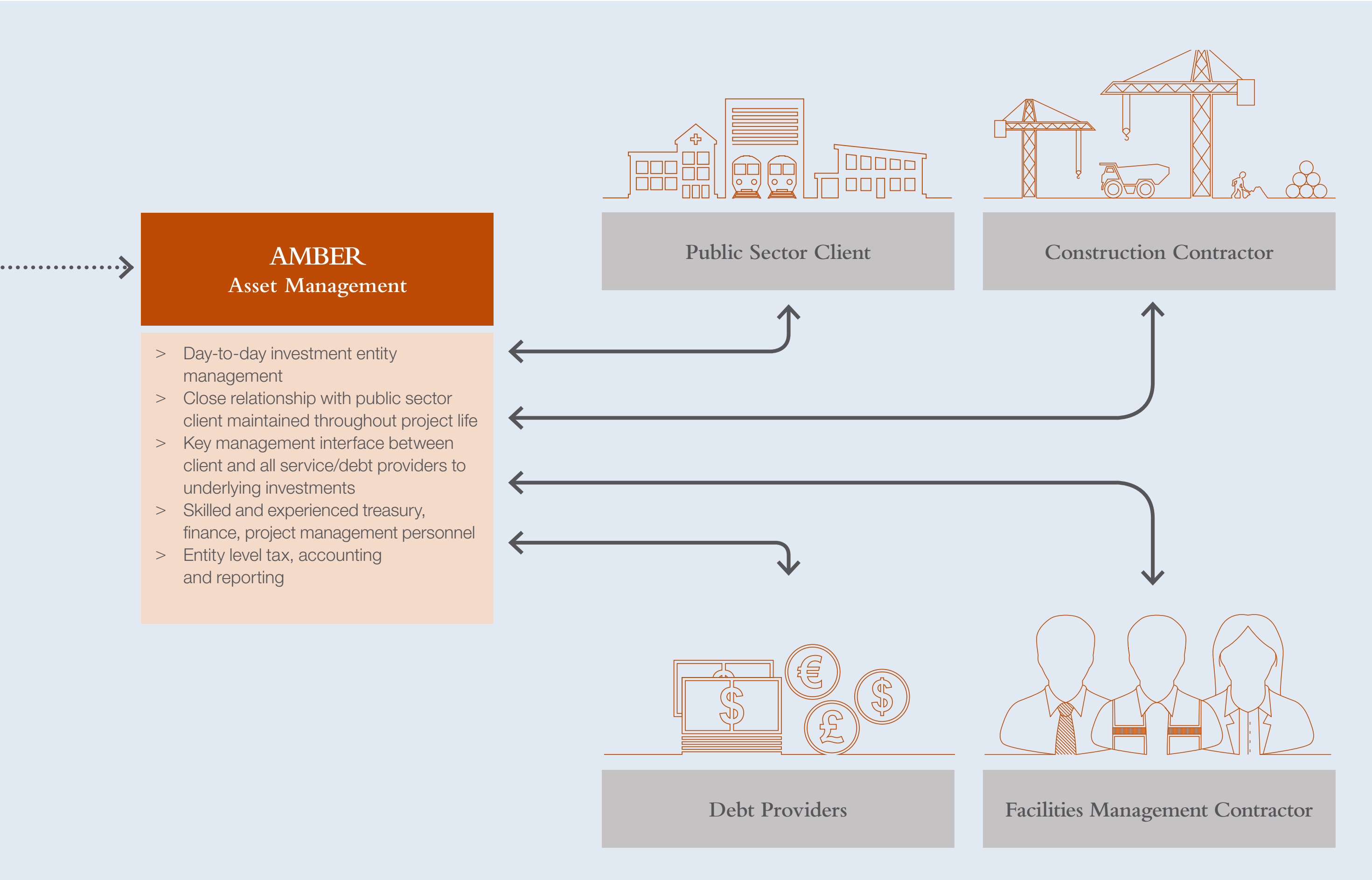
> Strong independent Board leadership and governance
> A long-term alignment of interest with its Investment Adviser and other key suppliers
> Consistent communication and delivery of strategy throughout the Group
> A vertically integrated model which gives the Company visibility of and a relationship with its public sector customers
> An experienced Investor Adviser team, expert in all aspects of infrastructure development, investment and management
> A disciplined approach to asset selection and country risk
> A focus on acquiring controlling stakes (or minority positions where strategically beneficial to do so)

Board and Committees

The Board sets the strategy for the Company and makes decisions on changes to the portfolio (including approvals of acquisitions, disposals and valuations). Through committees and the use of external independent advisers it manages risk and governance of the Company. The Board has a majority of Independent Directors – currently four of the five Directors are independent. See the Corporate Governance Report for further details.

Investment Adviser

The Company's Investment Adviser is Amber Fund Management Limited (a member of the Amber Infrastructure Group Holdings Limited group of companies).



Contractual arrangements and fees

The contractual arrangements allow for the provision of investment advisory and certain other financial services to the Board. In return, the Investment Adviser receives fees based on the gross asset value and composition of the investment portfolio as well as a contribution to expenses. The annual base fees are detailed in note 19 to the financial statements and calculated at the following rates:

- 1.2% for that part of the portfolio that bears construction risk (i.e. the asset has not fully completed all construction stages including any relevant defects period and achieved certification by the relevant counterparty and senior lender)
- For fully operational assets:
  - 1.2% for the first £750 million of gross asset value of the portfolio
  - 1.0% for that part of the portfolio that exceeds £750 million in gross asset value but is less than £1.5 billion
  - 0.9% for that part of the portfolio that exceeds £1.5 billion in gross asset value

The Company has a long-standing relationship with the Investment Adviser and the Board believes that the continuation of this relationship, on a long-term basis, is in the Company's best interest. The current Investment Advisory Agreement ('IAA') was renegotiated in 2013 and has a ten year fixed term with a five year notice period. The Board consider that given the long-term nature of the Company's investments and its responsibility for the detailed day-to-day delivery of management services and relationships with public sector clients, it is important that it benefits from the continuity of service provided by a long-term advisory partner. In order to ensure that shareholder interests are protected, termination provisions have been put in place to ensure that, in the event of poor investment performance, the Company has flexibility to remove the Investment Adviser.

Strategic Report
Operating Model continued

The Investment Adviser is also entitled to receive an asset origination fee of 1.5% of the value of new investments acquired by the Group. It should be noted that, generally, the Investment Adviser bears the risk of abortive transaction origination costs and that this fee has been waived or reduced by agreement in the past where it has been deemed appropriate to do so for the transaction in question. No other transaction fees may be paid to the Investment Adviser (otherwise than at the absolute discretion of the Board). No such fees were paid in 2014 or are anticipated to be paid.

For the avoidance of doubt, cash receipts from capital raisings and tap issuances from the gross asset value are not within the calculation of base fees until such receipts are invested for the first time.

Further information and details of the Board's process for independent management and review of the relationship between the Investment Adviser and the Company are set out within the Corporate Governance Report.

Group Structure
The Company holds its investments through a number of holding entities including an English law limited partnership of which one of its subsidiaries is the sole limited partner and a company associated with the Investment Adviser is the general partner. Beneath these holding entities the Company's investments are held in special purpose investment entities so that, as far as possible, each investment is held in a separate entity to avoid cross collateralisation between investments.

Investment entity asset management
Underlying investment entities (particularly PPP/PFI entities) do not typically have their own employees, although there are exceptions to this. Instead, normal practice is for such services to be subcontracted at the time of project inception to specialist asset management entities. The role of the asset manager is to manage all interfaces between the investment entity, the client, financiers and supply chain sub-contractors.

Such services are generally provided directly to each investment under asset management contracts specific to that investment entity. Services typically include day-to-day management, issue resolution, monitoring and reporting for the entity and can cover operational, regulatory, compliance, accounting, tax, company secretarial and other related services specific to each entity.

Under typical PFI/PPP structures such services are generally provided in return for a fixed fee to third party service providers under contracts put in place at the inception of the PFI/PPP project after a period of competition.

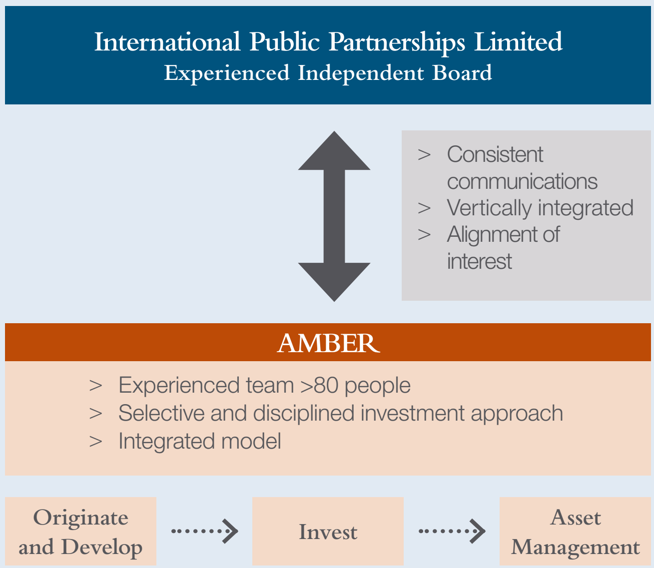
The Company's preference for the majority of its investments is for associates of the Investment Adviser to provide such services to the relevant entity. This ensures that financial and operational aspects are performed in house by Amber rather than subcontracted to other third party service providers who have less incentive to focus on delivery of desired outcomes. The contracts and fees payable for such asset management services (whether with third parties or, where Amber provides these services, associates of the Investment Adviser) are generally set in real terms for the life of the project and agreed at the time of documentation of the project with the public sector (which in many cases will be prior to the Company's investment). These form part of the project costs along with other project service related costs (and are thus outside the Company's direct control) but the Company's projected investment returns are calculated after taking account of all such project costs.

A breakdown of typical project costs in the operational stage of an investment appears on page 16. Following the adoption of IFRS 10 (Investment Entity – Consolidation Exemption) all underlying project level costs (and project level revenues) are now excluded from the Group's financial statements. Instead and consistent with other investment funds, the financial statements present investment returns received from underlying investments (received out of investment entity net cash flows).

Investment origination
The Investment Adviser plays a key role in identifying, developing and originating investment opportunities that meet the Company's requirements and putting these forward to the Board of Directors for initial consideration and, where appropriate, final approval. These opportunities may lead to the Company investing in such projects and/or acquiring investments from associates of the Investment Adviser. Where investments are acquired from associates of the Investment Adviser, such investment consideration is undertaken in accordance with detailed procedures designed to ensure the fair treatment of the Company and to ensure the valuation is approved independently by a suitably experienced third party valuer. More details are set out in the Corporate Governance Report.

Where associates of the Investment Adviser undertake project origination and development activity (e.g. bidding for new primary projects) they do so at their own risk and bear the risks of lack of success and associated abortive costs (which on large projects can be substantial). The Company does however have a contractual right of first look at such investment opportunities either on financial close or, if originally invested in by an associate of the Investment Adviser, upon disposal of that investment. Following success in project origination and development activity, fees and costs will in the normal course be payable on financial close of the opportunity to a range of service providers (including associates of the Investment Adviser) relating to matters such as reimbursement of bid costs, and in respect of legal, technical, development and financial advisory work. For the avoidance of doubt, such amounts are not paid by the Company but by the project entity formed to carry on that project and any such amounts form part of the overall capital or project costs bid and agreed with the public sector (and are thus outside the Company's control). The Company's projected investment return from any prospective investment is calculated after taking account of all such costs.

Relationship with the Investment Adviser and its group



Differentiation of Operating Model

The operational structure of the Company and the investment entities it invests in and through is designed to align the interests of those entities with the Company. The Company's preferred operational structure and the structure of the Investment Adviser and its associates (acting as investment adviser, operator and asset manager) effectively extends the Board's oversight to the underlying asset management and finance teams enabling it to be an active rather than a passive investor.

The Investment Adviser and its associates employ more than 80 personnel, the majority to support the Company and its investment entities in the provision of financial and asset management services. This operating model contrasts with competitor models that have tended to employ smaller teams and instead outsourced some or all of such services (often to associates of the construction/facilities management firms already providing potentially conflicting services to the investment entities).

The Company believes its operating structure differentiates it within the market and provides it with greater control of the performance of its underlying investments (for example management of lifecycle cost risk or control of contract variations). The Investment Adviser acts on the Company's behalf, managing the day-to-day issues and interfaces between public sector client and subcontractor supply chain partners. This enables the Company, without additional cost, to:

> De-risk the investment entity through managing the pass-down of risk to subcontractor supply chain
> Oversee service and availability level
> Have greater confidence in the deliverability of forecast cash flow
> Enhance returns through hands-on management of contractual variations and additional service requirements
> Align day-to-day operational management, financial management, tax and accounting, issue resolution and contract management with investment objectives (not just board representation)
> Avoid conflicts of interest between asset and finance management and the subcontractor supply chain

The Company's operating model is also differentiated through the capability of the Company's Investment Adviser to originate new primary market transactions which provide the Company with access to off-market opportunities not afforded to other infrastructure investment funds. These opportunities typically take three years or more to gestate and are regularly reviewed between the Company and its Investment Adviser. Under the terms of the Investment Advisory Agreement the Company has a right of 'first look' at investments fitting its investment mandate that are being realised by Amber. This has been extended to include opportunities by the Investment Adviser with Hunt (as described in the Chairman's Letter). The access that the Company has had to such 'primary' opportunities (alongside the access that the Company has, in common with other funds, to 'secondary' opportunities) broadens the Company's opportunity set for new investments.

This allows the Company to benefit from:

> Primary investment opportunities developed with the Company's long-term strategy and objectives in mind
> A greater ability to structure new projects to meet returns and inflation linkage requirements
> Transactions structured to be low risk based on direct asset management and contract management experience
> Experienced finance, accounting, legal, construction and facilities management expertise familiar with developing new investments and managing them. This leads to the ability to perform due diligence analysis on investments offered for sale in the secondary market based on greater hands-on experience
> Access to senior debt as well as equity and subordinate debt investment opportunities

Case Study
Investment Characteristics

Public Private Partnerships/Private Finance Initiative
Public Private Partnerships ('PPP') and projects procured in the UK under the Private Finance Initiative ('PFI') regime typically have the following characteristics although individual transactions may exhibit some variations. Offshore transmission assets have similar characteristics but to date have been acquired by the Company with all construction works complete at the time of investment.

- Open competitive process to appoint infrastructure provider
- Concession contracts or license based long-term revenue
- Income based on availability of the infrastructure asset and provision of services to specification with deductions for poor performance/availability
- Income fully or partially linked to inflation
- Procured by the public sector as a purchaser of services – the public sector determines the performance standards it requires (e.g. number and area of classrooms, standard of cleanliness etc) but does not determine how this is achieved
- The public sector passes substantially all the risks associated with cost overruns or construction delay to the Investment Entity, which in turn passes these on to construction/facilities management firms (subject to liability caps); or puts in place suitable insurances to manage its own exposure
- The asset manager is the party responsible for managing the interface between the various parties for the benefit of the investment entity

During construction, equity investment, shareholder loans and senior loans are used to finance construction activity, relevant insurances and entity administration costs. Once the infrastructure asset is available for use, the investment entity receives revenues from the public sector.

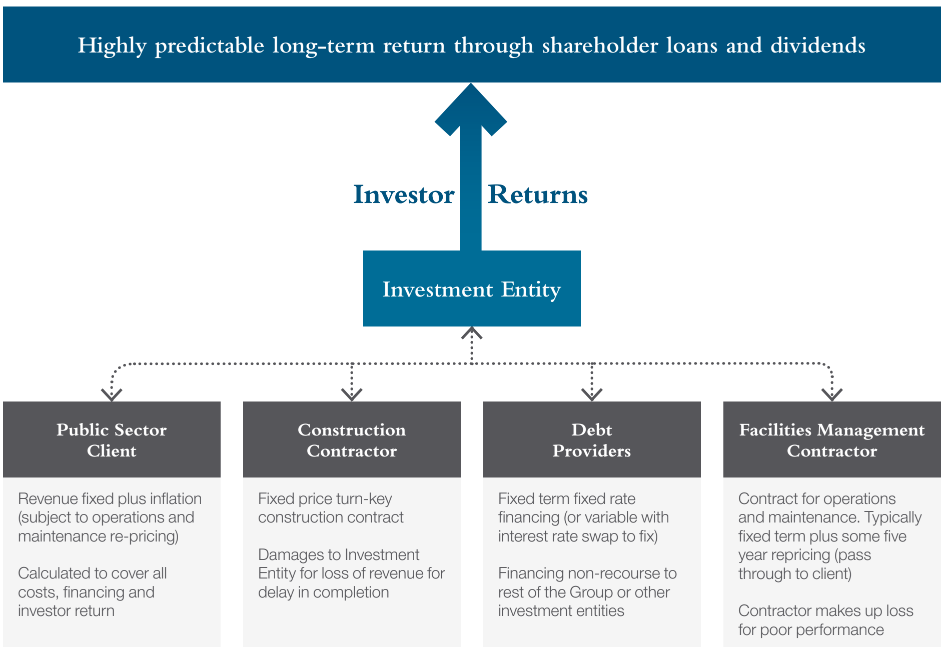
During the operational phase, the investment entity makes payments for the provision of operations and maintenance services by facilities management companies and pays insurance premiums.

PFI/PPP entities generally do not have their own employees. Instead a sub-contracted asset manager is normally engaged to provide financial and physical management of the asset and act as the key interface between stakeholders and contracting parties.

The asset manager role is often performed by an associate of the construction company or facilities management company although in projects where the Company invests this role is usually performed by an associate of the Investment Adviser which serves to reduce conflicts of interest and increase alignment between the Company and its Investment Adviser.

Within a PFI/PPP project, the breakdown of project costs in the operational stage will vary depending on the nature of the services required (e.g. a school typically being less service intensive than a hospital) but in a typical UK school PFI project approximately 64% of project revenues are applied to financing (both debt and equity), about 32% to services (building maintenance, cleaning, lifecycle replacements) and approximately 4% to other costs such as insurance etc.

Illustrative PFI/PPP structure



Typical UK School PFI costs

- Revenues are received for asset availability and related performance, calculated to cover costs and investor returns
- Cost risks are largely mitigated through insurance and sub-contract arrangements
- The Asset Manager manages all interfaces for the benefit of the Investment Entity (which does not have its own employees) and its investors

Costs breakdown[1]

Senior and subordinated debt service	**64%**
Facilities Management costs	**32%**
Other costs	**4%**

1 Illustrative example of a typical UK School PFI project

Strategic Report
2014 Financial and Operating Review

Key Performance Indicators

The Company has identified ten priorities to assist in meeting its Key Objectives. In order to assess annual performance in meeting these objectives the Company reviews semi-annually its performance against the following key performance indicators ('KPIs'). The KPIs and the relative performance for the 2014 financial year are summarised below and further details of each of these elements are provided in the sections that follow:

Key Objectives	Key Performance Indicator	2014 Performance	Page Reference
	Investor Returns		
Deliver sustainable long-term returns to shareholders			
> Focus on providing shareholders with predictable, and where possible growing dividends	> Maintain and enhance distributions to shareholders	> Achieved targeted fully covered cash dividend of 6.30p/share, a c.2.5% increase on 2013 dividend	18–27
> Deliver capital value enhancement where possible	> Total shareholder return	> Achieved. The total shareholder return since IPO is 98.5%	
	> NAV and NAV p/share	> NAV of £1,062.1 million and NAV per share of 127.0p/share an increase of 3.25%	

Strategic Priorities	Key Performance Indicator	2014 Performance	Page Reference
	Active Assset Management		
1. Focus on delivery of anticipated returns from existing investments			27
> Actively manage investments to ensure that they meet financial and other targets	> Availability for all controlled investments at 98% or above > Returns from investments in line with expectations	> Achieved > Met 2014 net revenue generation and dividend goals	
2. Maintain high levels of public sector satisfaction and asset performance	> Performance deductions below 3% for all projects	> Achieved	27
3. Deliver **additional capital value** from existing assets through management of construction risk and delivery of operational improvements to meet client requirements	> Number of change requests from existing contracts	> Around 900 variation requests representing £34 million of the additional capital investment at the project level	27
	> Management of investments in the course of construction projects in line with overall delivery timetable	> Completed Stage 2 construction works at the Royal Children's Hospital in Melbourne Australia three months ahead of schedule > Construction completion achieved on the Gold Coast Rapid Transit project in Queensland Australia and Federal German Ministry of Education and Research in Berlin ('BMBF') Project in July	

Strategic Report

2014 Financial and Operating Review continued

Strategic Priorities	Key Performance Indicator	2014 Performance	Page Reference
Value-focused Portfolio Development			
4. Through **relationships with co-shareholders** and **pre-emptive rights**, where applicable, increase individual investment holdings to 100% where beneficial	> Value enhancing follow-on investments made	> £10.4 million follow-on investment made in a UK schools PPP project procured under the Building Schools for the Future framework > During the year, additional acquisitions in two BSF projects resulted in INPP acquiring controlling shares	28 and 29
5. Make additional acquisitions where they can be acquired on or **off-market** at prospective returns that are beneficial in risk/return terms	> Value of additional investments acquired off-market	> As above. All investments in the year were acquired outside secondary market auction processes > INPP invested £168.1 million in Lincs OFTO through a primary market acquisition	28 and 29
6. Enhance prospects for **capital growth** by investing in **construction phase assets** where available	> Number of investments in construction	> Appointed to fund Priority School Building Programme > Progressed a number of primary bids to the final shortlist stage	28 and 29
7. Identify **complementary investment sectors** within the Company's investment policy offering better returns with a similar risk profile	> Value of investments in complementary investment sectors	> Continued to progress further opportunities within the offshore transmission sector > Investor behind a consortia to bid a large waste water project in the UK	28 and 29
8. Take advantage of infrastructure opportunities **internationally** where investments have an appropriate risk profile and contractual structures are reliably enforceable to enhance diversification	> Number of new opportunities in international markets	> During the year, an investment of £9.7 million was made in an accommodation project in Germany	28 and 29
9. Undertake continuing review of portfolio composition to ensure **suitable blend** of **risk/return, inflation linkage, yield** versus **capital** characteristics, level of **diversification** and **opportunistic enhancements**	> Improvement of risk/return, inflation linkage, return, diversification characteristics	> Realisation of £22.3 million of strategically insignificant stakes at prices in excess of carrying value	28 and 29
Efficient Financial Management			
10. Provide efficient management of cash holdings and debt facilities available for investment and appropriate hedging policies	> Dividends paid to investors covered by operating cash flow > New investments made from available cash (after payment of dividend) in priority to use of corporate debt > Competitive cash deposit rates > Use of appropriate hedging strategies	> Dividends paid to investors 1.2 times covered by net operating cash flow[1] > All investments in the period funded through excess cash[2] before utilising the corporate debt facility > Benchmarked market cash rates and re-allocated based on risk/return profile where possible > £2.9 million of foreign exchange forward contracts in place at the balance sheet date to mitigate short-term foreign exchange cash flow volatility	29

1 Cash dividends to shareholders are paid from net operating cash flow (including financing costs) before one off operating costs.
2 Residual cash after payment of dividend and corporate costs over the next 12 months.

The information required to be included in the Strategic Report relating to environmental and social matters is set out in the Corporate Governance Report on pages 46 and 47.

Performance against key objectives during the year – Investor Returns

Profits and Distributions

Profit before tax was £71.2 million (2013: £56.1 million) with earnings per share of 9.49 pence (2013: 7.82 pence).

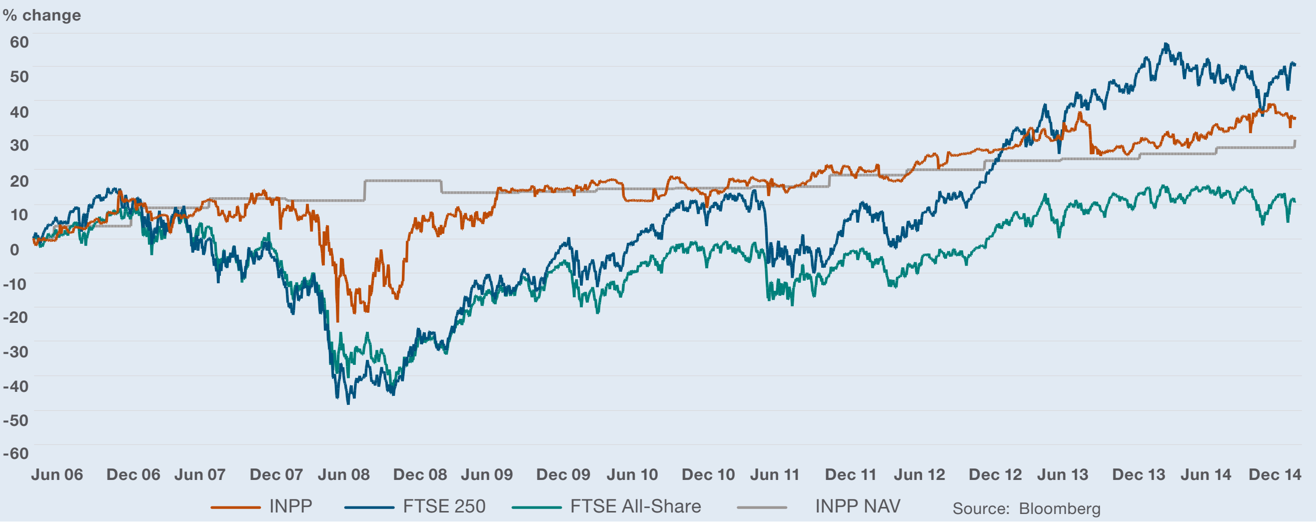
Returns from portfolio investments (investment income) in the year were £90.1 million (2013: £77.2 million) including fair value movements, dividends and interest. These returns were partially offset by operating expenses (including finance costs) of £18.3 million (2013: £25.3 million), of which £2.9 million (2013: £11.9 million) was non-recurring.

These results allowed the Company to deliver a dividend of 6.30 pence per share for the year (2013: 6.15 pence per share).

Total Shareholder Return

The Company's Total Shareholder Return (share price growth plus reinvested distributions) for investors since the initial public offer of the Company in November 2006 to 31 December 2014 has been 98.5%, compared to a total return on the FTSE All-Share index over the same period of 47.7%[1]. The Company has exhibited relatively low levels of volatility compared to the market, as evidenced by the graph below which shows the Company's share price since IPO against the price performance of the major FTSE indices and the Company's NAV.

INPP Share Price Performance



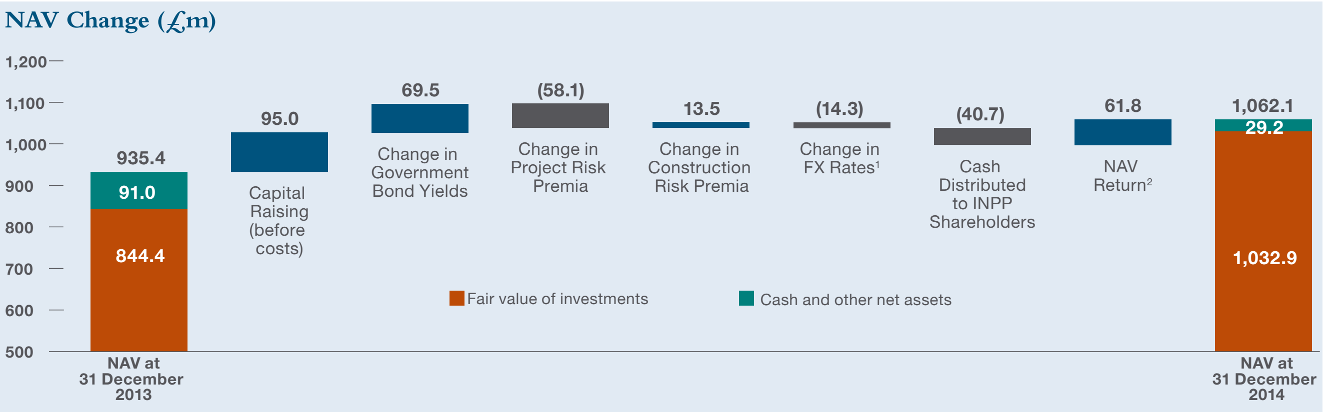
1 Bloomberg – share price appreciation plus income.

Net Asset Valuation

The Company reported a 13.5% increase in NAV, up to £1,062.1 million at 31 December 2014 from £935.4 million at 31 December 2013. This represented an increase of 3.3% of NAV per share, increasing to 127.0 pence per share at 31 December 2014 from 123.0 pence per share at 31 December 2013.

The build-up of NAV is derived from a discounted cash flow calculation to determine the fair value of investments plus the value of cash and other net assets held within the Company's consolidated group.

The key drivers of the change to the NAV between 31 December 2013 and 31 December 2014 are highlighted in the graph below and described in more detail below.



1 Represents movements in the forward foreign exchange curves used to forecast future international project distributions.

2 The NAV Return represents, amongst other things, (i) variances in both realised and forecast project cash flows, (ii) the unwinding of the discount factor applied to those future project cash flows and (iii) changes in the Company's other net assets (see also more detail below).

During the period a total of £95.0 million of new capital was raised (before costs) from investors by means of tap issuance to partly repay the Company's corporate debt facility following the Lincs offshore transmission acquisition.

During the period, government bond yields substantially decreased in all countries the Company holds investments in, resulting in a positive impact on the NAV. The portfolio also benefited from a reduction in discount rate risk premia as assets moved out of the construction or defects liability phase and towards full operations. This was partly offset by an increase in the project premium reflecting observable market based evidence which does not support the full reduction in government bond yields, especially in Europe which has seen some of the largest negative bond yield movements.

In addition, the Company experienced a weakening of all the currencies in which it holds investments outside the UK which had a £14.3 million negative impact on the NAV. The most significant impact was in the Company's Euro denominated investments although there was also a strengthening of Sterling against both the Australian and Canadian Dollars.

Cash distributions reached £40.7 million during the year and represent the cash elements of two dividends made to INPP shareholders.

The NAV Return of £61.8 million captures the following:

> Unwinding of the discount factor – the movement of the valuation date and the corresponding realisation of distributions received
> Optimisation of cash flows – actual distributions received above the forecast amount due to active management of the Company's portfolio, including initiatives such as negotiating and optimising project cash flows to ensure cash can be extracted from the underlying investments earlier than forecast and optimising Group tax losses
> Value generated through accretive divestments – value accretion from the realisation of divestments above their carrying value
> Movements in the Company's working capital position – the net movement of the Company's working capital position increased the NAV
> Updated project forecasts – refinement of project model assumptions to reflect current expectations of future cash flows

Investment Valuation

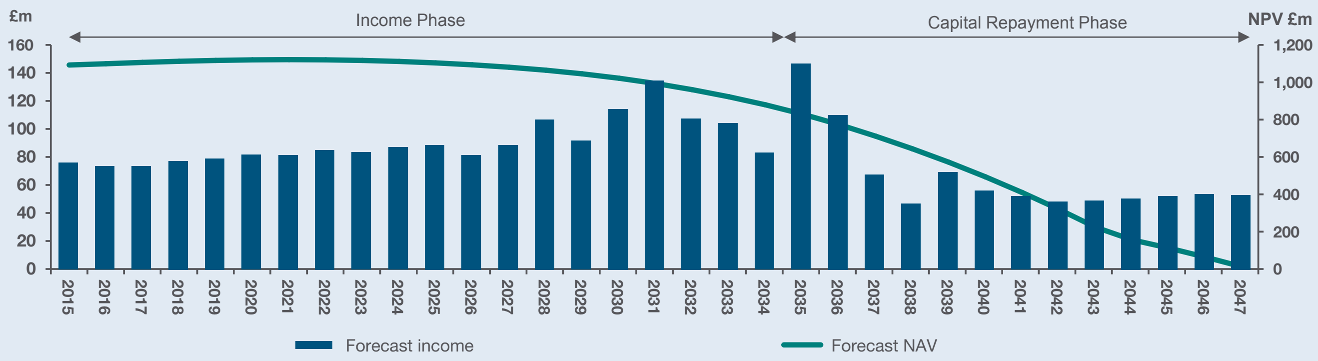
Forecast future cash flows

The Company's investments are expected to exhibit (and historically have exhibited) predicable cash flows. As the Company has a large degree of visibility over expected income from its current investments the chart below sets out the Company's expectation for the evolution of investment receipts from its current portfolio (over the remaining life of current investments).

The majority of the receipts over the life of the concessions are investment income in the form of dividends or interest and principal payments from senior and subordinated debt investments.

The Company generally invests in infrastructure entities with finite lives (determined by concession or licence terms). As the remaining life of each of the Company's investments reduces, the Company's receipts in respect of that investment will represent return of capital as well as income. The line in the chart below illustrates how, in the event that the Company never acquires any additional assets, nor raises any additional capital and other things being equal, the NAV of the Company would reduce to zero over time. Equally however, any future acquisitions (or disposals) or changes to the projected cash flows of any investment (or the assumptions upon which they are based) will change this projection from time to time (although it can be expected to retain the same general amortising profile).

Projected Cash Flow Profile



Note: There are many factors that may influence the actual achievement of long-term cash flows to the Company. These include both internal as well as external factors and investors should not treat the chart above as being more than an indicative profile and not a projection, estimate or profit forecast. The actual achieved profile will almost certainly be different and may be higher or lower than indicated.

Strategic Report

2014 Financial and Operating Review continued

Macroeconomic assumptions

The Company reviews the macroeconomic assumptions underlying its forecasts on a regular basis and, following a thorough market assessment during the period, certain adjustments have been made to some of the assumptions used to derive the Company's portfolio valuation.

The key assumptions used as the basis for deriving the Company's portfolio valuation are summarised in the following table with further details provided in note 13. Across the portfolio the weighted average long-term inflation assumption as at 31 December 2014 was 2.55% (2013: 2.52%) and the weighted average deposit rate assumption was 3.47% (2013: 3.47%). The Net Asset Valuation Section above provides further details on the impact of these assumptions on the valuation during the period.

Variable	Basis	31 December 2014	31 December 2013
Inflation	UK	2.75%	2.75%
	Australia	2.50%	2.50%
	Europe	2.00%	2.00%
	Canada	2.00%	2.00%
Long-term Deposit Rates[1]	UK	3.50%	3.50%
	Australia	4.50%	4.50%
	Europe	3.00%	3.00%
	Canada	3.00%	3.00%
Foreign Exchange	GBP/AUD	2.03	2.01
	GBP/CAD	1.84	1.78
	GBP/EUR	1.23	1.16
Tax Rate	UK	20%[2]	20%[2]
	Australia	30%	30%
	Europe	Various (no change)	Various (no change)
	Canada	Various (no change)	Various (no change)

1 The portfolio valuation assumes current deposit rates are achieved until 31 December 2017 before adjusting to the long-term rates noted in the table above.
2 The corporation taxation rate will reduce to 20% from 1 April 2015.

Discount rates

The discount rate used for valuing each investment is based on the appropriate long-term government bond rate plus a risk premium. The risk premium takes into account risks and opportunities associated with each project (including location, phase of operation/construction etc).

The majority of the Company's portfolio (81.9%) is comprised of investments where the Company only holds the Risk Capital in the underlying projects. The remaining portfolio (18.1%) is comprised of investments where the Company holds both the Risk Capital and the senior debt. In order to provide investors with a greater level of transparency, the Company publishes both a Risk Capital weighted average discount rate and a portfolio weighted average discount rate across all investments including senior debt interests.

The current discount rates used by the Company are provided in the table below. These rates need to be considered against the assumptions and projections upon which the Company's anticipated cash flows are based.

The average blended discount rates need to be interpreted with care. In the Company's view they are relevant only in the context of the cash flows (and cash flow assumptions) they are applied to in calculating the fair value of investments. Comparison of discount rates across competitor investment portfolios or funds is only meaningful if there is a comparable level of confidence in the quality of forecast cash flows (and assumptions) the rates are applied to; the risk and return characteristics of different investment portfolios are understood; and the depth and quality of asset management employed to manage risk and deliver expected returns are identical across the compared portfolios.

Metric	31 December 2014	30 June 2014	31 December 2013	Movement 31 December 2013 – 31 December 2014
Weighted Average Government Bond Rate (Nominal) – portfolio basis – Risk Capital and senior debt	2.79%	3.38%	3.46%	(0.67%)
Weighted Average Project Premium over Government Bond Rate – Risk Capital and senior debt (Nominal)	4.69%	4.37%	4.26%	0.43%
Weighted Average Discount rate – Portfolio basis – Risk Capital and senior debt	7.48%	7.75%	7.72%	(0.24%)
Weighted Average Discount rate – Risk Capital only[1]	7.90%	8.21%	8.20%	(0.30%)
NAV per share	127.0p	124.8p	123.0p	4.0p

1 Risk Capital is equity and subordinated debt investments.

The change in the weighted average discount rate in the period is principally due to substantial reductions in the average government bond rates. However, this was partly offset by an increase in the weighted average project premium which took into account (i) an increase in the project premium reflecting observable market based evidence which does not support the full reduction in government bond yields, especially in Europe which has seen some of the largest negative bond yield movements and (ii) assets moving out of the construction or defects liability phase and towards full operations.

Government bond rates

In the table above the Company has provided an analysis of the weighted average government bond rate used in calculating the discount rate. It should be noted that the nominal (i.e. non inflation linked) bond rate has been used in this calculation. The Company considers, however, that investors may also find a comparison with inflation adjusted government bond rates helpful. This is the case due to the significant level of inflation linkage inherent in the Company's anticipated cash flows.

Real (i.e. inflation adjusted) bond rates are included in the table overleaf. Using these real rates on a weighted average basis leads to a 'real' portfolio rate of (0.05%) with the difference between the 'real' and 'nominal' rates reflecting in theory the implied rates of future expected inflation. In some countries this is higher than those currently being assumed to calculate the Company's estimate of NAV. This information is provided to enable investors to make approximate comparisons of the projected return of the Company with that available from government index linked bonds. It should be noted that any such comparison can only be estimated due in part to the fact that the Company's cash flows are not fully linked to inflation and the Company's cash flows already assume a core level of inflation as set out in the section headed Macroeconomic assumptions on page 22.

Strategic Report

2014 Financial and Operating Review continued

Country	31 December 2014 Nominal	31 December 2014 Real	31 December 2013 Nominal	31 December 2013 Real	Movement (2013–2014) Nominal	Movement (2013–2014) Real
UK	2.85%	(0.36%)	3.34%	0.01%	(0.49%)	(0.37%)
Australia	3.80%	1.41%	4.48%	1.91%	(0.68%)	(0.50%)
Europe[1]	2.17%	0.25%	3.39%	1.32%	(1.22%)	(1.07%)
Canada	2.56%	0.57%	3.03%	0.96%	(0.47%)	(0.39%)
Portfolio weighted average	2.79%	(0.05%)	3.46%	0.53%	(0.67%)	(0.58%)

1 Includes Belgium, Germany, Ireland, and Italy. Note estimates only for Belgium and Ireland as no index linked bonds available.

Portfolio level assumptions underlying NAV calculation

The Company is aware that there are subtle differences in approach to the valuation of portfolios of investments among different infrastructure funds. To clarify the Company's position in this regard its key cash flow inputs and broad valuation principles include:

> That key macroeconomic variables (outlined in the section above) continue to be applicable

> That the contracts under which payments are made to the Company and its subsidiaries remain on track and are not terminated before their contractual expiry date

> That where deductions are suffered under such contracts they are fully passed down to subcontractors

> That where possible lifecycle costs are not borne by the Company but are passed down to a third party such as a facilities management contractor

> That cash flows from and to the Company's subsidiaries and the infrastructure asset owning entities in which it has invested will be made and are received at the times anticipated

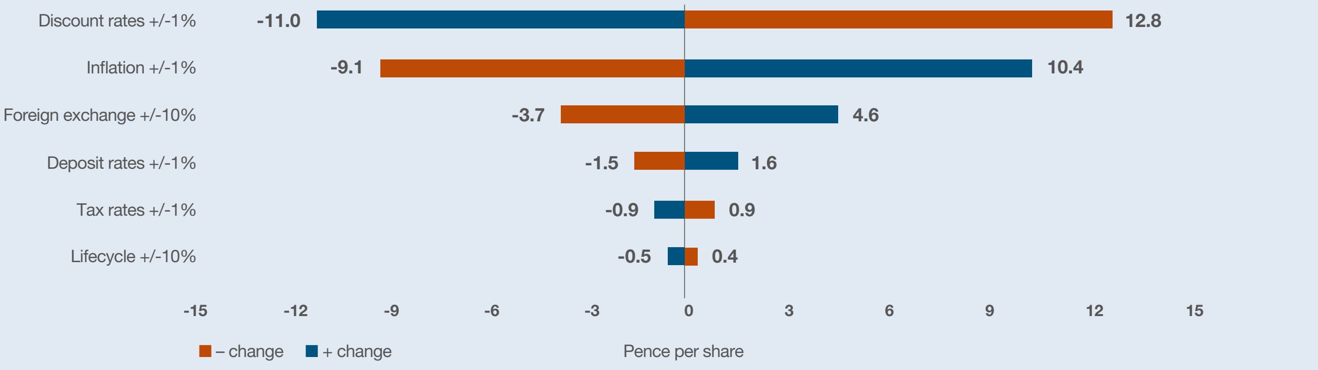
> That where assets are in construction they are either completed on time or any costs of delay are borne by the contractors not the Company

> That where the operating costs of the Company or the infrastructure asset owning entities in which it has invested are fixed by contract such contracts are performed, and where such costs are not fixed, that they remain within projected budgets

> That where the Company or the infrastructure asset owning entities in which it has invested owns the residual property value in an asset that the projected amount for this value is realised

> That where assets in which the Company invests are not GBP assets that foreign exchange rates remain consistent with current four year forward looking projections

Impact of Changes in Key Macroeconomic Variables to 31 December 2014 NAV of 127.0p per Share



Sensitivities for key macroeconomic assumptions and discount rates

The Company's NAV is based on the factors outlined above. The Company has also provided sensitivity analysis showing an indication of the impact on NAV per share from changes in macroeconomic assumptions and discount rates, as set out below. Further details can be found in note 13. This analysis is provided as an indication of the likely impact of these variables on the NAV per share on the basis that they apply uniformly across the portfolio whereas in practice the impact is unlikely to be uniform. These sensitivities should be used only for general guidance and not as accurate predictors of outcomes.

Discount rates

The Company's approach to determining the discount rate is described in detail above. Assuming all other things are equal, a reduction of 1% per annum to the underlying project discount rates would increase the 31 December 2014 NAV per share by 12.8 pence. Should the underlying project discount rates increase by 1% per annum the NAV per share would decrease by 11.0 pence.

Inflation

In an environment where investors are increasingly focused on achieving long-term real rates of return on their investments, inflation protection is an important consideration for the Company. At 31 December 2014 the majority of assets in the portfolio had some degree of inflation linkage and, in aggregate, the weighted return of the portfolio would be expected to increase by 0.85% per annum in response to a 1% per annum inflation increase across the whole portfolio over the currently assumed rates.

Where actual inflation is higher or lower than the assumed levels, it can be expected to impact on the Company's actual future cash flow in a correspondingly positive or negative manner other things being equal. If the underlying project inflation rates were to increase by 1% per annum evenly across the portfolio there would be a 10.4 pence increase to the NAV per share. Conversely, if the rates were to decrease by 1% per annum there would be a 9.1 pence decrease to the NAV per share.

Given recent macroeconomic conditions in Europe, the Company is cognisant of the risk of low inflation on short-term coverage dividend. Therefore it has also analysed the impact of other inflationary and deflationary scenarios on the portfolio.

1. Inflation of 0% per annum for the remaining concession life
2. Inflation of 0% per annum for the next four years and then reverting back to the current day assumptions
3. Inflation of -1% per annum for four years and then reverting back to current day assumptions

Analysis above has been performed on the 20 largest investments by value covering c.78% of the portfolio. The analysis indicates the resilience of the portfolio and demonstrates that the Company retains the ability to meet its dividend growth and coverage targets. Full details of the analysis undertaken and assumptions made can be found on the Company's website.

Forecasting the impact of possible future inflation/deflation on projected returns and NAV in isolation cannot be relied on as an accurate guide to the future performance of the Company as actual inflation is unlikely to follow any of these scenarios exactly and in any case, many other factors and variables will combine to determine what actual future returns are available. The analysis provided above should therefore be treated as being indicative only and not as proving any form of profit or dividend forecast.

Foreign exchange

The Company has a geographically diverse portfolio and therefore GBP revenues are subject to foreign exchange rate risk. Should the assumed exchange rates increase by 10% per annum this could be anticipated to lead to a 4.6 pence increase in the NAV per share while a 10% per annum reduction in the exchange rates would result in a 3.7 pence decrease in NAV per share. Short-term fluctuation in foreign exchange rates are managed through currency forward contracts.

Deposit rates

The long-term weighted average future deposit rate across the portfolio is 3.47% per annum. While operating cash balances tend to be low given the structured nature of the investments, project finance structures typically include reserve accounts to mitigate certain costs and therefore variations to deposit rates may impact the portfolio. All else being equal, a 1% per annum increase in the underlying deposit rates could be anticipated to lead to a 1.6 pence increase in the NAV per share and a 1% per annum decrease in deposit rate to a 1.5 pence reduction in the NAV per share.

Tax rates

The Company has a geographically diverse portfolio and therefore post-tax investment cash inflows are impacted by tax rates across all relevant jurisdictions. Should the assumed tax rates increase by 1% per annum this could be anticipated to lead to a 0.9 pence decrease in the NAV per share while a 1% per annum reduction in the tax rates could be anticipated to lead to a 0.9 pence increase in NAV per share.

Project Lifecycle Spend

Over a project's lifecycle there is a process of renewal required to keep the physical asset fit for use and at the standard required of it under the agreement with the occupying public sector body. The proportion of total cost that is lifecycle spend will depend on the nature of the asset. In order to enhance the certainty around cash flows, around 95% of the Company's assets (by value) are structured such that lifecycle cost risk is taken by a subcontractor for a fixed price (isolating equity investors from such downside risk). As a result, the impact of any changes to the Company's lifecycle cost profile is relatively small. A 10% increase in lifecycle costs would lead to a 0.5 pence reduction in NAV per share. A 10% decrease in lifecycle costs would lead to a 0.4 pence increase in NAV per share.

Future group tax relief

Under UK group tax loss relief rules, losses within the UK group companies can be, subject to UK tax law, offset against taxable profits in other UK group companies (including controlled project entities). This group tax loss relief can reduce the overall tax charge across the portfolio and potentially reduce taxable profits substantially below the levels currently modelled by the Company. The Company has taken a conservative approach to the valuation of future tax losses and, to date, has not incorporated these into the NAV.

Strategic Report

2014 Financial and Operating Review continued

Cash flow movements in the period

Summary of consolidated cash flow	Year to 31 December 2014 £ million	Year to 31 December 2013 £ million
Opening cash balance	**80.6**	**65.8**
Cash from investments	64.0	59.7
Operating costs (recurring)	(12.2)	(11.7)
Net financing costs	(1.9)	(0.5)
Net cash before one off operating costs	**49.9**	**47.5**
One-off operating costs	(5.0)	(5.4)
Net cash flow from operations	**44.9**	**42.1**
Cost of new investments	(188.2)	(36.5)
Net drawdown on corporate debt facility	16.3	–
Proceeds of capital raisings (net of costs)	94.2	46.1
Disposal proceeds	22.3	–
Distributions paid	(40.7)	(36.9)
Net cash at period end	**29.4**	**80.6**

The Company's net cash at 31 December 2014 was £29.4 million (31 December 2013: £80.6 million), a decrease of £51.2 million reflecting substantial new investments in the year partially offset by proceeds from capital raising, positive investment cash flows and drawdown on the corporate debt facility.

Cash inflow from the Company's investment portfolio was £64.0 million (31 December 2013: £59.7 million). The increased cash flow was mainly due to the timing of receipt of distributions from underlying investments.

Recurring operating costs have increased from £11.7 million to £12.2 million, in line with the increase in the Company's NAV although, as detailed in the 'ongoing charges' table above right, other operating costs have remained largely consistent. Net financing costs increased from £0.5 million to £1.9 million mainly due to the drawdown on the corporate debt facility and the increase in facility size to £175 million (2013: £100 million). One-off operating costs of £5.0 million (31 December 2013: £5.4 million) mainly represent costs associated with the refinancing of the corporate debt facility in the period and one-off transaction costs on new investments.

The Company funded its acquisitions during the period by drawing down on its corporate debt facility which was subsequently partly repaid using the proceeds from capital issuance. Disposal proceeds of £22.3 million (31 December 2013: nil) have resulted from strategic divestments designed to optimise the investment portfolio specifically where the Company holds minority shares without expectation of gaining control.

Cash dividends paid in the period of £40.7 million (31 December 2013: £36.9 million) were in respect of the six month period ended 31 December 2013 and 30 June 2014.

Corporate expenses and ongoing charges

A breakdown of corporate operating costs paid is provided below:

Corporate Expenses	Year to 31 December 2014 £ million	Year to 31 December 2013 £ million
Management fees	(11.1)	(10.6)
Audit fees	(0.1)	(0.1)
Directors' fees	(0.2)	(0.2)
Other running costs	(0.8)	(0.8)
Operating costs (ongoing)	**(12.2)**	**(11.7)**

The increase in management fees paid to the Investment Adviser is in line with the growth in managed investments and the growth of the Company's portfolio.

Ongoing Charges	Year to 31 December 2014 £ million	Year to 31 December 2013 £ million
Annualised Ongoing Charges[1]	(12.2)	(11.7)
Average NAV[2]	983.5	905.9
Ongoing Charges	**(1.24%)**	**(1.29%)**

1 The Ongoing Charges ratio was prepared in accordance with the Association of Investment Companies' ('AIC') recommended methodology, noting this excludes non-recurring costs.
2 Average of published NAVs for the relevant period.

Performance against Strategic Priorities – Active Asset Management

Investment cash flow from the Company's portfolio of 112 investments has continued to perform at least in line with the Company's forecasts. Ensuring that the Company's assets are available for use and are performing in accordance with contractual expectations is a critical task for the Company and its service providers.

The Investment Adviser, on behalf of the Company, closely monitors the relationship between service providers and public sector clients. It is actively involved in the ongoing management of assets to ensure that performance standards are being met. In addition to these day-to-day activities, the Investment Adviser works with public sector clients on assignments as they arise. For example, during 2014, the Investment Adviser worked with a number of schools in the Company's portfolio who wished to convert to 'Academy' status. In assuming Academy status the schools are given more control over their own finances as they receive funding directly from the 'Education Funding Agency' (a government department) rather than via their local authority. The Investment Adviser has assisted these schools to navigate a complex set of processes between the school and the various providers who are party to the underlying PFI contract to help ensure that they are not disadvantaged by the change in status. To date the Investment Adviser has assisted ten schools through the transition to Academy status.

The Company also takes an active role in assisting its public sector clients to achieve savings from existing concession arrangements. As a signatory to the Code of Conduct for Operational PFI/PPP Contracts the Investment Adviser has worked with its public sector counterparties to identify and deliver efficiencies and savings in operational PFI and PPP contracts. Across the portfolio a number of benchmarking exercises have been undertaken that have resulted in reduced costs to the public sector. In addition, other projects within the portfolio have seen benchmark reports submitted or the benchmarking process commenced. As part of this initiative the Investment Adviser has focused on opportunities to reduce energy consumption within the projects including the installation of LED lighting and motion sensors to help reduce energy spend over time. The Investment Adviser is also currently assisting one of its public sector clients to assess the benefits of installing a large solar rooftop array on its buildings in order to reduce energy charges over the longer term.

During 2014 our public sector clients commissioned c.900 variations resulting in over £34 million of additional works at the project level. All variations were overseen by the Investment Adviser as part of the day-to-day asset management activities it undertakes in conjunction with the project facilities manager and the public sector client. Variations ranged in size from a few hundred pounds to over £17 million and demonstrate the value and flexibility of PFI/PPP contracts to respond to the changing requirements of public sector clients.

A number of key construction milestones were also reached on portfolio projects during the period: Stage 2 of the Royal Children's Hospital reached completion in late 2014 some three months in advance of the contractual completion date; the Federal Ministry of Education and Research, Berlin reached construction completion on time and budget at the beginning of August 2014; and, the Gold Coast Rapid Transit also reached completion in July 2014.

Projects under construction as at 31 December 2014, all of which are currently on schedule for operational commencement are set out in the table below.

Asset	Location	Construction Completion Date	Defects Completion Year	Status	% of Fair Value of Investment
Building Schools for the Future portfolio	UK	August 2015	2016	On schedule	0.1%

Strategic Report

2014 Financial and Operating Review continued

Performance against Strategic Priorities – Value-focused Portfolio Development

During the year the Company made further investment of £188.2 million across five projects. The projects acquired were either sourced by the Investment Adviser from project inception (i.e. in response to an initial government procurement process) or were acquired by way of further investment into the Company's existing assets. These methods of procurement remain the Company's preferred route to market as they necessarily avoid investment in the open secondary market which remains very competitive. Details of acquisitions are provided below.

Asset	Location	Acquisition/ Divestment	Operational Status	Investment/ realisation value	Acquisition/ Divestment date
Federal German Ministry of Education and Research	Berlin, Germany	Acquisition	Operational but still in 'defects period'	£9.6 million	January 2014
Building Schools for the Future	Kent, UK	Acquisition	Operational	£7.2 million	January 2014
Building Schools for the Future	Wolverhampton, UK	Acquisition	Under construction	£0.5 million	January 2014
Building Schools for the Future	Nottingham, UK	Acquisition	Operational but still in 'defects period'	£2.8 million	June 2014
Lincs Offshore Transmission Project	Lincolnshire, UK	Acquisition	Operational	£168.1 million	November 2014
Total acquisitions				**£188.2 million**	
Building Schools for the Future	Various, UK	Divestment	Operational	£18.8 million	February 2014
Amiens Hospital PPP	France	Divestment	Operational	£0.3 million	July 2014
Building Schools for the Future	Sheffield, UK	Divestment	Operational	£3.2 million	September 2014
Total disposals				**£22.3 million**	

In January, the Company acquired a 98% equity interest and 100% subordinated debt of the headquarters of the Federal German Ministry of Education and Research in Berlin ('BMBF'). The Ministry provides funding for research projects and institutions and sets general educational policy, including providing student loans, in Germany.

The BMBF interests were acquired by an investment subsidiary of the Company from an associate of the Investment Adviser for approximately €11.9 million (£9.6 million). The acquisition process was managed in accordance with the Company's policy on dealing with conflicts of interest in such circumstances. This process, which is documented further on page 44, included the Company obtaining an independent valuation which valued the asset at a price slightly higher than the price at which it was acquired.

The Company also invested further in its Building Schools for the Future ('BSF') portfolio. Three investments were made in existing BSF projects:

- The acquisition of 60% of Kier Project Investments' 80% interest in the Kent BSF (UK PFI schools) project for £7.2 million, taking the Company's ownership in this project to 58%
- A follow-on investment of £0.5 million in the Wolverhampton BSF (UK PFI schools) project where the Company had the opportunity to invest on a minority basis. The project involves the design, construction, financing and operation of two high schools in the second phase of the Wolverhampton BSF programme delivered using a PFI structure
- An additional £2.8 million investment in the second phase of the Nottingham BSF from Carillion Private Finance, taking the Company's interest from 10% to 82%

The Company also reached financial close on a £168.1 million investment in the Lincs OFTO project. The project links the 270MW Lincolnshire wind farm via transmission cables to the National Grid via 100km of subsea cables and other related infrastructure including substations. The Company will take no exposure to electricity production or price risk, rather is paid a pre-agreed revenue stream over 20 years which is fully linked to UK inflation (RPI).

In addition, in July the Company announced that it had been selected as the winning bidder to fund the Priority School Building Programme, a centrally managed UK government scheme designed to address schools most in need of urgent repair. The funding programme, known as the 'Aggregator' will see c.£700 million of investment directed into 46 schools across five batches. The Company's commitment will be up to £79 million, with the residual funding being provided by consortium partners the European Investment Bank and Aviva. The investment will be made progressively over a twelve month period, as each batch of schools reaches financial close. The first two batches reached financial close earlier this month with the Company committing £18.2 million of funding. In recognition of the innovative nature and importance of the transaction it was awarded IJ Global's 2014 European Social Infrastructure Deal of the Year.

The Company made a number of divestments during the period. Minority interests in the Hull, Leeds, Newcastle, Rochdale, Sandwell and Leicester BSF projects were disposed, with £18.8 million being realised. In a separate transaction, the Company's stake in Sheffield BSF was also divested for £3.2 million. The divestments were agreed as the Company had determined that it had no realistic scope to increase its holdings in these particular projects to majority controlling holdings and therefore considered that, based on the price offered, a sale would be in the best interests of the Company. The proceeds of sale are substantially in excess of the price paid for the same stakes on acquisition in August 2011, offering a significant premium to the Company.

In addition, the Company divested a further asset, the Amiens Hospital PPP project in France, realising a total of £0.3 million. The sale achieved a price in excess of the Company's valuation and was opportunistic. Consistent with the sales conducted in January of this year, this was a non-strategic, subscale project, thereby, this divestment further streamlined the portfolio.

Performance against Strategic Priorities – Efficient Financial Management

The Company seeks to generate dividends to investors that are paid from operating cash flow. For the year ended 31 December 2014 the cash dividend paid to investors was 1.2 times covered by net operating cash flow and the Company remains confident that it will be able to grow dividends in the future.

During the year, the Company has renewed its corporate debt facility. On 20 January 2014 the term of the facility was extended until December 2016 on broadly the same terms as the existing facility but with an increase in the size of the facility to £175 million (previously £100 million) in light of a growing trend in the size of investment opportunities available.

It remains the Company's policy not to have long-term corporate level debt and it is anticipated that to the extent that the corporate facility is drawn to fund acquisitions, this would be a short-term arrangement and equity funding, by means of a capital raising, would be sought to repay outstanding debt as soon as practicable. As at the date of this report, the corporate debt facility was £27.2 million drawn.

Case Study
Investment Entity – Active Asset Management

Federal Ministry of Education and Research in Berlin ('BMBF')

Project summary
The €120 million BMBF project involved the design, construction, operation and financing of the new headquarters of the Federal Ministry of Education and Research in Berlin ('the Ministry') and comprised two connected buildings on a c.13,400 sqm piece of land owned by the German Government Agency for Real Estate ('the Authority'). The new building has a gross area of c.55,000 sqm and provides space for around 1,000 employees.

The Ministry provides funding for research projects and institutions and sets general educational policy in Germany, including providing student loans. The project was the first civil construction project developed under a PPP model by the Federal German Government and is a pioneering project for the German PPP market. It was awarded Project Finance 'Deal of the Year' in 2011.

The Investment Adviser was involved in the project since its inception and in conjunction with its consortium partners was the successful bidder in the Authority's procurement process. Construction on the project commenced on 1 August 2011 and was effectively delivered through a turn-key contract with BAM Deutschland AG as scheduled and to budget on 1 August 2014.

Since then the project has been operated in conjunction with the facilities management ('FM') partner BAM Immobilien-Dienstleistungen GmbH with the Investment Manager engaged to provide ongoing asset management ('AM') services to the project until July 2041.

In January 2015, following the completion of construction (and consequent reduction in the project's risk profile), the Company acquired a 98% equity interest and 100% of subordinated debt from an associate of the Investment Adviser.

Project highlights – 'Green credentials'
The Ministry used the development of BMBF as an opportunity to showcase research and development in sustainable practice and one of the main characteristics of the new building is its 'green footprint' focusing on green energy and energy efficiency. The building achieved Gold Status under the Valuation System for Sustainable Construction of Ministries in Germany which represents the highest possible evaluation for sustainability. Key features include:

> 'Smart Grid' technology, an intelligent heating and cooling system which provides the most efficient air circulation and optimal working conditions while removing the need for heating radiators and air conditioning ventilators
> The roof and building façade incorporate solar panels and the building also contains a fuel cell and a combined heat/power unit to supply the electrical and thermal power. The fuel cell is the first to be used in a German public office building
> The materials used during construction include natural stone and recycled glass elements as well as sustainable wooden window frames

Structuring the project to minimise risks

The structure of the project is designed to minimise risks and includes the following features:

> Availability based revenue stream – a standard availability payment mechanism is supported by the Federal Republic of Germany
> Limited construction risk – all construction milestones were achieved within schedule and on budget
> Limited FM/lifecycle risk – all key operational risks, including lifecycle and hard/soft FM are passed through to the FM partner
> No refinancing or interest rate risk – project debt is matched to the project life and hedging is in place
> Strong yield contribution – the project has been operational since August 2014
> Long project life – 27 year contract following practical completion in August 2014

Key asset management activities

In addition to structuring and financing the project, the project partners provide services to the Authority and the Ministry as well as the financing banks on an ongoing basis. The Investment Adviser takes a proactive approach to managing relationships with all project partners and minimising associated risks. Key asset management services provided by the Investment Adviser include:

> Close coordination with the technical adviser and monthly review of construction progress to ensure that the project's building works were successfully delivered
> Lead partner in all negotiations with the Authority/Ministry and its advisers as well as with the banks ensuring proper documentation and efficient project progression
> Project company management including tax filing and financial statements preparation
> Project agreement negotiations and documentation and financial model adjustments
> Ensuring distributions from the project are paid to the Company in line with expectations

Strategic Report
Outlook

Current Market Environment and Future Opportunities

During 2014 the Company benefited from the significant level of preparatory development work the Investment Adviser had undertaken in previous periods resulting in a record level of investment of £188.2 million in the year. In addition to its willingness to invest in such new 'greenfield' opportunities the Company's ability to increase the value of its investment portfolio also depends on the following market factors:

> The number and quality of new 'greenfield' infrastructure opportunities being procured by public sector bodies (known as the 'primary market')
> The number and quality of investments being sold by existing owners (known as the 'secondary market')
> The level of competition for primary or secondary opportunities and the impact this has on pricing and level of returns
> The macroeconomic environment (e.g. the impact of inflation, interest rates, and the pricing of risk and return for alternative investments)

The Company continues to have a very positive outlook with good opportunities to make further investments in the infrastructure markets and sectors where it is most focused. Public finances continue to be stretched and many governments see private sector finance as an enabler of investment in this space.

However, competition in the secondary market for assets such as those in which the Company invests is intense. While the Company is always keen to review mature secondary market investment opportunities being sold by third party developers, many of these opportunities are less likely to be accretive to the portfolio.

The Company is also selective to ensure an appropriate risk and return balance within the overall portfolio. These trends have also resulted in the Company taking opportunities to divest smaller, non-strategic assets where there is little prospect of increasing stakes to controlling positions and where market pricing is higher than book value.

The Company has an international focus and the current market environment in each of the major jurisdictions in which it operates and the potential for future investment within each is outlined in more detail below:

United Kingdom

The UK Government continues to view high-quality infrastructure as a means to increase productivity and competitiveness. Its 2014 edition of the National Infrastructure Plan indicates a programme of over £460 billion in investment until 2020 and a priority list of its top 40 projects. It also notes that over 80% of the investment will either be full or partly financed by the private sector.

Much of the emphasis of the Plan is on energy and transport. It also identifies key projects in other sectors in which the Company is active. For example some of the larger projects are likely to be completed on a PPP-like profile which, while procured under a different regulatory basis, bear similar risk and return characteristics to other assets within the existing portfolio.

It is also actively supporting innovation in private sector infrastructure finance. For example, as an alternative to traditional bank or government financing, the Education Funding Agency procured a funding scheme which aggregated the financing of five batches of schools being delivered through the Priority Schools Building Programme. As noted elsewhere in this report, the Company was the successful bidder on the scheme, and is pleased that it played a lead role in this 'aggregated' model of financing which has the potential to be replicated across other centrally procured government projects.

We have highlighted for some time the attractive characteristics of the offshore transmission ('OFTO') sector – where investment is made into the cables that link offshore wind farms to the national electricity grid. These projects continue to be amongst some of the most attractive in our sector as they provide long-term income without demand risk i.e. no exposure to volume of electricity generated by the wind farm. In most cases these have historically also provided full inflation linkage. The Company has, to date, been a market leader in investment into this space. Given the barriers to entry for non-participants, the Company expects to continue to benefit from sizeable new 'primary market' opportunities that will come to market over the coming years; the regulator, Ofgem, has reaffirmed its estimates of a further £8 billion of investment in OFTOs by 2020 with the prospect of significantly more in the years thereafter.

Although there is a UK general election in May 2015, all main UK political parties appear to currently support the ongoing investment in UK infrastructure.

Australia

Australia has long involved private sector organisations in the provision and financing of its public sector infrastructure. It also has a well developed market for investment, not only by local superannuation funds and similar investors but it has also developed a large pool of international investors who have invested widely there on the basis of the attractive market dynamics.

While each state government also has its own long-term infrastructure strategy delivery organisation there is a unified method for the delivery of PPP Projects, the National PPP Policy Framework which provides a consistent approach and streamlined procedures that encourage private sector investment in public infrastructure.

Currently Australia's infrastructure priorities include multi-billion Australian Dollar transport projects such as improvements and developments to highways and rail rebuilding and modernisation together with water and communications infrastructure.

While there are attractive opportunities in the Australian market, until more recently the Australian Dollar ('AUD') had been trading at a substantial premium to Sterling compared to longer-term rates. As a result it was less attractive for the Company to consider investing in that market. However, over the past 12 months Sterling has appreciated against the AUD thus potentially making Australian investments more attractive again and the Company will continue to assess opportunities in this market.

The Investment Adviser is currently shortlisted as one of two bidders on both a courts project in Canberra and a grouped schools project in The State of Victoria.

Europe – excluding UK

The Company remains very positive about prospects for further investment in Northern Europe.

Jurisdictions including Belgium, the Netherlands, Germany and Scandinavia continue to offer new primary market PPP opportunities across a range of sectors including accommodation and transportation which are attractive to the Company. Ireland has an active PPP programme where the Company's Investment Adviser is currently bidding on a range of primary market opportunities.

Elsewhere in Europe, austerity measures and fiscal constraint have limited the capacity of governments to fund infrastructure projects, particularly in southern Europe. These areas where there is a less stable track record of PPP investment are not currently an area of focus for the Company.

Currently, in the addition to the Irish bids mentioned above the greatest focus is being directed to pursue opportunities in Germany (where the Company acquired the BMBF asset during 2014 and also currently invests in two other projects); Belgium (where the Company has an existing investment and further investment opportunities are being reviewed) and the Netherlands (where the Company's Investment Adviser is participating in three separate primary market tender processes).

United States

The PPP (or P3) market in the United States is seen as one of the largest growth markets for infrastructure in the developed world, notwithstanding the additional complexities arising from slightly different procurement processes in the different states.

As highlighted in the Chairman's Letter, the Investment Adviser has agreed to the Hunt group of companies taking a 50% interest in the holding company of the Investment Adviser. A key element in this has been the right of 'first look' that the Company has been granted as part of the transaction. Hunt are significant participants in public sector infrastructure in the US and the Company is optimistic that as a result it will see an enhanced flow of attractive investment opportunities from North America in future years including those which are being reviewed currently with Hunt.

Other Countries

PPP in Canada is well established and the Company holds two existing Canadian investments. The Company's Investment Adviser remains active in the Canadian market. However, the market is dominated by domestic pension funds making entry into new investment opportunities more challenging. The Investment Adviser continues to believe that there will be attractive investment opportunities in the longer-term as infrastructure is upgraded. In the short term investment is more likely to be secondary market opportunities rather than primary investments.

New Zealand continues to also be of interest to the Company. The government in that market has been pursuing a privatisation process of several state-controlled energy and infrastructure businesses. While relatively small, the Investment Adviser continues to monitor projects as they come to market, resourcing these opportunities from its Australian offices and is currently bidding for one such opportunity.

The Company keeps a watching brief on opportunities in other international markets but will only consider deals in other markets where it is satisfied that the combination of sovereign credit and rule of law makes such investment comparable with the Company's existing investments.

Current Pipeline

Overall, the Company remains positive about its prospects, both in terms of the performance of its existing investments and the opportunity to add high quality investments to the portfolio during 2015.

Currently, the Investment Adviser has identified a significant investment pipeline for the Company. In addition to these potential investments the Company and its Investment Adviser have a larger number of transactions, which are at an earlier stage of development, under review.

Key areas of current activity within the Company and/or its Investment Adviser (or associates) include:

> Continued activities in the area of UK offshore transmission where the Company has recently closed its fifth project, Lincs OFTO, and is actively bidding each new opportunity as it comes to market
> Enhanced access to US P3 opportunities
> Other UK and European primary investment opportunities (for instance in the healthcare and judicial sectors)
> Acquisition of additional investments in projects where the Company already has an investment. Typically these will arise under pre-emption and similar rights
> The growing range of opportunities in Ireland, Northern Europe and Australia and New Zealand which conform to the existing risk profile within the Company's portfolio
> Appropriately priced proposals from third parties seeking to dispose of projects meeting the Company's investment criteria which have synergies with the Company's existing portfolio

Current opportunities identified by the Investment Adviser are outlined in the table on the next page. It should be noted that given these are predominantly new 'primary' market investments, it can take a number of months for such opportunities to be awarded to a preferred bidder and many more again to reach financial close.

Notwithstanding the opportunities listed overleaf, it should be noted that the Company's performance is not dependent upon making additional investments in order to deliver its projected returns. Further investment opportunities will be judged by their anticipated contribution to overall portfolio returns.

Strategic Report
Outlook continued

Current Projects	Location	Estimated Investment Opportunity	Expected Concession Length	Project Status
Priority School Building Aggregator Programme	UK	Up to £79m[1]	25 years	Consortium including the Company named preferred bidder
Education	UK Australia	c.£100m[1] Up to c.£30m[1]	c.25 years c.25 years	Investment in existing projects, some pre-emptive positions One of two shortlisted
Waste water	UK	c.£200m[1]	Perpetual	Consortium one of two shortlisted
Judicial	Ireland Australia	c.£20m[1] c.£15m[1]	25 years 25 years	One of four shortlisted One of two shortlisted
HUB framework	UK	c.£35m[1]	25 years	HUB framework for various Scottish social community projects. Preferred bidder status for both short and longer-term projects
Transportation	Australia The Netherlands	c.£25m[1] c.£15m[1]	15 years 25 years	Follow-on investment in existing asset One of three shortlisted for maritime transport project
OFTOs – Westermost Rough, Humber Gateway	UK	c.£100m[1]	20 years	One of four shortlisted for third tender round OFTOs with successful consortium
Other/medium-term opportunities				
Judicial	Belgium, Germany, The Netherlands	c. £190m[2]	c. 25 years	The Company has the benefit of medium and long-term development opportunities as well as pre-emption opportunities in respect of a number of projects within the existing portfolio
Healthcare Education Accommodation	New Zealand Austria Germany, Australia	c. £30m[2] c. £60m[2] c. £230m[2]		

The above represents potential opportunities currently under review by the Investment Adviser (and its associates) including current bids, preferred bidder opportunities and the estimated value of opportunities to acquire additional investments including under pre-emption/first refusal rights. There is no certainty these will translate to actual investment opportunities for the Company. The value referenced in relation to the pre-emption opportunities represents the estimated potential investment value which reflects the current estimate of the total likely acquisition value at that time. In relation to the remaining medium-term opportunities, the figure represents the current estimated gross value of the relevant project and therefore includes both debt and equity and is not necessarily indicative of the eventual acquisition price for, or the value of, any interest that may be acquired.

1 Represents current estimated total investment committed by the Company.
2 Represents the estimated current unaudited capital value of the project and includes both debt and equity.

Rupert Dorey
25 March 2015
Chairman

John Whittle
25 March 2015
Director

Strategic Report
Principal Risks and Mitigation

The key risks affecting the Company and the investment portfolio have not materially changed year to year, largely due to the highly contractual and long-term nature of the investments with similar risk profiles. Changes in the macroeconomic environment and broader global regulatory and tax environment can impact on fund returns and are a permanent feature of the risk appraisal process.

The Company's approach to risk management is set out within the Corporate Governance Report.

The following table summarises the Board's views on the principal risks and uncertainties for the Company and the relevance of these risks to meeting the Company's objectives. This is not intended to highlight all the potential risks to the business. There may be other risks that are currently unknown or regarded as less material which could turn out to be material. Any of these could have the potential to impact the performance of the Company, its assets, capital resources and reputation.

A description of broader risk factors relevant to investors is disclosed in the latest Company prospectus available on the Company's website www.internationalpublicpartnerships.com.

Whilst the Company has applied mitigation processes as highlighted below it is unlikely that the techniques applied will entirely eliminate the risk.

Risk	Description	Mitigation/Approach
Macroeconomic Risks		
Inflation	Inflation may be higher or lower than expected. Investment cash flows are positively correlated to inflation therefore increases/decreases to inflation would impact positively or negatively on Company cash flows. Negative inflation (deflation) will reduce the Company's cash flows in absolute terms. The Company's portfolio has been developed in anticipation of continued inflation at or above the levels used in the Company's valuation assumptions. Where inflation is at levels below the assumed levels investment performance may be impaired. The level of inflation linkage across the investments held by the Company varies and is not consistent. Some investments have no inflation linkage and some have a geared exposure to inflation. The consequences of higher or lower levels of inflation than that assumed by the Company will not be uniform across its portfolio. The Company is also exposed to the risk of changes to the manner in which inflation is calculated by the relevant authorities.	The Company monitors the effect of inflation on its portfolio through its twice yearly valuation process and reports on this to investors. The Company also provides sensitivities to investors indicating the projected impact on the Company's NAV of a number of alternative inflation scenarios, offering investors an ability to anticipate the likely effects of some inflation scenarios on their investment.
Foreign Exchange Movements	The Company indirectly holds part of its investments in entities in jurisdictions with currencies other than Sterling but borrows corporate level debt, reports its NAV and pays dividends in Sterling. Changes in the rates of foreign currency exchange are outside the control of the Company and may impact positively or negatively on Company cash flows and valuation.	The Company uses forward foreign exchange contracts to mitigate the risk of short-term volatility in foreign exchange on significant investment returns from overseas investments. These may not be fully effective and rely on the strength of the counterparties to those contracts to be enforceable. The Company monitors the effect of foreign exchange on its portfolio through its twice yearly valuation process and reports this to investors. The Company also provides sensitivities to investors indicating the projected impact on the Company's NAV of a limited number of alternative foreign exchange scenarios, offering investors an ability to anticipate the likely effects of some foreign exchange scenarios on their investment.

Strategic Report

Principal Risks and Mitigation continued

Risk	Description	Mitigation/Approach
Macroeconomic Risks – continued		
Interest Rates	Changes in market rates of interest can affect the Company in a variety of different ways:	
	Valuation Discount Rate The Company, in valuing its investments, uses a discounted cash flow methodology. Changes in market rates of interest (particularly government bond rates) will directly impact the discount rate used to value the Company's future projected cash flows and thus its valuation. Higher rates will have a negative impact on valuation while lower rates will have a positive impact.	In determining the discount rate used to value the Company's investments the Company generally uses nominal interest rates. Where the Company's cash investment inflows are linked to inflation, higher interest rates can often be precipitated by higher inflation expectations, and therefore any inflation linkage may partly mitigate the effect of interest rate changes.
	Corporate Debt Facility The Company has a corporate level debt facility that may be drawn from time to time. Interest is charged on a floating rate basis, so higher than anticipated interest rates will increase the cost of this facility potentially adversely impacting on cash flow and the Company's valuation.	In the event that the interest rate increases then the Company has the option of repaying that facility at any time with minimal notice, providing sufficient funds are available.
	Cash Holdings The Company and underlying investment entities typically choose or can be required to hold various cash balances, including contingency reserves for future costs (such as major lifecycle maintenance or debt service reserves). These are generally held on interest bearing accounts and under the contractual terms applicable to certain investments which in many cases are projected to be held for the long term. The Company assumes that it will earn interest on such deposits over the long term. Changes in interest rates may mean that the actual interest receivable by the Company is less than projected. If the Company receives less interest than it projects this will impact cash flows and NAV adversely.	Interest rate risks cannot be fully mitigated against. In respect of deposit interest rates the Company monitors the effect of historical and projected interest rates on its portfolio through its twice yearly valuation process and reports this to investors. The Company also provides sensitivities to investors indicating the projected impact on the Company's NAV of a limited number of alternative scenarios, offering investors an ability to anticipate the likely effects of some deposit interest rate scenarios on their investment.
Taxation	**Change in Legislation** Changes in tax legislation across the multi-jurisdictions in which the Company has investments can reduce returns impacting on the Company's cash flow and valuation.	The diversified jurisdictional mix of the Company's investments may provide some mitigation to tax changes in any one jurisdiction.
	Change in Tax Rates Most recently the Company has benefited from reductions in the headline rates of UK corporation tax positively impacting its UK based investments, however there is a risk that this could be reversed if there were a change in government or policy. Such changes may occur in all jurisdictions in which the Company operates.	The Company believes it takes a conservative approach to tax planning. The Board monitors changes in tax legislation and takes advice as appropriate from external, independent, qualified advisers. Whilst the Board and the Company's Investment Adviser seek to minimise the impact of adverse changes in tax requirements, its ability to do so is naturally limited.
	Base Erosion and Profit Shifting The OECD's Action Plan on Base Erosion and Profit Shifting ('BEPS'), published in 2013, seeks to address perceived flaws in international tax rules. It sets out 15 actions to counter BEPS in a comprehensive and coordinated way. These actions may result in fundamental changes to the international tax standards and potentially have unintended consequences for domestic tax standards too. If widely drawn they may have negative implications for the Company.	The Company's Investment Adviser has responded to the OECD BEPS consultation process but there can be no guarantee that any enactment of BEPS into national legislation within those countries where the Group operates will not have a negative impact, whether direct or indirect, on the Company's performance.
Accounting	Accounting changes may have either a positive or adverse effect on cash flows available for distribution to the Company and therefore the value of the investments. Accounting changes that have the effect of reducing distributable profits in investment entities and holding entities may impact the Company's cash flows and thus valuation adversely.	A significant portion of the Company's income is received in the form of shareholder debt interest income i.e. from pre-tax cash flows and therefore not constrained by distributable profits tests.

Risk	Description	Mitigation/Approach
Market Risk		
Political and Regulatory	The nature of the businesses in which the Company invests exposes the Company to potential changes in policy and legal requirements. All investments have a public sector infrastructure service aspect. Some are subject to formal regulatory regimes. All are exposed to political scrutiny and the potential for adverse public sector or political criticism. Moreover all are dependent ultimately on public sector expenditure for most of their revenues. The Company is therefore potentially highly exposed to changes in policy, law or regulations including adverse or punitive changes of law.	The Company's existing investments benefit from long-term service and asset availability based pricing contracts and the countries in which the Company operates do not tend to have a tradition of penal retrospective legislation. The countries where the Company operates tend to be long-term supporters of PPP frameworks and similar procurements and recognise the risk of deterring future investment in the event that penal or disproportionate steps are taken in respect of existing contractual engagements.
	Termination of Contracts Typically contracts between public sector bodies and the Company's investment entities contain rights for the public sector to voluntarily terminate contracts in certain situations. Whilst the contracts typically provide for compensation in such cases, this could be less than required to sustain the Company's valuation causing loss of value to the Company. There have been instances of contracts being voluntarily terminated in the UK health sector recently (although not affecting the Company).	The Company maintains strong and positive relationships with its public sector clients where it can. The Company engages with its public sector clients in developing cost saving initiatives and acting as a 'good partner' where it can. None of the Company's investments have been identified, by any government audit or public sector report as being poor value-for-money or not in the public interest. The Investment Adviser is a signatory to the Code of Conduct for Operational PFI/PPP contracts in the UK. The voluntary code of conduct sets out the basis on which public and private sector partners agree to work together to make savings in operational Public PPP contracts. Compensation on termination clauses within such contracts serve to partially mitigate the risk of voluntary termination. Furthermore in the current financial climate where voluntary termination leads to a requirement to pay compensation such compensation is likely to represent an unattractive immediate call on the public finances for the public sector.
	Change in Law/Regulation Changes in law or regulation may increase costs of operating and maintaining facilities or impose other costs or obligations that indirectly adversely affect the Company's cash flow from its investments and/or valuation of them.	Some investments maintain a reserve or contingency designed to meet change in law costs and/or have a mechanism to allow some change in law costs (typically building maintenance related) to be passed back to the public sector.
	Change in Political Policy Political policy and financing decisions may also impact on the Company's ability to source new investments at attractive prices or at all.	Current policy trends in the UK and elsewhere continue to support the use of private sector capital to finance public infrastructure.
	Change in Regulations The Company is subject to changes in regulatory policy that relate to its business and that of its Investment Adviser. The Company is supervised by the Guernsey Financial Services Commission and is required to comply with the UK Listing Rules applicable to 'Premium' listings. The Investment Adviser is regulated by the Financial Conduct Authority in the UK in accordance with the Financial Services and Markets Act 2000.	The Company and its Investment Adviser monitor regulatory developments and seek independent professional advice in order to manage compliance with changing regulatory requirements.
	Recent Regulatory Changes Recent regulatory changes have included the transposition of the European Union's Alternative Investment Fund Managers Directive ('AIFMD') into UK and other EU countries national laws which will impact the Company by increasing its regulatory burden.	The Board considers the Company is self-managed (i.e. it is its own Alternative Investment Fund Manager ('AIFM')). It is therefore subject to a lighter regulatory regime than if it were to appoint an AIFM from within the EU. However it is not possible to entirely mitigate the risk the Company may be deemed or choose to be managed by an EU AIFM in the future.

Strategic Report

Principal Risks and Mitigation continued

Risk	Description	Mitigation/Approach
Operational and Valuation Risk		
Asset Performance	**Asset Availability** The Company's investments' entitlement to receive income from their public sector clients is generally dependent on the underlying physical assets remaining available for use and continuing to meet certain performance standards. Failure to maintain assets available for use or operating in accordance with pre-determined performance standards may entitle the public sector to stop (wholly or partially) paying the income that the Company has projected to receive.	The Board reviews underlying investment performance of each investment quarterly allowing asset performance to be monitored in close to real time. Historically the Company has seen very high levels of asset performance which suggests a positive trend for the future. Contractual mechanisms also allow for significant pass-down of unavailability and performance risk to sub-contractors in many cases.
	Termination In serious cases where the terms of the underlying contract with the public sector are breached due to default or force majeure then that contract can usually be terminated without compensation. Failure to receive the amount of revenue projected or termination of a contract will have a consequential impact on the Company's cash flow and value.	In the event of significant and continuing unavailability across the Company's portfolio the Company is able to terminate the Investment Advisory Agreement. This serves to reinforce alignment of interest between the Company and the Investment Adviser.
Counterparty Risk	The Company's investments are dependent on the performance of a series of counterparties to contracts including public sector bodies, construction contractors, facilities management and maintenance contractors, asset and investment managers (including the Investment Adviser), banks and lending institutions and others. Failure by one or more of these counterparties to perform their obligations fully or as anticipated could adversely affect the performance of affected investments. Replacement counterparties where they can be obtained may only be obtained at a greater cost. These risks would negatively impact the Company's cash flows and valuation.	The Company has a broad range of suppliers and believes that supplier counterparty risk is diversified across its investments. All contracts include the provision of a security package from counterparties to mitigate the impact of supplier failure. In addition, generally payments are made in arrears to service providers giving the Company some protection against failures in performance. The credit quality of supplier counterparties is reviewed as part of the Company's due diligence at the time of making its investments. Most of the services provided to the Company's investments are reasonably generic and therefore there can be expected to be a pool of potential replacement supplier counterparties in the event that a service counterparty fails albeit not necessarily at the same cost.
	Where borrowings exist in respect of the Company's investments, interest rates are generally fixed through the use of interest rate swaps. The Company is therefore exposed if the counterparties of these swaps were to default or the swaps otherwise become ineffective.	The credit risk of such swap counterparties is considered at the time of entering into these arrangements and are regularly reviewed. However, there is a risk of credit deterioration which could impact affected investments.
Physical Asset Risk	The Company indirectly invests in physical assets used by the public and thus is exposed to possible risks, both reputational and legal, in the event of damage or destruction to such assets and their users including loss of life, personal injury and property damage. While the assets the Company invests in benefit from insurance policies these may not be effective in all cases.	The Company's investments benefit from regular risk reviews and external insurance advice which is intended to ensure that those assets continue to benefit from insurance cover that is standard for such assets.
Contract Risk	The performance of the Company's investments is dependent on the complex set of contractual arrangements specific to each investment continuing to operate as intended. The Company is exposed to the risk that such contracts do not operate as intended, are incomplete, contain unanticipated liabilities, are subject to interpretation contrary to the Company's expectation or otherwise fail to provide the protection or recourse anticipated by the Company.	Such contracts have been entered into usually only after lengthy negotiations and with the benefit of external legal advice. A legal review of contract documentation is undertaken as part of the Company's due diligence at the time of making new investments.
Financial Forecasts	The Company's projections depend on the use of financial models to calculate future projected investment returns for the Company. These are in turn dependent on the outputs from other financial model forecasts at the underlying investment entity level. There may be errors in any of these financial models including calculation errors, incorrect assumptions, programming, logic or formulaic errors and output errors. Once corrected such errors may lead to a revision in the Company's projections for its cash flows and thus impact on its valuation.	Financial forecasts are generally subject to model audit by external accountancy firms which is a process designed to identify errors. The comparison of past actual performance of investments against past projected performance also gives confidence in financial models where actual performance has closely matched projected performance. However there can be no assurance that forecast results will be realised.
Sensitivities	The Company publishes information relating to its portfolio including projections of how portfolio performance and valuation might be impacted by changes in various factors e.g. interest rates, inflation, deposit rates etc. The sensitivity analysis and projections are not forecasts and actual performance is likely to differ (possibly significantly) from that projection as in practice the impact of changes to such factors will be unlikely to apply evenly across the portfolio or in isolation from other factors.	Sensitivities are produced for the information of investors and are accompanied by disclaimers and guidance explaining that limited reliance can be placed upon them.

Corporate Governance Report

Introduction

The Board of Directors is committed to high standards of corporate governance and has put in place a framework for corporate governance which it believes is appropriate for an investment company.

Compliance with Corporate Governance Codes

All companies with a Premium Listing on the London Stock Exchange are required to confirm their compliance with (or explain departures from) the UK Corporate Governance Code ('UK Code'). This requirement applies regardless of where the company is incorporated.

The Company is a member of the Association of Investment Companies (the 'AIC'). The UK Code acknowledges that the AIC Corporate Governance Code ('AIC Code') can assist externally managed companies in meeting their obligations under the UK Code in areas that are of specific relevance to investment companies.

The Guernsey Financial Services Commission has also confirmed that companies that report against the UK Code or AIC Code are deemed to meet the Guernsey Code of Corporate Governance.

The AIC Code is available from the Association of Investment Companies (www.theaic.co.uk). The UK Code is available from the Financial Reporting Council website (www.frc.co.uk).

The Company has complied throughout the year with all the provisions of the AIC Code and as such also meets the requirements of the UK Code except to the extent highlighted below. In particular the Company notes the following departures from the code (for part or all of the year) for the reasons as set out below:

1. The role of the Chief Executive and Executive Directors' remuneration

As an investment company, most of the Company's day-to-day responsibilities are delegated to third parties. The Company does not have any Executive Directors. The UK Code's two separate principles of setting out the responsibilities of the Chief Executive and disclosing the remuneration of executive directors (Section 12 – A.2 of the UK Code) are therefore not applicable.

2. Re-election of all Directors

The Board notes the AIC Code and UK Code suggest it would be good practice for all Directors to be offered for re-election at regular intervals subject to continued satisfactory performance. In accordance with the Company's articles of incorporation, at least one third of the Independent Directors and Mr Frost (treated for the purposes of the AIC Code as a Non-Independent Director) will retire at each Annual General Meeting (Principle 3 – AIC Code). The Company considers that putting forward all Independent Directors for re-election more frequently would not be in the best interests of shareholders, given the long-term nature of the Company's assets that benefit from a consistent approach across years both in terms of management and independent Board supervision.

As such the Company takes the view that the benefits to shareholders arising from the Directors' long-term knowledge and experience of these underlying assets and their management (including their ongoing ability to review the performance of the Investment Adviser and other advisers) outweighs the benefit of more frequent re-election being applied to all Directors.

However, as detailed in the 'Board Tenure and Re-election' section below as Mr Dorey will have been a Director for over nine years from August 2015, the Board determined that it would be appropriate that he offer himself for re-election on an annual basis.

Other Directors seeking re-election this year are detailed in the sections below.

3. Nomination of candidates to join the Board

As noted in the sections that follow, the Board formed a Nomination and Remuneration Committee in September 2014 which, among other things, considers the appointment of candidates to the Board.

Prior to the establishment of this Committee, nomination of candidates to join the Board was considered by the full Board. This approach was in compliance with Principle 9 of the AIC Code, recommending that the Independent Directors take the lead in the appointment of new Directors. Following the establishment of the Committee the Company now also meets the requirement of the UK Code (Section 12 – B.2.4).

The table below details all Directors of the Company at the date of this report.

Name	Position	Independent under Code	Date Appointed
Rupert Dorey[1]	Non-Executive Chairman (Chairman, Investment Committees)	Yes	2 August 2006
Giles Frost	Non-Executive Director	No	2 August 2006
John Whittle[1]	Non-Executive Director (Senior Independent Director and Chairman, Audit and Risk Committee)	Yes	6 August 2009
Claire Whittet[1]	Non-Executive Director (Chairman, Management Engagement Committee)	Yes	10 September 2012
John Stares[1]	Non-Executive Director (Chairman, Risk Sub-Committee and Chairman, Nomination and Remuneration Committee)	Yes	28 August 2013

1 All of the Independent Directors are members of all committees.

Corporate Governance Report continued

The Board of Directors
The Board of Directors currently consists of five Non-Executive Directors, whose biographies, on pages 51–52, demonstrate a breadth of investment and business experience.

The Board consists solely of Non-Executive Directors and is chaired by Mr Dorey who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. Mr Dorey met the independence criteria of the AIC Code and UK Code upon appointment and has continued to meet this condition throughout his term of service. Mr Whittle was appointed as Senior Independent Director on 31 December 2013 and as such, is an alternative point of contact for shareholders and leads in matters where it is not appropriate for the Chairman to do so.

For the purposes of the AIC Code Mr Frost is treated as not being an Independent Director, due to his relationship with the Company's Investment Adviser. In accordance with the AIC Code all other non-executives are independent of the Company's Investment Adviser.

Board Tenure and Re-election
Recognising the importance of the composition and function of the Board, a Nomination and Remuneration Committee was formally established in September 2014. It is formally charged by the Board for considering the structure, size, remuneration and composition of the Board. It also oversees the appointment or re-appointment of directors, taking into account the expertise of the candidates and their independence (see page 43 for more detail on the Committee).

Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available at the registered office of the Company. The Board considers its composition and succession planning on an ongoing basis.

In accordance with the UK Listing Authority Rules, Mr Frost will retire and stand for re-election at the 2015 AGM.

In accordance with the AIC Code, when and if any Director shall have been in office (or on re-election would at the end of that term of office) for more than nine years the Company will consider further whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service.

Mr Dorey has been a Board member since August 2006 and in August 2015 will have been a Board member for over nine years. The Board is confident that Mr Dorey remains independent. However, as a further measure it has been decided that he will now offer himself for re-election on an annual basis. He also intends to retire from the Board at the Company's 2018 Annual General Meeting.

One third of the remaining Directors retire by rotation at every AGM and will therefore be subject to annual re-election by shareholders. Any Directors appointed to the Board since the previous AGM also retire and stand for re-election.

Mr Whittle will make himself available for re-election at the 2015 AGM on this basis.

Taking this into account Mr Dorey, Mr Frost and Mr Whittle will all retire and stand for re-election at the 2015 AGM.

Board Diversity
The Board is committed to maintaining the appropriate balance of skills, gender, knowledge and experience among its members to ensure strong leadership of the Company. When appointing Board members, its priority will always be based on merit, but will be influenced by the strong desire to maintain Board diversity, including gender. The Board currently has one female Director.

All new Directors receive introductory support and education about the infrastructure sector and the Company from the Investment Adviser on joining the Board and, in consultation with the Chairman all Directors are entitled to receive other relevant ongoing training as necessary.

Board Performance Evaluation
During the period, the Board engaged external consultants to conduct an external review of the Company's corporate governance processes. This is in accordance with the UK Corporate Governance Code which states that evaluation of the Board of FTSE 350 companies should be externally facilitated at least every three years.

The evaluation process was facilitated by Trust Associates, an independent consultant specialising in board advisory and corporate governance services with no other connections to the Company. Interviews were held with the Board, directors of the Investment Adviser, Company Secretary and the Company's Corporate Brokers. The review considered a wide variety of areas including: overall strategy; supervision of investment activities; risk management, shareholder accountability; Board composition and process; committee structure; composition and effectiveness; overall governance; support and relationship with suppliers; and performance of the Chairman.

Only minor recommendations were made in the course of that review of which over 90% had already been implemented prior to delivery of their final report and those remaining have been implemented subsequently. For example, two new Board committees were established during the period: the Nomination and Remuneration Committee and the Investment Committee. While these functions had previously been undertaken by the independent Board members, the new committees will formalise the processes around each of these areas and provide shareholders with greater visibility of the process and decisions taken by each.

Directors' Duties and Responsibilities
The Directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:
- Statutory obligations and public disclosure
- Approval of investment decisions
- Strategic matters and financial reporting
- Board composition and accountability to shareholders
- Risk assessment and management, including reporting, compliance, monitoring, governance and control
- Other matters having material effects on the Company

These reserved powers of the Board have been adopted by the Directors to demonstrate clearly the importance with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Board monitors the Company's share price and NAV and regularly considers ways in which future share price performance may be enhanced. These may include implementing marketing and investor relations activities, appropriate management of share price premium/discount and the relative positioning and performance of the Company to its competitors. The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis and the Company has maintained appropriate cover throughout the period.

The Board has established four committees consisting of the independent Non-Executive Directors. The responsibilities of these Committees are described below. Terms of reference for each Committee have been approved by the Board and are available in full on the Company's website.

Board

Responsibilities

> Statutory obligations and public disclosure
> Approval of investment decisions
> Strategic matters and financial reporting
> Board composition and accountability to shareholders
> Risk assessment and management including reporting compliance, monitoring, governance and control
> Responsible for financial statements

Audit and Risk Committee

Delegated Responsibilities

> Monitor the integrity of financial statements
> Review the effectiveness and internal control policies and procedures over financial reporting and identification, assessment and reporting of risk
> Review the effectiveness of the Company's risk management framework, including in relation to the investment policy and the risk management procedures of Investment Manager and other third party providers
> Review the Company's financial and accounting policies
> Advise the Board on appointment of the external auditors and is responsible for oversight and remuneration of the external auditor

Management Engagement Committee

Delegated Responsibilities

> Review on a regular basis the performance of the Investment Adviser and the Company's other advisers and major service suppliers to ensure that performance is satisfactory and in accordance with the terms and conditions of the respective appointments

Investment Committee

Delegated Responsibilities

> Review Investment Proposals including ensuring that proposals are properly prepared and that the investment approval process has been followed
> Ensure proposals are compliant with Company's investment policy and strategy
> Ensure that proposals do not breach Articles of Incorporation, Prospectus or other constitutional documents
> Determine whether proposals are appropriate for investment and then, assuming the investment is approved, authorise the Investment Adviser to make the investment

Nomination & Remuneration Committee

Delegated Responsibilities

> Review, and change as necessary, structure, size and composition of the Board
> Identify and appoint suitable Board candidates as vacancies arise and ensure succession planning is in place
> Articulate the roles of the Chairman and Non-Executive Directors
> Conduct induction training for new Board members
> Undertake annual Board performance evaluation
> Review remuneration of the Board and its committees having regard to maximum aggregate remuneration including benchmarking to third parties

Corporate Governance Report continued

Board Remuneration

The Nomination and Remuneration Committee is comprised only of Independent Directors. Prior to the establishment of the Committee in September 2014, these matters were considered by the Independent Directors alone.

The Committee considers matters relating to the Directors' remuneration, taking into account benchmark information and based upon the amount of work performed by the Board members. No advice or services were provided by any external persons in respect of its consideration of Directors' remuneration.

All fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of additional responsibilities, as is the Chairman of the Audit and Risk Committee. The Chairmen of the new Nomination and Remuneration and Investment Committees, respectively do not receive additional fees for these roles. The Nomination and Remuneration Committee reviews Director remuneration periodically, taking into account fees paid to directors of comparable companies, although such a review will not necessarily result in any changes to the rates.

There are no long-term incentive schemes provided by the Company and no performance fees, or bonuses paid to Directors. Any changes to Directors remuneration are considered at the Annual General Meeting of the Company.

During the year, serving Directors were paid the following emoluments:

Director	2014 Fees paid £	2013 Fees paid £
Keith Dorrian[1]	**26,122**	56,750
Rupert Dorey[2]	**60,000**	46,750
Giles Frost[3]	**32,000**	32,000
John Whittle[4]	**50,000**	36,125
Claire Whittet	**37,500**	36,125
John Stares[5]	**37,500**	3,465

1 Mr Dorrian retired from the Board on 12 June 2014.
2 Mr Dorey became Chairman of the Board on 31 December 2013 for which he receives a higher fee.
3 The emoluments for Mr Frost are paid to his employer Amber Infrastructure Limited, a related company of the Company's Investment Adviser.
4 Mr Whittle become Chairman of the Audit and Risk Committee on 31 December 2013 for which he receives a higher fee.
5 Mr Stares joined the Board on 28 August 2013.

Directors' Interests

Directors, who held office at 31 December 2014, had the following interests in the shares of the Company:

Director	31 December 2014 Number of Ordinary Shares[1]	31 December 2013 Number of Ordinary Shares[1]
Keith Dorrian[2]	n/a	51,467
Rupert Dorey[3]	643,687	593,687
Giles Frost	298,745	298,745
John Whittle[4]	40,256	38,393
Claire Whittet	–	–
John Stares[5]	–	–

1 All shares are beneficially held.
2 Mr Dorrian retired from the Board on 12 June 2014. Previously shares held indirectly through a Retirement Annuity Trust Scheme.
3 Shares owned by Mr Dorey's spouse.
4 Holds shares through a Retirement Annuity Trust Scheme
5 Mr Stares joined the Board on 28 August 2013.

There have been no changes to any of the above holdings between 31 December 2014 and the date of this report.

Mr Frost is also a Director of International Public Partnerships Lux 1 Sarl a wholly-owned subsidiary undertaking of the Company, and a director of a number of other companies in which the Company directly or indirectly has an investment, although he does not control or receive remuneration in relation to these entities.

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee is comprised of the full Board with the exception of Mr Frost as the Non-Independent Director. Mr Whittle is Chairman of the Audit and Risk Committee and Mr Stares has lead responsibility for Risk. As a consequence, the Company Chairman is a member of the Audit and Risk Committee, which the Board believes is appropriate as Mr Dorey brings significant independent expertise in investment trusts and finance for the benefit of that Committee.

The duties of the Audit and Risk Committee in discharging its responsibilities are outlined in the chart on page 41. The Audit and Risk Committee is also responsible for monitoring the objectivity and effectiveness of the audit process, with particular regard to terms under which the auditor is appointed to perform non-audit services. In advance of non-audit work being undertaken by the Company's Auditors, any potential threats to independence are identified and if they cannot be suitably dealt with an alternative audit firm would be engaged.

In respect to its risk management function, the Audit and Risk Committee is also responsible for reviewing the Company's risk management framework including in connection with the acquisition and disposal of assets, the valuation of assets and ensuring that the risk management function of the Investment Adviser, Administrator and other third party service providers are adequate and to seek assurance of the same.

The Audit and Risk Committee, having reviewed the performance of the Auditor, has recommended to the Board that the Auditor be proposed for re-appointment at the Annual General Meeting of the Company.

The Audit and Risk Committee spent time performing a more detailed risk review of the Company during the period, focussed on identification of new emerging risks that could affect the Company and the robustness of processes in place to mitigate those risks. During this review, the Committee identified and discussed a number of emerging global risks, for example those driven by technological advances (such as Cybercrime) and new industry risks as a result of increased external regulation. Of significance the committee considered it important to more specifically raise with shareholders the new emerging risk of OECD proposals to restrict the tax deductibility of interest payments. More detail is provided within the Risk and Mitigation section of this Annual Report. The Audit and Risk Committee were satisfied that the key risks that could impact the Company and its investments were effectively mitigated and were also in line with the Company's peer group.

Management Engagement Committee

The Management Engagement Committee is comprised of the full Board, with the exception of Mr Frost, and is chaired by Ms Whittet. The duties of the Management Engagement Committee in discharging its responsibilities are outlined in the table above.

The Management Engagement Committee carries out its review of the Company's advisers through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisers' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's shareholders. The Management Engagement Committee formally reviewed the performance of Investment Adviser and other key service providers to the Company. During the 2014 review, no material weaknesses were identified. Overall the Committee confirmed its satisfaction with the services and advice received. The external evaluation of the Board referred to above also considered the effectiveness of the Board's relationship with the Company's advisers including the Investment Adviser and concluded positively on the these relationships.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of the full Board with the exception of Mr Frost as the Non-Independent Director, and will be chaired by Mr Stares. As noted earlier the Committee was established in September 2014 to formalise the arrangements that had previously existed to consider matters relating to Board appointments, structure and remuneration.

The Committee intends to hold its first meeting during 2015.

Investment Committee

The Investment Committee is comprised of the full Board with the exception of Mr Frost as the Non-Independent Director, and is chaired by Mr Dorey. The Committee was established in September 2014 to formalise the arrangements that had previously existed to consider items relating to the acquisition and disposal of investments by the Company. Previously such decisions were taken by the full Board (excluding Mr Frost who is not independent) and therefore the Committee was not required to meet during 2014.

The Committee will meet as necessary when new investment or divestment opportunities are recommended by the Investment Adviser.

Board and Committee Meeting Attendance

The full Board meets at least four times per year and in addition there is regular contact between the Board, the Investment Adviser, the Administrator and the Company Secretary. The agenda and supporting papers are distributed in advance of quarterly Board and Committee meetings to allow time for appropriate review and to facilitate full discussion at the meetings.

As part of its ongoing oversight of the Company's portfolio in June 2014 the Board visited the Federal German Ministry of Education and Research facility in Berlin. It also met with the German-based members of the Investment Adviser's team together with the construction partner on that project, BAM Deutschland. In conjunction with the Investment Adviser, the Board also took the opportunity to take a step back from its usual tasks to spend time considering the Company's broader strategic approach including its position within the markets and future areas of focus for growth.

The table below lists Directors' attendance at Board and Committee meetings during the year, to the date of this report.

Directors	Quarterly Board	Ad-hoc Board	Audit and Risk Committee	Management Engagement Committee
Max no.	**4**	**6**	**5**	**1**
Rupert Dorey	4	5	5	1
Keith Dorrian[1]	1	3	–	1
Giles Frost[2]	4	–	–	–
John Whittle	4	6	5	1
Claire Whittet	4	5	5	1
John Stares	4	6	5	1

1 Mr Dorrian retired from the Board on 12 June 2014.
2 Mr Frost is not a member of the Audit and Risk Committee or Management Engagement Committee. Mr Frost does not attend Ad-hoc Board Meetings as a Director where recommendations from the Investment Adviser are under consideration.

The Nomination and Remuneration Committee was established on 3 September 2014 and intends to hold its first meeting during 2015. The Investment Committee was also established on 3 September 2014 but no matters came forward that needed to be considered by the Committee during the period.

Relationship with Administrator and Company Secretary

Heritage International Fund Managers Limited acts as Administrator and Company Secretary and is responsible to the Board under the terms of the Administration Agreement. The Administrator is also responsible for ensuring compliance with the Rules and Regulations of Guernsey Law, London Stock Exchange listing requirements, anti-money laundering regulations and observation of the Reserved Powers of the Board and in this respect the Board receives detailed quarterly reports.

The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that it adheres to applicable legislation, rules and regulations under Guernsey Law, the Guernsey Financial Services Commission and the London Stock Exchange.

Relationship with the Investment Adviser

The Directors are responsible for the overall management and direction of the affairs of the Company. Under the Investment Advisory Agreement, Amber Fund Management Limited acts as Investment Adviser to the Company to review and monitor investments and advise the Company in relation to strategic management of the investment portfolio. Details of the Investment Adviser's relationship with the Company are provided within the Strategic Report.

In accordance with its normal practice the Board continues to hold discussions relating to the future strategy of the Company with the Investment Adviser and regular formal and informal discussions are held on this subject. The Directors confirm that they believe that it is in shareholder's best interests to continue the appointment of Amber Fund Management Limited ('AFML') as the Company's Investment Adviser.

Making New Investments

The Investment Committee, comprised only of independent Directors of the Company, make investment decisions with respect to new investments after reviewing recommendations made by the Company's Investment Adviser. The Investment Adviser has a detailed set of procedures and approval processes in relation to the recommendation of new investments to the Board.

It is expected that further investments will be sourced by the Investment Adviser. It is likely that some of these investments will have been originated and developed by, and in certain cases may be acquired from other members of the Investment Adviser's group. Where that is the case the conflicts management process summarised below is followed.

Managing Conflicts of Interest

The Company has established detailed procedures to deal with conflicts of interest that may arise on investments acquired from the Investment Adviser's group, and manage conduct in respect of any such acquisitions. As previously mentioned, the Company's Board has a majority of independent members and a Chairman who is independent of the Investment Adviser. Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussions.

The potential conflicts of interest that may arise include when an Amber entity is an existing investor in the target entity while an associated company, AFML, acts on the 'buyside' as Investment Adviser to the Company. The Investment Advisory Agreement contains procedures with the intention of ensuring that the terms on which the vendors of such assets dispose of their assets are fair and reasonable to the vendors; and on the 'buyside' the Company as Investment Adviser must be satisfied as to the appropriateness of the terms for and the price of, the acquisition.

Key features of these procedures include:

- The creation of separate committees representing the interests of the vendors on the one hand (the 'Sellside Committee') and the Company on the other (the 'Buyside Committee'), to ensure arm's length recommendation and approval processes. The membership of each committee is restricted in such a way as to ensure its independence and to minimise conflicts of interest arising
- A requirement for the Buyside Committee to conduct and report to the Company on an independent due diligence process on the assets proposed to be acquired prior to making an offer
- A requirement for any offer made for the assets to be supported by advice on the fair market value for the transaction from an independent expert

> The establishment of ‘information barriers’ between the Buyside and Sellside Committees to ensure information is kept confidential to one or the other side
> The provision of a ‘release letter’ to each employee of the relevant associate of the Investment Adviser who is a member of the Buyside and Sellside Committees. The release letter confirms that the employee shall be treated as not being bound by his/her duties as an employee to the extent that such duties conflict with any actions or decisions which are in the employee’s reasonable opinion necessary for him/her to carry out as a member of the Buyside Committee or Sellside Committee
> Individuals with material direct or indirect economic interests in the relevant assets will not participate in Buyside Committee and Sellside Committee discussions regarding the relevant assets
> A requirement that the financial statements, policies and records of any such asset offered to the Company be compliant with the Company’s accounting policies and procedures

The acquisition of all assets, including those from any associate of the Investment Adviser is considered and approved in advance by the Investment Committee. In considering any such acquisition, the Committee will, as it deems necessary, review and ask questions of the Buyside Committee of the Investment Adviser and the Group’s other advisers and the acquisition will be approved by the Committee on the basis of this advice. The purpose of these procedures is to ensure that the terms upon which any investment is acquired from a member of the Amber group is on an arm’s length basis.

Risk Management and Internal Controls

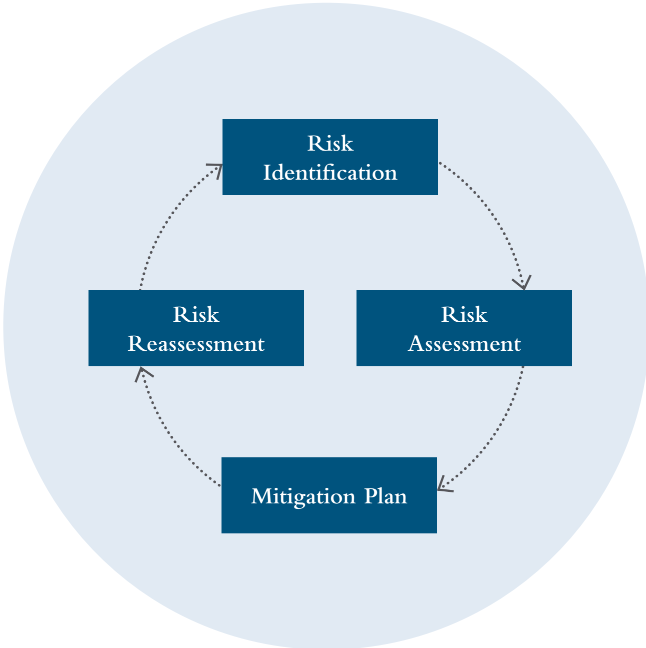
The Board is responsible for overall risk management with delegation provided to the Audit and Risk Committee. The system of risk management and internal control has been designed to manage, rather than eliminate, the risk of failure to meet the business objectives. Regard is given to the materiality of relevant risks and therefore the system of internal control cannot provide absolute assurance against material misstatement or loss.

The Company has in place a detailed risk management framework, with a comprehensive risk register that is reviewed and updated as necessary by the Board and Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee considers the risks facing the Company and controls and other measures in place to mitigate the impact of risks.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The process has been in place for the year under review and up to the date of approval of the Annual Report and financial statements.

Risk management process

The Company’s risk management process as overseen by the Board can be summarised as:



Risk framework and systems of internal control

The Board recognises the importance of identifying and actively monitoring the financial and non-financial risks facing the business. Whilst responsibility for risk management rests with the Board, the management of risk is embedded as part of the everyday business and culture of the Company and its principal advisers.

The Board has considered the need for an internal audit function but because of the internal controls systems in place at the key service providers, and the independent controls process reviews performed it has decided instead to place reliance on those control and assurance processes.

The overall risk governance framework is the responsibility of the Board, overseen by the Audit and Risk Committee with input from the Management Engagement Committee. It is implemented through the following risk control processes:

Risk identification

The Board and Audit and Risk Committee identify risks with input from the Company’s Investment Adviser and Administrator. The Board also receives detailed quarterly asset management reports highlighting performance and potential risk issues on an investment-by-investment basis.

Risk assessment

Each identified risk is assessed in terms of probability of occurrence, potential impact on financial performance and movements in the relative significance of each risk from period to period.

Corporate Governance Report continued

Action plans to mitigate risk
Where new risks are identified or existing risks increase in terms of likelihood or impact, the Audit and Risk Committee assists the Company in developing an action plan to mitigate the risk and put in place enhanced monitoring and reporting.

Re-assessment and reporting of risk
Such risk mitigation plans are reassessed by the Audit and Risk Committee, where applicable with the relevant key service providers and reported to the Board on a quarterly basis.

The direct communication between the Company and its Investment Adviser and the entity level asset manager is regarded as a key element in the effective management of risk (and performance) at the underlying investment level. The Company benefits from a strong alignment of risk and management performance approach at the Company and underlying investment levels through the provision of services from a vertically integrated Investment Adviser and investment level Asset Manager.

The risk framework is applied holistically across the Company and the underlying investment portfolio through vertically integrated service support as illustrated in the Operating Model diagram on pages 12 and 13.

Relations with Shareholders
The Board welcomes shareholders' views and places great importance on communication with shareholders. It has responsibility for communication with the investor base and is directly involved in major communications and announcements.

The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders as required.

The Investment Adviser conducts the day-to-day investor relations activities for the Company. It meets with major shareholders on a regular basis and reports to the Board on these meetings. During 2014 the Investment Adviser and members of the Board held formal meetings with over 85 individual shareholders in addition to day-to-day interaction including calls and other forms of correspondence. The Board is also informed on a regular basis of all relevant market commentary on the Company by the Investment Adviser, Administrator and the Company's Broker.

The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and with the Investment Adviser of the Company.

To promote a clear understanding of the Company, its objectives and financial results, the Board aims to ensure that information relating to the Company is disclosed in a timely manner. The Company has an investor relations section on its website (www.internationalpublicpartnerships.com) where it makes available all its publicly disclosed documents including Annual Reports and RNS announcements together with additional background information on its assets and corporate practices. Investors can register to receive notification (via email) of RNS announcements the Company issues. The Board encourages investors to utilise this useful online resource.

Any shareholder issues of concern including on corporate governance or strategy can be addressed in writing to the Company at its registered office address (see back cover).

Corporate Social and Environmental Responsibility
Introduction
The Company is committed to its responsibility to the environment and having a positive role in the local and global community in which it operates. The Company encourages high standards in sustainability through an integrated approach to managing and influencing our indirect environmental and social impacts. The Company recognises the value of active management in delivering quality services, risk management and resource efficiency.

The Company's most material impacts are indirect, relating to the environmental and social performance of the construction and operation of the buildings and infrastructure which make up its portfolio. Additionally, it recognises the importance of managing its relationship with its Investment Adviser (and associated asset management operations) including the energy and resources used within its operations and their contribution to the local and global community.

The Company's Investment Adviser focuses on sustainability commitments, both within its operations and through the management of the projects and assets within the Company's portfolio. The Investment Adviser operates a Sustainability Policy which looks beyond legislative and regulatory requirements to promote best practice and continual improvement in environmental management and social responsibility.

The Investment Adviser is certified to The Planet Mark and is committed to measuring and reducing its carbon footprint and wider sustainability metrics. As a member of the UK Sustainable Investment and Finance Association, it supports best practice in responsible investment.

The Company sees its key sustainability stakeholders as its Investment Adviser and its employees, and the service providers it works with to deliver and manage infrastructure projects. As a result, the Company encourages its partners to report on sustainability performance.

Many investment entities in which the Company holds investments achieve high standards in sustainability, including building certifications such as BREEAM, LEED and Green Star.

Project highlights:

German Ministry of Education and Research ('BMBF'), Germany – Following the completion of construction in August 2014 the project was awarded 'Gold Status' for the Evaluation Scheme for Sustainable Construction of Federal Buildings in Germany by the German Federal Ministry of Environment, Nature Conservation, Building and Nuclear Safety.

Pforzheim Schools, Germany – The project was designed for resource efficiency, cost effectiveness and sustainability over the concession term. Since the commencement of operations in 2008 the innovative low energy heating, cooling and ventilation system has resulted in significant savings for the public sector.

Police Scotland, Recruitment and Training Centre, UK – Motion sensors have been installed to operate lights in the stairwells reducing energy consumption.

Durham Schools, UK – Two combined heat and power plants operate to serve two secondary and one primary school. Pure plant oil verified as being obtained from sustainable sources is used as the fuel source. Surplus electricity that is not used is fed back into the national electricity grid.

South Tyneside and Gateshead Schools, UK – Rainwater harvesting is operational and the water re-used within the building with ground water being directed into a lagoon where plant and insect life has developed.

Moray Schools, UK – Elgin Academy, situated at the base of the Cairngorm Mountains is designed in a unique shape providing protection within the inner playground courtyard from the elements whilst helping to retain heat within the school. Despite harsh conditions utility savings of 10% have been achieved with a 'gain share' for using less than the target consumption of utilities.

Highfields/Pennfields Schools, UK – The project incorporates a renewable combined heat and power unit ('CHP') which meets 62-67% of the schools' total energy requirements and saves 620 tonnes per annum in carbon emissions. The CHP unit is fuelled by sustainable rapeseed oil that is cultivated and crushed in the UK and generates both renewable heat and power for the schools. Excess 'green' electrical energy is supplied onto the grid network benefiting both the schools and the associated local authority. The system also attracts additional revenue streams from the sale of renewable obligations certificates for every unit of electricity generated.

Royal Children's Hospital, Australia – Following successful completion of Stage 2 of the project an energy committee was established with representation from all major stakeholders including the Department of Health for the State Government of Victoria, with the objective of delivering financial savings. Over the past two years various energy efficiency initiatives have been implemented resulting in annual savings of A$300,000 and a 6% reduction in carbon emissions. Following the success in achieving these financial and environmental savings the Authority has earmarked an additional A$100,000 for investment in additional efficiency schemes.

Derby Courts, UK – Energy saving initiatives have included the fitting of LED lights to the office area together with passive infrared sensors in all retiring and interview rooms. The facilities are utilised to provide a venue for the Court's Magistrates' Court Mock Trial competition, held in conjunction with Derbyshire Secondary Schools, which aims to introduce the legal system to young people in an innovative and exciting way, giving them the opportunity to gain hands on experience.

North Wales Police, UK – In 2014 the car park lights on the project were re-lamped with LED lights in order to improve lighting conditions, enhance CCTV coverage whilst also delivering energy savings and reducing carbon emissions. Future initiatives include assessing the project for its suitability for photo voltaic panels to be installed.

Bootle PFI, UK – During 2014 the project was able to provide four work experience places for local school children in conjunction with the Sefton Council Education Department. In addition compost is being produced from kitchen waste which is then used to grow vegetables on site. Such initiatives have led to the project being declared a zero to landfill by Sita the project's waste removal company. Energy saving measures have included the replacement of 58 standard lights with LED equivalents resulting in a 60% reduction in energy and a CO_2 saving of 74% in comparison to standard lights.

Northampton Schools, UK – The Project Company, through its designers and contractors has worked with Northamptonshire County Council and the Building Research Establishment to optimise systems and introduce energy efficient and low carbon technologies to the construction of new classrooms at eleven of the project sites. An apprenticeship programme has seen three apprentices taken on with commitment to award two apprenticeships and one graduate place in 2015. Locally 50% of orders are with suppliers and subcontractors based in Northamptonshire and a minimum of 13 days of free time will be given under the 'Give a Day of Your Time' programme.

Long Bay Forensic & Prison Hospitals, Australia – During 2014 a Honeywell Attune Energy Management Service became fully operational and there was an upgrade to new LED down lights across the project. These initiatives provide better light quality together with a reduction in light and power consumption of 15% and lower carbon emissions.

Orange and Associated Health Services PPP, Australia – Operational efficiency improvements and controls optimisation has been the focus of energy efficiency initiatives across the project's three facilities during 2014. Further energy optimisation is expected following the installation of the 'EnteliWEB energy management system' which will allow for real time reporting.

Changes in Regulation

The Board actively monitors and responds to changes in regulation as it impacts the Company and its policies. A number of significant changes to regulation occurred during the year.

The Company's response to these and significant other policies are set out below:

Alternative Investment Fund Management Directive ('AIFMD')

AIFMD was transposed into law in European Union ('EU') member states on 22 July 2013 with mandatory compliance on expiry of a one year transition period. The Board considers the Company to be an internally managed non-EU fund. A non-EU fund (i.e. it is the AIFM) which is internally managed is outside the full scope of AIFMD and is the subject of lighter AIFMD requirements at the point of marketing within the EU. The Company registered as a non EU-AIF with FCA in 2014 and commenced quarterly reporting from 31 December 2014.

Foreign Account Tax Compliance Act ('FATCA')

FATCA became effective on 1 January 2014 and is being gradually implemented internationally. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US Tax compliance with respect to those assets. The Board in discussion with the Company's service providers and advisers ensured that the Company will comply with the Act's requirements to the extent relevant to the Company. The Company was registered with IRS in 2014.

Non-Mainstream Pooled Investment ('NMPI')

On 1 January 2014 FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect. The Board believes that the Company and its shareholders will not be affected by these changes.

Having taken legal advice, the Company confirms that its shares will qualify as an 'excluded security' under these new rules and will therefore be excluded from the FCA's restrictions which apply to non-mainstream investment products. As such, the Company's shares can continue to be recommended by independent financial advisers ('IFAs') to ordinary retail investors in accordance with the FCA's rules.

The Company is advised that the basis of being excluded from these restrictions is principally due to the Company conducting its affairs in such a manner that it would have qualified for approval by HMRC as an investment that had been resident in the UK in its previous accounting periods. The Company intends to conduct its affairs so that this remains the case for the foreseeable future.

Audit and Risk Committee Report

The Audit and Risk Committee (the 'Committee') is an essential part of the Company's governance framework to which the Board has delegated oversight of the Company's financial reporting, internal controls, compliance and external audit. This report provides an overview of the work of the Committee and details how it has discharged its duties during the year.

The terms of reference for the Committee, together with details of the standard business considered by the Committee, have been approved by the Board and are available on the Company's website.

Committee Meetings

Meetings of the Committee were attended by the Investment Adviser and Administrator by invitation during the year. A representative of the Group's external auditors, Ernst and Young LLP, also attended by invitation those meetings at which the financial reporting planning and the Annual and Interim Reports and financial statements were considered.

All of the Committee's members are considered to be appropriately experienced to fulfil their role, having significant, recent and relevant financial experience in line with the AIC Code. Biographies of the Committee members can be found on pages 52 and 53.

Committee Agenda

The Committee's agenda during the year included:

> Review of the final and interim financial statements and matters raised by management and external auditors (including significant financial reporting judgements therein)
> Review of the appropriateness of the Company's accounting policies
> Review of the effectiveness of the Group's internal control systems
> Review of the effectiveness, objectivity and independence of the external auditors and the terms of engagement, cost effectiveness and the scope of the audit
> Approving the external auditor's plan for the current year end
> Review of the policy on the provision of non-audit services by the external auditor
> Consideration and challenge of the draft valuation of the Group's investments prepared by the Investment Adviser and recommendations made to the Board on the appropriateness of the valuation
> Review of the Company's risk profile, specific risks and mitigation practices
> Review of the Company's controls over cash forecasting

Key Activities Considered During the Year

The Committee undertook the following activities in discharging its responsibilities during the year:

Financial reporting

The Committee reviewed the Company's financial statements, interim reports and interim management statements prior to approval by the Board and advised the Board with respect to meeting the Company's financial reporting obligations. The Committee reviewed accounting policies and practices, including approval of the critical accounting policies; considered the appropriateness of significant judgements and estimates; and advised the Board that the annual report and the financial statements, taken as a whole, is fair, balanced and understandable.

The Committee considered the key accounting judgements exercised in preparing the financial statements continued to be related to the application of investment entity amendments as required by IFRS 10 and the basis for determining the fair value of the Company's investments:

Investment Entity and Service Entities Accounting Considerations

A company which qualifies as an investment entity in accordance with IFRS 10 is required to prepare financial statements on an investment basis, that is carry underlying investments at fair value.

Service entities that provide services in connection with the investment entity's activities but that are not themselves investment entities under IFRS 10 continue to be consolidated within the investment entity's group accounts rather than accounted for at fair value.

The Committee considered reports from the Investment Adviser setting out the basis on which the Company continues to meet the investment entity definition and certain subsidiary entities continue to meet the service entity definition of IFRS 10 (but are not themselves investment entities), and agreed this with the Company's auditors. The Committee has accordingly recommended that the Board approves the financial statements on this basis (i.e. that investments are accounted for at fair value and service entities consolidated). Further details on the application of investment entity amendments and service entity considerations are detailed in note 1 to the financial statements.

Fair Value of Investments

The Company's investments are typically in unlisted securities, hence market prices for such investments are not typically readily available. Instead the Company uses a discounted cash flow methodology and benchmarks to market comparables to derive the Director's valuation of investments.

This methodology requires a series of judgements to be made as explained in note 13 to the financial statements.

The valuation process and methodology were discussed with the Investment Adviser regularly during the year and with the auditor as part of the year-end audit planning and interim review processes. The Committee also challenged the Investment Adviser on the year-end fair value of investments as part of its consideration of the audited financial statements.

During the period, the Committee reviewed the Investment Adviser's quarterly valuation reports, reports on the performance of the underlying assets and the Investment Adviser's assessment of macroeconomic assumptions. The Investment Adviser confirmed that the valuation methodology has been applied consistently with the prior years. The Committee also reviewed and challenged the valuation assumptions (discount rates, deposit rates, foreign exchange rates, inflation rates and tax rates).

The auditor explained the results of their review of the valuations, including their challenge of management's underlying cash flow projections and assumptions; macroeconomic assumptions; and discount rate methodology and output. On the basis of their audit work the auditor confirmed no material adjustments were proposed.

The Committee, having considered the major assumptions applied especially on larger investments, recommended its appropriateness to the Board.

Internal controls over financial reporting

The Committee satisfied itself that the system of internal control and compliance over financial reporting was effective, through regular reports from the Investment Adviser and Administrator.

The Committee also considered the adequacy of resources, qualifications and experience of staff in the finance function. The Committee Chairman had direct access and independent discussions with the external auditor during the course of the year.

Controls and process reviews

Throughout 2014 the Company's governance and assurance functions have continued to be enhanced as set out within the Corporate Governance Report. As part of the Company's rolling annual controls and processes review, an independent assessment of internal controls over the cash flow forecasting process was commissioned. The review confirmed adequate controls were in place and operating in relation to the cash flow forecast process.

External auditors

The Committee recommended to the Board the scope and terms of engagement of the third party auditors. The Committee considered auditor objectivity and independence, audit tenure and audit tendering, and auditor effectiveness.

Objectivity and Independence

In assessing the objectivity of the auditor, the Committee considered the terms under which the external auditor may be appointed to perform non-audit services. Work expected to be completed by an external auditor includes formal reporting for shareholders, regulatory assurance reports and work in connection with new investments.

Under the policy there is a specific list of services for which the external auditor cannot be engaged as the Committee considers that the provision of such services would impact their independence. Any potential services to be provided by the external auditor that have an expected value of up to £50,000 and which are not prohibited by the policy must be pre-approved by the Chairman of the Committee; any services above this require pre-approval by the full Committee.

Non-audit fees represented 11% of total audit fees, reflecting the relatively low level of non-audit work conducted.

In order to maintain Ernst and Young's ('EY') independence and objectivity, EY undertook its standard independence procedures in relation to those engagements and confirmed compliance with these to the Committee. Further details on the amounts of non-audit fees paid to EY are set out in note 9 to the financial statements. These were reported to and considered by the Committee as not being so significant so as to risk impacting objectivity and independence.

Audit Tendering and Tenure

In October 2010, the Company put the audits of the Company and controlled investment entities out to tender. In addition to complying with good practice and satisfying new corporate governance requirements, the tender enabled the Board to benchmark competitiveness and value for money.

A number of firms were approached to tender for the audit. The list was based upon their experience, industry skills and knowledge, their ability to perform the audit to a high standard and any pre-existing business relationships that might affect their independence. Following a review of the proposals received, a recommendation was made to the Board to appoint EY as the new auditor (previously Deloitte LLP).

In accordance with the relevant Corporate Governance Code principles the Committee will continue to review the effectiveness of the external auditor and seek to retender in line with best practice.

Review of Auditor Effectiveness

For the year ended 31 December 2014 the Committee reviewed the effectiveness and independence of the external auditor. This was facilitated through the completion of a questionnaire by relevant stakeholders (including members of the Committee and senior members of the Investment Adviser's finance team), review and challenge of the audit plan for consistency with the Group's financial statement risks, and review of the audit findings report.

Risk review
During 2014, the Committee carried out an in depth review of the key risks faced by the Company. The exercise was aimed at identifying possible gaps in the current risk framework. The review resulted in identification of certain additional risks as well as the alignment of internal and external reporting of risk. The Company's risk register was updated to reflect the results of the deliberations. The Committee was satisfied with the robustness of the risk management framework in place.

Regulatory environment
The Committee received regular reports from the Administrator and Investment Adviser on regulation and regulatory developments. Key regulatory actions taken during the year related to the US Foreign Account Tax Compliance Act ('FATCA') and the European Union Alternative Investment Fund Management Directive ('AIFMD').

As a non EU-Alternative Investment Fund ('AIF') marketing in the United Kingdom, the Company registered with the FCA under the National Private Placement Regime ('NPPR') and carries out periodic reporting on the Company's activities. During the year, the Company has also been registered for FATCA.

Fair, balanced and understandable
The Committee introduced a new process in 2014 for the review of the 2013 Annual Report and Financial Statements in order to support it in making the statement that it considers them to be 'fair, balanced and understandable'. This process has continued to apply and included a thorough review of the corporate governance best practice guidance and putting in place processes to ensure consistency, clarity, fairness and balance within the Annual Report and Financial Statements. This also takes into account comments provided by the Company's Investment Adviser, Administrator and external auditor.

The Committee has reviewed the Company's 2014 Annual Report and Financial Statements and has advised the Board that, in its opinion, the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's performance, operating model and strategy.

John Whittle
25 March 2015
Chairman, Audit and Risk Committee

Board of Directors

Rupert Dorey
Chairman

Background and Experience
Aged 54 and a resident of Guernsey, Rupert has over 30 years of experience in financial markets, including 17 years at CSFB where he specialised in credit related products.

Rupert's expertise was principally in the areas of debt distribution, origination and trading, where he held a number of senior positions at CSFB, including Fixed income Credit product coordinator for European offices and head of UK Credit and Rates Sales.

Since 2005 Rupert has been a Non-Executive Director for a number of Hedge Funds, Private Equity & Infrastructure Funds.

Rupert is a member of the Institute of Directors.

Date of Appointment
2 August 2006

Listed Company and Other Relevant Directorships
M&G General Partner Inc, Episode LLP & Episode Inc.
Tetragon Financial Group Ltd /Tetragon Financial Group Master Fund Ltd
AP Alternative Assets LP, AAA Guernsey Ltd
Partners Group Global Opportunities Ltd
NB Global Floating Rate Income Fund Ltd
Cinven Capital Management III, IV Ltd, V General Partner Ltd, Cinven Ltd.

Committee Membership
Chairman – Investment Committee

Member – Audit and Risk, Management Engagement, Nomination and Remuneration Committees

John Whittle
Senior Independent Director

Background and Experience
Aged 59, John is a resident of Guernsey. John is a Chartered Accountant and holds the Institute of Directors Diploma in Company Direction. John chairs the NED sub-committee of the Guernsey Investment Fund Association.

John was previously Finance Director of Close Fund Services, a large independent fund administrator.

Prior to moving to Guernsey, John was at Price Waterhouse in London before embarking on a career in business services, predominantly telecoms.

Date of Appointment
6 August 2009

Listed Company and Other Relevant Directorships
Starwood European Real Estate Finance Limited
Globalworth Real Estate Investments Ltd
India Capital Growth Fund Ltd and Advance Frontier Markets Fund Ltd

Committee Membership
Chairman – Audit and Risk Committee

Member – Management Engagement, Investment and Nomination and Remuneration Committees

John Stares

Background and Experience
Aged 63 and a resident of Guernsey since 2001, John has 40 years business experience.

Before moving to Guernsey John worked for 23 years as a management consultant with Accenture where he held a wide variety of leadership roles.

John is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Worshipful Company of Management Consultants and a Freeman of the City of London.

Date of Appointment
28 August 2013

Listed Company and Other Relevant Directorships
JT Group (Chairman)
Terra Firma (Guernsey-based entities)
Governor of More House School (Chair)
New Philanthropy Capital (Trustee)

Committee Membership
Chairman – Risk Sub Committee
Chairman – Nomination and Remuneration Committee

Member – Audit and Risk, Management Engagement, and Investment Committees.

Claire Whittet

Background and Experience
Aged 59 and a resident of Guernsey, Claire has over 35 years' experience in the banking industry. Since 2003 Claire has been a Director and, more recently, Managing Director and Co-Head of Rothschild Bank International Ltd and Director of Rothschild Bank (CI) Ltd. Claire was previously with Bank of Scotland and was latterly Global Head of Private Client Credit at Bank of Bermuda.

Claire is a member of the Chartered Institute of Bankers in Scotland, a member of the Chartered Insurance Institute, a Chartered Banker, a member of the Institute of Directors and holds the Institute of Directors Diploma in Company Direction.

Date of Appointment
10 September 2012

Listed Company and Other Relevant Directorships
TwentyFour Select Monthly Income Fund Limited
BH Macro Limited

Committee Membership
Chairman – Management Engagement Committee

Member – Audit and Risk, Investment and Nomination and Remuneration Committees

Giles Frost

Background and Experience
Aged 52, resident in the United Kingdom, Giles has worked in the infrastructure investments sector for over 20 years. He was previously employed at Babcock & Brown and prior to that a partner in the law firm Wilde Sapte (now Dentons).

Giles is a founder and director of Amber Infrastructure Group Holdings Limited, the ultimate holding company of the Investment Adviser to the Company and various of its subsidiaries.

Date of Appointment
2 August 2006

Listed Company and Other Relevant Directorships
Giles is also a Director of a number of the Company's subsidiary and investment holding entities and of other entities in which the Company has an investment. Neither he nor Amber Infrastructure Limited receives directors' fees from such roles for the Company.

Directors' Report

Introduction

The Directors present their Annual Report on the performance of the Company and Group for the year ended 31 December 2014.

Principal Activity

The Company is a limited liability, Guernsey incorporated authorised closed-ended investment company under Companies (Guernsey) Law, 2008. The Company shares have a premium listing on the Official List of the UK Listing Authority and are traded on the main market of the London Stock Exchange.

The Chairman's Statement and Strategic Report contain a review of the business during the year. A Corporate Governance Report is provided on pages 39–48.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Substantial Shareholdings

As at 31 December 2014, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following interests in 5% or more of the Company's Ordinary Shares to which voting rights are attached:

Name of holder	% Issued Capital	No. of Ordinary Shares	Date notified
Schroder plc	13.97%	116,774,275	4 Dec 2014
Investec Wealth & Investment Limited	10.99%	83,946,298	21 Oct 2014

As at 25 March 2015, being the most current information available, the following notification had been received:

Name of holder	% Issued Capital	No. of Ordinary Shares	Date notified
Investec Wealth & Investment Limited	11.05%	92,358,612	2 Feb 2015

Directors' Authority to Buy Back Shares and Treasury Shares

The Company did not purchase any shares for treasury or cancellation during the year.

The current authority of the Company to make market purchases of up to 14.99% of the issued Ordinary Share Capital expires on 9 June 2015. The Company will seek to renew such authority at the Annual General Meeting to take place on 9 June 2015. Any buy back of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board.

Purchases of Ordinary Shares will only be made through the market at prices below the prevailing NAV of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the Listing Rules of the UK Listing Authority which provide that the price to be paid must not be more than 5% above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased (unless previously advised to shareholders). In accordance with the Company's Articles of Association up to 10% of the Company's shares may be held as treasury shares.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 8–38. The financial position of the Group, its cash flows, liquidity position and borrowing are described in the financial statements from page 59.

The Directors have considered significant areas of possible financial risk and comprehensive financial forecasts have been prepared and submitted to the Board for review. The Directors have, based on the information contained in these forecasts and the assessment of the committed banking facilities in place, formed a judgement, at the time of approving the financial statements, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

After consideration, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.

Each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

By order of the Board

Rupert Dorey
25 March 2015
Chairman

John Whittle
25 March 2015
Director

Directors' Responsibilities Statement

The Directors are responsible for preparing financial statements for each year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

> Select suitable accounting policies and then apply them consistently
> Make judgements and estimates that are reasonable
> State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
> Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditor does not involve considerations of these matters and, accordingly, the auditor accept no responsibility for any change that may have occurred to the financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors' in respect of the Consolidated Annual Report and Financial Statements

The Directors each confirm to the best of their knowledge that:

> The Consolidated Financial Statements, prepared in accordance with IFRSs as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and net return of the Group
> The Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties faced.

Directors' Statement under the UK Corporate Governance Code

The Board as advised by the Audit and Risk Committee has considered the Annual Report and Financial Statements and, taken as a whole, consider them to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Rupert Dorey
25 March 2015
Chairman

John Whittle
25 March 2015
Director

Financial Statements

Independent Auditor's Report to the Members of International Public Partnerships Limited

Opinion on financial statements
In our opinion the group financial statements:
> give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its profit for the year then ended;
> have been properly prepared in accordance with IFRSs as adopted by the European Union; and
> have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008

What we have audited
We have audited the financial statements of International Public Partnerships Limited (the Group) for the year ended 31 December 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS's) as adopted by the European Union.

This Report is made solely to the Company's members, as a body, in accordance with Section 262 of Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 55, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our Report.

Our assessment of risks of material misstatement
We identified the following risk that has had the greatest effect on the overall audit strategy and scope:
> The assessment of the fair value of investments relies on a number of macro assumptions which are subjective, as well as projected cash flows which are based on estimates made by management. For details of the valuation process followed by management please refer page 71 note 13.4. There is a risk that errors in the assumptions and projected cash flows result in a misstatement of the investment balance in the consolidated balance sheet and the corresponding gain/loss on revaluation of investments recorded in the consolidated statement of comprehensive income

Our response to the risk identified
In assessing the risk of material misstatement to the consolidated financial statements, our Group audit scope as noted above, focused on the valuation of investments at fair value through profit or loss. Our response to the risk of material misstatement identified above included the following procedures:
> we reviewed the valuation process and assessed the effectiveness of controls and tested the controls that related to model integrity; and
> we challenged the Board's assumptions underpinning the fair value of investments, including the key inputs of the forecast cash flows, the discount rates used, and the historical accuracy of forecasts. We used a valuation specialist to assist us with our audit of the discount rates, foreign exchange rates and inflation rates used, by benchmarking to data available in the market

Our application of materiality
We determined materiality for the Group to be £10.6 million (2013: £9.0), which is approximately 1% (2013: 1%) of equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We used equity as the basis for determining planning materiality because the Company's primary performance measures for internal and external reporting are based on net asset value. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that overall performance materiality for the Group should be 50% of materiality, namely £5.3 million (2013: £4.5 million). A lower materiality of £1.9 million (2013: £1.2 million) has been applied to Interest income, Dividend income and Management costs to be responsive to the expectations of the users of the financial statements with regard to misstatements in these balances of a lesser amount than the Group materiality. Performance materiality for these balances has been determined to be 50% of materiality, namely £0.95 million (2013: £0.65 million).

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.53 million (2013 £0.45 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Independent Auditor's Report to the Members of International Public Partnerships Limited continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Director's report is:

> - Materially inconsistent with the information in the audited financial statements; or
> - Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
> - Is otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review:

- The directors' statement, set out on page 54, in relation to going concern; and
- The part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review

Michael Bane
for and on behalf of Ernst & Young LLP,
Guernsey
Channel Islands
25 March 2015

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	Notes	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Interest income	4	**32,200**	28,858
Dividend income	4	**23,605**	17,669
Net change in fair value of investments at fair value through profit or loss	4	**32,187**	30,697
Realised gain on disposal of investments	4,5	**2,104**	–
Total investment income		**90,096**	77,224
Other operating (expense)/income	6	**(599)**	4,143
Total income		**89,497**	81,367
Management costs	7	**(11,608)**	(21,675)
Administrative expenses		**(930)**	(1,378)
Transaction costs	8	**(2,874)**	(596)
Directors' fees		**(248)**	(245)
Total expenses		**(15,660)**	(23,894)
Profit before finance costs and tax		**73,837**	57,473
Finance costs	10	**(2,668)**	(1,390)
Profit before tax		**71,169**	56,083
Tax credit	11	**2,042**	2,551
Profit for the year		**73,211**	58,634
Earnings per share			
From continuing operations			
Basic and diluted (pence)	12	**9.49**	7.82

All results are from continuing operations in the year.

All income is attributable to the equity holders of the parent. There are no non-controlling interests within the Consolidated Group.

There are no other Comprehensive Income items in the current year (2013: nil). The profit for the year represents the Total Comprehensive Income for the year.

Consolidated Statement of Changes in Equity

As at 31 December 2014

	Notes	Share capital £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 31 December 2013		**524,393**	**182,481**	**228,517**	**935,391**
Total comprehensive income		**–**	**–**	**73,211**	**73,211**
Issue of Ordinary Shares	17	**101,688**	**–**	**–**	**101,688**
Issue fees applied to new shares	17	**(792)**	**–**	**–**	**(792)**
Distributions in the year	17	**–**	**–**	**(47,430)**	**(47,430)**
Balance at 31 December 2014		**625,289**	**182,481**	**254,298**	**1,062,068**

As at 31 December 2013

	Notes	Share capital £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 31 December 2012		463,054	182,481	215,419	860,954
Total comprehensive income		–	–	58,634	58,634
Issue of Ordinary Shares	17	61,754	–	–	61,754
Issue fees applied to new shares	17	(415)	–	–	(415)
Distributions in the year	17	–	–	(45,536)	(45,536)
Balance at 31 December 2013		524,393	182,481	228,517	935,391

Consolidated Balance Sheet
As at 31 December 2014

	Notes	31 December 2014 £'000s	31 December 2013 £'000s
Non-current assets			
Investments at fair value through profit or loss	13	**1,032,941**	844,382
Total non-current assets		**1,032,941**	844,382
Current assets			
Trade and other receivables	15	**19,529**	13,020
Cash and cash equivalents	13	**29,391**	80,609
Derivative financial instruments	13	**2,948**	3,664
Total current assets		**51,868**	97,293
Total assets		**1,084,809**	941,675
Current liabilities			
Trade and other payables	16	**6,414**	6,284
Total current liabilities		**6,414**	6,284
Non-current liabilities			
Bank loans	10,13	**16,327**	–
Total non-current liabilities		**16,327**	–
Total liabilities		**22,741**	6,284
Net assets		**1,062,068**	935,391
Equity			
Share capital	17	**625,289**	524,393
Other distributable reserve	17	**182,481**	182,481
Retained earnings	17	**254,298**	228,517
Equity attributable to equity holders of the parent		**1,062,068**	935,391
Net assets per share (pence per share)	18	**127.0**	123.0

The financial statements were approved by the Board of Directors on 25 March 2015.

They were signed on its behalf by:

Rupert Dorey
25 March 2015
Chairman

John Whittle
25 March 2015
Director

Consolidated Cash Flow Statement

Year ended 31 December 2014

	Notes	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Profit from operations		**73,211**	58,634
Adjusted for:			
Gain on investments at fair value through profit or loss	4	**(32,187)**	(30,697)
Unrealised exchange (loss)/gain		**(528)**	45
Share settled performance fee	19	**–**	6,584
Finance costs	10	**2,668**	1,390
Net income tax credit	11	**(2,042)**	(2,551)
Fair value movement on derivative financial instruments	13	**716**	(3,950)
Realised gain on disposal of investments	5	**(2,104)**	–
Working capital adjustments			
Increase in receivables		**(5,830)**	(564)
Increase/(decrease) in payables		**80**	(257)
		33,984	28,634
Income tax received[1]		**1,033**	1,049
Net cash inflow from operations		**35,017**	29,683
Investing Activities			
Acquisition of investments at fair value through profit or loss	14	**(188,228)**	(36,476)
Net repayments from investments at fair value through profit or loss		**11,628**	13,455
Cash received from disposal of investments	5	**22,332**	–
Net cash outflow from investing activities		**(154,268)**	(23,021)
Financing Activities			
Proceeds from issue of shares net of issue costs	17	**94,208**	46,080
Dividends paid	17	**(40,742)**	(36,860)
Finance costs paid		**(1,879)**	(1,005)
Net loan drawdowns	10,13	**16,327**	–
Net cash provided by financing activities		**67,914**	8,215
Net (decrease)/increase in cash and cash equivalents		**(51,337)**	14,877
Cash and cash equivalents at beginning of year		**80,609**	65,776
Exchange gain/(loss) on cash and cash equivalents		**119**	(44)
Cash and cash equivalents at end of year[2]		**29,391**	80,609

1 Cashflows received from unconsolidated subsidiary entities in respect of surrender of tax losses.
2 Includes restricted cash of nil (2013: £30.9 million) which can only be utilised for new investments.

Notes to the Financial Statements
For the year ended 31 December 2014

1. Basis of Preparation
International Public Partnerships Limited is a closed ended authorised investment company incorporated in Guernsey under Companies (Guernsey) Law, 2008. The address of the registered office is given on the inside back cover. The nature of the Group's operations and its principal activities are set out in pages 2 and 8–11 respectively.

These financial statements are presented in pounds Sterling as this is the currency of the primary economic environment in which the Group ('Parent and consolidated subsidiary entities') operates and represents the functional currency of the Parent and all values are rounded to the nearest (£'000), except where otherwise indicated.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), adopted by the European Union; interpretations issued by the International Financial Reporting Interpretations Committee; applicable legal and regulatory requirements of Guernsey; and the Listing Rules of the UK Listing Authority. The financial statements follow the historical cost basis, except for financial assets held at fair value through profit or loss and derivatives that have been measured at fair value. The principal accounting policies adopted are set out in relevant notes to the financial statements.

The Directors have determined that International Public Partnerships Limited is an investment entity as defined by IFRS 10 on the basis that:

a) it obtains funds from one or more investor(s) for the purpose of providing those investor(s) with investment management services;
b) it commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) it measures and evaluates the performance of substantially all of its investments on a fair value basis.

Accordingly, these financial statements consolidate only those subsidiaries that provide services relevant to its investment activities, such as management services, strategic advice and financial support to its investees. Subsidiaries that do not provide investment-related services are required to be measured at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Going concern
As set out in the Directors' Report, the Directors have reviewed cash flow forecasts prepared by management. Based on those forecasts and an assessment of the Group's committed banking facilities, they have concluded that it is appropriate to prepare the financial statements of the Group on a going concern basis.

In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £29.4 million as at 31 December 2014. The Group has access to an undrawn corporate debt facility balance of £158.1 million, which is available for investment in new and existing projects and is committed until December 2016. The Group can utilise a portion of the undrawn corporate debt facility for working capital purposes. The new facility is forecast to continue in full compliance with the associated banking covenants. The Group also continues to fully cover cost and distributions from underlying operational investment cash flows.

During the year, the Group completed a tap issuance of £95 million which was used to partly repay the drawn down balance of the corporate debt facility. There was also a scrip issuance as disclosed in note 17.

Accounting Policies
The annual financial statements of International Public Partnerships Limited are prepared in accordance with IFRS as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in this set of annual financial statements as applied in the previous financial year. The new and revised IFRS and interpretations becoming effective in the period have had no impact on the accounting policies of the Group. Note 22 sets out a comprehensive listing of all new standards applicable from 1 January 2014.

2. Significant Judgements and Estimates
Service entities and consolidation group
Following the adoption of IFRS 10 Investment Entity Amendments, the consolidated financial statements incorporate the financial statements of the Company and service entities controlled by the Company up to 31 December 2014, that themselves do not meet the definition of an investment entity. Typically a service entity provides management services, strategic advice and financial support to investee entities. Judgement is therefore required in assessing which entities meet these definitional requirements. The Directors have reviewed and assessed the criteria applied in the assessment of services entities based on the guidance in place as at 31 December 2014 and are satisfied with the resulting conclusion.

2. Significant Judgements and Estimates continued

Fair valuation of investments at fair value through profit or loss

Fair values are determined using the income approach which discounts the expected cash flows at a rate appropriate to the risk profile of each investment. In determining the discount rate, the relevant long-term government bond yields, specific investment risks and the evidence of recent transactions are considered. Details of the valuation process and key sensitivities are provided in note 13.

3. Segmental Reporting

Based on a review of information provided to the chief operating decision makers of International Public Partnerships Limited, the Group has identified four reportable segments based on the geographical risk associated with the Group. The factors used to identify the Group's reportable segments are centered on the risk free rates and the maturity of the Infrastructure sector (particularly PFI/PPP) within each region. Further, foreign exchange and political risk is identified, as these also determine where resources are allocated. Management has concluded that the Group is currently organised into four reportable segments being UK, Europe (non UK), Australia and North America.

	Year ended 31 December 2014				
	UK £'000s	Europe Non UK £'000s	North America[2] £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	**47,798**	**1,178**	**1,906**	**4,923**	**55,805**
Fair value gain/(loss) on investments	**8,272**	**16,994**	**(1,787)**	**8,708**	**32,187**
Realised gain on disposal of investments	**2,103**	**1**	**–**	**–**	**2,104**
Total investment income	**58,173**	**18,173**	**119**	**13,631**	**90,096**
Reporting segment profit[1]	**41,336**	**17,792**	**184**	**13,899**	**73,211**
Segmental financial position					
Investments at fair value	**690,071**	**210,962**	**38,858**	**93,050**	**1,032,941**
Current assets	**51,868**	**–**	**–**	**–**	**51,868**
Total assets	**741,939**	**210,962**	**38,858**	**93,050**	**1,084,809**
Total liabilities	**(22,741)**	**–**	**–**	**–**	**(22,741)**
Net assets	**719,198**	**210,962**	**38,858**	**93,050**	**1,062,068**

	Year ended 31 December 2013				
	UK £'000s	Europe Non UK £'000s	North America[2] £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	36,763	1,555	2,965	5,244	46,527
Fair value gain/(loss) on investments	36,195	10,761	(2,122)	(14,137)	30,697
Total investment income	72,958	12,316	843	(8,893)	77,224
Reporting segment profit/(loss)[1]	51,020	12,436	1,389	(6,211)	58,634
Segmental financial position					
Investments at fair value	525,060	187,104	41,659	90,559	844,382
Current assets	97,293	–	–	–	97,293
Total assets	622,353	187,104	41,659	90,559	941,675
Total liabilities	(6,284)	–	–	–	(6,284)
Net assets	616,069	187,104	41,659	90,559	935,391

1 Reporting segment results are stated net of operational costs including management fees.
2 North American segment currently relates entirely to projects in Canada.

Revenue from investments which represents more than 10% of the Group's interest and dividend income approximates £17.0 million (2013: £18.04 million).

4. Investment Income

Accounting policy

Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. Interest income is recognised gross of withholding tax, if any.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period). When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Dividend Income

Dividend income is recognised gross of withholding tax in the Consolidated Statement of Comprehensive Income on the date the right to receive payment is established. This is the date when the Directors of the underlying project entity approve the payment of a dividend.

Net Gain from Financial Instruments at Fair Value through Profit or Loss

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes (including foreign exchange movements) other than interest and dividend income recognised separately.

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Interest income		
Interest on investments	**31,862**	28,309
Interest on bank deposits	**338**	549
Total interest income	**32,200**	28,858
Dividend income	**23,605**	17,669
Net change in fair value of financial assets at fair value through profit or loss	**32,187**	30,697
Realised gain on disposal of investments (see note 5)	**2,104**	–
Total investment income	**90,096**	77,224

All dividend and interest income has resulted from transactions with unconsolidated subsidiary entities. Gains on investments at fair value through profit or loss are also recognised on the Group's investments in unconsolidated subsidiaries.

5. Gain on Disposal of Investments

During the year, the Group disposed of a number of non-strategic minority investments where there was no realistic scope to increase the investment in the future. The divestments predominantly relate to a small number of minority interests in the Group's Building Schools for the Future (BSF) project portfolio. The aggregate gains realised in the period are shown in the table below:

Divestment	Fair value of investment at disposal £'000s	Cash received at disposal £'000s	Net Realised gain on disposal £'000s
Aggregate divestments	**20,228**	**22,332**	**2,104**

No disposals were carried out by the Group during the year ended 31 December 2013.

6. Other Operating expense/(income)

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Fair value loss/(gain) on foreign exchange contracts	**716**	(3,833)
Unrealised gain on foreign exchange movements	**(117)**	(310)
Total operating expense/(income)	**599**	(4,143)

7. Management Costs

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Recurring		
Base fee	**11,608**	10,702
Non recurring		
Incentive fee	**–**	10,973
Total management costs	**11,608**	21,675

In 2013, the Investment Adviser was entitled to an additional incentive fee. This was the final incentive fee paid following the amendments made to the Investment Advisory Agreement and Partnership Deed on 28 August 2013.

8. Transaction Costs

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Investment advisory costs	**2,818**	548
Legal and professional costs	**56**	48
Total transaction costs	**2,874**	596

Details of investment advisory costs paid are provided in note 19.

9. Auditor's Remuneration

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Fees payable to the Group's auditor for the audit of the Group's financial statements	**93**	148
Fees payable to the Group's auditor and their associates for other services to the Group		
– The audit of the Group's consolidated subsidiaries	**9**	7
– The audit of the Group's unconsolidated subsidiaries	**339**	438
– Audit related assurance services	**20**	20
Total audit fees	**461**	613
Other fees		
– Regulatory reporting	**49**	55
– Other services	**9**	18
Total non-audit fees	**58**	73

10. Finance Costs

Accounting policy

Borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred using the effective interest rate method. Arrangement fees are amortised over the term of the corporate borrowing facility.

Interest bearing loans and overdrafts are recorded as the proceeds received net of any directly attributable issue costs.

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Commitment fees and other charges	**1,879**	1,005
Issue cost amortisation	**789**	385
Total finance costs	**2,668**	1,390

10. Finance Costs continued

On 24 January 2014, the Group renewed the corporate debt facility with the existing providers, Royal Bank of Scotland and National Australia Bank Limited and increased the facility from £100 million to £175 million. On 20 October 2014, the Group made a drawdown of £110.6 million from the corporate debt facility in relation to the acquisition of TC Lincs OFTO Limited. The Group repaid £94.3 million of the drawn balance on 29 November 2014, utilising proceeds of equity issued on 14 November 2014. As at 31 December 2014, £16.3 million is payable under the corporate debt facility.

The interest rate margin on the corporate debt facility is 225 basis points over Libor. The loan facility matures in December 2016 and is secured over the assets of the Group.

11. Tax

Accounting policy

Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income as it excludes items of income or expense that are taxable or deductible in past or future years and it further excludes items that are never taxable or deductible. The Group's asset/liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. The current tax charge/credit in the Consolidated Statement of Comprehensive Income is recognised net of receivables recognised for losses surrendered to unconsolidated group subsidiary entities.

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Dividend income and interest income received by the Consolidated Group may be subject to withholding tax imposed in the country of origin of such income.

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Current tax:		
UK corporation tax – current year	**(2,189)**	(2,447)
UK corporation tax – prior year	**(63)**	–
Overseas tax – current year	**210**	66
Overseas tax – prior year	**–**	(170)
Tax credit for the year	**(2,042)**	(2,551)

Reconciliation of effective tax rate

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Profit before tax	**71,169**	56,083
Expected tax on profit at Guernsey corporation rate – 0% (2013: 0%)	**–**	–
Application of overseas tax rates	**210**	66
Group tax losses surrendered to unconsolidated investment entities	**(2,189)**	(2,447)
Adjustments to previous year's assessment	**(63)**	(170)
Tax credit for the year	**(2,042)**	(2,551)

The income tax credit above does not represent the full tax position of the entire group as the investment returns received by the Company are net of tax payable at the underlying investee entity level. As a consequence of the adoption of IFRS10 investment entity consolidation exemption, underlying investment entity tax is not consolidated within these financial statements. Total forecasted corporation tax payable by the Group's underlying investments is £759 million over their full concession lives.

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For the year ended 31 December 2014

12. Earnings Per Share
The calculation of basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**73,211**	58,634
	Number	**Number**
Number of shares		
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**771,578,934**	749,629,388
Basic and diluted (pence)	**9.49**	7.82

The denominator for the purposes of calculating both basic and diluted earnings per share is the same, as the Group has not issued any share options or other instruments that would cause dilution.

13. Financial Instruments
Financial assets and financial liabilities are recognised when contractual provisions of the instrument are entered into. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Specific financial asset and liability accounting policies are provided below.

13.1 Financial assets

	31 December 2014 £'000s	31 December 2013 £'000s
Investments at fair value through profit and loss[1]	**1,032,941**	844,382
Financial asset loans and receivables		
Trade and other receivables	**19,529**	13,020
Cash and cash equivalents	**29,391**	80,609
Derivative financial instruments		
Currency swaps	**2,948**	3,664
Total financial assets	**1,084,809**	941,675

1 Includes fair value of investments in associates amounting to £1.7 million (2013: £1.8 million). Movements in the period represent additional fair value gains offset by net repayments from investments.

Accounting Policy
The Group classifies its financial assets as at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired, with investments in unconsolidated subsidiaries (other than those providing investment-related services) being designated at fair value through profit and loss as required by IFRS 10.

Investments at Fair Value through Profit or Loss
Investments in underlying unconsolidated subsidiaries are designated upon initial recognition as financial assets at fair value through profit or loss. The Group's policy is to fair value both the equity and debt investments in PPP assets together. All transaction costs relating to the acquisition of new investments are recognised directly in profit or loss. Subsequent to initial recognition, equity and debt investments are measured at fair value with changes in fair value recognised within operating income in the Consolidated Statement of Comprehensive Income.

Financial Assets Loans and Receivables
Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments and are not quoted in an active market are classified as 'loans and other receivables'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. Financial assets with maturities less than 12 months are included in current assets, financial assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets.

13. Financial Instruments continued

13.1 Financial assets continued

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derivative Financial Instruments

Derivatives are recognised initially, and are subsequently remeasured at fair value. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. Fair value movements on derivative financial instruments held for trading are recognised in the Consolidated Statement of Comprehensive Income. The method of recognising fair value gains or losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged.

Impairment of Financial Assets

Financial assets, other than those classified as at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely impacted.

13.2 Financial liabilities

	31 December 2014 £'000s	31 December 2013 £'000s
Financial liabilities at amortised cost		
Trade and other payables (excluding deferred income)	**6,414**	6,284
Bank loans	**16,327**	–
Total financial liabilities	**22,741**	6,284

Accounting Policy

Trade and other payables

Financial liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the financial reporting date. The cost of other liabilities is considered to approximate their fair value.

13.3 Financial risk and management objectives

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to market risk (which includes currency risk, interest rate risk and inflation risk), credit risk and liquidity risk arising from the financial instruments it holds. The Group's Investment Adviser is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Adviser and is ultimately responsible for the overall risk management of the Group.

The Group's risk management framework and approach is set out within the Strategic Report (pages 35–38). The Board's considerations of key risks impacting the business are set out within the Strategic Report. The Board takes into account market, credit and liquidity risks in forming the Group's risk management strategy.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as changes in inflation, foreign exchange rates and interest rates.

Inflation risk

The majority of the Group's cash flows from underlying investments are linked to inflation indices. Changes in inflation rates can have a positive or negative impact on the Group's cash flows from investments. The long-term inflation assumptions applied in the Group's valuation of investments at fair value through profit or losses are disclosed in the fair value hierarchy section 13.4.

The Group's portfolio of investments has been developed in anticipation of continued inflation at or above the levels used in the Group's valuation assumptions. Where inflation is at levels below the assumed levels, investment performance may be impaired. The level of inflation linkage across the investments held by the Group varies and is not consistent.

Notes to the Financial Statements continued

For the year ended 31 December 2014

13. Financial Instruments continued

13.3 Financial risk and management objectives continued

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows from underlying investments therefore impacting the value of investments at fair value through profit or loss. The Group has limited exposure to interest rate risk as the underlying borrowings within the unconsolidated investee entities are either hedged through interest rate swap arrangements or are fixed rate loans. It is generally a requirement under a PFI/PPP concession that any borrowings are matched to the life of the concession. Hedging activities are aligned with the period of the loan, which also mirrors the concession period and are highly effective. The Group's corporate facility is unhedged on the basis it is utilised as an investment bridging facility and therefore drawn for a relatively short period of time. Therefore, the Group is not significantly exposed to cash flow risk due to changes in interest rates over its variable rate borrowings.

Interest income on bank deposits held at underlying investment level is included within the fair value of investments. Sensitivity analysis showing the impact of variations in interest income deposit rates on the fair value of investments is shown in section 13.5.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies and therefore is exposed to exchange rate fluctuations. Currency risk arises in financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The carrying amounts of the Group's foreign currency denominated monetary financial instruments at the reporting date are set out in the table below:

	31 December 2014 £'000s	31 December 2013 £'000s
Cash		
Euro	**2,263**	1,367
Canadian Dollar	**824**	489
Australian Dollar	**1**	1
	3,088	1,857
Current receivables		
Euro receivables	**407**	455
	407	455
Investments at fair value through profit or loss		
Euro	**210,962**	187,104
Canadian Dollar	**38,858**	41,659
Australian Dollar	**93,050**	90,559
	342,870	319,322
Total	**346,365**	321,634

The Group uses forward foreign exchange contracts to mitigate the risk of short-term volatility in foreign exchange on significant investment returns from overseas investments.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of dealing only with creditworthy counterparties at the underlying entity level. PFI/PPP and similar concessions are entered into with government, quasi government, other public or equivalent low risk bodies.

Liquidity risk

Liquidity risk is defined as the risk that the Group would encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group invests in relatively illiquid investments (mainly non-listed equity and loans). As a closed-ended investment vehicle there are no automatic redemption of capital rights. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities and by continuously monitoring the forecast and actual cash flows. Cash flow forecasts assume full availability of underlying infrastructure to the public sector entities. Failure to maintain assets available for use or operating in accordance with pre-determined performance standards may entitle the public sector to stop (wholly or partially) paying the income that the Group has projected to receive.

The Directors review the underlying performance of each investment on a quarterly basis, allowing asset performance to be monitored. Contractual mechanisms also allow for significant pass-down of unavailability and performance risk to sub-contractors.

13. Financial Instruments continued

13.4 Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

> Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
> Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
> Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

During the period there were no transfers between Level 2 and Level 3 categories.

Level 1:
The Group has no financial instruments classified as level 1.

Level 2:
This category includes derivative financial instruments such as interest rate swaps, RPI Swaps and currency forward contracts. As at 31 December 2014, the Group's only derivative financial instruments were currency forward contracts amounting to an asset of £2.9 million (2013: asset of £3.7 million).

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market (spot exchange rates, yield curves, interest rate curves). Valuations based on observable inputs include financial instruments such as swaps and forward contracts which are valued using market standard pricing techniques where all the inputs to the market standard pricing models are observable.

Level 3:
This category consists of investments in equity and loan instruments in underlying unconsolidated subsidiary entities which are classified at fair value through profit or loss. At 31 December 2014, the fair value of financial instruments classified within Level 3 totalled £1,032.9 million (2013: £844.4 million).

Financial instruments are classified within Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Valuation process
Valuations are the responsibility of the Board of Directors. The valuation of unlisted equity and debt investments is performed on a quarterly[1] basis by the Investment Adviser and reviewed by the senior members of the Investment Adviser. The valuations are also subject to quality assurance procedures performed by the Investment Adviser. The Investment Adviser verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant project financial models and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the preceding semi-annual and annual reporting periods. The senior members of the Investment Adviser consider the appropriateness of the valuation methods and inputs. On a quarterly basis, after the checks above have been performed, the Investment Adviser presents the valuation results to the Audit and Risk Committee. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments. Any changes in valuation methods and assumptions are discussed and agreed with the Group's Audit and Risk Committee for recommendation to the Board. In addition, any investment acquisitions by the Group from related parties are also subject to an independent valuation provided to the Board.

Valuation methodology
The valuation methodologies used are primarily based on discounting the underlying investee entities future projected net cash flows at appropriate discount rates. Valuations are also reviewed against recent market transactions for similar assets in comparable markets observed by the Group or Investment Adviser and adjusted where appropriate.

1 Indicative valuations performed at 31 March and 30 September where cash flows are updated for asset performance. Macroeconomic assumptions are updated at 30 June and 31 December.

Notes to the Financial Statements continued
For the year ended 31 December 2014

13. Financial Instruments continued
13.4 Fair value hierarchy continued
Projected net future cash flows

Cash flow forecasts for each underlying investment are generated through detailed project specific financial models. Financial models forecast the project related cash flows for the full term of the underlying service concession. The cash flows included in the forecasts used to determine fair value are typically fixed under contracts however there are certain variable cash flows which are based on management estimation. These models also forecast the dividend, shareholder loan interest payments, capital repayments and senior debt repayments (where applicable) expected from the underlying investments. Key macroeconomic inputs and assumptions utilised in projecting the Group's net future cash flows include:

	UK	Europe Non UK	North America	Australia
Inflation	2.75%	2.00%	2.00%	2.50%
Long-term tax	20.00%	12.50% – 34.00%	25.00% – 26.50%	30.00%
Foreign exchange rates	N/A	1.23	1.84	2.03
Long-term deposit rates	3.50%	3.00%	3.00%	4.50%

Discount rate

The discount rate used for valuation of each investment is the aggregate of the following:

> yield on government bonds with an average life equivalent to the weighted average concession length of the Group, issued by the national government for the location of the asset ('government bond yield')
> a premium to reflect the inherent greater risk in investing in infrastructure assets over government bonds
> a further premium to reflect the state of maturity of the asset with a larger premium applied to immature assets and/or assets in construction and/or to reflect any current asset specific or operational issues. Typically this risk premium will reduce over the life of any asset as an asset matures, its operating performance becomes more established, and the risks associated with its future cash flows decrease
> a further adjustment reflective of market based transaction valuation evidence for similar assets

Over the period, the weighted average government bond decreased by 0.67%. This was offset by a 0.43% increase in the weighted average project premium to reflect the transactions observed in the market and the decrease in risk premia relating to construction assets nearing or that have reached completion. Further details are provided within the Strategic Report (page 23).

Valuation Methodology	31 December 2014	31 December 2013	Movement
Weighted Average Government Bond Rate	**2.79%**	3.46%	(0.67%)
Weighted Average Project Premium	**4.69%**	4.26%	0.43%
Weighted Average Discount Rate	**7.48%**	7.72%	(0.24%)
Weighted Average Discount Rate[1]	**7.90%**	8.20%	(0.30%)

1 Weighted average discount rate on risk capital only (equity and subordinated debt).

Reconciliation of Level 3 fair value measurements of financial assets:	£'000s
Balance at 1 January 2014	**844,382**
Additional investments during the year	**188,228**
Net repayments during the year	**(11,628)**
Investments disposed of during the year	**(20,228)**
Net change in fair value of investments at fair value through profit or loss	**32,187**
Balance at 31 December 2014	**1,032,941**

13. Financial Instruments continued

13.5 Sensitivity analysis

The valuation requires management to make certain assumptions in relation to unobservable inputs to the model, the significant assumptions along with sensitivity analysis are provided below:

Significant assumptions	Weighted average rate applied in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	7.48%	+ 1.00%	(91,756)	- 1.00%	107,077
Inflation rate (overall)	2.55%	+ 1.00%	87,136	- 1.00%	(76,039)
UK	2.75%	+ 1.00%	40,111	- 1.00%	(37,599)
Europe	2.00%	+ 1.00%	34,838	- 1.00%	(28,664)
North America	2.00%	+ 1.00%	1,176	- 1.00%	(1,032)
Australia	2.50%	+ 1.00%	11,011	- 1.00%	(8,745)
FX rate	n/a	+ 10.00%	38,106	- 10.00%	(31,180)
Tax rate	23.39%	+ 1.00%	(7,112)	- 1.00%	7,878
Deposit rate	3.47%	+ 1.00%	13,774	- 1.00%	(12,726)

14. Investment Acquisitions

2014

Date of acquisition	Description	Consideration £'000s	% Equity stake post acquisition
31 January 2014	The Group acquired an additional 48% interest in the Kent BSF education project	7,200	58%
15 January 2014	The Group acquired 10% of the share capital in Inspiredspaces Wolverhampton (Project Co 2) Ltd	453	10%
27 January 2014	The Group acquired a controlling interest in the new office building of the Federal German Ministry of Education and Research in Berlin (BMBF)	9,687	97%
27 June 2014	The Group acquired an additional 72% interest in BSF Nottingham phase 2	2,777	82%
4 November 2014	The Group acquired 100% of the equity in the Lincs offshore transmission project	168,111	100%
Total capital spend on new acquisitions during the year		**188,228**	

The BMBF interests were acquired by an unconsolidated subsidiary entity of the Group from an associate of the Investment Adviser on 27 January 2014.

2013

Date of acquisition	Description	Consideration £'000s	% Equity stake post acquisition
3 April 2013	The Group acquired the remaining 25% interest in the Alberta Schools project in Canada	7,476	100.00%
11 April 2013	The Group acquired an additional 39.6% of the issued share capital of Inspiredspaces STaG (Holdings 1) Limited	1,000	90.10%
24 September 2013	The Group acquired an additional 25% of the share capital in Northern Diabolo Holdings Sarl (which owns 100% of the shares in Northern Diabolo NV) from Feronia GmbH	28,000	100.00%
Total capital spend on new acquisitions during the year		36,476	

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15. Trade and Other Receivables

	31 December 2014 £ '000s	31 December 2013 £'000s
Accrued interest receivable	**13,045**	8,659
Other debtors	**6,484**	4,361
Total trade and other receivables	**19,529**	13,020

Other debtors included £4.9 million (2013: £3.7 million) of receivables from unconsolidated subsidiary entities for surrender of Group tax losses.

16. Trade and Other Payables

	31 December 2014 £ '000s	31 December 2013 £ '000s
Accrued management fee	**5,980**	5,446
Other creditors and accruals	**434**	838
Total trade and other payables	**6,414**	6,284

17. Share Capital and Reserves

Share capital	31 December 2014 shares '000s	31 December 2013 shares '000s
In issue 1 January	**760,642**	711,582
Issued for cash	**70,370**	37,258
Issued as a scrip dividend alternative	**5,147**	6,791
Issued to the Investment Adviser as part settlement of an incentive fee	**–**	5,011
In issue at 31 December – fully paid	**836,159**	760,642

	31 December 2014 £'000s	31 December 2013 £'000s
Opening balance	**524,393**	463,054
Issued for cash (excluding issue costs)	**95,000**	46,495
Issued as a scrip dividend alternative	**6,688**	8,675
Issued to the Investment Adviser as an incentive fee alternative	**–**	6,584
Total share capital issued in the year	**101,688**	61,754
Costs on issue of Ordinary Shares	**(792)**	(415)
Balance at 31 December	**625,289**	524,393

At present, the Company has one class of Ordinary Shares which carry no right to fixed income.

On 13 June 2014, 2,516,479 new Ordinary fully paid shares were issued as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the six months ended 31 December 2013.

On 24 October 2014, 2,630,909 new Ordinary fully paid shares were issued as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the six months ended 30 June 2014.

On 14 November 2014, the Group raised an additional £95 million of equity through its Placing and Offer for Subscription of 70,370,370 Ordinary Shares at an issue price per share of 135p (ex-dividend).

Other distributable reserve	31 December 2014 £'000s	31 December 2013 £'000s
Opening balance	**182,481**	182,481
Movement in the year	**–**	–
Balance at 31 December	**182,481**	182,481

17. Share Capital and Reserves continued

Other distributable reserve continued

On 19 January 2007 the Company applied to the Royal Court of Guernsey, following the initial placing of shares, to reduce its share premium account. This was in order to provide a distributable reserve to enable the Company to repurchase its shares if and when the Board of Directors consider it beneficial to do so. Following court approval, the distributable reserve account was created.

Retained earnings	31 December 2014 £'000s	31 December 2013 £'000s
Opening balance	**228,517**	215,419
Net profit for the year	**73,211**	58,634
Dividends paid[1]	**(47,430)**	(45,536)
Closing balance	**254,298**	228,517

1 Includes scrip element of £6.7 million in 2014 (2013: £8.7 million).

Distributions

The Board is satisfied that, in every respect, the solvency test as required by the Companies (Guernsey) Law, 2008, was satisfied for the proposed dividend and the dividend paid in respect of the year ended 31 December 2014.

The Board has approved interim distributions as follows:

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Amounts recognised as distributions to equity holders for the year ended 31 December	**47,430**[1]	45,536
Declared		
Interim distribution for the period 1 January to 30 June 2014 was 3.15 pence per share (2013: 3.075 pence per share)	**24,040**	23,155
Interim distribution for the period 1 July to 31 December 2014 was 3.15 pence per share (2013: 3.075 pence per share[2])	**26,339**	23,390

1 Includes the 2013 interim distribution for the period 1 July to 31 December 2013.

2 The distribution for the period 1 July to 31 December 2014 was approved by the Board on 25 March 2015 and therefore has not been included as a liability in the balance sheet for the year ended 31 December 2014.

Capital risk management

The Group seeks to efficiently manage its financial resources to ensure that it is able to continue as a going concern while providing improved returns to shareholders through the management of the debt and equity balances. The capital structure consists of the Group's corporate facility and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments. The Group's investment policy is set out in the Strategic Report (pages 8 and 9).

The Group's Investment Adviser reviews the capital structure on a semi-annual basis. As part of this review, the Investment Adviser considers the cost of capital and the risks associated with each class of capital.

18. Net Assets per Share

	31 December 2014 £'000s	31 December 2013 £'000s
Net assets attributable to equity holders of the parent	**1,062,068**	935,391

	Number	Number
Number of shares		
Ordinary shares outstanding at the end of the year	**836,159,373**	760,641,615
Net assets per share (pence per share)	**127.0**	123.0

Notes to the Financial Statements continued

For the year ended 31 December 2014

19. Related Party Transactions

During the period, Group companies entered into certain transactions with related parties that are not members of the Group but are related parties by reason of being in the same group as Amber Infrastructure Group Holdings Limited, which is the ultimate holding company of the Investment Adviser, Amber Fund Management Limited ('AFML').

Under the Investment Advisory Agreement ('IAA'), AFML was appointed to provide investment advisory services to the Group including advising the Group as to the strategic management of its portfolio of investments.

AFML is a subsidiary company of Amber Infrastructure Group Holdings Limited ('Amber Group'), in which Mr. G Frost is a Director and also a substantial shareholder.

Mr. G Frost is also a Director of International Public Partnerships Limited (the 'Company'); International Public Partnerships Lux 1 Sarl; (a wholly owned subsidiary of the Group); and the majority of other companies in which the Group indirectly has an investment. The transactions with the Amber Group are considered related party transactions under IAS 24 'Related Party Disclosures'.

The Director's fees of £32,000 (2013: £32,000) for Mr. G Frost's directorship of the Company are paid to his employer, Amber Infrastructure Limited (a member of the Amber Group).

The amounts of the transactions in the year that were related party transactions are set out in the table below:

	Related party expense in the Income Statement		Amounts owing to related parties in the Balance Sheet	
	For the year ended 31 December 2014 £'000s	For the year ended 31 December 2013 £'000s	At 31 December 2014 £'000s	At 31 December 2013 £'000s
Investment advisory fee	**11,608**	10,702	**5,980**	5,446
Incentive fee[1]	**–**	10,974	**–**	–
International Public Partnerships GP Limited	**11,608**	21,676	**5,980**	5,446
Amber Fund Management Limited[2]	**2,818**	548	**–**	–
Total	**14,426**	22,224	**5,980**	5,446

1 60% settled in shares.

2 Represents amounts paid to related parties to acquire or make investments or advisory fees associated with investments which are subsequently recorded in the balance sheet.

Investment advisory arrangements

AFML, the Investment Adviser, is a related party of the Group. Up to 28 August 2013, the Investment Adviser fee arrangement included incentive fees, this was removed as part of the rebased Investment Advisory fee agreement. The amount paid to AFML for the year ended 31 December 2014 was £2,818,747 (2013: £548,096) and relates to advisory fees on new acquisitions.

Investment advisory fees paid/payable during the year are calculated as follows:

For construction assets
> 1.2% per annum of gross asset value of investments bearing construction risk

For fully operational assets
> 1.2% per annum of the gross asset value ('GAV') excluding uncommitted cash from capital raisings up to £750 million
> 1.0% per annum where GAV (excluding uncommitted cash from capital raisings) is between £750 million and £1.5 billion
> 0.9% per annum where GAV (excluding uncommitted cash from capital raisings) value exceeds £1.5 billion
> 1.5% asset origination fee of the value of new investments

19. Related Party Transactions continued

Changes to the Investment Advisory Agreement

- Up to 30 June 2013, AFML was also entitled to an Incentive Fee in respect of each Incentive Period equal to 20% of the excess (if any) of the Ordinary Share Return over the Benchmark Return (as defined in the IAA) in the Incentive Period, provided that the Incentive Fee was only payable if and to the extent that the change in the Ordinary Share Return Index in the relevant Incentive Period was greater than the change in the Benchmark Return Index
- The incentive fee was removed as part of the rebased IAA which was approved by the Board on 28 August 2013.
- At the same time:
  - The Group and the Investment Adviser agreed that retrospectively from 30 June 2013, the Base Fee payable to the Investment Adviser would reduce to 1% per annum in respect of the Gross Asset Value of the Group's operational projects that exceeds £750 million. For GAV's less than £750 million and for non-operational projects the Base Fee payable to the Investment Adviser remains unchanged at 1.2% per annum
  - Provisions in relation to the termination of the Investment Adviser in the IAA were amended to replace the existing mechanism for early termination which was linked to the relative performance of the Group's shares to UK gilts, with (i) new mechanism allowing for early termination if less than 95% of the Group's assets are available for use for certain periods and the Investment Adviser fails to implement a remediation plan agreed with the Group, and (ii) enhanced rights for the Group to monitor and manage Amber in order to reflect certain changes to the Listing Rules that were effective from 1 August 2013. The IAA may also be terminated by either party giving to the other five years notice of termination, expiring at any time after ten years from the date of the Investment Advisory Agreement

Transactions with directors

Shares acquired by Directors in the financial year ended 31 December 2014 are disclosed below:

Director	Number of New Ordinary Shares
John Whittle	1,863
Rupert Dorey (including spouse)	50,000
Total purchased	**51,863**

None of the Directors disposed of any shares during the year (2013: nil).

Remuneration paid to the Non-Executive Directors is disclosed on page 42.

20. Contingent Liabilities

There were no contingent liabilities at the date of this report.

21. Events after Balance Sheet Date

In March 2015, the Group reached financial close providing finance to two batches (out of a total of five) being delivered through the Priority Schools Building Programme ('PSBP'). The batches are funded through Aggregator Plc, a 100% subsidiary of the Group. To date, the Group has invested a total of £18.2 million to the underlying batches.

22. Other Mandatory Disclosures

Adoption of new and revised standards

In the current period the Group has adopted the following 'new and amended' accounting standards and interpretations:

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-financial Assets
- IFRIC 21, 'Levies'

The adoption of the standards above did not have a material impact on the consolidated financial statements.

22. Other Mandatory Disclosures continued

Standards issued but not yet effective

Standards issued and not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective, management are currently assessing the impact of those new standards and interpretations.

> IFRS 9 Financial Instruments (Issued on 24 July 2014) (1 January 2018)
> IFRS 15 Revenue from Contracts with Customers (1 January 2017)
> IFRS 14 Regulatory Deferral Accounts (1 January 2016)
> Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an Investor and its Associate or Joint Venture (1 January 2016)
> Amendments to IAS 27: Equity Method in Separate Financial Statements (1 January 2016)
> Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (1 January 2016)
> Amendments to IAS 16 and IAS 41: Bearer Plants (1 January 2016)
> Amendments to IFRS 11: Accounting for Acquisitions of interests in Joint operations (1 January 2016)
> Amendments to IFRS10, IFRS12 and IAS28: Investment entities: Applying the Consolidation Exception (1 January 2016)
> Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (no later than 1 February 2015)
> Annual Improvements to IFRSs 2010-2012 Cycle (no later than 1 February 2015)
> Annual Improvements to IFRSs 2011-2013 Cycle (1 July 2014)
> Annual Improvements to IFRSs 2012-2014 Cycle (1 January 2016)
> Amendments to IAS 1 Disclosure Initiative (1 January 2016)

22. Other Mandatory Disclosures continued

Unconsolidated subsidiaries

A list of the significant investments in unconsolidated subsidiaries, including the name, country of incorporation as at 31 December 2014 and proportion of ownership is shown below:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
Abingdon Limited Partnership	UK	100
Access Justice Durham Limited	Canada	100
AKS Betriebs GmbH & Co. KG	Germany	98
BBPP Alberta Schools Limited	Canada	100
BPSL No. 2 Limited Partnership	UK	100
Building Schools for the Future Investments LLP	UK	100
Calderdale Schools Partnership	UK	100
CHP Unit Trust	Australia	100
Derbyshire Courts Limited Partnership	UK	100
Derbyshire Schools	UK	100
Derbyshire Schools Phase Two Partnership	UK	100
H&W Courts Limited Partnership	UK	100
INPP Infrastructure Germany GmbH & Co. KG	Germany	100
Inspire Partnership Limited Partnership	UK	80
IPP CCC Limited Partnership	Ireland	100
Inspiredspaces Durham (Project Co 1) Limited	UK	91
Inspiredspaces Kent (Project Co 1) Limited	UK	58
Inspiredspaces Nottingham (Project Co 1) Limited	UK	82
Inspiredspaces Nottingham (Project Co 2) Limited	UK	82
Inspiredspaces STaG (Project Co 1) Limited	UK	90
Inspiredspaces STaG (Project Co 2) Limited	UK	90
Inspiredspaces Wolverhampton (Project Co 1) Limited	UK	82
IPP (Moray Schools) Holdings Limited	UK	100
Maesteg School Partnership	UK	100
Norfolk Limited Partnership	UK	100
Northampton Schools Limited Partnership	UK	100
Northern Diabolo N.V.	Belgium	100
Pinnacle Healthcare (OAHS) Trust	Australia	100
Plot B Partnership	UK	100
St Thomas More School Partnership	UK	100
PPP Solutions (Long Bay) Partnership	Australia	100
PPP Solutions (Showgrounds) Trust	Australia	100
Strathclyde Limited Partnership	UK	100
TH Schools Limited Partnership	UK	100
TC Robin Rigg OFTO Limited	UK	100
TC Barrow OFTO Limited	UK	100
TC Gunfleet Sands OFTO Limited	UK	100
TC Ormonde OFTO Limited	UK	100
TC Lincs OFTO Limited	UK	100

The entities listed above in aggregate represent 85% (2013: 91.32%) of investments at fair value through profit or loss. The remaining fair value is driven from joint ventures, associate interests and minority stakes held by the Group.

22. Other Mandatory Disclosures continued

Consolidated subsidiaries

The principal subsidiary undertakings of the Company, all of which have been included in these consolidated financial statements are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
International Public Partnerships Limited Partnership	UK	100
International Public Partnerships Lux 1 Sarl	Luxembourg	100
International Public Partnerships Lux 2 Sarl	Luxembourg	100
IPP Bond Limited	UK	100
IPP Investments Limited Partnership	UK	100

23. Service Concession Arrangements

The Group holds investments in 112 service concession arrangements in the Accommodation, Custodial, Energy and Transport sectors. The concessions typically require the construction and operation of an asset during the concession period. The concession may require the acquisition or replacement of an existing asset or the construction of a new asset. The operation of the accommodation based assets normally includes the provision of facilities management services such as cleaning, catering, caretaking, security, maintenance, and lifecycle. At the end of the concession period the majority of the underlying concessions' assets are returned back to the concession provider.

The rights of both the concession provider and concession operator are stated within the specific project documentation. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the operator to fulfil its obligations.

The table overleaf sets out the Group's investment in PFI concessions that are recorded at fair value through profit or loss.

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
Abingdon – Thames Valley Police	Design, construction, financing and provision of facilities management services to a police facility including HQ, station and training base for Thames Valley Police Authority, UK	25 March 2000	09 March 2030	30	£6.90
Alberta Schools	Design, construction, financing and provision of facilities management services for a new courthouse facility in Durham, Ontario, Canada	02 March 2007	30 November 2039	30	CAD490.00
Angel Trains	Angel Trains owns a mixture of passenger and freight trains, and leases them to train operating companies over a five to ten year lease term	26 January 2005	30 December 2033	29	£34.95
Barnsley PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Barnsley PFI SPV 1, UK	26 May 2011	26 April 2036	25	£105.87
Barnsley PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Barnsley PFI SPV 2, UK	03 January 2012	31 December 2036	25	£58.54
Barnsley PFI SPV 3	Design, redevelop, financing and provision of facilities management services to schools in Barnsley PFI SPV 3, UK	03 September 2012	02 September 2036	25	£141.72
Barking & Dagenham PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Barking and Dagenham, UK	01 April 2012	19 March 2037	25	£30.68
BeNEX	BeNEX invests in companies holding rail and bus operating concessions as well as rolling stock for its operating subsidiaries in Germany	01 December 2000	01 December 2031	31[2]	€360.10
Birmingham PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Birmingham PFI SPV 1, UK	05 January 2011	30 September 2036	27	£56.58
Blackburn PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Blackburn PFI SPV 1, UK	01 September 2011	31 August 2036	25	£28.85
Blackburn PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Blackburn PFI SPV 2, UK	20 August 2012	19 August 2037	25	£47.04
BMBF	Design, construction, financing and provision of facilities management services to the Headquarters of the German Federal Ministry of Education and Research in Berlin, Germany	31 July 2014	31 July 2041	27	€96.00
Bootle	Design, construction, financing and provision of facilities management services to fully serviced accommodation in Bootle for the occupation of HM Revenue & Customs, UK	17 July 2000	16 July 2025	25	£4.10
Bradford PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Bradford PFI SPV 1, UK	19 August 2006	18 August 2033	27	£90.73

1 Represents the full construction value of the underlying projects.
2 Benex acts as a holding company for a portfolio of rail and bus concessions. The start and end dates above represent the earliest and latest dates of operation of the portfolio of concessions.

Notes to the Financial Statements continued
For the year ended 31 December 2014

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
Bradford PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Bradford PFI SPV 2, UK	01 January 2011	14 March 2036	25	£181.55
Brescia Hospital	Refurbish, extend and provide facilities management services to the Brescia Hospital Campus, Italy	01 December 2002	07 November 2021	19	EUR24.00
Bristol PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Bristol PFI SPV 1, UK	31 December 2008	30 September 2034	26	£47.79
Calderdale	Design, construction, financing and provision of facilities management services to five schools in Calderdale, UK	31 August 2004	17 March 2030	26	£44.60
Cambridgeshire PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Cambridgeshire PFI SPV 1, UK	29 October 2012	03 January 2037	25	£36.90
Derby City PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Derby City PFI SPV 1, UK	01 September 2012	31 August 2037	25	£38.17
Derby Courts	Design, construction, financing and provision of facilities management services to two courthouses in Derbyshire, UK	04 June 2003	02 September 2028	25	£21.30
Derbyshire PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Derbyshire PFI SPV 1, UK	01 June 2011	31 October 2035	23	£38.52
Derby Schools	Design, construction, financing and provision of facilities management services to two secondary schools in Derbyshire, UK	28 March 2003	28 March 2029	26	£25.30
Derby Schools 2	Design, construction, financing and provision of facilities management services to two secondary schools in Derbyshire, UK	13 February 2006	12 February 2032	26	£28.30
Diabolo (T2 & T3 & T5)	Design, construction, financing and subsequent operation of a rail link, Belgium	02 October 2007	30 June 2047	40	£285.00
Dublin Courts	Design, construction, financing and subsequent provision of facilities management services to a courthouse in Dublin, Ireland	18 April 2007	30 June 2035	25	£105.00
Durham Courts	Design, construction, financing and provision of facilities management services for a new courthouse facility in Durham, Ontario, Canada	02 March 2007	30 November 2039	30	CAD98.00
Durham PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Durham county, UK	14 August 2009	03 January 2036	27	£42.10
Essex PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Essex PFI SPV 1,UK	01 October 2011	31 December 2036	25	£75.55
Essex PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Essex PFI SPV 2, UK	01 April 2014	31 December 2036	23	£29.11

1 Represents the full construction value of the underlying projects.

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
Gold Coast Light Rail	Design, construction, financing, operation and provision of facilities management services to a light rail public transportation system between Gold Coast University Hospital and Broadbeach in Queensland, Australia	05 May 2011	31 May 2029	18	AUD578.00
Hereford & Worcester	Design, construction, financing and subsequent operation of four courthouses in Hereford & Worcester, UK	03 March 2003	05 March 2025	22	£23.50
Islington PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Islington PFI SPV 1, UK	22 December 2009	31 August 2034	25	£42.36
Islington PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Islington PFI SPV 2, UK	05 November 2012	31 December 2037	26	£30.95
Kent PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Kent PFI SPV 1, UK	30 September 2010	30 September 2037	27	£82.00
Lancashire PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Lancashire PFI SPV 1, UK	31 December 2006	31 August 2033	27	£71.05
Lancashire PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Lancashire PFI SPV 2, UK	31 December 2007	31 August 2034	27	£39.21
Lancashire PFI SPV 2A	Design, redevelop, financing and provision of facilities management services to schools in Lancashire PFI SPV 2A, UK	31 July 2008	31 March 2035	27	£55.05
Lancashire PFI SPV 3	Design, redevelop, financing and provision of facilities management services to schools in Lancashire PFI SPV 3, UK	30 June 2009	31 August 2035	26	£36.79
Lewisham PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Lewisham PFI SPV 1, UK	01 January 2009	31 December 2034	26	£67.91
Lewisham PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Lewisham PFI SPV 2, UK	01 January 2011	31 August 2037	27	£24.10
Lewisham PFI SPV 3	Design, redevelop, financing and provision of facilities management services to schools in Lewisham PFI SPV 3, UK	01 October 2012	31 August 2037	25	£33.65
LIFT – Bexley, Bromley, Greenwich 1	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	26 January 2005	30 December 2033	29	£34.95
LIFT – Bexley, Bromley, Greenwich 2	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	31 August 2005	10 December 2031	26	£3.23
LIFT – BBG Lakeside	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	19 May 2006	30 June 2031	25	£6.98
LIFT – BHH Mt Vernon	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	15 December 2006	30 June 2032	26	£16.87

1 Represents the full construction value of the underlying projects.

Notes to the Financial Statements continued
For the year ended 31 December 2014

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
LIFT – BHH Sudbury	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	05 May 2006	30 June 2031	25	£7.59
LIFT – Brent, Harrow, Hillingdon	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	22 December 2004	29 June 2031	27	£11.90
LIFT – Bristol Fishponds & Hampton House	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	31 May 2004	31 March 2031	27	£11.43
LIFT – Bristol Shirehampton & Whitchurch	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	30 November 2005	31 March 2032	26	£8.00
LIFT – Dudley Brierly Hill	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	15 June 2007	31 March 2031	24	£32.94
LIFT – Dudley Ridge Hill & Stourbridge	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	31 May 2004	30 June 2034	30	£13.82
LIFT – ELLAS	Design, construction, financing and subsequent operation of the redevelopment of 4 LIFT hospital projects, UK	29 May 2003	31 March 2032	29	£39.56
LIFT – ELLAS 2	Design, construction, financing and subsequent operation of the redevelopment of 3 LIFT hospital projects, UK	16 December 2005	30 September 2034	29	£34.99
LIFT – ELLAS 3	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	10 September 2010	07 May 2037	27	£5.61
LIFT – ELLAS 4	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	12 February 2010	03 October 2036	27	£8.19
LIFT – Goscote	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	06 October 2009	30 November 2035	26	£5.43
LIFT – Harrow NRC	Design, construction, financing and subsequent operation of the redevelopment of 3 LIFT hospital projects, UK	26 March 2008	23 June 2034	26	£7.76
LIFT – Oxford Dunnock Way & East Oxford	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	30 November 2004	30 September 2031	27	£16.95
LIFT – South Bristol Community Hospital	Design, construction, financing and subsequent operation of the redevelopment of LIFT hospital projects, UK	12 February 2010	13 February 2042	32	£43.79
LIFT – Wolverhampton & Walsall	Design, construction, financing and subsequent operation of the redevelopment of 2 LIFT hospital projects, UK	29 October 2004	08 April 2031	26	£12.38
Liverpool Library	Design, construction, financing and provision of facilities management services for the Central Library and Archive facility in Liverpool, UK	19 July 2010	07 November 2037	27	£40.80
Long Bay	Design, construction, financing and subsequent operation of a prison and a forensic hospital in Sydney, Australia	01 August 2006	31 May 2034	28	AUD 147.0

1 Represents the full construction value of the underlying projects.

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
Luton PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Luton PFI SPV 1, UK	01 January 2011	31 December 2035	25	£28.46
Maesteg	Design, construction, financing and provision of facilities management services for new build schools in Maesteg, UK	29 July 2008	30 September 2033	25	£17.60
Moray Schools	Development, construction and provision of facilities management services including related financing arrangements to two schools (Elgin Academy and Keith Primary School) under a 30 year non-profit distribution PPP concession agreement with The Moray Council, UK	26 February 2012	26 February 2042	30	£35.00
Newham PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Newham PFI SPV 1, UK	01 January 2011	06 August 2035	25	£59.44
Norfolk	Design, construction, financing and subsequent provision of facilities management services for serviced accommodation for a new HQ and ancillary facilities to the Norfolk Police Authority, UK	17 December 2001	16 December 2036	35	£22.50
Northampton Schools	Design, construction (being a mixture of new build and refurbishment), financing and provision of facilities management services in respect of 30 existing schools and 11 new build schools in Northamptonshire, UK	31 December 2005	31 December 2037	32	£191.30
North Wales Police Authority	Design, construction, financing and subsequent supply of facilities management services to the North Wales Police HQ, UK	01 March 2004	08 December 2028	24	£13.20
Nottingham PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Nottingham, UK	13 June 2008	31 August 2034	26	£35.30
Nottingham PFI SPV 2	Design, redevelop, financing and provision of facilities management services to Nottingham, UK	01 January 2013	30 September 2038	26	£20.47
NSW Schools	Design, construction, financing, operation, and maintenance of 10 new schools for the NSW Department of Education and Training (DET), Australia	01 March 2006	31 December 2035	29	AUD124.3
OFTO – Robin Rigg	Finance, operate and maintain onshore substations, onshore and under-sea cables connecting the mainland electricity grid network to offshore wind-farms, UK	02 March 2011	02 March 2031	20	£65.00
OFTO – Gunfleet Sands	Finance, operate and maintain onshore/offshore substations, onshore and under-sea cables connecting the mainland electricity grid network to offshore wind-farms, UK	19 July 2011	19 July 2031	20	£49.00

1 Represents the full construction value of the underlying projects.

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
OFTO – Barrow	Finance, operate and maintain onshore/offshore substations, onshore and under-sea cables connecting the mainland electricity grid network to offshore wind-farms, UK	27 September 2011	27 March 2030	19	£33.50
OFTO – Ormonde	Finance, operate and maintain onshore/offshore substations, onshore and under-sea cables connecting the mainland electricity grid network to offshore wind-farms, UK	10 July 2012	09 July 2032	20	£103.90
OFTO – Lincs	Finance, operate and maintain onshore substations, onshore and under-sea cables connecting the mainland electricity grid network to offshore wind-farms, UK	11 July 2014	10 July 2032	20	£307.70
Orange Hospital	Design, construction, financing and provision of facilities management services to the Orange Hospital, Australia	21 December 2007	21 December 2035	28	AUD170.0
Pforzheim Schools	Construction, financing and provision of facilities management services in respect to two new secondary schools buildings and outside facilities in the City of Pforzheim, Germany	11 September 2009	11 September 2039	30	£47.10
Reliance Rail	Finance, design, manufacture and maintain 78 eight-car, air-conditioned suburban electric trains, plus two spare carriages with Sydney Trains, Australia	31 December 2006	29 February 2044	30	AUD2,081.0
Royal Children's Hospital	Design, construction, financing and provision of facilities management services to the Royal Children's Hospital, Australia	20 December 2007	31 December 2036	29	AUD1,400.0
Salford PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Salford PFI SPV 1, UK	11 September 2011	31 August 2036	25	£64.17
Salford PFI SPV 2	Design, redevelop, financing and provision of facilities management services to schools in Salford PFI SPV 2, UK	01 April 2012	01 September 2038	26	£81.17
Showgrounds	Design, construction, financing and subsequent operation of the redevelopment of Melbourne showgrounds, Australia	01 July 2005	01 August 2031	26	AUD 103.0
Somerset PFI SPV 1	Design, redevelop, financing and provision of facilities management services to schools in Somerset PFI SPV 1, UK	01 November 2012	29 October 2037	25	£48.90
Southwark PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Southwark PFI SPV 1, UK	10 January 2011	09 January 2036	24	£20.30
Southwark PFI SPV 2	Design, redevelop, financing and provision of facilities management services to Southwark PFI SPV 2, UK	01 September 2014	31 December 2036	25	£39.57

1 Represents the full construction value of the underlying projects.

Project	Short description of concession arrangements	Start date	End date	No. of years	Construction Value[1] 'millions
STaG PFI SPV 1	Design, redevelop, financing and provision of facilities management services to South Tyneside & Gateshead County, UK	21 December 2009	04 September 2036	27	£21.40
STaG PFI SPV 2	Design, redevelop, financing and provision of facilities management services to South Tyneside & Gateshead County, UK	21 December 2009	04 September 2036	27	£28.00
Strathclyde	Design, construction, financing and provision of facilities management services to the Strathclyde Police Training Centre, UK	17 October 2001	16 October 2026	25	£18.90
St Thomas More School	Design, construction, financing and provision of facilities management services to St Thomas More School, UK	28 March 2003	28 March 2028	25	£12.90
Tameside PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Tameside, UK	01 January 2009	30 August 2036	27	£46.00
Tameside PFI SPV 2	Design, redevelop, financing and provision of facilities management services to Tameside, UK	01 April 2010	31 August 2037	27	£75.00
Tower Hamlets Schools	Design, construction (mix of new build and refurbishment) and provision of facilities management services in respect of 27 schools in Tower Hamlets, UK	28 June 2002	27 August 2027	25	£74.10
Waltham Forest PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Waltham Forest PFI SPV 1, UK	31 August 2008	31 August 2033	25	£21.90
Wolverhampton PFI SPV 1	Design, redevelop, financing and provision of facilities management services to Wolverhampton PFI SPV 1, UK	30 April 2010	04 September 2037	27	£43.50
Wolverhampton PFI SPV 2	Design, redevelop, financing and provision of facilities management services to Wolverhampton PFI SPV 2, UK	01 September 2015	31 August 2040	25	£44.00

1 Represents the full construction value of the underlying projects.

Notes

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