INTERNATIONAL PUBLIC PARTNERSHIPS

2021

Annual Report and financial statements

OUR PURPOSE IS TO INVEST RESPONSIBLY IN SOCIAL AND PUBLIC INFRASTRUCTURE THAT DELIVERS LONG-TERM BENEFITS FOR ALL STAKEHOLDERS.

We aim to provide our investors with stable, long-term, inflation-linked returns, based on growing dividends and the potential for capital appreciation.

We expect to achieve this by investing in a diversified portfolio of infrastructure assets and businesses which, through our active management, meets societal and environmental needs both now and into the future.

COMPANY FACTS

- London Stock Exchange trading code: INPP.L
- Member of the FTSE 250 and FTSE All-Share indices
- £2.9 billion market capitalisation at 31 December 2021
- 1,706 million shares in issue at 31 December 2021
- Eligible for ISA/PEPs and SIPPs
- Guernsey incorporated company
- International Public Partnerships (the 'Company', 'INPP', the 'Group' (where including consolidated entities)) shares are excluded from the Financial Conduct Authority's restrictions, which apply to non-mainstream investment products, and can be recommended by independent financial advisers to their clients

CONTENTS

WWW.INTERNATIONALPUBLICPARTNERSHIPS.COM

International Public Partnerships Limited registered number: 45241

COVER IMAGE

Investment: Tinglysningsretten in Hobro, Design: Cubo Arktekter, Photo: Helene Høyer Mikkelsen

RESPONSIBLE INVESTMENT

In support of its purpose, the Company is committed to responsible investment that is beneficial to its shareholders, communities, society and wider stakeholders. The Company believes that the financial performance of its investments is linked to environmental and social success and, as such, the Company considers issues that have the potential to impact the performance of its investments, both now and in the future.

The Company draws on several frameworks and benchmarks to provide direction. These frameworks are reviewed on an annual basis to ensure that the Company remains at the forefront of sustainable investment, operations and reporting.

The Company's Investment Adviser, Amber Infrastructure Limited ('Amber') is a signatory of the UN-backed Principles for Responsible Investment ('PRI').

The Company supports the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alignment with the SDGs is a key part of the Company's approach to ESG integration. The Company contributes towards the SDGs in two main ways: the positive impact investments have on sustainable development and our aim to manage investments sustainably.

The Company has also aligned its investment activity with the objectives of the Paris Agreement and is a supporter of the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').

Signatory of: PRI Principles for Responsible Investment

TCFD

THE GLOBAL GOALS For Sustainable Development

PRINCIPAL SDGs SUPPORTED

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

GLOSSARY

Certain words and terms used throughout the Annual Report and financial statements are defined in the glossary on page 112. Where alternative performance measures ('APMs') are used, these are identified by being marked with an * and further information on the measure can be found in the glossary.

FULL-YEAR FINANCIAL HIGHLIGHTS

WE AIM TO PROVIDE OUR INVESTORS WITH STABLE, LONG-TERM, INFLATION-LINKED RETURNS, BASED ON GROWING DIVIDENDS AND THE POTENTIAL FOR CAPITAL APPRECIATION

DIVIDENDS

7.55p
2021 full-year dividend per share[1]*

7.74p
2022 full-year dividend target per share[2]*

7.93p
2023 full-year dividend target per share[2]

2.6%
2021 dividend growth[1]*

1.1x
Cash dividend cover[3]*
(2020: 1.2x)

NET ASSET VALUE ('NAV')[4]*

£2.5bn
NAV at 31 December 2021[4]
(2020: £2.4bn)

148.2p
NAV per share at 31 December 2021[4]
(2020: 147.1p)

6.1%
Increase in NAV
(2020: -1.7%)

0.7%
Increase in NAV per share*
(2020: -2.3%)

PORTFOLIO ACTIVITY

£252.7m
Cash investments made during 2021
(2020: £30.0m)

REAL RETURNS

0.7%
Portfolio inflation-linked returns* at 31 December 2021[5]
(2020: 0.8%)

TOTAL SHAREHOLDER RETURN ('TSR')*

245.0%
TSR since Initial Public Offering ('IPO')[6]

8.5% p.a.
Annualised TSR since IPO[6]

PROFIT

£129.2m
Profit before tax
(2020: £60.8m)

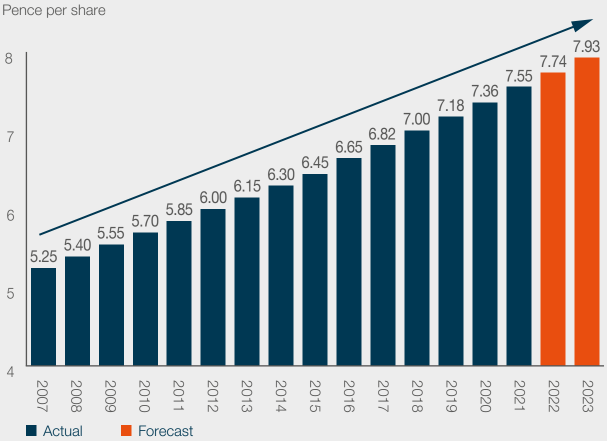
1 The forecast date for payment of the dividend relating to the six months to 31 December 2021 is 7 June 2022.
2 Future profit projection and dividends cannot be guaranteed. Projections are based on current estimates and may vary in future.
3 Cash dividend payments to investors are paid from net operating cash flow before capital activity* as detailed on pages 29 to 30.
4 The methodology used to determine the NAV is described in detail on pages 31 to 37.
5 Calculated by running a 'plus 1.0%' inflation sensitivity for each investment and solving each investment's discount rate to return the original valuation. The inflation-linked return is the increase in the portfolio weighted average discount rate.
6 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.

COMPANY OVERVIEW

CONSISTENT AND SUSTAINED RETURNS

INPP Dividend Payments

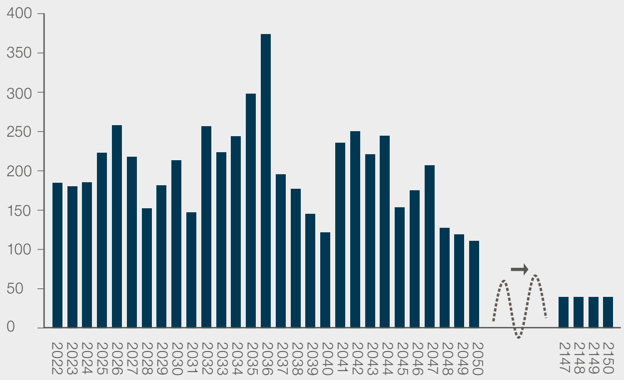
Pence per share



PREDICTABLE PORTFOLIO PERFORMANCE

Projected Investment Receipts

Investment Receipts (£ million)



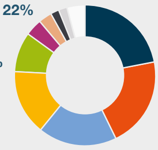
This chart is not intended to provide any future profit forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only investments committed as at 31 December 2021 are included.

LOW RISK AND DIVERSIFIED PORTFOLIO

Sector Breakdown

142 investments in infrastructure investments and businesses across a variety of sectors[1]

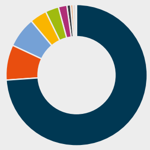
- Energy Transmission **22%**
- Transport **21%**
- Education **18%**
- Gas Distribution **15%**
- Waste Water **9%**
- Health **4%**
- Military Housing **3%**
- Digital **2%**
- Courts **2%**
- Other **4%**



Geographic Split

Invested in selected global regions that meet INPP's specific risk and return requirements

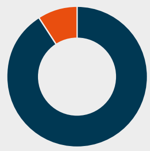
- UK **75%**
- Australia **8%**
- Belgium **7%**
- Germany **4%**
- US **3%**
- Canada **2%**
- Ireland **1%**
- Denmark **<1%**
- Italy **<1%**



Investment Type

Investments across the capital structure, taking into account appropriate risk-return profiles

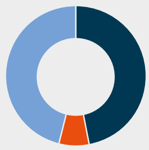
- Risk Capital[2] **91%**
- Senior Debt **9%**



Investment Ownership

Preference to hold majority stakes

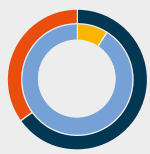
- 100% **47%**
- 50–100% **7%**
- <50% **46%**



Mode of Acquisition/ Investment Status

Early stage investment gives first mover advantage and maximises capital growth opportunities

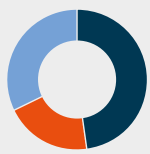
- Construction **9%**
- Operational **91%**
- Early Stage Investor[3] **65%**
- Later Stage Investor[4] **35%**



Investment Life

Weighted average portfolio life of 33 years[5]

- <20 years **48%**
- 20–30 years **20%**
- >30 years **32%**



1 The majority of projects and businesses benefit from availability-based or regulated revenues.
2 Risk Capital includes both investment and business level equity and subordinated shareholder debt.
3 Early Stage Investor – investments developed or originated by the Investment Adviser or predecessor team in primary or early phase investments.
4 Later Stage Investor – investments acquired from a third party investor in the secondary market.
5 Includes non-concession entities which have potentially a perpetual life but assumed to have finite lives for this illustration.

INTERNATIONAL PUBLIC PARTNERSHIPS INVESTS IN HIGH-QUALITY INFRASTRUCTURE ASSETS AND BUSINESSES THAT ARE SUSTAINABLE OVER THE LONG TERM

We have a long-standing relationship with Amber, the Company's Investment Adviser

Amber has sourced and managed the Company's assets since IPO in 2006

Amber is a specialist international infrastructure investment manager and one of the largest independent teams in the sector with over 150 employees working internationally. It is a leading investment originator, asset and fund manager with a strong track record

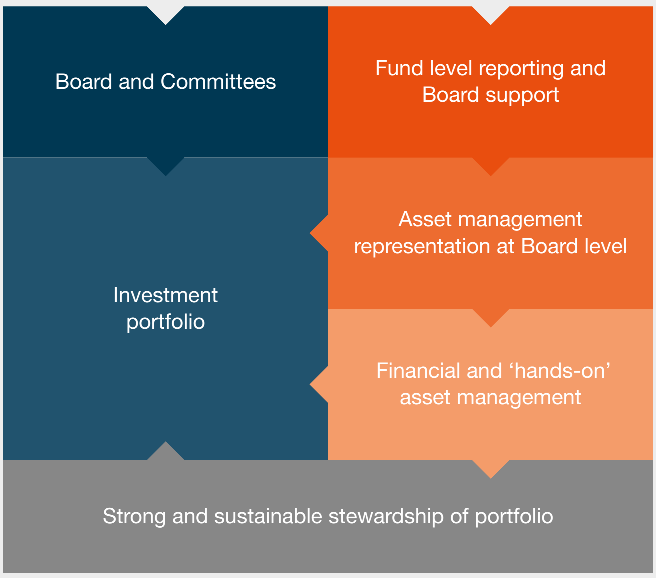
Amber applies an active asset management approach to the underlying investments, to support sustainable performance

The Company has a first right of refusal over qualifying infrastructure investments identified by Amber and for US investments, by Amber's long-term investor, US Group, Hunt Companies LLC ('Hunt')

Relationship with the Investment Adviser

INTERNATIONAL PUBLIC PARTNERSHIPS

AMBER INFRASTRUCTURE GROUP



Our Strengths

Long-term alignment of interests between the Company, Amber and other key suppliers

Amber has physical presence in all of the major countries in which we invest, which provides local insights and relationships

A vertically integrated model with direct relationships with public sector authorities

Experienced team in all aspects of infrastructure development, investment and management

Active approach to investment stewardship, which is the cornerstone of successful investment

Consideration and integration of material Environmental, Social and Governance ('ESG') risks and opportunities

Active engagement with all key stakeholders

Strong, independent Board (seven of the eight directors are independent) with a diversity of experience and strong corporate governance

See more about the Investment Adviser on pages 24 to 28

See more about Corporate Governance on page 10

BUSINESS MODEL
DELIVERING LONG-TERM BENEFITS

OUR PURPOSE

OUR PURPOSE IS TO INVEST RESPONSIBLY IN SOCIAL AND PUBLIC INFRASTRUCTURE THAT DELIVERS LONG-TERM BENEFITS FOR ALL STAKEHOLDERS.

We aim to provide our investors with stable, long-term, inflation-linked returns, based on growing dividends and the potential for capital appreciation.

We expect to achieve this by investing in a diversified portfolio of infrastructure assets and businesses, which through our active management, meets societal and environmental needs both now and into the future.

WHAT WE DO

SOURCE
The Company operates a rigorous framework of governance, incorporating a streamlined screening, diligence and execution process. This includes substantive input from the Company's Investment Adviser and, as appropriate, external advisers, with the Company's Board providing robust challenge and scrutiny

INVEST
We seek new investments through our extensive relationships, knowledge and insights to:
- Enhance long-term, inflation-linked cash flows*
- Provide opportunities to create long-term value and enhance returns
- Ensure ESG is core to the investment process

VALUE-FOCUSED PORTFOLIO DEVELOPMENT
- We seek a portfolio of investments with no or low exposure to market demand risks and for which financial, macroeconomic, regulatory, ESG and country risks are well understood and manageable
- The Investment Adviser has a strong investment team that originates unique opportunities in line with the Company's investment strategy
- We continually monitor opportunities to enhance the Company's existing investments
- The Company draws on the Investment Adviser's award-winning sustainability programme, 'Amber Horizons', to inform areas for future investment

For more see pages 16 to 18

EFFICIENT FINANCIAL MANAGEMENT

CONTINUOUS RISK MANAGEMENT

RESPONSIBLE INVESTMENT

VALUE CREATION

OPTIMISE
Using the Investment Adviser's highly experienced in-house asset management team, we seek to actively manage the Company's investments, balancing risk and return, and using detailed research and analysis to optimise the Company's financial and ESG performance

DELIVER
Together with our Investment Adviser's active asset management of our investments, we aim to deliver strong ongoing asset performance for stakeholders and achieve target returns from the portfolio for investors

ACTIVE ASSET MANAGEMENT
- The Investment Adviser has an in-house asset management team dedicated to managing the Company's investments
- Where possible, through the Investment Adviser, we manage the day-to-day activities of each of our investments internally
- We carry out extensive monitoring, including asset level board and management meetings which occur on a quarterly basis
- The Company works with public sector clients, partners and service providers to ensure investments are being managed both responsibly and efficiently to deliver the required outputs
- We focus on investment stewardship across the portfolio and recognise the broader value created from our investments

For more see pages 24 to 28

- Efficient financial management of investment cash flows and working capital
- Maintaining cash covered dividends
- Ensuring cost-effective operations

For more see pages 29 to 30

- Robust risk analysis during investment origination ensures strong portfolio development
- Integrated risk management throughout the investment cycle to support strategic objectives
- Ongoing risk assessment and mitigation supports successful ongoing asset performance

For more see pages 50 to 62

- Integrated ESG considerations across the investment lifecycle
- Robust ESG objectives to build resilience and drive environmental and social progress
- Upholding high standards of business integrity and governance

For more see pages 38 to 49

INVESTOR RETURNS
Continuing to deliver consistent financial returns for investors through dividend growth* and inflation-linked returns* from underlying cash flows and providing opportunities for potential capital appreciation

PUBLIC SECTOR AND OTHER CLIENTS
Providing responsible investment in infrastructure to support the delivery of essential public services and broader societal objectives (e.g. supporting the path to net zero). Our ability to deliver services and maintain relationships with our clients and other key stakeholders is vital for the long-term prosperity of each investment

COMMUNITIES
Delivering sustainable social infrastructure for the benefit of local communities. The Company's investments provide vital public assets which strengthen communities, and seek to provide additional benefits through deploying investment in local economies, job creation and by using investments to help strengthen communities

SUPPLIERS AND THEIR EMPLOYEES
The performance of our service providers, supply chain and their employees is crucial for the long-term success of our investments. The Company promotes a progressive approach to:
- Corporate social responsibility
- Safe, healthy, inclusive workplaces
- Opportunities for professional development
- Staff engagement

OBJECTIVES AND PERFORMANCE

INVESTOR RETURNS

Delivering long-term, inflation-linked returns to investors

Target an annual dividend increase of 2.5%

2.6%

Annual dividend increase achieved
(2020: 2.5%)

Target a long-term total return of at least 7.0% per annum

7.7% p.a.

IRR achieved since IPO[1]
(2020: 7.7%)

Inflation-linked returns on a portfolio basis

0.7%

Inflation-linked returns on a portfolio basis
(2020: 0.8%)

1 Calculated by reference to the November 2006 IPO issue price of 100p and reflecting NAV* appreciation plus dividends paid.
2 Measured by comparing forecast portfolio distributions against actual portfolio distributions received. In the current year, actual portfolio distributions exceeded forecast.
3 In its first year of participation, the Company's Investment Adviser achieved A+ in the UN-backed PRI 2020 assessment for both the strategy and governance and the Infrastructure modules.
4 The Company aims to manage and monitor any potential adverse impact as outlined on page 41.

STRATEGIC PRIORITIES

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

Originate investments with stable, long-term cash flows and potential growth attributes, whilst maintaining a balanced portfolio of assets

ACTIVE ASSET MANAGEMENT

Managing strong ongoing asset performance

RESPONSIBLE INVESTMENT

Management of material ESG factors

EFFICIENT FINANCIAL MANAGEMENT

Making efficient use of the Company's finances and working capital

THE VALUE WE PROVIDE TO OUR INVESTORS IS MONITORED USING OUR KEY PERFORMANCE INDICATORS ('KPIs'). THE DELIVERY OF VALUE TO BOTH INVESTORS AND OUR WIDER STAKEHOLDERS IS ACHIEVED BY CAREFULLY MONITORING OUR PERFORMANCE AGAINST RELATED STRATEGIC PRIORITIES

New investments meet at least three of six attributes:

1. Stable, long-term returns
2. Inflation-linked investor cash flows
3. Early stage investor
4. Investment secured through preferential access
5. Other capital enhancement attributes
6. Positive SDG contribution

100%

of the investments made in 2021 met at least three of the six attributes (2020: 100%)

Strong ongoing asset performance as demonstrated by:

100%

Forecast portfolio distributions received for 2021[2] (2020: 88.4%)

0.1%

Asset performance deductions achieved against a target of <3% during 2021 (2020: 0.1%)

99.8%

Asset availability achieved against a target of >98% during 2021 (2020: 99.7%)

Robust integration of ESG into investment lifecycle

A+

The Company's Investment Adviser's score for the UN-backed PRI 2020 assessment for both the Strategy and Governance and the Infrastructure modules[3]

Positive SDG contribution for new investments

100%

Percentage of investments in the period that positively support targets outlined by the SDGs[4]

Cash covered dividends*

1.1x

Dividends fully cash covered* for 2021 (2020: 1.2x)

Competitive ongoing charges

1.18%

Ongoing charges ratio for 2021 (2020: 1.18%)

CHAIR'S LETTER

MIKE GERRARD
CHAIR

> *Looking forward, the Company remains confident that its business model and investment objectives will continue to offer a significant degree of protection for our investors.*

DEAR SHAREHOLDERS,

This has again been a difficult year for the people who use, build, operate, maintain and manage the Company's investments. So foremost, I and my fellow directors wish to thank our stakeholders, supply chain partners and, especially, our Investment Adviser, who have all had to deal with the ongoing and wide-ranging impacts of the Covid-19 pandemic on their working and personal lives, whilst striving to ensure that public services have continued to be delivered by the Company's investments. Within this challenging context, I am therefore doubly pleased to be able to report that the Company had another successful year in 2021. Notable highlights during the 12 months to 31 December 2021 included:

– Maintaining our record of dividend growth;
– Further strong operational performance of the Company's portfolio;
– Approximately £253 million of capital deployed into new investments across the transport, energy, social infrastructure and digital sectors, including the Company's first investments in Denmark;
– Raising £135 million of new capital; and
– Further enhancement of our ESG reporting, establishing INPP as a leading choice of investment for sustainability focused investors.

Whilst some individual asset performance was inevitably impacted by the pandemic over the course of the year, overall the portfolio experienced limited disruption which illustrates its resilience to such shocks.

Looking forward, the Company remains confident that its business model and investment objectives will continue to offer a significant degree of protection for our investors. Moreover, the Board continues to see a positive outlook for new investment opportunities.

FINANCIAL PERFORMANCE

Over the period, the Company's NAV per share increased from 147.1 pence at 31 December 2020 to 148.2 pence at 31 December 2021. The Company reported a profit for the year of £129.2 million (31 December 2020: £60.8 million).

Furthermore, the Company grew its dividend to 7.55 pence per share for the 2021 financial year, whilst maintaining fully cash covered dividends (cash dividend cover at 1.1x (2020: 1.2x)). The Board continues to expect to deliver further growth in our dividend. The dividend growth for the 12 months to 31 December 2021 of 2.6% is consistent with the c.2.5% average annual dividend growth that has been delivered to investors since the Company's inception, and the Board is also pleased to reaffirm its dividend target for 2022 of 7.74 pence per share and provide new guidance of 7.93 pence per share for 2023.

The Company's overall robust performance and ability to deliver a growing dividend have been consistent features throughout its history. I note that investors who became shareholders in the Company at its inception in 2006 have achieved a TSR of 245.0%, or 8.5% on an annualised basis on their initial investment. The Company's full-year financial highlights are set out on page 1.

PORTFOLIO OVERVIEW

Whilst overall the portfolio performed well in 2021, the pandemic continued to impact a small number of the Company's investments, whose performance has already started to improve and is expected to continue to do so during the course of 2022.

Diabolo Rail Link ('Diabolo') has experienced the greatest impact, as Brussels Airport saw much reduced numbers of passengers using its services. However, independent forecasts predict a gradual recovery in passenger volumes during 2022 and thereafter. Discussions are ongoing with Infrabel, the Belgian rail network owner, over the implementation of contractual protections that have the potential to mitigate some of this impact, although no such mitigation is assumed within the Company's current valuation of its investment in Diabolo.

Tideway, the company building the 25km 'super sewer' under the River Thames in London, has continued to make good progress with construction 73% complete as at 31 December 2021 and with the primary tunnelling expected to be complete in the coming months. As reported previously, Tideway has been in discussions with Ofwat regarding additional measures to mitigate the impact on Tideway's investors of both Covid-19 related cost overruns and the Financing Cost Adjustment Mechanism ('FCAM'). Subsequent to a provisional agreement with Tideway, Ofwat launched a public consultation in December 2021 to gain views from interested parties on the proposed amendments. As the consultation was ongoing at the valuation date, the 31 December 2021 valuation of the Company's investment in Tideway included a prudent assessment of the outcome of the consultation and the necessary licence modification process. The consultation subsequently closed in January 2022 and the licence modifications came into effect in March 2022.

There has also been satisfactory resolution of the appeal by Cadent (our gas distribution investment) to the Competition and Markets Authority ('CMA') against regulator Ofgem's final determination in respect of the five-year regulatory period beginning April 2021. The CMA published its final determination in October 2021 and the findings were modestly positive for the Company's valuation of Cadent.

Overall, the activities in this period have continued to emphasise the need for, and success of, the Investment Adviser's active asset management approach, given the central role it plays in delivering the long-term performance of the Company.

INVESTMENT ACTIVITY

During 2021, the Company has completed £252.7 million of new and follow-on investments across the education, judicial, energy transmission, transport, digital and health sectors. Highlights include:

- Financial close of a new police headquarters in Offenbach, Germany, investing £8.1 million for a 45% shareholding;
- Acquisition of Beatrice and Rampion Offshore Transmissions projects ('OFTOs'), which are the eighth and ninth OFTO investments undertaken by the Company and increases the number of homes that the Company's OFTO portfolio is capable of powering to approximately 2.1 million;
- Completion of an additional c.5% investment in Angel Trains, the largest rolling stock company in the UK. Angel Trains serves the UK passenger rail sector with a diversified fleet of more than 4,000 vehicles, the majority of which are electric multiple units. Angel Trains is now the Company's third largest investment holding in its portfolio, by value;
- The Company's first investments in Denmark, where it acquired four Public-Private Partnership ('PPP') projects, including two schools, a specialist land registry court archive building and a hospital car parking facility; and
- A commitment to invest £9.2 million in the Flinders University Health and Medical Research Building ('HMRB') in South Australia.

Please see more information on the Company's investment activity on pages 17 to 18.

INVESTMENT STEWARDSHIP AND ESG

The Company's stewardship of its investments is fundamental to its performance. The Company's Investment Adviser continues to engage with its public sector partners and key suppliers to ensure that the projects and businesses in which the Company invests remain available and operational to deliver for the communities which they serve, to the greatest extent possible, whilst protecting the health and safety of staff and users.

The Company aims to be a leader in demonstrating a commitment to ESG issues and has developed a series of ESG KPIs to evidence and monitor this, hand-in-hand with its alignment with TCFD, the EU Sustainable Financial Disclosure Regulation ('SFDR') and anticipated UK-specific SDR disclosures. These KPIs are detailed within the Responsible Investment Section on pages 38 to 49.

During the course of the year, the Company issued its inaugural Sustainability Report[1]. This report reflects the Company's commitment to sustainability and provides investors and other stakeholders with an in-depth view of the Company's integrated approach.

1 https://www.internationalpublicpartnerships.com/media/2471/inpp-2021-sustainability-report.pdf.

CHAIR'S LETTER
CONTINUED

CORPORATE GOVERNANCE

Board succession is of the utmost importance and I am delighted that Stephanie Coxon was appointed to the Board with effect from 1 January 2022. Stephanie is a Fellow of the Institute of Chartered Accountants in England and Wales and is a non-executive director on several London listed companies. Prior to becoming a full-time non-executive director, Stephanie led the investment trust capital markets team at PricewaterhouseCoopers CI LLP ('PwC') for the UK and Channel Islands. Her appointment anticipates the retirement of Claire Whittet from the Board during 2022.

The Company's ESG Committee, which is chaired by Julia Bond, convened its inaugural meeting in March 2021. The ESG Committee provides oversight and challenge to the Company's ESG-related risks, opportunities and reporting. The Committee's work commenced with the first edition of the Company's Sustainability Report referred to above.

Sally-Ann David was appointed Chair of the Risk Sub-Committee in March 2021, taking over from Julia Bond.

As previously reported, the Company changed its auditors during 2021. Following a formal audit tender completed in 2020, PwC was selected as the Company's new auditor and received shareholder approval at the Company's Annual General Meeting ('AGM') in May 2021. All parties have been working closely to ensure a smooth and effective auditor transition.

The Management Engagement Committee ('MEC'), chaired by Claire Whittet, undertakes regular reviews of the Investment Adviser's performance and that of the other suppliers to the Company. We continue to be well served by our Investment Adviser and, consistent with this productive and engaged relationship, during the course of 2021 we were pleased to agree a further reduction in the investment management fee charged to the Company. This has now been reduced from 90bps to 80bps in respect of fully operational assets with an adjusted gross asset value in excess of £2.75 billion.

The approach of the Board to corporate governance is one of continuous improvement and, during 2021, the Board implemented the recommendations of an externally-facilitated review of its performance, completed at the end of 2020. The Board continues to comply with the Association of Investment Companies ('AIC') Code of Corporate Governance, which ensures the requirements of the UK Corporate Governance Code relevant to an investment fund are adhered to. Further details are set out in the Corporate Governance section of this Report.

CURRENT ENVIRONMENT AND OUTLOOK

Our portfolio's performance has been robust throughout the pandemic; and now, as societies and markets continue their recovery to post-pandemic norms, general levels of inflation have emerged as a new key issue across the economies in which we invest. Whilst the levels at which inflation will peak and the duration of these inflationary periods remain uncertain, we take comfort from the strong inflation-linked returns* of the Company's income streams (0.7%[1]) and its mitigated exposure to demand risks within the portfolio.

Infrastructure investment is fundamentally about long-termism in public policy, capital allocation and economic growth. It is also the long-term investment horizon of infrastructure which places it front-and-centre of efforts by governments to deliver sustainable and fairer societies. Therefore, whilst events such as the pandemic and the return of inflation may disrupt short-term plans, they do not alter the fundamental investment case for modern infrastructure; in fact, arguably, they strengthen it, as the need for economic resilience becomes ever greater. Moreover, these objectives need to be met within the constraint of stressed public sector balance sheets. Accordingly, we expect that over the medium-term, governments will bring forward a growing number of new infrastructure investment plans, based upon funding solutions requiring private capital. Our strong pipeline of opportunities already reflects this and includes over £185 million of investment to which we are already committed or which our Investment Adviser has under development.

We have all learned a great deal from the last two years about the complementary roles of public and private sectors in delivering priority outcomes for society, and of the need for close cooperation in working to common goals. It is this learning which will be applied in tackling climate change – the single greatest long-term risk facing society and in the mitigation of which infrastructure investment will play a pivotal role. The COP26 conference in November last year made clear the scale of challenges that we all face. The Company, with its foundations in long-term PPP and infrastructure businesses, and a proven capability to invest sustainably, is well placed to respond to these challenges. So it is with confidence that we face growing opportunities within our chosen markets.

1 Calculated by running a 'plus 1.0%' inflation sensitivity for each investment and solving each investment's discount rate to return the original valuation. The inflation-linked return is the increase in the portfolio weighted average discount rate. Please refer to page 31 for further detail.

As I write, the tragic events of the war in Ukraine are unfolding and there has already been significant loss of life and human suffering, with millions of people affected and displaced to neighbouring countries. First and foremost our thoughts are with those people whose lives have been impacted. We are aware that the Company's Investment Adviser and its employees are taking practical steps to provide assistance both through its corporate and social responsibility programme as well as at an individual level where they are able, including donating to humanitarian support charities. We also continue to actively monitor the situation, to ensure that our portfolio of investments is protected, to the extent it can be, from the direct and indirect impacts of the war, as well as continuing to review sanctioned entities / individuals. The Company does not hold any investments in the affected region and we are not aware of any material direct implications for the Company or its portfolio.

I and my fellow Directors thank you for your continued support.

MIKE GERRARD
CHAIR
23 March 2022

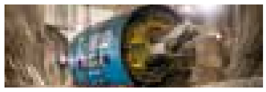
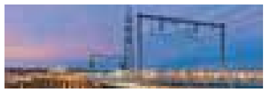
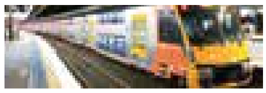
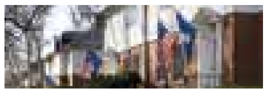
TOP 10 INVESTMENTS

NAME OF INVESTMENT	LOCATION		SECTOR	STATUS AT 31 DECEMBER 2021
CADENT	UK		Gas distribution	Operational
Cadent owns four of the UK's eight regional gas distribution networks ('GDNs') and in aggregate provides gas to approximately 11 million homes and businesses.				
TIDEWAY	UK		Waste water	Under construction
Tideway is the trading name of the company that was awarded the licence to design, build, finance, commission and maintain a new 25km 'super sewer' under the River Thames.				
ANGEL TRAINS	UK		Transport	Operational
Angel Trains is a rolling stock leasing company which owns more than 4,000 vehicles. Angel Trains has invested over £5 billion in new rolling stock and refurbishment since 1994, and is the second largest investor in the industry after Network Rail.				
DIABOLO RAIL LINK	Belgium		Transport	Operational
Diabolo integrates Brussels Airport with the national rail network allowing passengers to access high-speed trains, such as Amsterdam-Brussels-Paris and NS International trains.				
LINCS OFTO	UK		Energy transmission	Operational
The project connects the 270MW Lincs offshore wind farm, located 8km off the east coast of England, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 100km in length.				
ORMONDE OFTO	UK		Energy transmission	Operational
The project connects the 150MW Ormonde offshore wind farm, located 10km off the Cumbrian coast, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 41km in length.				
RELIANCE RAIL	Australia		Transport	Operational
Reliance Rail is responsible for financing, designing, delivering and ongoing maintenance of 78 next-generation, electrified, 'Waratah' train sets serving Sydney in New South Wales, Australia.				
BeNEX	Germany		Transport	Operational
BeNEX is both a rolling stock leasing company as well as an investor in train operating companies ('TOCs'), providing approximately 43 million train km of annual rail transport.				
US MILITARY HOUSING[2]	US		Military housing	Operational
Two tranches of mezzanine debt underpinned by security over seven operational PPP military housing projects, relating to a total of 19 operational military bases in the US and comprising c.21,800 individual housing units.				
BEATRICE OFTO	UK		Energy transmission	Operational
The project connects the 588MW Beatrice offshore wind farm, located 13.5km off the Caithness coastline of Scotland, to the National Grid. The transmission assets comprise the onshore and offshore substations, 20km of onshore export cables and 70km of offshore export cables.				

More detail on significant movements in the Company's portfolio for the year to 31 December 2021 can be found on pages 16 to 18 of the Operating Review.

1 Risk Capital includes both project level equity and subordinated shareholder debt.
2 Includes two tranches of mezzanine debt into US military housing.

THE COMPANY'S TOP 10 INVESTMENTS BY FAIR VALUE AT 31 DECEMBER 2021 ARE SUMMARISED BELOW. A COMPLETE LISTING OF THE COMPANY'S INVESTMENTS IS AVAILABLE ON THE COMPANY'S WEBSITE (WWW.INTERNATIONALPUBLICPARTNERSHIPS.COM).

% HOLDING AT 31 DECEMBER 2021[1]	% INVESTMENT FAIR VALUE 31 DECEMBER 2021	% INVESTMENT FAIR VALUE 31 DECEMBER 2020	PRIMARY SDG SUPPORTED	
7% Risk Capital	15.5%	16.5%	9 Industry, innovation and infrastructure	
16% Risk Capital	9.1%	9.1%	6 Clean water and sanitation	
10% Risk Capital	7.1%	3.1%	11 Sustainable cities and communities	
100% Risk Capital	7.0%	7.8%	11 Sustainable cities and communities	
100% Risk Capital	6.9%	7.6%	7 Affordable and clean energy	
100% Risk Capital and 100% senior debt	4.2%	5.0%	7 Affordable and clean energy	
33% Risk Capital	3.7%	3.9%	11 Sustainable cities and communities	
100% Risk Capital	2.8%	3.2%	11 Sustainable cities and communities	
100% Risk Capital	2.5%	2.8%	11 Sustainable cities and communities	
100% Risk Capital	2.0%	N/A	7 Affordable and clean energy	

CASE STUDY

DANISH PPP PORTFOLIO

THE COMPANY ACQUIRED AN INTEREST IN A PORTFOLIO OF FOUR PPP PROJECTS THAT DELIVER AVAILABILITY-BASED, LONG-TERM, PREDICTABLE CASH FLOWS.

The projects, which provide essential infrastructure and are geographically spread across Denmark, include:

- A specialist land registry court archive building in Hobro that accommodates 150 public sector employees;
- A hospital car parking facility with c.550 parking spaces adjoined to a regional hospital in Randers;
- A 900-pupil school in Ørsted for 1 to 16 year olds; and
- A 600-pupil school in Vildbjerg for 1 to 16 year olds.

Key features of the projects include:

100%

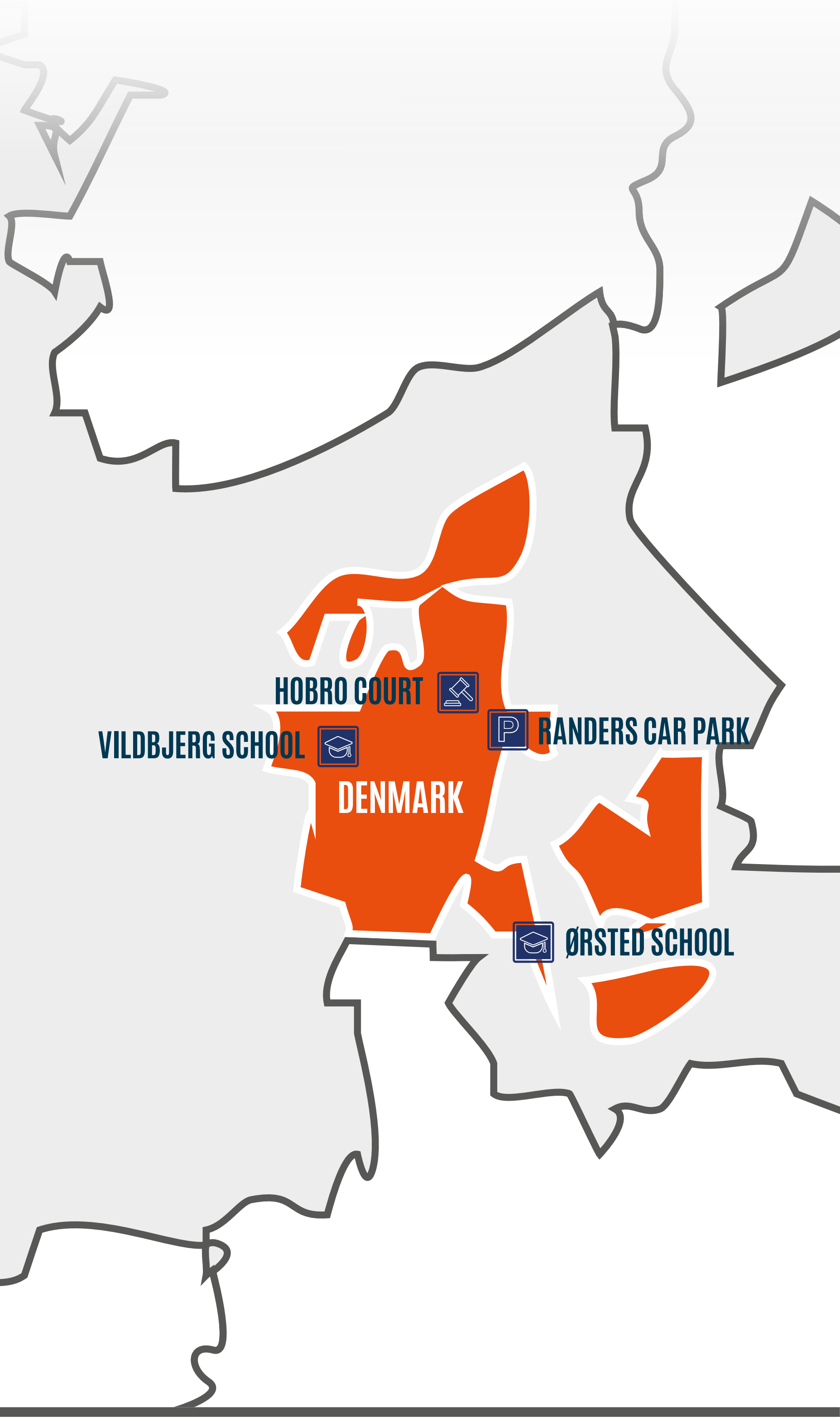
Availability-based revenue streams with public sector counterparties backed by the Danish State

Long-term stable cash flows with project length of up to

19 years

A track record of strong operational performance

Essential infrastructure – the portfolio's investments all provide social infrastructure services to their respective communities



DIFFERENTIATION OF THE OPERATING MODEL

A key differentiator for the Company is the relationship with its Investment Adviser. The Investment Adviser supports the Company (and its investment portfolio entities) with investment origination, financial and asset management services to deliver the best value for its shareholders and wider stakeholders. The Investment Adviser's team of over 150 infrastructure professionals, spread across three continents, are focused on delivering and maintaining high-quality portfolio performance. The Investment Adviser has a demonstrable track record, with high standards of governance, stewardship and relationship management across the Company's investment portfolio of over 140 projects and businesses.

The Company's recent investment in the Danish PPP portfolio demonstrates the Investment Adviser's ability to originate in new geographies delivering assets that are in line with the Company's investment objectives.

SUSTAINABLE MANAGEMENT

The Company views the development and maintenance of social infrastructure as a key component of delivering the SDGs. In line with its ESG philosophy, the Company believes all investments should be managed sustainably. From a social infrastructure perspective, this starts with the design and construction of the buildings themselves. For example, through the Company's due diligence process, it identified that sustainability was considered in relation to Ørsted school's energy efficiency. Specific design features include classrooms with significant heat loss face south or east, and daylight is used so that the need for artificial lighting is minimised. At the time the school was built, its energy requirements were at least 25% lower than the regulatory requirements.

The Company is now working with its Investment Adviser to identify opportunities for continuous improvement through active management, in line with its Sustainability Policy Aims. Please refer to the Responsible Investment section of this report for a summary of the Company's exploratory work on net zero within its wider Social Infrastructure portfolio.

OUTLOOK

The Company's Investment Adviser has a local presence and the team is continuing to see a number of potential pipeline opportunities in the region.

PRIMARY SDGs SUPPORTED

The investments directly support targets outlined in Sustainable Development Goals 4 (Quality Education), 9 (Industry, Innovation and Infrastructure) and 16 (Peace, Justice and Strong Institutions).

Land registry court in Hobro, Denmark
Design: Cubo Arktekter
Photo: Helene Høyer Mikkelsen

BACKGROUND IMAGE: WWW Ørsted School

OPERATING REVIEW

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

New investments that meet the Company's Investment Policy are made after assessing their risk and return profile relative to the existing portfolio. In particular, we seek investments to complement the existing portfolio through enhancing long-term, inflation-linked cash flows and/or to provide the opportunity for capital growth. The Board regularly reviews the overall composition of the portfolio to ensure it continues to remain aligned with the Company's investment objectives and ensure it is achieving a broad balance of risk. In addition, for all new investments, positive SDG contribution is now a requirement. This is reflected by a standalone ESG KPI, presented on pages 6 to 7.

Desirable key attributes for the portfolio include:

1. Long-term, stable returns
2. Inflation-linked investor cash flows
3. Early stage investor (e.g. the Company is an early stage investor in a new opportunity developed by our Investment Adviser)
4. Investment secured through preferential access (e.g. sourced through pre-emptive rights or through the activities of our Investment Adviser)
5. Other capital enhancement attributes (e.g. potential for additional capital growth through 'de-risking' or the potential for residual/terminal value growth)
6. Positive SDG contribution

During the year to 31 December 2021, the Company invested £252.7 million (2020: £30.0 million). These opportunities were sourced by the Investment Adviser, either from the start of the project (e.g. early stage developments); through increasing the Company's interest in existing investments; or accessing opportunities as a result of the Company's previous investments and experience. These three origination approaches are the Company's preferred routes to market, as they limit bidding in the competitive secondary market.

Details of investment activity during 2021 are provided below. Please refer to the key performance indicators on pages 6 to 7. Further details for each of these transactions are provided overleaf.

Performance against strategic priority KPIs

100%

of investments made in 2021 met at least three of the six attributes (2020: 100%)

INVESTMENTS MADE DURING 2021	LOCATION	KEY ATTRIBUTES 1	2	3	4	5	6	OPERATIONAL STATUS	INVESTMENT	INVESTMENT DATE
toob	UK			✓	✓	✓	✓	Operational	£14.2 million	Various
Offenbach Police Centre	Germany	✓		✓	✓	✓	✓	Operational	£8.1 million[1]	June 2021
Beatrice OFTO	UK	✓	✓	✓		✓	✓	Operational	£49.8 million	July 2021
Angel Trains	UK	✓	✓		✓	✓	✓	Operational	£97.5 million	September 2021
Rampion OFTO	UK	✓	✓	✓		✓	✓	Operational	£35.4 million	November 2021
Bradford and Lewisham BSF and Three Shires Private Finance Initiatives ('PFI') schemes	UK	✓	✓		✓	✓	✓	Operational	£29.1 million	November 2021
Danish PPP Portfolio	Denmark	✓	✓		✓		✓	Operational	£14.0 million[1]	December 2021
Diabolo	Belgium		✓		✓		✓	Operational	£1.5 million[1,2]	December 2021
UK PPP Portfolio[3]	UK	✓	✓		✓	✓	✓	Operational	£3.1 million[4]	December 2021
									£252.7 million	

1 GBP translated value of investment.
2 In addition, a contingent commitment of £10.2 million is available, if required.
3 Portfolio includes interests in Townlands Community Hospital in Henley, Eltham Community Hospital and minority interests in the BSF projects STaG 1 and 2.
4 An additional c.£3 million has been committed to invest in 2022.

INVESTMENT COMMITMENT MADE DURING 2021	LOCATION	KEY ATTRIBUTES 1	2	3	4	5	6	OPERATIONAL STATUS	INVESTMENT COMMITMENT VALUE	INVESTMENT DATE
HMRB[1]	Australia			✓	✓	✓	✓	In construction	£9.2 million	2024

1 The Company's investment is only due to be made following construction completion. The valuation of the commitment is currently immaterial.

INVESTMENTS AND COMMITMENTS MADE DURING THE PERIOD

OFFENBACH POLICE CENTRE, GERMANY

In June 2021, the Company reached financial close on a new police headquarters project in South-East Hesse in Offenbach, Germany. The Company invested £8.1 million for a 45% shareholding. The project was initially awarded to the Company in December 2017 to a consortium comprising INPP Public Infrastructure Germany GmbH & Co. KG, Amber Infrastructure GmbH, and Goldbeck Public Partner GmbH. Financial close took place after construction reached completion and successful handover to the Federal State of Hesse in June 2021. The 36,645sqm newly built centre will provide a headquarters to the police in South-East Hesse in Offenbach, which is approximately 5km from Frankfurt, accommodating c.1,000 staff. The centre provides the Hesse State Police with office space, meeting areas, a police station, cells, forensic science laboratories, a nursery, a cafeteria, a multipurpose hall, a parking deck for cars and bicycles, and outside facilities. Alongside the provision of these core functions, the headquarters have been sustainably designed and built. Key energy features include c.890 solar power panels generating 302kWp, a combined heat and power plant and a low-energy heating/cooling system.

Primary SDG Supported

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

DIGITAL INFRASTRUCTURE, UK

In July 2017, the Company agreed to invest up to £45 million in UK digital infrastructure alongside the UK Government, through Amber's National Digital Infrastructure Fund ('NDIF'). During the period, an additional £14.2 million was approved for investment into one of NDIF's existing investments, toob. toob is a UK full fibre broadband provider delivering broadband to homes, businesses, public service and community groups in the South of England. The Company's commitment to digital infrastructure will help to transition the UK to full fibre at a time when reliance on digital infrastructure has never been greater. There has been increased recognition that digital infrastructure is becoming a more defensive asset class as the critical nature of digital connectivity services has been amplified by the continued shift to more people working from home.

Primary SDG Supported

11 SUSTAINABLE CITIES AND COMMUNITIES

OFFSHORE TRANSMISSION PORTFOLIO, UK

The Company reached financial close on its eighth and ninth OFTO projects increasing the Company's contribution to the UK's transition to a zero-carbon economy. These two OFTOs have the ability to transmit green electricity equivalent to the needs of approximately 800,000 homes, increasing the number of homes that the Company's OFTO portfolio is capable of powering to approximately 2.1 million.

BEATRICE OFTO, UK

In July 2021, the Company reached financial close on the long-term ownership and operation of the transmission link to the 588MW Beatrice offshore wind farm, Scotland's largest offshore wind farm, as part of the Transmission Capital Partners consortium, comprising the Company, Amber and Transmission Investment. The project relates to the transmission cable connection to the offshore wind farm located in the Outer Moray Firth, approximately 13.5km off the Caithness coastline in Scotland. The wind farm consists of 84 x 7MW wind turbine generators connected to two offshore substation platforms located within the boundaries of Beatrice wind farm.

RAMPION OFTO, UK

In November 2021, the Company reached financial close on its ninth OFTO for the long-term ownership and operation of the transmission link to the 400MW Rampion offshore wind farm, as part of the Transmission Capital Partners consortium, comprising the Company, Amber and Transmission Investment. The project relates to the transmission cable connection to the offshore wind farm located approximately 13km off the Sussex coast. The wind farm consists of 116 x 3.45MW wind turbine generators connected to an offshore substation platform ('OSP') located within the boundaries of the Rampion wind farm.

Primary SDG Supported

7 AFFORDABLE AND CLEAN ENERGY

ANGEL TRAINS, UK

In September 2021, the Company, as part of a consortium including the Public Sector Pension Investment Board of Canada and other investors, acquired a further c.5% shareholding in Angel Trains providing it with further governance rights through direct board representation. The Company invested c.£98 million and the additional investment means that Angel Trains is now the third largest holding in its portfolio. Since making its original acquisition in 2008, Angel Trains has been a successful investment for the Company, delivering both capital growth and yield. Angel Trains is the largest rolling stock company in the UK, serving the passenger rail sector with a diversified fleet of more than 4,000 vehicles with the majority being electric multiple units and its business plan supports the decarbonisation of the UK transport system.

Primary SDG Supported

11 SUSTAINABLE CITIES AND COMMUNITIES

OPERATING REVIEW

CONTINUED

BRADFORD AND LEWISHAM BUILDING SCHOOLS FOR FUTURE (‘BSF’) PROJECTS AND PFI SCHEMES, UK

The Company built on its existing portfolio of education investments in the UK during the period. In December 2021, the Company acquired additional interests in the Bradford and Lewisham BSF projects and interests in three healthcare PFI schemes (‘Three Shires’). The BSF projects collective comprise 14 schools providing education facilities to over 17,000 pupils across the Bradford and Lewisham areas in the UK. The investment builds on the Company’s existing portfolio of BSF projects supporting the Company’s commitment to providing a high-quality teaching environment to pupils across the portfolio. The Three Shires schemes comprise the design, build, funding and partial operation of four small community healthcare facilities under the Three Shires banner located in East Lincolnshire, Leicester and Derbyshire. The facilities provide a range of community health services including dentistry, diagnostics and mental health rehabilitation.

Primary SDG Supported

PPP PORTFOLIO, DENMARK

The Company made its first investments in Denmark during the period acquiring a majority interest in four Danish PPP projects, in Hobro, Randers, Ørsted and Vildbjerg, that deliver availability-based, long-term, predictable cash flows. The projects all provide essential infrastructure services to their respective communities and include a specialist land registry court archive building in Hobro that accommodates 150 public sector employees, a hospital car parking facility with c.550 parking spaces adjoined to a regional hospital in Randers, a 900-pupil school in Ørsted and a 600-pupil school in Vildbjerg. Please see more information in the case study on pages 14 to 15.

Primary SDG Supported

UK PPP PORTFOLIO, UK

In December 2021, the Company acquired a small portfolio of UK PPP investments including initial interests in Townlands Community Hospital in Henley, Eltham Community Hospital and minority interests in the BSF projects STaG 1 and 2. The interests will be acquired from an affiliate of the Company’s Investment Adviser, following an independent valuation prepared by Newbridge Advisors LLP. Investment in minority interests of a further five BSF schemes from the same portfolio is expected to be made by the Company during the course of 2022, with the first of these expected to close in H1 2022.

- Eltham is a community hospital project located in the London Borough of Greenwich that has been developed under the NHS LIFT framework with an availability-based revenue stream. Amber has been involved in the scheme since its inception and the team has overseen all aspects of project delivery, including design and development. The Company has acquired a 49.8% interest in the subordinated debt of the project.
- Townlands is a community hospital scheme based in Henley-on-Thames which provides sub-acute care and comprises an ambulatory care centre and a palliative care centre. The project benefits from an availability-based revenue stream arising under a direct contract with the NHS. The Company acquired a 100% interest in the equity and subordinated debt of Townlands.
- STaG 1 and 2 comprises education facilities in South Shields and Jarrow in the UK. The investment builds on the Company’s existing portfolio of BSF projects, supporting the Company’s commitment to providing a high-quality teaching environment to pupils across the portfolio. The Company acquired an 8.00% interest in the project’s subordinated debt and a 4.36% interest in the equity.

Primary SDG Supported

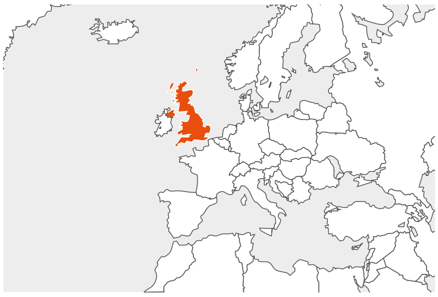
FLINDERS UNIVERSITY HEALTH AND MEDICAL RESEARCH BUILDING (‘HMRB’) AUSTRALIA

In December 2021, the Company reached financial close on HMRB. The Company was awarded the project as part of a consortium which included Amber and Tetris Capital. The HMRB is the flagship development of the Flinders Village project, an integrated health and education precinct development on Flinders University’s Bedford Park campus. The HMRB will co-locate research, clinical and technological platforms to further Flinders University’s longstanding contributions to the health, education and medical sectors. With over 26,000 students, Flinders University is a public institution and the third largest university in South Australia. The project is being developed in accordance with the University’s sustainability guidelines and is targeting a minimum of ‘gold’ ratings for WELLv2 and LEEDv4 certification and a 5-star rating for Green Star certification. By fully integrating health and sustainability into the design of HMRB, the project will support several of the Company’s Sustainability Policy Aims.

Primary SDG Supported

OPERATING REVIEW
MARKET ENVIRONMENT IN 2022 AND FUTURE OPPORTUNITIES

UNITED KINGDOM



Following the outbreak of Covid-19, there has been increased focus in the UK on ensuring resilience against future exogenous threats, and the role that infrastructure plays in delivering this resilience and generating economic recovery by creating opportunities for private sector investment. The UK remains committed to the development of infrastructure as part of achieving its ambitious net zero targets alongside the government's pledges to 'Build Back Better' and 'Level Up' the country.

At the budget spending review in October 2021, the government outlined plans to support the Build Back Better plan with over £35 billion of rail investment for 2022 to 2025, to boost connectivity across the country. Then, in November, a further £96 billion of investment was announced for the Integrated Rail Plan. The aim of which is to deliver faster, more frequent and more reliable journeys across the North of England and the Midlands.

The UK government has further emphasised the importance of infrastructure to deliver the required climate change mitigation to achieve net zero by 2050. With £26 billion of public capital investment for the green industrial revolution and transition to net zero announced. The strategy is targeted to unlock £90 billion in private investment by 2030. The sector is also expected to benefit from the formation of the UK Infrastructure Bank which has released a discussion paper that articulates its two strategic objectives:

- To help tackle climate change, particularly meeting the government's net zero emissions target by 2050; and
- To support regional and local economic growth through better connectivity, opportunities for new jobs and higher levels of productivity.

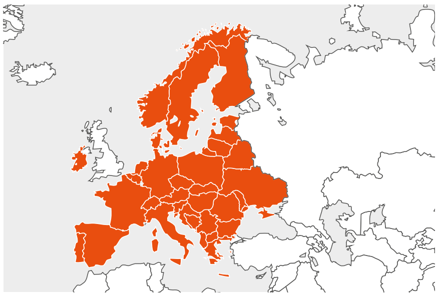
The government has made clear that high-quality infrastructure is critical to national progress. The 2021 National Infrastructure and Construction Pipeline sets out nearly £650 billion of public and private investment, over the next ten years, that aims to drive economic recovery and growth.

Meanwhile, the UK has also taken its own regulatory path since the end of the Brexit transition period. The UK government has stated its commitment to 'match the ambitions' of the SFDR, while also publicising its commitment to align itself with the TCFD. The government also aims to remove some of the bureaucracy and red tape involved in infrastructure, hence they have created 'Project Speed', a Taskforce to support the creation of faster, better and greener infrastructure.

As demonstrated by the investments made over the course of 2021, the Company continues to see a high-quality pipeline of opportunities in the UK, including in the energy transmission and social infrastructure sectors, and we remain confident that the need for infrastructure investment will continue to offer opportunities that meet the Company's criteria. Please see more information on page 23.

OPERATING REVIEW
MARKET ENVIRONMENT IN 2022 AND FUTURE OPPORTUNITIES
CONTINUED

EUROPE



Overall investment into European infrastructure continues to be supported by wider EU frameworks and initiatives. The EU recognises the role of infrastructure in support of the goal to transition to net zero and help drive economic recovery.

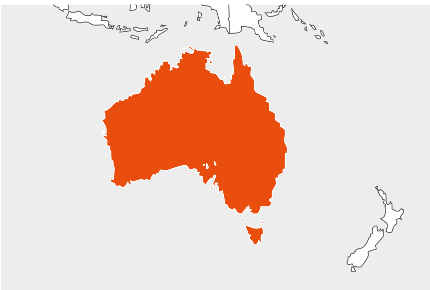
The EU has announced its Global Gateway Strategy with the ambition of redesigning how it connects with the world. The strategy seeks to increase digital, transport, energy, and trade projects by investing in both hard and soft infrastructure. The strategy aims to generate €300 billion in public and private funds by 2027. Possible projects the EU could support include green hydrogen, underwater data cables and spending in schools. Global Gateway will make available up to €135 billion for guaranteed investments for transformational infrastructure projects between 2021 and 2027. The EU aims to offer solid financial conditions for partners, bringing grants, favourable loans, and budgetary guarantees to de-risk investments and improve debt sustainability. The EU will also seek to provide technical assistance to partners to enhance their capacity to prepare credible projects ensuring value for money in infrastructure.

These initiatives sit alongside the European Green Deal. As part of the European Green Deal, the EU has set itself the target of climate neutrality by 2050, with at least 55% of emissions cut by 2030, known as Fit for 55. This offers a significant opportunity for infrastructure, as the proposed policy framework is intended to spur the technological innovation needed to deliver decarbonisation and digitalisation of European economies.

As such, the Company anticipates there will be increasing opportunities in infrastructure that will be critical for facilitating a transition to net zero, particularly in transport and energy sectors across Europe, exhibiting investment criteria that the Company will find attractive. In particular, the Company is focusing on stable and well-structured Northern and Western European economies which offer a steady flow of opportunities across all traditional infrastructure sectors.

In addition, as the tragic events of the war in Ukraine are unfolding the Company and its Investment Adviser continue to actively monitor the situation to ensure that our portfolio of investments is protected, to the extent it can be, from the direct and indirect impacts of the war. The Company does not hold any investments in the impacted region and we are not aware of any material direct implications for the Company or its portfolio.

AUSTRALIA



Australia has a long history of private sector delivery and financing of public infrastructure facilitated by a stable and transparent legal and regulatory framework, with active infrastructure financing and investor markets.

Infrastructure Australia set out its medium to long-term aspirations for a A$110 billion investment into the country's infrastructure to drive the national Covid-19 recovery and enhance resilience. Building on the 2019 infrastructure plan, the 2021 Australian Infrastructure Plan establishes the agenda for the next 15 years identifying a pipeline across the various infrastructure sub-sectors, as well as including a planned response to Covid-19 in respect to infrastructure. Infrastructure Partnerships Australia forecast pipeline expenditure across the country to exceed A$12 billion per quarter through to 2026 and reach a peak of A$19 billion in late 2024. Spending is primarily concentrated in New South Wales and Victoria to cater for increasing populations that outstrip the national population growth rate[1]. A key component of the pipeline is a number of large-scale transport (both passenger and freight) projects that are either in procurement or planning stages.

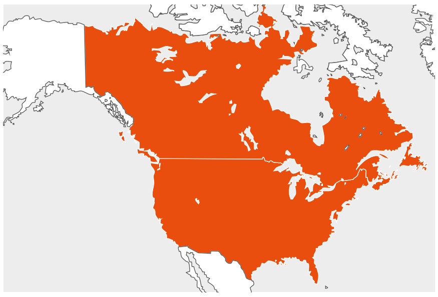
The states and territories of Australia continue to develop smaller-scale social infrastructure projects, primarily in the health and social housing sectors. In keeping with policy recommendations in the Australian Infrastructure Plan, some states are also adopting infrastructure procurement models that outsource operator services to the private sector, as well as seeking private sector capital in development.

Australian state and federal governments are yet to outline a set of decarbonisation policies which could catalyse investment in more sustainable projects. Notwithstanding this, the Company's view is positive about the prospects for further investments in the region and it is well positioned to actively pursue opportunities.

1 Australia and New Zealand Infrastructure Pipeline Forecast by Expenditure (Produced by Infrastructure Partnerships Australia).

OPERATING REVIEW
MARKET ENVIRONMENT IN 2022 AND FUTURE OPPORTUNITIES
CONTINUED

NORTH AMERICA



The US relies on a vast network of infrastructure; however, as demonstrated in its most recent report card on the condition of America's infrastructure, the American Society of Civil Engineers ('ASCE') gave the US a C or 'poor' rating. ASCE estimated in 2021 that the US needed to spend, by 2025, US$5.9 trillion to ensure that infrastructure in the United States be brought to a good state of repair. To maintain the existing condition of infrastructure, ASCE estimated that an additional US$2.6 trillion was required beyond the funding that is currently in place. With such significant levels of investment required, there is a great deal of optimism and a bipartisan commitment within Congress to foster a considerable pipeline of projects in the US for many years.

To address this, the Infrastructure and Jobs Act was signed into law in November 2021. The Act pledges US$1.2 trillion in funds, including US$550 billion in new investments on roads, bridges and tunnels, as well as airports, broadband and other infrastructure improvements with the aim of replacing America's deteriorating infrastructure with new and more fit for purpose public services.

Arguably, the opportunity in the US is not only in the federal mandated 'mega' projects, but in sectors such as transport including airports, ports, bridges and logistics where much of the existing infrastructure ownership is in the hands of local municipalities and other government-backed entities. As a result, state and local governments are seeking to implement more P3 (Public-Private Partnerships) and alternative procurement models such as Progressive Development, which leverages the expertise of the private sector.

The ability to source projects through collaborative procurement processes makes the US an attractive geography on which to focus resource. However, the growing amount of domestic capital pursuing projects in the US and the generally lower commitment given by the public sector to follow through on privately funded procurement, create competition and barriers to entry for many European investors. The Investment Adviser actively monitors the development of projects that fit the Company's investment objectives and is able to utilise its greenfield development expertise to foster projects that progress under alternative procurement models.

Canada has a strong track record of infrastructure investment, and the Investing in Canada plan has a long-term aim to deliver C$180 billion of infrastructure investment by 2028 to support local, provincial and territorial projects over 12 years. In the shorter-term, Canada has launched a three-year C$10 billion infrastructure plan to help the economy recover after the Covid-19 pandemic. The funds will come from the Canada Infrastructure Bank which manages C$35 billion. It will focus on providing high-speed internet connectivity for households and small businesses, strengthening Canadian agriculture, and accelerating towards a low-carbon economy. The Canadian model increasingly relies upon Progressive Development and alternative forms of procurement to deliver critical infrastructure projects.

The ability for the private sector to participate in more North American infrastructure projects provides the Company with a broad variety of investment opportunities. The Company is well positioned to capitalise on these developments through its Investment Adviser's relationship with US group, Hunt Companies LLC.

OPERATING REVIEW
CURRENT PIPELINE

The Company's performance does not depend upon additional investments to deliver current projected returns. Further investment opportunities will be judged by their anticipated contribution to overall portfolio returns relative to risk. Selected commitments and future opportunities that may be considered for investment in due course, as identified by the Investment Adviser, are outlined below.

KNOWN/COMMITTED OPPORTUNITIES	LOCATION	ESTIMATED INVESTMENT[1]	EXPECTED INVESTMENT PERIOD	INVESTMENT STATUS
DIABOLO	Belgium	£10.2 million	25 years	A further contingent commitment remains available, if required
EAST ANGLIA ONE OFTO	UK	Up to £90 million	c.21 years	Preferred bidder. Investment expected H2 2022
UK PPP PORTFOLIO	UK	c.£3.0 million	12–19 years	Investment expected over the course of 2022
HMRB	Australia	£9.2 million	25 years	Investment commitment made. Expected to be funded in 2024
MORAY EAST OFTO	UK	Up to £75 million	c.24 years	Preferred bidder. Investment expected H2 2022

1 Represents the current commitment or estimate of total future investment commitment or preferred bidder positions that meet the Company's investment criteria. There is no certainty that potential opportunities will translate into actual investments for the Company.

The Company has a longer-term pipeline of investments and has identified over 40 opportunities across the UK, Europe, North America and Australia. Future areas of investment may include:

KEY AREAS OF FOCUS	SOCIAL INFRASTRUCTURE	REGULATED UTILITIES	TRANSPORT AND MOBILITY	OTHER ESSENTIAL INFRASTRUCTURE

EXAMPLE INVESTMENTS	– Education
	– Health
	– Justice
		– OFTOs
		– Distribution and transmission
		– Direct procurement
			– Government-backed transport including:
			  – Light rail
			  – Regional rail
				– Digital connectivity
				– Energy management

OPERATING REVIEW
CONTINUED

ACTIVE ASSET MANAGEMENT

The Company's Investment Adviser has a highly experienced, well-resourced, dedicated team of over 40 asset managers globally, as part of the wider pool of over 150 infrastructure professionals with presence across 11 countries across the UK, Europe, Australia and North America. The Company's Investment Adviser operates a full-service approach to infrastructure, and this includes day-to-day asset management and oversight of the Company's investments. The Investment Adviser's priority is to meet or exceed investment performance, creating value for investors and communities, and its active asset management approach has been fundamental to the Company's performance since IPO in 2006. It is this performance that has enabled the Company to build a reputation of delivering transparent, responsible stewardship of public infrastructure assets that support essential services. These skills have been evidenced by the Company's robust performance during the current and ongoing unprecedented uncertainty caused by the Covid-19 pandemic.

OPERATIONAL PERFORMANCE

The Company's Investment Adviser adopts a hands-on approach to monitoring asset performance, utilising robust internal processes and the expertise of its dedicated asset management team across the geographies in which the Company holds investments. Whilst the Investment Adviser's involvement varies depending on each investment type, each investment is actively managed to optimise performance. During 2021, 100% of forecast investment portfolio receipts were received (2020: 88.4%)[1].

The Company has a weighted average investment life of c.33 years and actively monitors the relevant investments within the portfolio to ensure that conditions for the hand-back of investments are met on completion of the project contract, or at the end of the expected investment holding period.

Performance against strategic priority KPIs

100%
Forecast distributions received[1]
(2020: 88.4%)

99.8%
Asset availability achieved against a target of >98%
(2020: 99.7%)

Infrastructure projects and businesses inherently involve health and safety risk both during construction and whilst operational. The health and safety of the clients, delivery partners, employees and members of the public who come into contact with our assets are of the utmost importance to the Company, and we accord the highest priority to health and safety management.

During construction through to operations, the Company's accident frequency rate for occupational accidents that resulted in lost-time was low at 0.35 per 100,000 hours worked as at 31 December 2021 (31 December 2020: 0.29)[2]. Health and safety data is reported and evaluated on a quarterly basis, and includes hours worked, minor injuries, near misses, critical incidents and the number of lost-time injuries which occurred as a result of work activities.

PPP PROJECTS

PPP projects account for 39% of the Company's portfolio (by investment at fair value), and the Company's Investment Adviser has extensive experience in this sector, having been responsible for the development of the majority of the PPP projects in the Company's portfolio. Key deliverables for the Company include ensuring that the facilities are available for their intended use, that areas are safe and secure, and that the performance standards set out in the underlying agreements are achieved. The Company's Investment Adviser works closely with its partners to ensure these standards are met. For those investments measured by both availability and performance standards, for the 12 months to 31 December 2021, the availability of those assets was 99.8% (31 December 2020: 99.7%) and across all projects there were performance deductions of 0.1% (31 December 2020: 0.1%), both exceeding the Company's targets.

In addition, the Company's public sector clients commissioned and funded over 908 contract variations during the period, resulting in over £19.5 million of additional project work being delivered on behalf of the commissioning bodies. The completed changes during the period ranged from minor building fabric alterations within education facilities, to the delivery of transport facility upgrades.

1 Measured by comparing forecast portfolio distributions against actual portfolio distributions received. In the current year, actual portfolio distributions exceeded forecast.
2 This includes UK social accommodation (where the Investment Adviser provides oversight of the management services), BSFI Minority, NDIF, Cadent, Tideway and all investments in Germany, Australia and Canada.

The vast majority of the Company's social accommodation investments remained open throughout the period. Two social accommodation assets were closed during the period (at the request of the client), including Royal Melbourne Showgrounds in Australia, which has been repurposed as an Urgent Medical Care Centre and is being used as a vaccination centre; and one Neighbourhood Support centre in the UK that is part of a LIFT Project Company, as a result of Covid-19 and government guidelines. The latter was open for normal use at the end of the year.

Diabolo

Diabolo is a rail infrastructure investment which integrates Brussels Airport with Belgium's national rail network. The majority of the revenues generated by Diabolo are linked to passenger use of either the rail link itself, or the wider Belgian rail network. Accordingly, Diabolo has been impacted by the restrictions on international travel and national lockdowns implemented in Belgium as a result of the Covid-19 pandemic and we see the timing of the recovery of Diabolo as directly linked to the resumption of pre-pandemic levels of use of Brussels Airport.

In December 2020, the Company committed a further €24 million to the Diabolo project, €10 million of that commitment was invested at the time and a further €1.8 million was invested in 2021 leaving a contingent commitment of €12.2 million available to protect Diabolo's liquidity position and ensure that its debt covenants continue to be met. The extent and timing of any further cash injections will depend upon the trajectory of the recovery in passenger numbers over the coming months and years. However, the latest traffic forecast report indicates that the outstanding €12.2 million commitment continues to be sufficient. We will continue to closely monitor passenger numbers.

More positively, the duration of our investment (the concession expires in 2047), the high levels of historic passenger use, continued high levels of operational performance, the positive and engaged relationship with the Belgian railway authorities and the Investment Adviser's ability to influence revenues through the passenger fare adjustment mechanism, all give us confidence for the future recovery and performance of this investment.

REGULATED INVESTMENTS

The Company invests in a number of regulated investments, including OFTOs, Cadent and Tideway. The Company owns 100% of each of its OFTO investments and whilst the Company does not hold majority positions in Cadent or Tideway, the Company engages through its Investment Adviser's board director positions and membership of committees. The Company's Investment Adviser actively works with respective boards to maintain alignment and focus on strategic goals to drive financial and operational best practice and ensure effective risk management.

OFTOs

The Company's OFTO investments are regulated by Ofgem, but the revenues are not linked to electricity production or price, instead the OFTO is paid a pre-agreed, availability-based revenue stream for the duration of the licence. The Company's OFTO investments continue to be relatively unaffected by the Covid-19 pandemic and have continued to remain available and meet performance standards.

Ofgem has begun consulting stakeholders on its approach to dealing with the OFTO regime once the initial revenue stream comes to an end, typically after c.20 to 25 years. OFTO transmission assets have a life of approximately 40 years, which extends beyond the initial revenue stream period. As an owner of these assets, OFTOs are in a strong position to benefit from any extension to the revenue stream beyond the initial c.20 to 25 year period. In March 2021, Ofgem issued a consultation which the Company, through its Investment Adviser, responded to. Ofgem released its first decision document covering the initial steps in establishing an economic and efficient process for extending, where appropriate, regulatory revenue periods within the current OFTO regime, in July 2021. It is not possible to assess any likely impact on the Company at this time. The Company notes Ofgem had intended to publish a further consultation on the policy framework in November 2021, but this is now expected in Spring 2022 and Ofgem are expected to publish their response in late 2022. The announcements to date have been consistent with our expectations and the Company, through its Investment Adviser, will continue to actively engage with Ofgem and industry stakeholders on this consultation and will seek to keep investors informed of any material developments.

OPERATING REVIEW
CONTINUED

Tideway
Tideway is building a 25km 'super sewer' under the River Thames to create a healthier environment for London by cleaning up the city's greatest natural asset. Good progress has been made with construction 73% complete as at 31 December 2021 and with the primary tunnelling expected to be completed in the coming months. As reported previously, Tideway has been in discussions with Ofwat regarding additional measures to mitigate the impact of both Covid-19 related cost overruns and the FCAM on Tideway's investors. Subsequent to a provisional agreement with Tideway, Ofwat launched a public consultation in December 2021 to gain views from interested parties on the proposed amendments. As the consultation was ongoing at the valuation date, the 31 December 2021 valuation of the Company's investment in Tideway included a prudent assessment of the outcome of the consultation and the necessary licence modification process. The consultation subsequently closed in January 2022 and the licence modifications came into effect in March 2022.

Progress towards system commissioning and handover is an increasing area of focus and, as reported previously, in the earlier part of 2021 Tideway had been working with its stakeholders on a thorough review of the remaining activities to provide clarity on the schedule and costs to completion. This is a review that is commonly undertaken by major projects at this stage of delivery. The results of this review were published by Tideway in August 2021 and confirmed the appropriateness of the existing schedule dates with a cost increase of c.1% which, with rounding, took the cost estimate from £4.1 billion to £4.2 billion. The cost increase had no material financial impact on investors. It is worth noting that the Tideway project documentation includes provisions to share additional construction costs with construction contractors and consumers, mitigating the impact of construction cost increases on investors.

Cadent
Cadent is the UK's largest gas distribution network, serving 11 million homes and businesses and is the Company's largest investment by fair value, representing 15.5% of the Company's portfolio by investment at fair value. As previously announced, in March 2021 Cadent exercised its right to appeal Ofgem's final determination in respect of the five-year regulatory period which commenced in April 2021 to the CMA as it believed this approach would best serve Cadent's customers' interests. The CMA published its final determination in October 2021 and the findings had a modestly positive impact on the Company's valuation of its investment in Cadent compared to that reported at 30 June 2021.

The cost of wholesale gas increased significantly during 2021 which caused numerous gas suppliers to fail as they were unable to pass increased costs on to their customers. Customer interests remain protected by the Supplier of Last Resort regime which transfers customers to alternative energy suppliers to ensure continuity of supply. Cadent is not an energy supplier and instead earns its revenues from providing a safe and reliable gas transportation network to its customers, the gas shippers, who in turn sell the gas to gas suppliers. Accordingly, Cadent is largely insulated from changes in gas prices albeit such changes can cause timing differences in certain revenues and costs linked to the price of gas. Such timing differences had no material impact in the period or to date.

The Company, via its Investment Adviser, also continues to actively engage with Cadent's management team and the Company's co-shareholders in Cadent in relation to the future role of gas initiatives, where Cadent continues to play a role in supporting the UK Government's net zero target and is working on several projects designed to demonstrate the feasibility and safety of using its existing gas infrastructure to distribute cleaner fuel in the future (see page 19 for further information).

In early August 2021, the Government published its long-awaited UK Hydrogen Strategy, the aim of which is to create a 'world-leading hydrogen economy'. The publication of the Hydrogen Strategy marks the beginning of the next stage for the development of the UK's hydrogen economy and is positive news for Cadent. The strategy contained numerous references to the potential conversion of the existing gas network, as well as Cadent's key HyNet project. Further information relating to Cadent's HyNet projects is available on page 44.

OTHER OPERATING BUSINESSES
The Company invests in a number of operating businesses including BeNEX, Angel Trains and digital infrastructure businesses. The Investment Adviser holds a board position on each of its operating businesses and uses these positions to influence and strengthen company policies and procedures; for example, enhancing ESG credentials, monitoring the approach to health and safety, as well as protecting value and mitigating operational risk.

BeNEX

BeNEX generates revenues through the contractual leasing of its rolling stock to TOCs as well as through its investments in TOCs themselves. Only a minority of annual revenues (currently less than 20%) are linked to passenger numbers and therefore whilst Germany, like many other countries, continued to see a significant reduction in the number of people using public transport during 2021 as a result of the pandemic, the financial impact on BeNEX has been limited. In addition, BeNEX should continue to receive compensation from the Federal Government and/or the relevant Federal State for the vast majority of revenues lost as a result of the disruption caused by Covid-19 during 2022. Finally, during 2021 several expiring concessions were re-won for the next concession term (typically approximately ten years in length) which reduces the risk profile of the business.

Angel Trains

Angel Trains generates the majority of its revenues from the contractual leasing of its rolling stock to TOCs and therefore its revenues have continued to be largely unaffected by Covid-19. Following a period in which dividends had been deferred owing to the uncertainty caused by Covid-19, the board of Angel Trains, which includes shareholder representatives, agreed to resume dividends during 2021. As referenced earlier in this Annual Report, the Company acquired a further c.5% interest in Angel Trains during the period, demonstrating the Company's confidence in the business. See more information on page 17.

During the period, the results from the Williams Rail Review, which was established in 2018 to review the structure of the rail industry and the way passenger rail services are delivered in the UK, was published. The white paper was titled 'Great British Railways: Williams-Shapps plan for rail', with the main focus of the recommendations being the establishment of the new public body, Great British Railways, and the replacement of the franchising system with passenger service contracts. The white paper goes on to note that "The reforms set out in this white paper do not assume any direct change to the current industry model for procurement of train fleets".

Digital Infrastructure

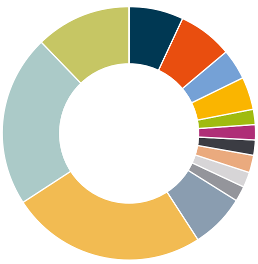
The Company's Investment Adviser continues to actively monitor the four businesses in which the Company is invested (via NDIF), including Community Fibre, Airband, NextGenAccess and toob. Since the beginning of the pandemic, many businesses within the digital infrastructure sector have faced unprecedented challenges, with government-mandated lockdown restrictions impacting staff movement and availability. In parallel, certain investments within the portfolio have also witnessed a surge in demand for fibre connectivity due to the volume of people working from home. Several of NDIF's portfolio of companies have played a critical role, during the period, in keeping people connected while at the same time executing their value creation plans. Throughout 2021, and with the easing of lockdown restrictions, several businesses in which NDIF is invested have continued to gain momentum and market share, and such factors continue to highlight the resilience of digital infrastructure and the continued consumer and business demand across certain geographical regions for the rollout of fibre.

COUNTERPARTY RISK

Counterparty risk exists to some extent across all investments; however, the risk is particularly significant when considered in relation to PPPs which have a long-term fixed-price contract with a facilities management provider. The Company has a diverse exposure to service providers across its portfolio and the Investment Adviser's asset management team ensures counterparty risk is actively managed and mitigated. The chart below illustrates the Company's service providers (by investment fair value), highlighting the diversification across the portfolio.

INPP Service Providers[1]

- Downer & Spotless **7%**
- Infrabel NV Van Publiek Recht **7%**
- Mitie[2] **4%**
- ENGIE **4%**
- Hunt Military Communities **2%**
- G4S **2%**
- OCS **2%**
- Amey **2%**
- Honeywell International **2%**
- Kier **2%**
- Others[2] **7%**
- Regulated Investments – Cadent & Thames Tideway Tunnel[3] **25%**
- Regulated Investments – OFTOs[2,3] **22%**
- Other – Angel Trains, BeNEX and NDIF **12%**



1 Based on percentage of Investments at Fair Value as at 31 December 2021.
2 These include both Risk Capital and senior debt investments. Of the amount shown, senior debt represents the following: Mitie (0.7%), Others (1.6%) and OFTOs (6.7%).
3 These Risk Capital investments operate with no significant exposure to any one service provider or delivery partner.

OPERATING REVIEW
CONTINUED

During 2021, all of the Company's facilities have continued to remain operational and available for use, with no disruptions to service delivery, aside from the two facilities, as referred to above, that were repurposed/temporarily closed upon instruction from clients in the public sector due to Covid-19. In response to Covid-19, the Company's Investment Adviser has continued to monitor each counterparty, but has increased the frequency of its reviews to ensure that any issues as a result of Covid-19 are identified as soon as possible.

The Investment Adviser takes a holistic approach to monitoring counterparty risk. A key aspect of the Investment Adviser's risk management activities is a focus on the early identification of signs that a counterparty is encountering problems through regular contract performance monitoring and internal performance benchmarking of contracts, in-depth reviews of counterparty financial and market data, information available in the trade press and drawing upon the Investment Adviser's contacts in the industry. Through contingency planning and identifying any increased counterparty risk early, it allows for corrective measures identified in the contingency plans to be taken early, mitigating potential losses to the Company. Those measures may include working more closely with the contractor to support it in its efforts to improve contract performance or, ultimately, the implementation of the full contingency plan designed to facilitate the replacement of that contractor.

Ultimately, the Company's desire is to see its service providers succeed and to deliver a high-quality service; and the Investment Adviser makes all efforts to ensure this is achieved. However, where a subcontractor does fail, the Investment Adviser has the necessary processes and procedures in place to mitigate and manage the risk to the Company.

PROJECTS UNDER CONSTRUCTION

The Investment Adviser's asset management team has extensive experience and possesses the key skillsets needed to successfully deliver projects through construction and throughout the operational phase. The Company has a strong track record of delivering construction projects safely, on time, to budget and to a high-quality by understanding the project environment and the potential risks that may occur. The team works closely with the contractors, technical advisers and management companies, where applicable, throughout this stage in order to deliver the expected project performance and create value for investors and communities.

There are currently two investments under construction as at 31 December 2021, Tideway and HMRB. During the 12 months to 31 December 2021, Tideway made good progress on the construction of the tunnel and associated infrastructure. The construction works were 73% complete at the end of the period and the schedule remains unchanged from the previous update, with operational handover to Thames Water scheduled to occur in March 2025.

The HMRB is the flagship development of the Flinders Village project, an integrated health and education precinct development at Flinders University's Bedford Park campus. The HMRB will co-locate research, clinical and technological platforms to further the University's longstanding contributions to the health, education and medical sectors. The building of the HMRB commenced in December 2021 and is expected to complete in 2024. Please see more information on the project on page 18.

ASSET	LOCATION	CONSTRUCTION COMPLETION DATE	DEFECTS COMPLETION DATE	STATUS AT PERIOD END	% OF INVESTMENTS AT FAIR VALUE
Tideway	UK	2025[1]	2028	Behind original schedule[2]	9.1%
HMRB	Australia	2024	N/A[3]	On schedule	0.0%[4]

1 Scheduled handover date.
2 Handover is currently scheduled for March 2025, which is 12 months later than the original schedule. The delay can largely be attributed to the impact of Covid-19.
3 This is not applicable as the authority is assuming all risk associated with the construction work that is being undertaken.
4 The Company's investment is only due to be made following construction completion. The valuation of the commitment is currently immaterial.

EFFICIENT FINANCIAL MANAGEMENT

The Company aims to manage its finances efficiently, to provide the financial flexibility to pursue new investment opportunities, whilst minimising levels of unutilised cash holdings. Efficient financial management is achieved through actively monitoring cash held and generated from operations, ensuring cash covered dividends and managed levels of corporate costs. This is supported by appropriate hedging strategies and prudent use of the Company's corporate debt facility ('CDF').

During the period, the Company achieved its objective to generate dividends paid to investors through its operating cash flows. Cash dividends paid in the year of £118.5 million (31 December 2020: £101.5 million), were 1.1 times (31 December 2020: 1.2 times) covered by the Company's net operating cash flows before capital activity*.

Corporate costs were effectively managed during the period and ongoing charges were comparable year on year at 1.18% for the year ended 31 December 2021 (31 December 2020: 1.18%). Corporate costs include management fees of £25.7 million for the year to 31 December 2021 (31 December 2020: £26.4 million).

As outlined on page 87 of the financial statements, IFRS profit before tax of £129.2 million was reported (31 December 2020: £60.8 million). The increase in profit in the year is principally reflective of the unrealised fair value gain on the portfolio in the year, following an unrealised fair value loss in 2020 as a result of Covid-19 related uncertainty in the portfolio that impacted overall prior year profit.

Performance against strategic priority KPIs

1.1x
Dividends fully cash covered
(2020: 1.2x)

1.18%
Ongoing charges ratio
(2020: 1.18%)

The Company's cash balance as at 31 December 2021 was £56.1 million, an increase on the corresponding balance at 31 December 2020 of £44.3 million. Cash receipts from investments increased by £14.9 million in the year, to £167.9 million (31 December 2020: £153.0 million), reflecting a resumption of distributions from assets which in the prior year were impacted or deferred as a result of uncertainty caused by Covid-19. As detailed in note 12 of the financial statements, as well as on page 16 of the Operating Review earlier in this report, £252.7 million of new capital was invested during the year (31 December 2020: £30.0 million). As a result, investment transaction costs paid in 2021 increased in the year to £3.0 million (31 December 2020: £0.8 million).

At 31 December 2021, the Company's CDF was £156.2 million cash drawn (31 December 2020: £38.4 million cash drawn), with £9.3 million drawn under letter of credit (31 December 2020: £nil). Net financing costs paid were £4.8 million, a small increase compared to the prior year (31 December 2020: £4.2 million) reflecting the level of utilisation of the Company's CDF during the year. The facility is structured to support the Company's near-term pipeline, with £250 million available on a fully committed basis, with a flexible 'accordion' component which will, subject to lender approval, allow for a future extension by an additional £150 million. The facility is available for drawdown until March 2024. The banking group for the facility consists of National Australia Bank, the Royal Bank of Scotland International, Sumitomo Mitsui Banking Corporation and Barclays Bank.

OPERATING REVIEW
CONTINUED

SUMMARY OF CASH FLOWS

Summary of Consolidated Cash Flow	Year to 31 December 2021 £ Million	Year to 31 December 2020 £ Million
Opening cash balance	**44.3**	45.6
Cash from investments	**167.9**	153.0
Corporate costs (for ongoing charges ratio)	**(28.5)**	(28.3)
Net financing costs	**(4.8)**	(4.2)
Net operating cash flows before capital activity[1]	**134.6**	120.5
Cost of new investments	**(252.7)**	(30.0)
Investment transaction costs	**(3.0)**	(0.8)
Net movement of CDF	**117.8**	10.5
Proceeds of capital raisings (net of costs)	**133.6**	–
Dividends paid	**(118.5)**	(101.5)
Closing cash balance	**56.1**	44.3
Cash dividend cover	**1.1x**	1.2x

1 Net operating cash flows before capital activity as disclosed above of c.£134.6 million (31 December 2020: c.£120.5 million) include net repayments from Investments at Fair Value through profit or loss of c.£53.4 million (31 December 2020: c.£39.5 million), and finance costs paid of c.£4.8 million (31 December 2020: c.£4.2 million) and exclude investment transaction costs of c.£3.0 million (31 December 2020: c.£0.8 million) when compared to net cash inflows from operations of c.£83.3 million (31 December 2020: c.£84.2 million) as disclosed in the consolidated cash flow statement on page 90 of the financial statements.

CASH FLOWS ASSOCIATED WITH ONGOING CHARGES RATIO

Corporate Costs	Year to 31 December 2021 £ Million	Year to 31 December 2020 £ Million
Management fees	**(25.7)**	(26.4)
Audit fees	**(1.0)**[1]	(0.2)
Directors' fees	**(0.4)**	(0.4)
Other running costs	**(1.4)**	(1.3)
Corporate costs	**(28.5)**	(28.3)

Ongoing Charges Ratio	Year to 31 December 2021 £ Million	Year to 31 December 2020 £ Million
Annualised Ongoing Charges	**(28.5)**	(28.3)
Average NAV[2]	**2,423.2**	2,393.3
Ongoing Charges[3]	**(1.18%)**	(1.18%)

1 Audit fees include the impact from a timing difference in fee payments between 2020 and 2021. The 2021 figures include portion of 2020 audit fees which were accrued at December 2020 and paid in 2021, resulting in this unusual difference between periods. Audit fees payable for each period are disclosed in the notes to the financial statements.
2 Average of published NAVs for the relevant period.
3 The Ongoing Charges ratio was prepared in accordance with the AIC recommended methodology, noting this excludes non-recurring costs.

There is no information to report under the requirements of LR 9.8.4. in this Annual Report.

INVESTOR RETURNS

DIVIDEND GROWTH

The Company targets predictable and, where possible, growing dividends. The Company forecasts to pay the second dividend in respect of the 12 months to 31 December 2021, of 3.77 pence per share[1], in June 2022. Once paid, this would bring the total dividends paid in respect of 2021 in line with the previously announced target of 7.55 pence per share (2020: 7.36 pence per share).

As illustrated in the chart on page 2, the Company has delivered a c.2.5% average annual dividend increase since IPO. The Company is currently maintaining its previously announced dividend targets of 7.74 pence per share in respect of 2022 and provides new guidance of 7.93 pence per share for 2023[2].

TSR*

The Company's annualised TSR since the IPO to 31 December 2021 was 8.5%[3]. The total return based on the NAV appreciation plus dividends paid since the IPO to 31 December 2021 is 7.7%[4] on an annualised basis compared to the Company's long-term target of 7.0%[4].

Performance against strategic priority KPIs

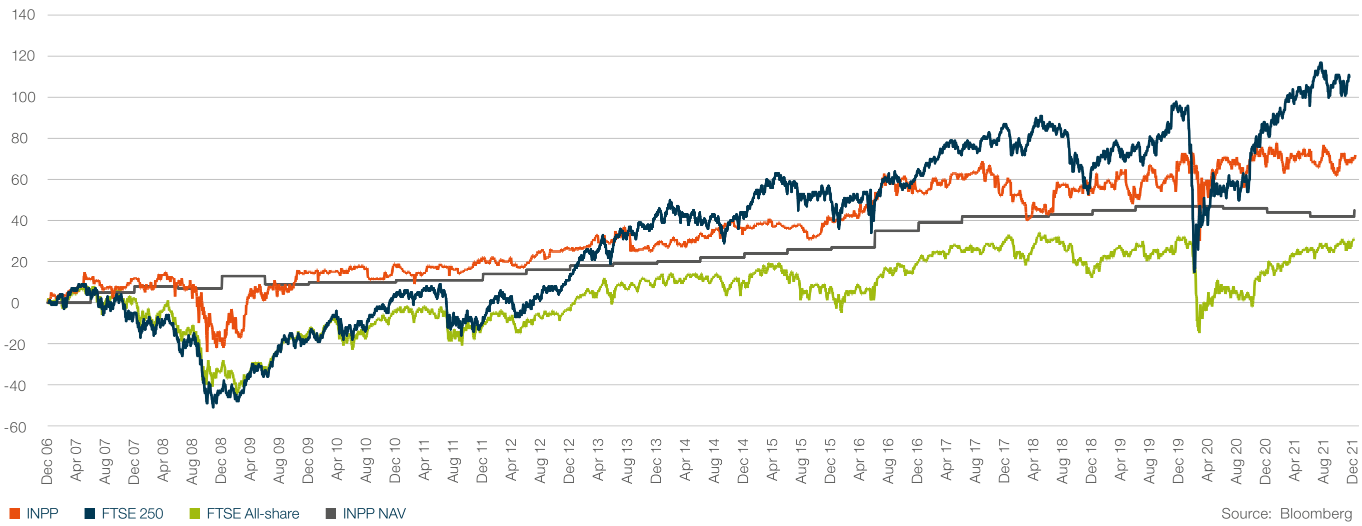
7.7% p.a.

IRR achieved since IPO[3]
(31 December 2020: 7.7%)

As shown in the share price performance graph below, the Company has historically exhibited relatively low levels of correlation with the market. Whilst the correlation in 2020 increased owing to the impacts of Covid-19 on economies and financial markets worldwide, it has since reduced to pre-pandemic levels. For reference, the correlation with the FTSE All-Share index was 0.22 over the 12 months to 31 December 2021 which compares to 0.25 and 0.53 over the 12 months to 31 December 2019 and 31 December 2020 respectively.

Share Price Performance

(% change)



1 The dividend in respect of H2 2021 is 3.77 pence per share bringing the total dividend paid in respect of 2021 in line with the guidance of 7.55 pence per share.
2 Future profit projection and dividends cannot be guaranteed. Projections are based on current estimates and may vary in future.
3 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.
4 Calculated by reference to the November 2006 IPO issue price of 100 pence and reflecting NAV appreciation plus dividends paid.

OPERATING REVIEW
CONTINUED

INFLATION-LINKED RETURNS*

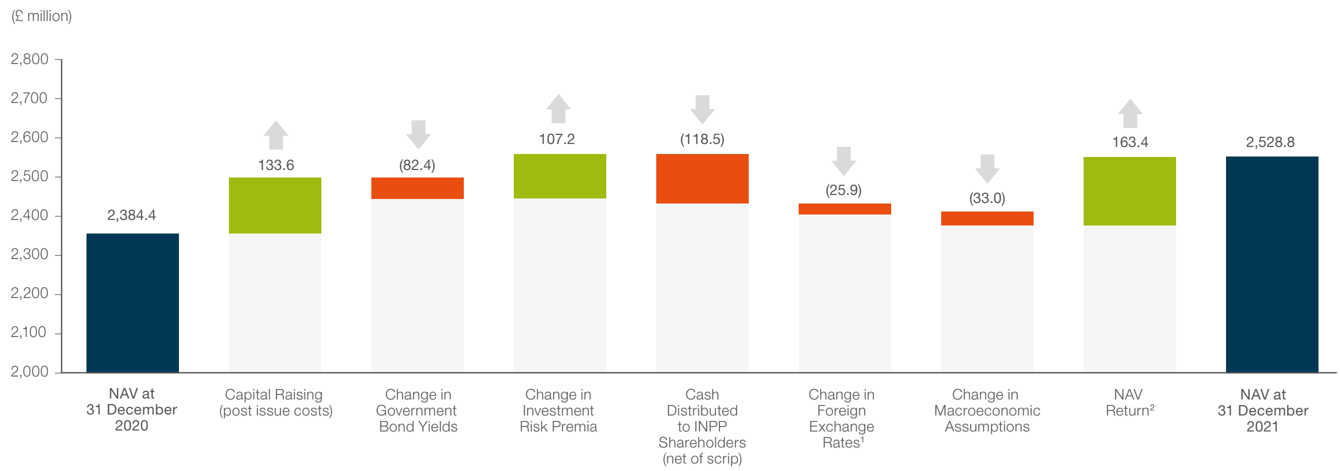
In an environment where investors are focused on achieving long-term real rates of return on their investments, inflation protection is an important consideration for the Company. At 31 December 2021, the majority of assets in the portfolio had some degree of inflation-linkage and, in aggregate, the weighted average return of the portfolio (before fund-level costs) would be expected to increase by 0.7%[1] per annum in response to a 1.0% per annum increase in all of the assumed inflation rates. The reduction compared to the 0.8% as at 31 December 2020 is principally due to the additional investments made in the period which have a lower level of inflation linkage.

VALUATIONS

NAV*

The NAV represents the fair value of the Company's investments plus the value of other net assets or liabilities held within the Group. The fair values of the Company's investments are determined by the Board, with the benefit of advice from the Investment Adviser, and are independently audited as part of the annual audit of the Company's financial statements. The Company reports a 6.1% increase in NAV from £2,384.4 million at 31 December 2020 to £2,528.8 million at 31 December 2021. Over the same period, the NAV per share increased by 0.7% from 147.1 pence to 148.2 pence. The key drivers of the change in NAV are described in more detail below.

NAV Movements



1 FX impact is net of hedging.
2 The NAV return represents amongst other things, (i) variances in both realised and forecast investment cash flows, (ii) the unwinding of the discount factor applied to those future investment cash flows, and (iii) changes in the Company's net assets.

The movements seen in the chart above are explained further below:

- During the year, the Company raised additional equity totalling £135 million (net of issuance costs – £133.6 million) by way of a tap issuance of ordinary share capital;
- The yields on the overwhelming majority of government bonds used as part of the valuation process increased during the period, resulting in a net £82.4 million decrease in the NAV;
- The net negative impact of the increase in government bond yields was more than offset by a decrease in the investment risk premia designed to ensure that (i) the valuations continue to reflect recent market-based evidence of pricing for infrastructure investments (this includes a reduction in the discount rate used to value the Company's investment in Angel Trains to reflect the transaction that occurred during the period), and (ii) the discount rate used to value the Company's investment in Diabolo reflects the lower level of risk within the forecast cash flows which assume a more conservative recovery in passenger numbers. The net impact of these adjustments was an increase in the NAV of £107.2 million;
- In line with forward guidance provided previously, two cash dividends of 3.68 pence and 3.78 pence per share were paid to the Company's shareholders during the year, in relation to the six-month periods to 31 December 2020 and 30 June 2021 respectively, totalling £118.5 million;

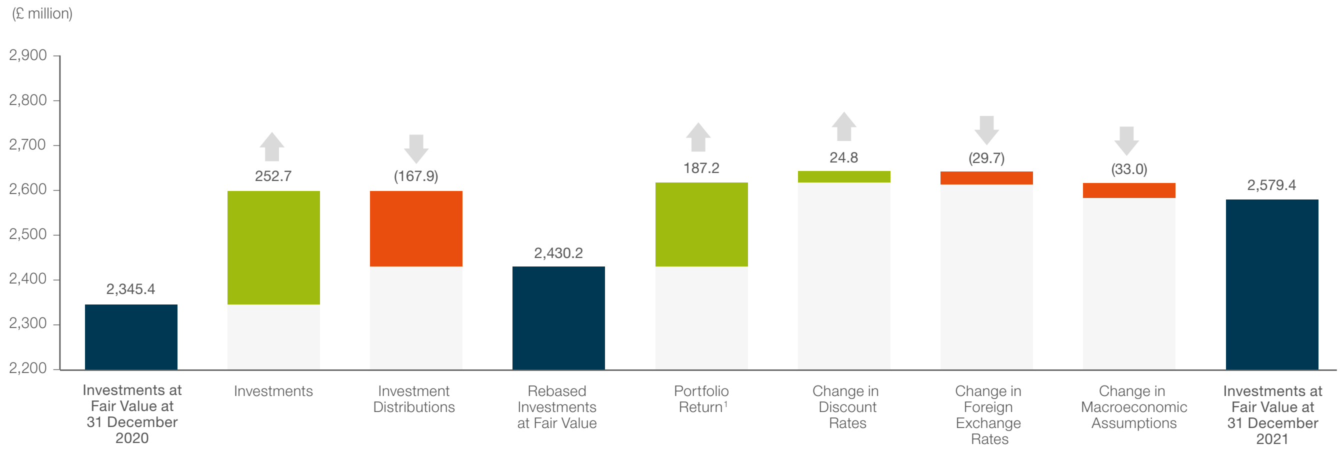
1 Calculated by running a 'plus 1.0%' inflation sensitivity for each investment and solving each investment's discount rate to return the original valuation. The inflation-linked return is the increase in the portfolio weighted average discount rate.

- Over the year, Sterling strengthened against the Australian Dollar and the Euro, whereas it marginally weakened against the Canadian Dollar and the US Dollar (these being the four foreign currencies the Company was exposed to over the year, and with the recent addition of the Danish Krone the Company is now exposed to five foreign currencies). Including the change in the value of the forward foreign exchange contracts, the net negative impact on the NAV was £25.9 million with the most significant impact seen on the Company's Euro-denominated investments;
- The long-term assumption for the UK Corporate Tax rate was increased from 19% to 25% (applicable from 1 April 2023 onwards) following the 2021 Budget announcement during the period, which was the most significant impact (negative £31.7 million) caused by changes to macroeconomic assumptions. Other, much less significant, changes to the macroeconomic assumptions include a one-year delay in the step up to the long-term deposit rate assumptions and an alignment of UK RPI to CPIH from 2030 onwards for relevant investments. Further details of these changes can be seen in the table on page 35 and in aggregate these had a negative £33.0 million impact on the NAV; and
- Among other things, the NAV Return of £163.4 million captures the impact of the following:
  - Unwinding of the discount rate;
  - Updated operating assumptions to reflect current expectations of forecast cash flows. This includes an uplift in Cadent's forecast cash flows attributable to the successful CMA appeal as well as updated forecasts for Diabolo passenger numbers which continue to be subdued owing to travel restrictions caused by Covid-19. This risk had previously been accounted for through the discount rate but is now reflected in the revised forecast cash flows. More widely, and owing to the strong inflation-linkage of the portfolio cash flows, NAV return has been further supported by recent inflationary pressures, especially in the UK;
  - Actual distributions received above the forecast amount due to active management of the Company's portfolio; and
  - Changes in the Company's working capital position.

INVESTMENTS AT FAIR VALUE

The Investments at Fair Value represents the fair value of the Company's investments without consideration of the other net assets or liabilities held within the Group which are captured within the NAV. The Company reports a 10% increase in the investments at fair value, from £2,345.4 million at 31 December 2020 to £2,579.4 million at 31 December 2021. The key drivers of the change in the Investments at Fair Value are described in more detail below.

Investments at Fair Value Movements



1 The Portfolio Return represents, amongst other things, (i) variances in both realised and forecast investment cash flows and (ii) the unwinding of the discount factor applied to those future investment cash flows.

OPERATING REVIEW
CONTINUED

The movements seen in the chart on page 33 are explained further below:

– An increase of £252.7 million owing to new investments made during the period;
– A decrease of £167.9 million due to distributions paid out from the portfolio during the period;
– The Rebased Investments at Fair Value of £2,430.2 million is presented in order to allow an assessment of the Portfolio Return assuming that the investments and distributions occurred at the start of the relevant period;
– The Portfolio Return of £187.2 million captures broadly the same items as the NAV Return (set out in detail on page 32) with the principal exception being the fund-level operating costs and portfolio working capital movements;
– There was a net decrease in the discount rates used by the Company to value its investments which had a positive £24.8 million impact on the Investments at Fair Value. Further information on the component parts of the impact shown is provided on page 36;
– Sterling strengthened against the Australian Dollar and the Euro, whereas it marginally weakened against the Canadian Dollar and the US Dollar (these being the four foreign currencies the Company was exposed to over the year, and with the recent addition of the Danish Krone the Company is now exposed to five foreign currencies). The net negative impact on the Investments at Fair Value was £29.7 million with the most significant impact seen on the Company's Euro-denominated investments; and
– The long-term assumption for the UK Corporate Tax rate was increased from 19% to 25% (applicable from 1 April 2023 onwards) following the 2021 Budget announcement during the period, which was the most significant impact caused by changes to macroeconomic assumptions. Other, much less significant, changes to the macroeconomic assumptions include a one-year delay in the step up to the long-term deposit rates assumption and an alignment of UK RPI to CPIH from 2030 onwards for relevant investments. Further details of these changes can be seen in the table on page 35 and in aggregate these had a negative £33.0 million impact on the NAV.

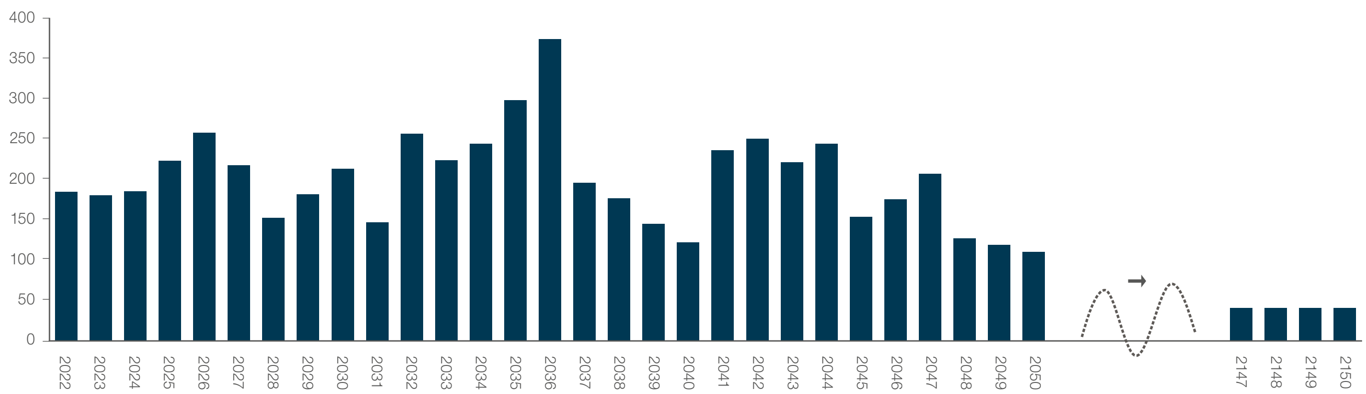
PROJECTED CASH FLOWS

The Company's investments are generally expected to continue to exhibit predictable cash flows, owing to the principally contracted or regulated nature of the underlying cash flows. As the Company has a large degree of visibility over the forecast cash flows of its current investments, the chart below sets out the Company's forecast investment receipts from its current portfolio before fund-level costs.

The majority of the forecast investment receipts are in the form of dividends or interest and principal payments from subordinated and senior debt investments. The Company's portfolio comprises both investments with finite lives (determined by concession or licence terms) and perpetual investments that may be held for a much longer term. Over the term of investments with finite lives, the Company's receipts from these investments includes a return of capital as well as income, and the fair value of such investments is expected to reduce to zero over time.

Projected Investment Receipts

(£ million)



Note: This chart is not intended to provide any future profit forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only investments committed as at 31 December 2021 are included.

MACROECONOMIC ASSUMPTIONS

The Company reviews the macroeconomic assumptions underlying its forecasts on a regular basis. Following a thorough market assessment, it was resolved that, (i) a minor adjustment should be made to the deposit rate assumptions (a one-year delay to the start of the long-term assumption), (ii) the spot foreign exchange rates used to value the Company's overseas assets should be updated, and (iii) the long-term UK Corporate Tax rate should be increased from 19% to 25% (applicable from 1 April 2023 onwards) following the 2021 Budget announcement during the period. The Company notes both the recent higher levels of inflation observed in certain geographies in which it is invested as well as the uncertainty as to how long such levels will last. After careful consideration, the Company has chosen not to amend its inflation assumption until there is greater clarity on the likely extent and duration of any inflationary pressures, and it continues to take a long-term view of inflation in each geography. The Company and its Investment Adviser acknowledge that the war in Ukraine is likely to have macroeconomic consequences which will of course be reflected, to the extent appropriate, within the assumptions used at subsequent valuation dates.

The key macroeconomic assumptions used as the basis for deriving the Company's 31 December 2020 and 31 December 2021 investment valuations are summarised below, with further details provided in note 11 of the financial statements.

Macroeconomic assumptions		**31 December 2021**	31 December 2020
Inflation rates	UK	**2.75% RPI/2.00% CPIH**	2.75% RPI/2.00% CPIH
	Australia	**2.50%**	2.50%
	Europe	**2.00%**	2.00%
	Canada	**2.00%**	2.00%
	US[1]	**N/A**	N/A
Long-term deposit rates[2]	UK	**1.00%**	1.00%
	Australia	**2.00%**	2.00%
	Europe	**0.50%**	0.50%
	Canada	**1.50%**	1.50%
	US[1]	**N/A**	N/A
Foreign exchange rates	GBP/AUD	**1.86**	1.77
	GBP/DKK	**8.86**	N/A
	GBP/EUR	**1.19**	1.11
	GBP/CAD	**1.72**	1.74
	GBP/USD	**1.35**	1.37
Tax rates[3]	UK	**19.00%/25.00%**	19.00%
	Australia	**30.00%**	30.00%
	Europe	**Various (12.50% – 32.28%)**	Various (12.50% – 32.28%)
	Canada	**Various (23.00% – 26.50%)**	Various (23.00% – 26.50%)
	US[1]	**N/A**	N/A

1 The Company's US investment is in the form of subordinated debt and therefore not directly impacted by inflation, deposit and tax rate assumptions.
2 The portfolio valuation assumes actual current deposit rates are maintained until 31 December 2023 before adjusting to the long-term rates noted in the table above from 1 January 2024. The 31 December 2020 valuation assumed the long-term rates noted in the table above would apply from 1 January 2023.
3 Tax rates reflect those substantively enacted as at the valuation date or those that could reasonably be expected to be substantively enacted shortly after the valuation date. Please note the UK tax rate assumptions include the increase from 19% to 25% applicable from 1 April 2023 onwards.

DISCOUNT RATES

The discount rate used to value each investment comprises the appropriate long-term government bond yield plus an investment-specific risk premium which reflects the risks associated with that particular investment and is designed to ensure that the resulting valuation reflects prevailing market conditions.

The majority of the Company's portfolio (91%) comprises Risk Capital investments, while the remaining portion (9%) comprises senior debt investments. 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 – the latter of which captures the discount rates of all investments including the senior debt interests.

OPERATING REVIEW
CONTINUED

The weighted average discount rates are presented in the table below.

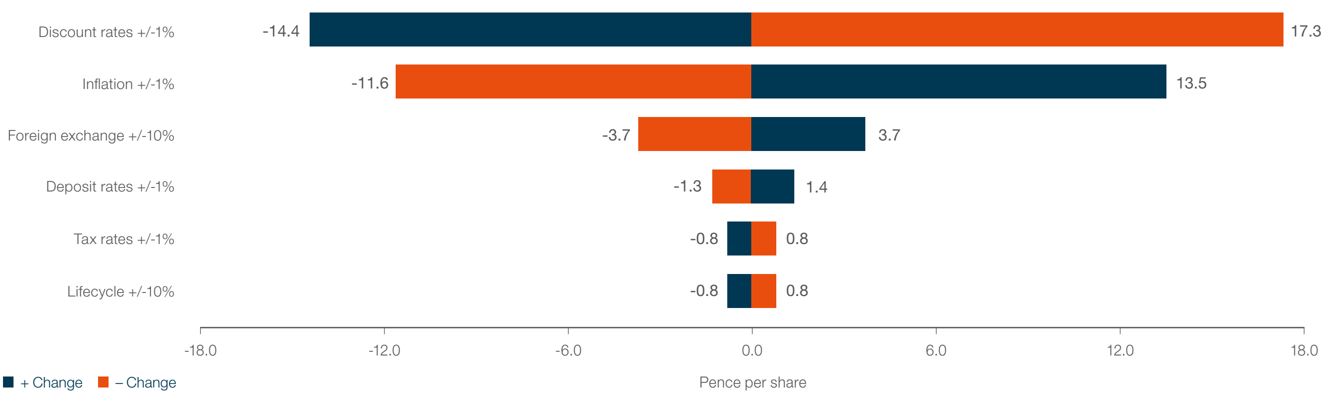
	31 December 2021	31 December 2020	Movement
Weighted average government bond yield – portfolio	**0.96%**	0.56%	40bps
Weighted average investment premium – portfolio	**6.01%**	6.41%	(40bps)
Weighted average discount rate – portfolio	**6.97%**	6.97%	–
Weighted average discount rate – Risk Capital	**7.38%**	7.52%	(14bps)

The Company is aware that there are differences in approach to the valuation of investments among listed infrastructure funds similar to the Company. In the Company's view, comparisons of discount rates between different listed infrastructure funds are only meaningful if there is a comparable level of confidence in the quality of forecast cash flows (i.e. assumptions are homogeneous); the risk and return characteristics of different investment portfolios are understood; and allowance is made for differences in the quality of asset management employed to manage risk and deliver returns. Any focus on average discount rates without an assessment of these and other factors would be incomplete and could therefore lead to misleading conclusions.

VALUATION SENSITIVITIES

This section indicates the sensitivity of the 31 December 2021 NAV per share of 148.2 pence to changes in key assumptions. Further details can be found in note 16 of the financial statements. This analysis is provided as an indication of the potential impact of these assumptions on the NAV per share on the unlikely basis that the changes occur uniformly across the portfolio. The movement in each assumption could be higher or lower than presented. Further, forecasting the impact of these assumptions on the NAV in isolation cannot be relied on as an accurate guide to the future performance of the Company as many other factors and variables will combine to determine what actual future returns are available. These sensitivities should therefore be used only for general guidance and not as an accurate prediction of outcomes.

Estimated Impact of Changes in Key Variables to 31 December 2021 NAV of 148.2 pence per share



DISCOUNT RATES

The chart above indicates the sensitivity of the NAV per share to uniform changes to the discount rates applied to the forecast cash flows from each individual investment.

INFLATION

The impact of inflation on the value of each investment depends upon the extent to which the revenues and costs of that particular investment are linked to an inflation index. On a portfolio basis, there is a positive correlation to inflation with a 1.0% sustained increase in the assumed inflation rates projected to generate a 0.7% increase in returns (31 December 2020: 0.8%). The returns generated by the Company's UK investments are typically linked to the Retail Price Index ('RPI'), whereas the Company's non-UK investments are typically linked to the relevant Consumer Price Index ('CPI') for that jurisdiction. Further to recent announcements by the UK's energy and water regulators, the revenues earned by Cadent and Tideway will be linked to the CPIH (CPI including owner occupied housing costs) from 2021 and 2030, respectively. The regulators have stated that this is not designed to negatively impact companies but rather to reflect the perceived shortcomings of the RPI (i.e. the regulators' intention is for the transition from RPI to CPIH to be valuation neutral).

In anticipation of the UK Government's previously announced intention to align the RPI to the CPIH from 2030 onwards, the inflation assumption used for UK investments which do not benefit from protective contractual agreements or regulatory precedents has been aligned to CPIH from 2030. For the avoidance of doubt, the impact of this approach on the NAV is negligible.

The inflation sensitivities by geographical region are provided in note 16 of the financial statements.

FOREIGN EXCHANGE
The Company has a geographically diverse portfolio and forecast cash flows from investments are subject to foreign exchange rate risk in relation to Australian Dollars, Canadian Dollars, Danish Krone, Euros and US Dollars. The Company seeks to mitigate the impact of foreign exchange rate changes on near-term cash flows by entering into forward contracts, but the Company does not hedge exposure to foreign exchange rate risk on long-term cash flows. The impact of a 10% increase or decrease in all foreign exchange rates is provided for illustration.

DEPOSIT RATES
The long-term weighted average deposit rate assumption across the portfolio is 1.04% 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 valuations. The impact of a 1.00% increase or decrease in these rates is provided for illustration.

TAX RATES
Post-tax investment cash inflows are impacted by tax rates across all relevant jurisdictions. The impact of a 1.00% increase or decrease in these rates is provided for illustration. Other potential tax changes are not covered by this scenario.

LIFECYCLE SPEND
There is a process of renewal required to keep physical assets fit for use and the proportion of total cost that represents this 'lifecycle spend' will depend on the nature of the asset.

PPPs will typically need to ensure that the assets are kept at the standard required of them under agreements with relevant public sector counterparties. To enhance the certainty around cash flows, the majority of the Company's PPP investments, and all of the Company's OFTO investments, are currently 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 changes to the forecast lifecycle costs for the Company's PPP investments is relatively small.

The Company's investments in rolling stock leasing or operating businesses, or businesses providing digital infrastructure, are also distinct from PPPs which have fixed revenue streams from which they need to pay lifecycle costs. These businesses will still expect to incur lifecycle costs, but over time will typically reflect changes in lifecycle costs through the prices they charge their end-users. No lifecycle sensitivity has been run in respect of the Company's digital infrastructure investments as the short-term nature of the revenue contracts is assumed to allow changes in lifecycle costs to be passed on to consumers through changes in the price of services in a timely manner.

Tideway and Cadent are treated differently due to the protections offered by the regulatory regimes under which they operate. Regulated assets have their revenues determined for a known regulatory period and each settlement includes revenue sufficient to allow the owner to undertake the efficient lifecycle management of its assets due in that regulatory period. It is common practice to employ reputable subcontractors to undertake lifecycle work under contracts which include incentive and penalty regimes aligned with the businesses' regulatory targets. This approach ensures an alignment of interest and helps to mitigate the risk of increased lifecycle costs falling on the equity investor. Accordingly, no lifecycle sensitivity has been run in respect of the Company's investments in Tideway and Cadent.

The impact of a 10% increase or decrease in the lifecycle costs incurred by the Company's PPPs, OFTOs, rolling stock leasing or operating businesses is provided for illustration.

By order of the Board

MIKE GERRARD
CHAIR
23 March 2022

JOHN LE POIDEVIN
DIRECTOR
23 March 2022

RESPONSIBLE INVESTMENT

APPROACH

The Company believes that the financial performance of its investments is linked to environmental and social success and, as such, the Company considers issues that have the potential to impact the performance of its investments, both now and in the future.

Consideration of ESG drivers is an essential part of how the Company assesses the long-term viability of the investments that it makes and its associated asset management strategies. ESG drivers are non-financial factors that can influence and be influenced by the Company's business activities and include factors such as climate change, demographics, resources, technology and social values.

ESG is important to the Company for the following key reasons:

- ESG drivers present an opportunity for new markets and investments;
- Incorporating ESG into the Company's management processes supports its high standards of financial rigour and requirements for long-term financial performance; and
- By investing in infrastructure and associated businesses, the Company can meaningfully support sustainable development.

The Company's approach to sustainability and ESG integration is described in more detail in its recently published Sustainability Report[1].

POLICY

The Company has a common ESG Policy[2] with its Investment Adviser. It defines the objectives and approach to embedding ESG in investments, operations, and the communities in which the Company's investments operate.

GOVERNANCE

THE ROLE OF THE BOARD AND COMMITTEES

The Board has overall responsibility for ensuring ESG is fully integrated into all aspects of the investment strategy. To support it in this role, the Board established a new ESG Committee in March 2021. The ESG Committee provides a forum for discussion, support and challenge, with respect to ESG. This includes the policies adopted by the Company in relation to both investments and divestments and by its Investment Adviser regarding its asset management and reporting activities on such matters that relate to the Company. The ESG Committee meets quarterly, and its full Terms of Reference can be found on the Company's website[3].

In addition to the ESG Committee, ESG factors are considered through the following committees:

- **Investment Committee:** The Company's Investment Committee ensures ESG has been appropriately considered in the investment and divestment processes and provides a robust challenge to the Investment Adviser on such processes;
- **Audit and Risk Committee:** The Company's Audit and Risk Committee oversees the Company's approach to ESG disclosures and reporting to its stakeholders and ensures all risk management frameworks consider material ESG risks (e.g. climate change); and
- **Management Engagement Committee:** The Company's Management Engagement Committee reviews the effectiveness of ESG integration by the Investment Adviser.

For more information, please refer to the Company's Sustainability Report, which can be found on the Company's website[1].

ROLE OF THE INVESTMENT ADVISER

The Company's Investment Adviser is responsible for implementing the Company's ESG policies into the Company's activities on a day-to-day basis. This includes the integration of ESG considerations through investment origination and the management of the Company's investments.

Amber's Executive Committee is responsible for the stewardship of Amber's business and affairs. The Executive Committee discharges its sustainability responsibilities directly through its internal Risk Committee, ESG Steering Committee and Corporate Social Responsibility ('CSR') Sub-Committee.

Amber's ESG Steering Committee also interfaces with the Company's ESG Committee, ensuring the Company can monitor its ESG performance, and is kept abreast of emerging ESG risks and opportunities, such as climate change, to inform its strategy.

For more information, please refer to Amber's Global Sustainability Report[4].

1 https://www.internationalpublicpartnerships.com/media/2471/inpp-2021-sustainability-report.pdf.
2 https://www.amberinfrastructure.com/media/2231/esg-policy_final.pdf.
3 https://www.internationalpublicpartnerships.com/media/2391/inpp-esgc-tor-march-21.pdf.
4 https://www.amberinfrastructure.com/media/2469/amber-2021-global-sustainability-report.pdf.

SUSTAINABILITY AND ESG FRAMEWORKS

To deliver the ESG Policy and guide the Company's ESG strategy, the Company draws on several frameworks and benchmarks to provide direction. These frameworks are reviewed on an annual basis to ensure that the Company remains at the forefront of sustainable investment, operations and reporting.

Ambition

The Company believes that investing in infrastructure which supports a sustainable, prosperous, equitable and resilient society should deliver robust financial performance for its shareholders. It is supportive of the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alongside the research of its Investment Adviser into emerging trends and technologies, the Company draws on the SDGs to help guide its approach to sustainability.

SUSTAINABLE DEVELOPMENT GOALS

Climate change

Climate change presents both transitional and physical risks to the Company's investments. As such, it continues to be a high priority for the Company. The Company is aligning all new investments with the objectives of the Paris Agreement and has commenced the process of adopting the TCFD recommendations.

The Company is continuing efforts to enhance its approach and disclosures according to the TCFD Guidelines. Please see more information on pages 45 to 47.

TCFD TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES

ESG integration

To benchmark its ESG integration performance, the Company's Investment Adviser became a signatory of the PRI in August 2019. The Company's investment-related activities, as overseen by the Investment Adviser, are in line with commitments to the Principles.

The Company is pleased to report that its Investment Adviser obtained an A+ ranking for both the Strategy and Governance and the Infrastructure modules in 2020. The PRI is currently carrying out updates to its reporting module, resulting in a delay to receiving an updated score. We expect to provide an update during the course of 2022.

Signatory of:

PRI Principles for Responsible Investment

Infrastructure performance standards

The Company recognises its biggest impact on sustainable development is through its investments, which are wide-ranging in their nature. The Company's priority is to ensure it focuses on material issues for each sector in which it invests, and it draws on international industry practice to help identify what is important for each sector.

Where possible, the Company draws on recognised third-party benchmarks to serve as a proxy for assessing whether an investment meets or manages material sustainability factors.

EMERGING REGULATORY FRAMEWORKS

The Company is mindful and supportive of several emerging regulatory frameworks in relation to sustainable finance, particularly the SFDR, EU Taxonomy for Sustainable Activities ('EU Taxonomy') and expected UK Sustainability Disclosure Requirements ('SDR'). As a Guernsey-based investment company listed on the London Stock Exchange, the Company is not required to make any specific disclosures at the time of publishing this report. However, the Board is committed to supporting its shareholders and upholding the highest levels of transparency which includes the importance of considering sustainability risks and opportunities as part of its investment process.

RESPONSIBLE INVESTMENT
CONTINUED

IMPACT

By investing in the 'right type' of infrastructure, the Company believes its investments can significantly support the targets set out by the SDGs. For each investment sector, the Company has identified which SDGs these are positively supporting. The Company's contribution to the SDGs at the macro level is summarised below[1].

SDG	CONTRIBUTION	IMPACT	PORTFOLIO SDG CONTRIBUTION[2]
3 GOOD HEALTH AND WELL-BEING	**Good Health and Wellbeing** The Company has investments in 37 health facilities, including the award-winning Royal Children's Hospital in Melbourne, providing access to quality essential healthcare services.	**>544,000** Patients treated annually in healthcare facilities developed and maintained by the Company	4%
6 CLEAN WATER AND SANITATION	**Clean Water and Sanitation** The Thames Tideway Tunnel is the biggest infrastructure project ever undertaken by the privatised UK water industry[3].	**37,000,000m^3** The three components of the London Tideway improvements work conjunctively to reduce discharges in a typical year by about 37 million cubic metres	9%
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, Innovation and Infrastructure** Investing in resilient infrastructure is at the heart of what we do. The Company's portfolio is invested into quality, reliable, sustainable and resilient infrastructure.	**131,000km** Length of gas transportation pipeline	19%
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Peace, Justice and Strong Institutions** Through the provision of high-quality judicial buildings, the Company is supporting effective, accountable, and transparent institutions at all levels.	**13** Police stations and judicial buildings	4%
4 QUALITY EDUCATION	**Quality Education** Good infrastructure is at the base of quality education. By investing directly in 269 education facilities, and maintaining them sustainably, the Company can support effective learning environments for all.	**>168,000** Students attending schools developed and maintained by the Company	18%
7 AFFORDABLE AND CLEAN ENERGY	**Affordable and Clean Energy** Through the Company's investments in offshore transmission investments, we are supporting the provision of affordable and clean energy.	**>2,100,000** Homes capable of being powered by renewable energy transmitted through offshore transmission investments	22%
11 SUSTAINABLE CITIES AND COMMUNITIES	**Sustainable Cities and Communities** The Company's investments in transport provide safe, affordable, accessible and sustainable transportation.	**>93,000,000** Annual passenger journeys through sustainable transport investments[4]	24%

1 Data reflects performance over the reporting period. SDG metrics apply to investments where the Company has a majority equity investment, or a minority equity holding over £2 million.

2 Investment at Fair Value.

3 https://www.tideway.london/media/5097/j0115_sustainable-finance-report-vis7a-2.pdf.

4 Annual passenger journeys include those made on BeNEX, Diabolo, Gold Coast and Reliance Rail.

SUSTAINABLE MANAGEMENT

The Company's metrics against the SDGs illustrate the breadth of positive social impacts its portfolio of investments can deliver. The Company seeks to improve the sustainability performance of its investments and closely monitors and manages against any potential adverse impacts. An overview of the Company's approach to sustainable management, including its Sustainability Policy Aims, can be found in the Sustainability Report located on the Company's website[1]. The following pages provide some case studies of the Company's approach to active management over the period.

The Company continues to focus on managing material ESG risks and opportunities at the individual investment level, monitoring over 40 different ESG indicators as part of its ESG data collection processes. This allows the Company to target and manage material ESG issues, which can vary considerably across a diverse portfolio of investments. To help streamline ESG data for financial reporting and monitor progress at the portfolio level, the Company has developed a set of preliminary KPIs[2], which will be further developed over time. These will support the Company in delivering its ESG Policy Objectives and provide an important stepping-stone towards gathering the detailed data that may be required for reporting in line with EU Taxonomy, SFDR and TCFD. Further detail on the Company's approach will be included within the next edition of the Company's Sustainability Report, along with enhanced sustainability disclosures.

POLICY OBJECTIVE
The Company will use ESG drivers to create investment opportunities in new and existing markets

KPI
1. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS
Positive SDG contribution for new investments[3]

TARGET
100%

PERFORMANCE DURING THE YEAR
100%

POLICY OBJECTIVE
The Company will identify and integrate ESG factors into all aspects of its investment, development and management decision making and analysis to protect and enhance value

KPI
2. INVESTMENT ADVISER ESG INTEGRATION PERFORMANCE
Investment Adviser PRI score

TARGET
A+

PERFORMANCE DURING THE YEAR
A+

POLICY OBJECTIVE
The Company will actively work towards improving the environmental and social performance of its investments by focusing on material ESG issues and SDGs

KPI

3. ROBUST CORPORATE GOVERNANCE
Investments with appropriate policies and procedures concerning:
- Health and safety
- Sustainability
- Equality, Diversity and Inclusion
- Modern Slavery and Human Rights
- Conflicts of interest
- Anti-corruption and financial crime risk
- Tax and transparency

TARGET
100%

PERFORMANCE DURING THE YEAR
96%

4. ENVIRONMENTAL PERFORMANCE
Investments with appropriate systems and processes in place to improve environmental performance. Specific indicators include:

4.1 Investments with an environmental management system

TARGET
100%

PERFORMANCE DURING THE YEAR
95%

4.2 Investments with initiatives to improve environmental performance of material issues

TARGET
100%

PERFORMANCE DURING THE YEAR
79%

5. HEALTH AND SAFETY PERFORMANCE
Investments with appropriate systems and processes in place to improve health and safety performance. Specific indicators include:

5.1 Investments with health and safety management system

TARGET
100%

PERFORMANCE DURING THE YEAR
97%

5.2 Investments with initiatives to improve health and safety performance

TARGET
100%

PERFORMANCE DURING THE YEAR
93%

6.GREENHOUSE GAS MANAGEMENT
Investments with appropriate systems and processes in place to support management of energy efficiency and greenhouse gases. Specific indicators include:

6.1 Investments monitoring Scope 1 and 2 emissions

TARGET
100%

PERFORMANCE DURING THE YEAR
94%

6.2 Investments with initiatives to improve energy efficiency and greenhouse gas performance

TARGET
100%

PERFORMANCE DURING THE YEAR
88%

1 https://www.internationalpublicpartnerships.com/media/2471/inpp-2021-sustainability-report.pdf.
2 KPIs apply to all investments where the Company has a majority equity investment, or a minority equity holding over £2 million.
3 The Company aims to manage and monitor any potential adverse impacts of investments as per KPIs 3, 4, 5 and 6.

RESPONSIBLE INVESTMENT

CONTINUED

ENERGY TRANSMISSION

As the impacts of a changing climate become more apparent to our society and the solutions more urgent, it has never been more important to transition towards efficient, sustainable energy systems. Offshore wind generation is a success story for the UK. Long-term government support has underpinned innovation and investment in the sector, helping to drive down costs while contributing to decarbonisation of the economy.

Impact

7 AFFORDABLE AND CLEAN ENERGY

>2.1 million
Homes capable of being powered by renewable energy transmitted by OFTOs

7 AFFORDABLE AND CLEAN ENERGY

>2.5 GW
Transmission capacity

Case study

***Sustainability aim** – Reduce consumption of natural resources, work towards elimination of waste to landfill and move towards a circular economy*

The environmental commitment by the management of the OFTO portfolio is demonstrated by its continued certification to the ISO14001 environmental standard. This was first achieved in 2019 and has been subject to annual reviews since. This standard covers all aspects of operations and environmental management from practical maintenance-based process to waste disposal and appointment of appropriately certified contractors.

Maintenance routines and actions are accurately recorded, where events such as an unlikely SF6 gas leak are immediately attended to. The management of SF6 is a critical aspect of HV switchgear and Supervisory Control and Data Acquisition ('SCADA') remote monitoring systems are reviewed on a 24/7 basis to alert the team of the very rare event of recorded pressure loss that may have developed.

The team has a spill response framework with a nationally recognised onshore and marine environmental response provider, which can be called up on at very short notice in the event of a major asset failure and subsequent fluid loss. This framework remains unused to date.

SOCIAL INFRASTRUCTURE

Social infrastructure is pivotal to the development of sustainable communities. While the provision of housing, clean water and electricity are vital for meeting basic human needs, other services such as schools and healthcare facilities are equally important for ensuring the long-term wellbeing of people.

Impact

4 QUALITY EDUCATION

>168,000
Pupils

3 GOOD HEALTH AND WELL-BEING

>544,000
Patients

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

13
Police stations and judicial buildings

8 DECENT WORK AND ECONOMIC GROWTH

>3,700
Full-time equivalent employees

Case study

***Sustainability aim** – Reduce carbon emissions to move towards alignment with the goals of the Paris Agreement to limit global warming to well below 2°C and, ideally to 1.5°C*

The Company is committed to identifying ways to work with its public sector partners to reduce emissions and work towards net zero. Due to the structure of these investments, any progress needs to come through collaboration of the Company, its public sector partners and key supply chain partners.

In 2021, the Company commissioned 20 net zero studies across the portfolio it manages to identify meaningful ways to support its public sector partners in reducing the emissions of their buildings.

This work is intended to inform a framework approach to delivering net zero solutions alongside developing the Company's approach at the portfolio level.

TRANSPORT

Well-planned and coordinated transport infrastructure is fundamental to the economic and social wellbeing of a community. It is also becoming increasingly important to combat climate change and has been identified as a crucial part of net zero carbon strategies emerging internationally.

Impact

>93 million
Annual passenger journeys

>2,300
Full-time equivalent employees

>799 million
Annual train km travelled

Case study

Sustainability aim – *Reduce consumption of natural resources, work towards elimination of waste to landfill and move towards a circular economy*

Reliance Rail has developed a sustainability framework, which builds on its existing risk management approaches to focus on the specific sustainability issues that matter most to its business and operations, and its contractors and stakeholders. Consistent with the Global Reporting Initiative ('GRI'), Reliance Rail has undertaken a materiality assessment to maintain an up to date understanding of evolving issues and expectations both internally and externally, which will help to refine its strategic priorities and ensure sustainability efforts remain relevant over the near and long-term.

In 2021, Reliance Rail obtained an overall GRESB Infrastructure score of 96 out of 100. This ranks it first out of 114 PPP investments internationally, with a five-star rating.

WASTE WATER

Environmental infrastructure provides cities and towns with water supply, waste disposal and pollution control services. These municipal works serve two important purposes, including protecting human health and safeguarding environmental quality.

Impact

>37 million m^3
Diverted waste water discharges when operational

3 acres
New public space following construction

>2,100
Full-time equivalent employees

Case study

Sustainability aim – *Support investments to create an open and inclusive working environment*

In a traditionally male-dominated industry such as construction, Tideway continues to look at ways to address this imbalance through measures such as inclusive recruitment, a focus on new talent in underrepresented groups in their succession planning activity, mentoring and promoting flexible working.

In support of SDG 5 – Gender Equality and SDG 10 – Reduced Inequalities, Tideway continually attempts to make the industry attractive to all members of the community through its STEM programme, 'returnship' programmes, flexible working, and gender-specific and maternity personal protective equipment.

Over the period, approximately 40% of staff employed were women. In addition, Tideway supports Women into Construction ('WiC'), a small not-for-profit organisation which promotes gender equality in the industry as well as mentoring women in the industry. In addition, the project is actively funding the development of a self-assessment tool to help further the gender diversity progress of smaller organisations.

RESPONSIBLE INVESTMENT
CONTINUED

GAS DISTRIBUTION

Gas distribution infrastructure plays a critical role in delivering energy to keep customers safe, warm and connected, whether that is natural gas, biogas or hydrogen. Cadent's network of gas pipes will play a vital role in meeting Britain's future energy needs and delivering the UK's net zero strategy. The network is a national asset consisting of over 80,000 miles of pipework, connected to 11 million homes; fuelling industrial sites and supplying domestic gas turbines.

Impact

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
5.7 million GJ/day
Maximum energy throughput

11 SUSTAINABLE CITIES AND COMMUNITIES
>11 million
Homes and businesses connected to gas

8 DECENT WORK AND ECONOMIC GROWTH
>5,600
Full-time equivalent employees

Case study

***Sustainability aim** – Reduce carbon emissions to work towards alignment with the goals of the Paris Agreement*

The Company is actively engaging with Cadent on its approach to enabling the transition to cleaner fuels. Over the period, the Company is pleased that HyNet has been awarded 'track one' status from the government's carbon capture, utilisation and storage ('CCUS') scheme, and will now enter into negotiations with viability checks ahead of pulling in support from a £1 billion fund. HyNet North West is a significant clean growth opportunity for the UK. The fund is aimed at low cost, deliverable projects which meet the major challenges of reducing carbon emissions from industry, domestic heat and transport.

HyNet North West is based on the production of hydrogen from natural gas. It includes the development of a new hydrogen pipeline and creating the UK's first carbon capture and storage ('CCS') infrastructure. CCS is a vital technology to achieve the widespread emissions savings needed to meet the 2050 carbon reduction targets, as outlined in the UK Government's ten-point plan. The new infrastructure built by HyNet is readily extendable beyond the initial project, and provides a replicable model for similar programmes across the UK.

DIGITAL INFRASTRUCTURE

Digital infrastructure underpins the potential of the internet. Over the next few decades, digital networks will be the enabling infrastructure that helps drive economic growth and productivity. The recent Covid-19 crisis underlines this, where remote working has been a financial and social lifeline to millions of businesses and families.

Impact

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
>999,000
Premises passed

11 SUSTAINABLE CITIES AND COMMUNITIES
>45,000
Premises connected

Case study

***Sustainability aim** – Ensure investments are accessible to the widest group of users and available to serve local communities*

In an increasingly digital age, those who are not engaging effectively with the digital world are at risk of being left behind. Technological change means that digital skills are increasingly important for connecting with others, accessing information and services and meeting the changing demands of the workplace and economy. As a result, this is leading to a digital divide between those who have access to information and communications technology and those who do not, giving rise to inequalities in access to opportunities, knowledge, services and goods.

The Company's Investment Adviser is actively involved in managing the underlying investments of NDIF and working to support the objectives of each investment. As an example, Airband, founded in 2009, is an independent internet service provider bringing high speed broadband to homes, business and industry in rural and hard-to-reach areas. Since its inception, it has passed 178,000 properties, connecting over 7,000 rural businesses and homes, helping to drive productivity, connect communities and reduce the digital divide in the UK.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change presents both transitional and physical risks to the Company's investments. As such, it continues to be a high priority for the Company which, accordingly, has voluntarily adopted the recommendations of the TCFD. As previously reported, during 2020, the Company's Investment Adviser commissioned an external third party to undertake a review of the Company's current practices and make recommendations as to how the Company can enhance its approach and disclosures in accordance with the TCFD Guidelines.

Climate change is considered alongside other ESG risks by the Company's ESG Committee, Investment Committee and Audit and Risk Committee. During the period, the Company commissioned an additional third party to support the enhancement of its approach to assessing physical and transitional climate risks and opportunities across its portfolio, in line with TCFD recommendations.

Although there is no mandatory requirement for the Company to adopt nor explain areas of non-compliance within the framework, the Company aims to integrate climate risk assessment consistently within investment decision-making and risk management processes, for existing and future investments.

The table below shows a summary of our progress to date against the TCFD recommendations.

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities.

a) Describe the Board's oversight of climate-related risks and opportunities.	The Board sets the strategy for the Company and makes decisions on changes to the portfolio (including approval of acquisitions, disposals and valuations). Through Board committees and the advice of external independent advisers, it manages the governance and risks of the Company.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Board has overall responsibility for ESG and ensuring it is integrated into the Company's investment strategy, including in relation to climate change. The Board maintains oversight of climate risk in the following ways: – **Investment Committee:** The Company's Investment Committee ensures climate change risks and opportunities have been appropriately considered through the investment and divestment processes and provides a robust challenge to the Investment Adviser. – **Audit and Risk Committee:** The Company's Audit and Risk Committee oversees the Company's approach to ESG disclosures and ensures all risk management frameworks consider material climate change disclosures. Risks are reviewed quarterly, including climate change risks. – **ESG Committee:** The Company's ESG Committee monitors its approach to climate change, including consideration of climate change strategy, disclosures and targets. The Company's Investment Adviser is responsible for implementing the Company's ESG policies in the Company's activities on a day-to-day basis. This includes the integration of ESG, and specifically climate change, considerations through investment origination and management of the Company's investments.

RESPONSIBLE INVESTMENT

CONTINUED

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Both the risks and opportunities presented by climate change are a key focus for the Board. The Company has strengthened the alignment of its investment activity with the objectives of the Paris Agreement. In practice the Company has a greater formal emphasis on:

- Enhanced screening and due diligence processes to ensure new investments are aligned, or can directly support, the transition to net zero;
- Fuller deployment of emerging policy and frameworks, such as the UK ten-point plan and EU Taxonomy, to help guide investment decision making; and
- Increased cooperation with public counterparties to reduce emissions from existing investments, and to ensure that all assets continue to help deliver on international commitments.

The Company's investments are located in the UK, Ireland, continental Europe, North America and Australia. All these regions are forecast to experience a changing climate, including increasing episodes of extreme heat, water stress, flooding and extreme precipitation to varying degrees. As an investor in infrastructure projects and businesses, the Company's investments are likely to be directly exposed to changes in weather. These potential physical impacts present the following risks to the Company:

- Unavailability of assets;
- Property damage;
- Insurance premiums;
- Insurance;
- Operational costs;
- Maintenance costs;
- Market value depreciation Capex for resilience; and
- Potential future liabilities.

The majority of the Company's investments generate availability-based or regulated revenues, with most costs contractually determined or compensated for via a regulatory regime. The ability for changes in revenues or costs to have a material impact on the portfolio's net cash flows is limited owing to the contracts and/or regulatory frameworks under which the assets currently operate.

The transition to a low-carbon economy will largely depend on the right types of infrastructure to allow communities to live net zero lifestyles. The changes required are wide-ranging, including decarbonisation of heat, increased electrification of transportation and other systems previously dependent on fossil fuels, and decarbonisation of construction. Several of the regions in which the Company invests have set legally binding net zero targets, although only a small number of the Company's investments face transition risks, due to the nature of contracted or regulated frameworks.

The Company is focused on identifying current risks and evolving its assessment and understanding of longer-term risks, along with mitigation of climate risks. The Company's Investment Adviser is also working towards obtaining a better understanding of the potential financial impacts and its resilience with regard to different climate scenarios. This enhanced approach will directly inform a suite of indicators, which will support the Company's objectives and investors' understanding of the physical and transitional risks.

As an investor in infrastructure, the Company will seek to support this transition and believes it represents a significant opportunity which forms part of the work of the ESG Committee.

RISK

Disclose how the organisation identifies, assesses and manages climate-related risks.

a) Describe the organisation's processes for identifying and assessing climate-related risks.

b) Describe the organisation's processes for managing climate-related risks.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

During the period, the Company commissioned a third party to support it in enhancing its assessment of climate change risks. The results of this process will be disclosed later in 2022, providing greater detail on the tools, scenarios and sensitivities that are in the process of being implemented. This enhanced risk assessment process will provide a more in-depth view of the climate risk across the portfolio.

Climate risk identification and management is integrated within the risk management process as a subset of wider risk categories, including political, financial, operational and strategic risks.

The Board is ultimately responsible for risk management. Oversight of the risk framework and management process is delegated to the Audit and Risk Committee. The risk framework has been designed to manage, rather than eliminate, the risk of failure to meet business objectives. No system of control can provide absolute assurance against the incidence of risk, misstatement or loss. Regard is given to the materiality of relevant risks in designing systems of risk management and internal control. While responsibility for risk management ultimately rests with the Board, the aim is for the risk management framework to be embedded as part of the everyday operations and culture of the Company and its key advisers.

Although the Company is aligning with TCFD recommendations voluntarily, the Company's approach to climate change risk sits alongside other requirements to which we are subject under applicable law and the Company's internal policies and procedures, such as the requirement to have robust risk management policies and procedures. Please refer to the Continuous Risk Management section for more information in relation to the Company's approach to risk management.

METRICS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Company qualitatively assesses the risk of all investments and is in the process of reviewing relevant climate-related metrics and targets at the portfolio level, which include the consideration of TCFD's supplementary guidance on metrics. The Company is currently in the process of collating the information and as yet the data is too incomplete to draw a reasonable and accurate baseline, given the number and breadth of assets.

To support the Company in developing these overarching disclosures, it set an interim target for 100% of investments to monitor and disclose Scope 1 and Scope 2 emissions. During the period, the Company is pleased to report that 94% are monitoring these metrics.

The Company is actively developing a carbon footprint across all its investments to establish a baseline and will be developing ways to enhance its consideration and disclosure of transitional and physical risks of climate change. This baseline is focusing on Scope 1 and 2 emissions initially and will seek to include Scope 3 emissions where available.

RESPONSIBLE INVESTMENT
STAKEHOLDER ENGAGEMENT

VALUE CREATION - HOW WE ENGAGE

The Company takes a proactive approach to identifying and engaging with key stakeholders. This is to ensure that there is clear two-way communication that can be used to support the mutual success of the Company and its stakeholders.

Good governance is the cornerstone of these relationships, and the Company is focused on leading with high standards of business conduct. It achieves this through a combination of Board engagement and oversight and leveraging the Investment Adviser's expertise and networks. The Company believes robust stakeholder engagement is a critically important component to delivering its purpose over the long term and is considered at a strategic level by the Board. The Board has promoted the success of the Company having regard to the requirements of section 172 of the UK Companies Act 2006, as outlined below.

1 – INVESTORS

CONSISTENT AND GROWING RETURNS

We aim to provide our investors with stable, long-term, inflation-linked returns, based on growing dividends and the potential for capital appreciation. Through engagement with all our investors, we aim to inform our strategic objectives and to ensure that the Company understands all views on topical issues. This approach is intended to maximise investor buy-in to current objectives and performance whilst also helping shape the Company's future plans.

The key mechanisms for the Company's engagement with investors include:

- Regular and timely updates on performance, including through the annual and half-yearly reporting cycle
- The Company's AGM
- Investor days
- One-to-one meetings or calls with the Board's Chair and other Directors
- One-to-one meetings or calls with representatives from the Company's Investment Adviser
- Other Group engagement with representatives from the Company's Investment Adviser
- The Company's website

Over the period, the Company has increased engagement with investors around its approach to ESG. For example, in September 2021, the Company held an investor webinar following the release of its Sustainability Report. In addition, the Company has held several one-to-one meetings to increase its understanding of investor requirements as a result of regulations such as TCFD, EU Taxonomy and EU SFDR.

2 – PUBLIC SECTOR & OTHER STAKEHOLDERS

A TRUSTED PARTNER

We aim to provide the public sector and other customers with a highly reliable, robust service through our investments. Our ability to deliver contracted services and maintain strong relationships with our clients through our Investment Adviser is vital for the long-term success of the business. Through close engagement with our clients, we aim to meet high levels of satisfaction and quickly respond to any potential issues and emerging challenges.

The key mechanisms for engagement with our clients include:

- Regular meetings (where possible in person and/or virtually) between the Investment Adviser and public sector clients including local authorities and regulators
- Active asset management, which provides monitoring of the facilities management arrangements on compliance with maintenance obligations
- Asset managers directly engaging with the client on a day-to day basis

The Company's Investment Adviser has been proactively engaging with the Company's public sector clients to provide them with options on how to work towards net zero solutions. Please refer to the case study on pages 14 to 15 for more information.

3 – COMMUNITIES

STRENGTHENING COMMUNITIES

We strive to make our investments an integral part of the communities they serve. Engaged communities can play an important role in successful delivery of new assets and their long-term operations. As part of our approach to active asset management, the Investment Adviser ensures critical services are delivered with a focus on the end-user, ensuring that the community is at the heart of all that we do. This approach is intended to help our communities thrive and create robust environments for our investments to flourish.

The key mechanisms for community engagement include:

- Active asset management providing facilities for community use
- Local Education Partnership agreements
- Supporting community initiatives

Throughout the pandemic, the Company has been seeking to support those who have been negatively impacted by Covid-19. The Company, through its Investment Adviser, has been supportive of its supply chain and has engaged with the communities in which they and the Company's investments operate.

4 – KEY SUPPLIERS

AN ENGAGED SUPPLY CHAIN

Our ambition is to work with a high-quality, sustainable supply chain with a focus on long-term value for our stakeholders. The performance of our service providers, their employees, and investment supply chain is crucial for the long-term success of our business. The Company takes a progressive approach to engaging with key suppliers. A key component of this is ensuring our Investment Adviser is proactively maintaining an engaged supply chain for our investments.

The examples of mechanisms for engagement with key suppliers include:

- Annual Management Engagement Committee review
- Ad hoc engagement
- Quarterly Board meetings and reporting
- Investment Adviser managing investment supply chain

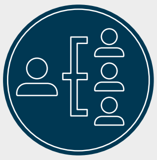
Throughout the pandemic, the Board has ensured that its direct supply chain's safety and wellbeing has been appropriately prioritised and managed in line with its Sustainability Policy Aim to Encourage a Zero Harm Culture. This has been monitored through pre-existing channels, such as quarterly Board meetings.

CONTINUOUS RISK MANAGEMENT

CONTINUOUS RISK MANAGEMENT

The Board is ultimately responsible for risk management. Oversight of the risk framework and management process is delegated to the Audit and Risk Committee. The risk framework has been designed to manage, rather than eliminate, the risk of failure to meet business objectives. No system of control can provide absolute assurance against the incidence of risk, misstatement or loss. Regard is given to the materiality of relevant risks in designing systems of risk management and internal control.

BOARD



- **Audit and Risk Committee**
- **Management Engagement Committee**
- **Investment Committee**
- **Nomination and Remuneration Committee**
- **Environmental, Social and Governance Committee**

Risk control levels
- Service provider's internal controls
- Independent controls and process reviews
- External audit

Principal advisers
- Investment Adviser and Asset Manager
- Company Secretary
- Fund Administrator
- Legal Adviser
- Corporate Broker
- Corporate Bankers

RISK MANAGEMENT
RISK FRAMEWORK AND MANAGEMENT PROCESS

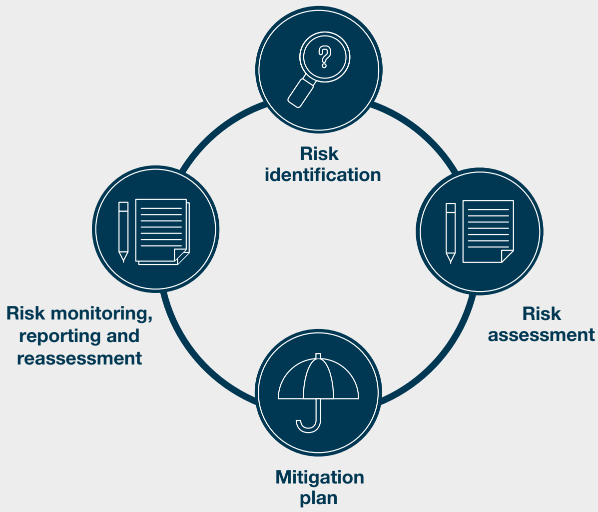
The Company has in place a risk management framework. The Board recognises the importance of identifying and actively monitoring the risks facing the business. The framework involves an ongoing process for identifying, evaluating and managing significant risks faced by the Company. While responsibility for risk management ultimately rests with the Board, the aim is for the risk management framework to be embedded as part of the everyday operations and culture of the Company and its key advisers.

The risk framework is applied holistically across the Company and, to the extent possible, to the underlying investment portfolio as illustrated in the Business Model on pages 4 to 5. The framework has been in place for the year under review and up to the date of approval of these annual financial statements.

Direct communication between the Company, its Investment Adviser and the portfolio investment level asset manager, is a key element in the effective management of risk through the investment portfolio.

The Board continues to monitor the need for an internal audit function, but believes the controls and assurance processes applied at the key service providers, alongside the external controls process reviews performed annually, provide robust and sufficient assurance.

The risk framework is implemented through the following risk control processes:



RISK IDENTIFICATION

The Board, Audit and Risk Committee and the Risk Sub-Committee identify risks with additional input from the Company's Investment Adviser and the Administrator. Key risks are identified at the investment approval stage, where the investment papers include an assessment of key risks as well as potential mitigations. This reflects work performed at the due diligence phase, incorporating input where relevant from specialist advisors appointed to support the investment process. For investments held by the Company, the Board receives detailed quarterly asset management reports highlighting performance and potential risk issues on an investment-by-investment basis. The Audit and Risk Committee has an open dialogue with its advisers to assist with assessment of significant risks, if any, that might arise between reporting periods. A risk register is reviewed and updated by the Board and Audit and Risk Committee on a quarterly basis. An annual workshop with the Investment Adviser considers emerging risks and the positions of the current risks.

RISK ASSESSMENT

Each identified risk is assessed in terms of probability of occurrence, potential impact on financial performance and any movements in the relative significance of each risk between periods. A robust assessment of principal and emerging risks facing the Company is performed. The assessments build on the wealth of knowledge acquired by the Company and Investment Adviser through both bidding and asset management phases, with risk assessments carried out to quantify and assess risks. Where risks might impact viability, these are assessed further and the Viability Statement on page 62 contains more information of this review.

MITIGATION PLAN

For newly identified risks or existing risks with increased likelihood or impact, the Audit and Risk Committee assists the Company in developing an action plan to mitigate the risk, with enhanced monitoring and reporting put in place.

RISK MONITORING, REPORTING AND REASSESSMENT

Risks are monitored and risk mitigation plans are reassessed by the Audit and Risk Committee, where applicable, with input from any relevant key service providers, and reported to the Board on a quarterly basis. Annual external controls and process reviews help ensure the robustness of control processes. No significant failings or weaknesses were identified in the review of controls during the year.

Whilst challenges arising from the Covid-19 pandemic remain, the principal risks affecting the Company and its investment portfolio did not, in the view of the Board, materially change during the year, in part due to the typically long-term contractual and regulated nature of the Company's portfolio investments. Details of the activities performed by the Audit and Risk Committee during the year can be found on pages 74 to 76 in the Audit and Risk Committee report.

DEVELOPMENTS IN THE YEAR IN RELATION TO PRINCIPAL AND EMERGING RISKS

UK REGULATORY REGIME ANNOUNCEMENTS

Two of the Company's investments are subject to regulatory regimes which are designed by the regulators to, amongst other things, protect the interests of consumers whilst ensuring that regulated companies are able to earn a reasonable return on their capital. Changes in the regulatory regimes have the potential to impact the returns of these regulated assets.

As previously announced, in March 2021 Cadent exercised its right to appeal Ofgem's final determination in respect of the five-year regulatory period which commenced in April 2021 to the CMA as it believed this approach would best serve Cadent's customers' interests. The CMA published its final determination in October 2021 and the findings had a modestly positive impact on the Company's valuation of its investment in Cadent compared to that reported at 30 June 2021.

Also as reported previously, Tideway has been in discussions with Ofwat regarding additional measures to mitigate the impact of both Covid-19 related cost overruns and the FCAM on Tideway's investors. Subsequent to a provisional agreement with Tideway, Ofwat launched a public consultation in December 2021 to gain views from interested parties on the proposed amendments. As the consultation was ongoing at the valuation date, the 31 December 2021 valuation of the Company's investment in Tideway included a prudent assessment of the outcome of the consultation and the necessary licence modification process. The consultation subsequently closed in January 2022 and the licence modifications came into effect in March 2022.

The Company believes its regulated asset valuations continue to remain appropriate. In addition, investments in regulated assets are considered very long-term, beyond any individual regulatory cycle. Therefore, our long-term view of such assets takes into account the robustness of yield as well as potential for increases in the regulated asset base over time.

CONTINUOUS RISK MANAGEMENT
CONTINUED

COUNTERPARTIES AND SERVICE PROVIDERS
Counterparty risk continues to be closely monitored following issues affecting certain service providers to the Group in the last three years as well as the challenges placed on those businesses by the Covid-19 pandemic. The Investment Adviser, building on the experience gained following the liquidation of Carillion Plc and the administration of Interserve Plc, is well placed to respond to any future events of a similar nature and has contingency plans in place to allow for a smooth transition of contracts to an alternative service provider. The Investment Adviser continues to monitor the Group's counterparty exposures and contingency plans are reviewed and updated where appropriate. Please see further information on pages 27 to 28.

CLIMATE CHANGE
Climate change could lead to more frequent or severe weather events such as flooding, fires, droughts and storms. Investments may be subject to extreme weather and changes in precipitation and temperature, all of which may result in physical damage or a decrease in demand or availability for infrastructure assets located in the areas affected by these conditions. Should the impact of climate change be material in nature or occur for lengthy periods of time, the financial condition or results of operations of the investments could be adversely affected. In addition, changes in legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency or reduce the carbon footprint of the Company's investments. This transition could also lead to certain fuels and business models becoming obsolete if unable to adapt to emerging regulation and customer preference.

The Company takes climate change very seriously and continues to devote attention to managing this risk. Climate change is a key focus for the newly formed ESG Committee, ensuring that the Company continues to evolve its approach to considering both the risks and opportunities it presents. During the period, the Company commissioned a third party to support it in enhancing its assessment of climate change risks. The results of this process will be available later in 2022, providing greater detail on the tools, scenarios and sensitivities that are in the process of being implemented. The enhanced risk assessment process will provide a more in-depth view of the climate risk across the portfolio. Climate change would most likely manifest itself through impact on physical assets (risk 4) and changes in climate-related regulation (risk 9). Climate change is therefore considered both as a current and emerging risk. Further information on the Company's approach to responsible investing can be found in the Responsible Investment section on pages 38 to 49.

COVID-19 CORONAVIRUS
The effects of the Covid-19 pandemic continue to impact all businesses across the world in a variety of ways. The Company is reassured by the operational performance of its portfolio to date. Short-term impacts have been witnessed in certain assets with demand-based risk, although operational performance of these assets has remained strong.

The Company notes that there are a range of contingent risks stemming from Covid-19. These include, but may not be limited to, staff shortages and supply chain breakdowns and their consequences. The Company continues to monitor and where possible take action to avoid or mitigate any such impacts on its portfolio. The Company notes that the overwhelming majority of its revenues come from availability-based payments or regulated cash flows that generally provide a range of protections against adverse scenarios. The Company has exposure to demand risk on a small portion of the portfolio where restrictions on movements had an adverse impact on the performance of the asset. The Company continues to hold reserves to manage unforeseen outcomes over the next 12 to 18 months.

Whilst the full long-term consequences of the pandemic and its effects over the long-term are not yet known, the Company believes that its business model continues to offer a significant degree of protection to shareholders. Please see more information on pages 50 to 52.

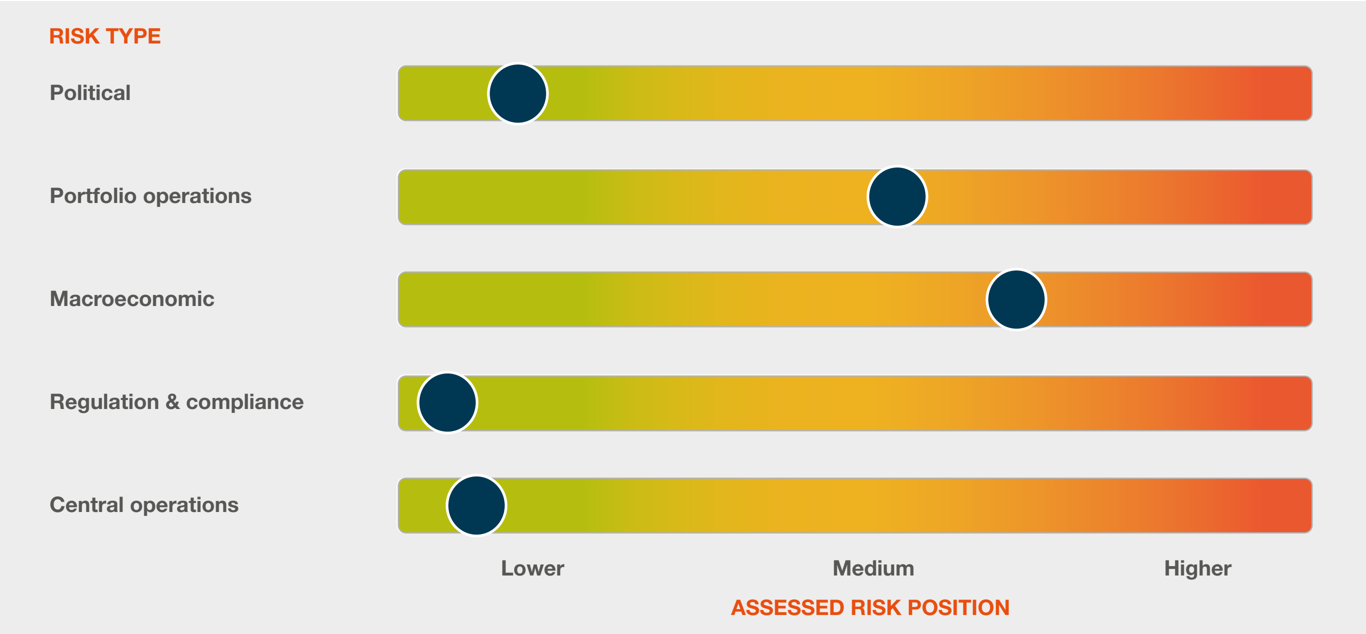
WAR IN UKRAINE
The Company continues to actively monitor the situation in Ukraine to ensure that the portfolio of investments is protected, to the extent it can be, from the direct and indirect impacts of the war. The Company does not hold any investments in the impacted region and we are not aware of any material direct implications for the Company or its portfolio.

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

RISKS ASSESSMENT

AGGREGATE RISK ASSESSMENT

The Company's identified risks have been mapped to the five different risk categories: political, portfolio operations, macroeconomic, regulation and compliance, and central operations.



The chart summarises the overall residual level of risk facing the Company, presenting a combined assessment which incorporates the potential impact arising from not only the Company's principal risks, but from all of the Company's other identified risks:

- Political risk incorporates risks arising from government policy and actions;
- Portfolio operations risk incorporates risks arising from asset operations and ongoing investment performance, including regulatory risk impacting at asset level;
- Macroeconomic risk incorporates risks arising in the wider economy, including inflation and interest rates;
- Regulation and compliance risk incorporates risks arising from new laws and regulations applicable to the Company and its assets;
- Central operations risk incorporates risks arising from the management of the portfolio.

The relative impact assessed to be arising from each risk has been combined to present a holistic position, giving stakeholders a more complete picture of the Company's residual risk position. Those risks of the Company which are assessed to be the principal risks are separately identified, and further discussed below.

PRINCIPAL RISKS

The following section provides a summary of the Board's assessment of the Company's principal risks. 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 materially impact the performance of the Company, its assets, capital resources and reputation. Where the Company has applied mitigation processes, it is unlikely that the techniques applied will fully mitigate the risk.

CONTINUOUS RISK MANAGEMENT
CONTINUED

RISK	DESCRIPTION	MITIGATION
POLITICAL		
1 **POLITICAL POLICY**	The businesses in which the Company invests are subject to potential changes in policy and legal requirements. All investments have a public sector infrastructure service aspect and are exposed to political scrutiny and the potential for adverse public sector or political criticism.	Most of the Company's existing investments benefit from long-term service and asset availability-based pricing contracts or regulatory frameworks and the countries in which the Company operates do not tend to have a tradition of penal retrospective legislation. Governments tend to be long-term supporters of infrastructure and similar investment and recognise the risk of deterring future investment in the event that penal or disproportionate steps are taken in respect of existing contractual engagements.
	Change in political policy Political policy and financing decisions may adversely impact either on existing investments, or on the Company's ability to source new investments at attractive prices or at all. This may impact the Company's reputation. A certain degree of reputational risk exists in this area as policy decisions adversely impacting the Company have the potential to be made as a direct or indirect result of reputational developments seen across the wider sector.	Current global policy practice continues to support the use of private sector capital to finance public infrastructure, despite challenge from some political parties, particularly in the UK, around the role of the private sector in the provision of such services. The Company seeks to maintain strong and positive relationships with its public sector clients where possible. It also has an active relationship with other external stakeholders including investors.
	Termination of contracts Often contracts between public sector bodies and the Company's investment entities contain rights for the public sector to terminate contracts in certain situations. While the contracts typically provide for some compensation in such cases, this may be less than required to sustain the Company's valuation, causing loss of value. There have been instances of contracts being voluntarily terminated in the UK (although not affecting the Company).	The Company engages with its public sector clients in developing cost-saving initiatives and seeks to act as a 'good partner' including by focusing on the ESG aspects of its investments. None of the Company's investments have been identified, by any government audit or public sector report, as 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 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, in many cases to represent an unattractive immediate call on the public finances for the public sector.
	Nationalisation Longer term political policy pressures arising as a consequence of Brexit in the UK or the Covid-19 pandemic more globally remain uncertain, so the possible risk of nationalisation can be seen to remain over the medium-term.	The Company believes significant compensation would be required in order to enact this policy legitimately within existing contractual arrangements. Therefore, we maintain the view that the Company is defensively positioned in this regard.

The following key is used in the table below to highlight the Board's view on movement of risk exposures during the period:

▲ Risk exposure has increased in the period

▼ Risk exposure has reduced in the period

◀▶ No significant change in risk exposure since last reporting period

RISK	DESCRIPTION	MITIGATION
PORTFOLIO OPERATIONS		
2 ASSET PERFORMANCE ◀▶	**Construction** For the Company's assets under construction, there is an element of construction risk that takes the form of cost overruns or delays that could impact on investment returns. The construction industry continues to see implications resulting from the Covid-19 pandemic, which contain potential consequential impacts on the Company.	Contractual mechanisms allow for significant pass-down of construction cost overrun and delay risk to subcontractors and/or consumers, subject to credit risk (see below). The Company's investment in Tideway benefits from a government support mechanism which ultimately backstops investors' downside risk in the event of a major construction cost overrun. Tideway construction works were 73% complete as at 31 December 2021.
	Operational performance Assets in the portfolio have revenues which are based on the availability of the asset, as well as revenues not solely dependent on availability but also have linkage to other factors including demand risk being subject to regulatory frameworks. The entitlement of the Company's PPP and OFTO investments to receive revenues is generally dependent on 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 result in a reduction in the income that the Company has projected to receive. Two of the Company's investments are subject to regulatory regimes which are designed by the regulators to, among other things, protect the interests of consumers whilst ensuring that regulated companies are able to earn a reasonable return on their capital. Changes in the regulatory regimes have the potential to impact the returns of the Company's two regulated assets. Disruption arising from Covid-19 may continue to affect services provision as well as impact the facilities management industry. Certain assets within the portfolio have demand risk based on the usage of the underlying infrastructure. A number of investments in the portfolio assume residual values which are expected to be received from the assets on completion of the project contract or at the end of the expected investment holding period. Amounts which are realised may be different from current assumptions.	The Board reviews the performance of each investment on a quarterly basis and historically has seen consistently high levels of asset availability. For regulated assets, the regulatory regimes under which the assets operate provide a level of protection of cash flows for these assets. Contractual mechanisms and underlying regulatory frameworks also allow for significant pass-down of unavailability and performance risk to subcontractors in many cases, subject to credit risk (see below). In addition, investments in regulated assets are considered very long-term by the Company, beyond any individual regulatory cycle. This long-term view of such assets takes into account the robustness of yield as well as the potential for increases in the regulated asset base over time. The Company, through its Investment Adviser, has sight of detailed business continuity plans of its counterparties designed to manage services in adverse circumstances. In addition, the Company has the ability to pass down certain costs to the service providers and can potentially rely on business interruption cover where available. A small portion of the portfolio has exposure to demand risk; cash reserves have been maintained to manage unforeseen exposures whilst Covid-19 related uncertainties persist. Certain demand-based assets have contractual arrangements to adjust pricing in the event of a substantial decrease in usage. Residual value assumptions are based on prevailing market expectations and where possible recent market evidence. The nature of the Company's assets should provide some mitigation to the risk of a reduction in demand for the assets at the end of the expected investment holding period.

CONTINUOUS RISK MANAGEMENT
CONTINUED

RISK	DESCRIPTION	MITIGATION
PORTFOLIO OPERATIONS CONTINUED		
2 **ASSET PERFORMANCE** continued	**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. The risk of termination of contracts as a result of political policy is addressed on page 54.
3 **COUNTERPARTY RISK**	The Company's investments are dependent on the performance of a series of counterparties to contracts including public sector bodies, consortium partners, 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. There may be disruption or delay to the services provided to investments, or 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 and for key suppliers on a regular basis. Most of the services provided to the Company's investments are reasonably well established with a number of competing providers. Therefore, there are expectations that there will be a pool of potential replacement supplier counterparties in the event that a service counterparty fails, albeit not necessarily at the same cost. The Company closely monitors the risk of adverse developments occurring in relation to its significant counterparties, and develops contingency plans as appropriate to ensure risk of counterparty failure is minimised. Information regarding relevant counterparty risk developments during the year can be found on page 47.
	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 is regularly reviewed. However, there is a risk of credit deterioration which could impact affected investments. The Company continues to aim to use reputed financial institutions with good credit ratings. In most cases, the swaps are out of money, therefore reducing the risk of counterparty default.

RISK	DESCRIPTION	MITIGATION
PORTFOLIO OPERATIONS CONTINUED		
4 **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.
	Climate change Investments may be subject to extreme weather and changes in precipitation and temperature, all of which may result in physical damage to assets.	During the year, the Company commissioned a third party to work alongside its Investment Adviser to assess alignment with the recommendations of TCFD. The Company has continued to update its investment processes, further strengthening climate considerations within investment screening and diligence, ensuring these are considered from the earliest point in the investment cycle.
5 **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 its expectations or otherwise fail to provide the protection or recourse anticipated.	Such contracts have been entered into, usually only after extensive 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. See Political Policy risk for further commentary on contractual risk of voluntary termination.

CONTINUOUS RISK MANAGEMENT

CONTINUED

RISK	DESCRIPTION	MITIGATION
MACROECONOMIC		
6 **INFLATION** *Despite recent increases in inflation, the Company continues to take a long-term view of inflation in each geography.*	Inflation may be higher or lower than expected. The net cash flows from the Company's investment portfolio are positively correlated to inflation. Should actual inflation turn out to be higher or lower than the rates assumed by the Company at the relevant valuation date, this would be expected to impact positively or negatively, respectively, on the Company's projected cash flows. The level of inflation-linkage across the investments held by the Company varies and is not consistent. 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 uses a long-term view of inflation within its forecasts, benchmarked where possible to independent analysis. It also provides sensitivities to investors indicating the projected impact on the Company's NAV of alternative inflation scenarios, offering investors an ability to anticipate the likely effects alternative inflation scenarios may have on their investment. The Company monitors the effect of inflation on its portfolio through its biannual valuation process.
7 **FOREIGN EXCHANGE MOVEMENTS**	A portion of the Company's investment portfolio has cash flows which are denominated in currencies other than Sterling, but the Company borrows corporate level debt, reports its NAV and pays dividends in Sterling. Changes in the rates of foreign currency exchange are outside the Company's control and may impact positively or negatively on cash flows and valuation.	The Company uses forward foreign exchange contracts to mitigate the risk of short-term volatility in foreign exchange rates on the Sterling value of cash flows 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 biannual valuation process and reports this to investors. The Company also provides sensitivities to investors indicating the projected impact on the NAV of a limited number of alternative foreign exchange scenarios, offering investors the ability to anticipate the likely effects of some foreign exchange scenarios on their investment. The Company continues to be mindful of the potential for exchange rate volatility in light of international economic and political change. The Company notes that a devaluation of Sterling against the relevant currencies would typically have a positive impact on the NAV. The opposite would be true for an increase in the value of Sterling.

RISK	DESCRIPTION	MITIGATION
MACROECONOMIC CONTINUED		
8 **INTEREST RATES** ▲ *The Company is monitoring the potential impacts of increased inflation on 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 yields) may 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 rates used to value its investments, the Company generally uses nominal government bond yields to which specific investment risk premia are added to determine the overall discount rates. The investment risk premia may provide a buffer against rising bond yields assuming market demand for investment is sustained. Higher interest rates can often be precipitated by higher inflation expectations, and therefore any inflation-linkage (discussed above) may partly mitigate the effect of interest rate changes.
	Corporate Debt Facility The Company has a CDF 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 adversely impacting on cash flow and the Company's valuation.	In the event that the interest rate increases, the Company has the option of repaying its CDF at any time with minimal notice, providing sufficient funds are available. The CDF remains available to March 2024. The maximum facility is £400 million (including the £150 million 'accordion') compared to a current investment portfolio valuation of c.£2.6 billion.
	Underlying portfolio considerations Changes in interest rates have potential impacts on the portfolio at underlying investee entity level. Portfolio 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 different to that projected. If the Company receives less interest than it projects this will impact cash flows and NAV adversely. Certain assets within the portfolio contain refinancing assumptions. Increases in lending rates available to these projects would have the potential to increase their cost of financing and therefore impact the overall returns from these assets.	As presented in the sensitivity analysis, variations in cash deposit rates have little impact on the Company's NAV. Due to the spread of cash holdings within ring-fenced Special Purpose Vehicles ('SPV') structures and relatively smaller balances in the SPVs, it is not economically feasible to hedge against adverse deposit rate movements. The Company monitors the effect of historical and projected interest rates on its portfolio through its biannual valuation process and reports this to investors. It also provides sensitivities to investors indicating the projected impact on the Company's NAV of a limited number of alternative scenarios, offering investors the ability to anticipate the likely effects of some deposit interest rate scenarios on their investment. The risk of adverse movements in debt interest rates for unhedged debt within regulated entities is limited through protections provided by the regulatory regime, however, the Company may potentially be exposed to interest rate risk on debt outside of the regulatory structure.

CONTINUOUS RISK MANAGEMENT
CONTINUED

RISK	DESCRIPTION	MITIGATION
MACROECONOMIC CONTINUED		
8 **INTEREST RATES** continued	The Company is monitoring the potential impacts of the move away from LIBOR. A number of the portfolio assets contain references to LIBOR within the project contracts.	The third-party loans at investee entity level are typically fully hedged. It is expected that both the loan and the swaps will switch to the new risk-free rate at the same time and therefore the protection against fluctuations in the new risk-free rate will be mitigated as has been the case with LIBOR denominated loan. To date, the Company has made good progress in terms of switching the loans and the related hedging arrangements to the SONIA benchmark as well as obtaining local authority consents where necessary. Synthetic LIBOR may also be available as a fallback mechanism where the loan arrangements do not convert to the new benchmark rate and LIBOR is no longer available.
REGULATION AND COMPLIANCE		
9 **LAW AND REGULATION** *Climate change and the transition to net zero presents increased potential of associated regulatory changes going forward.*	**Change in law or 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 a 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. The possibility remains for there to be changes in law or regulation (including, for example, in relation to climate change or as a result of Brexit) that have the potential to impact costs or obligations of the Company or portfolio projects, which may not be fully capable of mitigation.
	Transition to net zero In 2019, the UK Government committed to the net zero target as recommended by the Climate Change Committee. Reaching net zero Greenhouse Gas ('GHG') emissions requires extensive changes across the economy. Major infrastructure decisions need to be made in the near future. These changes are unprecedented in their overall scale and therefore may impact the use case of a variety of infrastructure including altering the way infrastructure is operated and utilised.	A large portion of the Company's investments are availability-type assets where the cash flows are based on making the asset available in a pre-agreed manner. The cash flows from such investments are largely insulated from changes to the net zero transition. The changes arising from a transition to a low-carbon economy have the potential to be wide-ranging, including adapting to decarbonisation of heat, increased electrification of transportation and other systems previously dependent on fossil fuels, and decarbonisation of construction. It is expected infrastructure will continue to play a key role in the transition to a low-carbon economy. The Company believes the portfolio to be well placed for the transition to net zero.

RISK	DESCRIPTION	MITIGATION
REGULATION AND COMPLIANCE CONTINUED		
10 TAX AND ACCOUNTING *Headline rates of Corporation tax increased in the UK reducing the likelihood of another imminent increase. However, other jurisdictions may look to increase rates in a post-Covid-19 environment.*	**Change in tax rates** Rates of tax, both in the UK and overseas jurisdictions in which the Company operates, may increase in the future if government policy were to change.	The Company typically incorporates changes in tax rates within its forecast cash flows and NAV once substantively enacted, or where there is a reasonable expectation of substantial enactment shortly after the valuation date.
	Change in tax legislation Changes in tax legislation across the multiple jurisdictions in which the Company has investments can reduce returns, impacting on the Company's future cash flow returns and hence valuation (calculated on a discounted cash flow basis). 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. Countries in which the Company invests have been assessing their compliance or otherwise with this guidance.	The Company takes a cautious approach to tax planning. The Board monitors changes in tax legislation and takes advice as appropriate from external, independent, qualified advisers. While 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. The Company's Investment Adviser continues to monitor developments relating to tax reform across the jurisdictions in which the Company has operations. Future legislation in response to the OECD proposals, or changes in approach to existing legislation as a consequence of market practice or updated guidance, continue to have the potential to negatively impact the Company.
CENTRAL OPERATIONS		
11 FINANCIAL FORECASTS	The Company's projections depend on the use of financial models to calculate its future projected investment returns. 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, input, logic, and output errors. Once corrected, such errors may lead to a revision in projected cash flows and thus impact valuation. The financial forecasts of certain operating infrastructure businesses can have more variability than contracted concessions given the wider range of variables that apply and are therefore inherently more difficult to forecast accurately.	The financial models used to generate financial forecasts are generally subject to model audit by external professional service 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 forecasts will be realised, particularly in relation to operational infrastructure businesses where more variables apply. Investments in regulated businesses are considered very long-term, beyond the much shorter regulatory cycles. Valuations of such businesses should take into account robustness of yield and potential for increases in regulated asset base over time.
	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.	Financial models are managed by a dedicated team with a background in financial modelling and experience of managing models in a manner that seeks to minimise the risk of error. Sensitivities are produced for the information of relevant stakeholders and are accompanied by disclaimers and guidance explaining that limited reliance can be placed upon them.

CONTINUOUS RISK MANAGEMENT
CONTINUED

VIABILITY STATEMENT
In accordance with provision 31 of the 2018 revision of the UK Code of Corporate Governance, we have considered the Company's viability as summarised below. Due to the long-term and/or contractual nature of our investments, we have a significant level of confidence over the endurance and longevity of our business; however, it is difficult to assess the regulatory, tax and political environment on a long-term basis. Whilst we consider the valuation of investment cash flows for the purposes of the NAV over a considerably longer period than five years, we view five years as an appropriate timeframe for assessing the Company's viability given these inherent uncertainties.

The viability assessment process is embedded within the Company's annual risk review cycle and involves the following:

1. An Audit and Risk Committee review and assessment of the risks facing the Company. A summary of the review process is detailed on pages 75 to 76;
2. Identification of those principal risks that are deemed more likely to occur and have a potential impact on the Company's viability over the viability period. This exercise has included consideration of: a persistent low inflation rate environment (noting that a high rate environment would typically be positive for the Company's investment cash flows giving linkage of revenues to inflation across many investments); large currency fluctuations impacting on receipts from overseas investments; and the impact from the loss of income from investments (whether due to key subcontractor default, or other assets underperformance).
   We note that a number of risks identified during the risk review process in step one above may have implications for the Company's valuation but may be considered insignificant from a five-year viability perspective;
3. Quantification analysis of the potential impact of those principal risks occurring in isolation and under plausible combined sensitivity scenarios over the viability period;
4. Assessment of potential mitigation strategies to mitigate the potential impact of principal risks over the viability period.
   This exercise has considered the potential to liquidate investments and/or refinance investments if necessary.

The viability assessment is approved by the Board. Following the assessment, the Board has a reasonable expectation that the Company will be able to continue in operation and meet all of its liabilities as they fall due up to March 2027. This assessment is based on the following assumptions which are not within the Company's control:

– No significant changes to government policy, tax, laws and regulations affecting the Company or its investments other than the impacts already factored into future cash flows as part of the 31 December 2021 NAV valuation; and
– Continued availability of sufficient capital and market liquidity to allow for refinancing/repayment of any short-term recourse debt facility obligations as they become due, including in relation to the Company's debt facility which remains available to March 2024.

MIKE GERRARD
CHAIR
23 March 2022

JOHN LE POIDEVIN
DIRECTOR
23 March 2022

SUMMARY OF INVESTMENT POLICY

OVERVIEW

The Company invests in public or social infrastructure assets and related businesses located in the UK, Australia, Europe, North America and other parts of the world where the risk profile meets the Company's risk and return requirements.

The Company has a long-term view and invests in operational and construction phase assets for the life of the asset or concession, or under a licence issued by a regulator unless there is a strategic rationale for earlier realisation. The Company seeks to enhance the capital value and the income derived from its investments to optimise returns for its investors. The Investment Policy is summarised below and available in full at www.internationalpublicpartnerships.com.

INVESTMENT PARAMETERS

Maintaining the performance of the existing portfolio is the Company's key focus. However, it will also seek attractive opportunities to expand its portfolio, including:

- Investments with characteristics similar to the existing portfolio;
- Investments in other assets or concessions or regulated businesses having a public or social infrastructure character with either availability, property rental or user paid payment mechanisms or appropriate regulatory frameworks;
- 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;
- Divestments where an investment is no longer aligned with the Company's investment objectives or where circumstances offer an opportunity to enhance the value of the portfolio.

PORTFOLIO COMPOSITION

The Company will, over the long-term, maintain a spread of investments both geographically and across industry sectors in order to achieve a broad balance of risk in the Company's portfolio. It does not expect to invest in non-OECD countries, unless it can get comfortable with the risk-return profile.

Asset allocation will depend on the maturity of the local infrastructure investment market, wider market conditions and the judgement of the Investment Adviser and the Board on the suitability of the investment from a risk and return perspective. The Company Overview on pages 2 to 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 total assets in any one investment in order to limit the risk of any one investment to the overall portfolio.

As a London Stock Exchange listed company, the Company is also subject to certain restrictions pursuant to the UKLA Listing Rules.

MANAGING CONFLICTS OF INTEREST

Further investments will continue to be sourced by the Investment Adviser, Amber Fund Management Limited. 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 Corporate Governance Report sets out more details on the conflicts, management process.

FINANCIAL MANAGEMENT

The Company may also 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 ('GAV') of the Company's investments and cash balances. The Company has the ability to borrow in aggregate up to 66% of such GAV on a short-term basis (i.e. less than 365 days) if considered appropriate. Details of the Company's CDF can be found on page 29.

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.

BOARD OF DIRECTORS

Details of all Directors of the Company at the date of this report

MIKE GERRARD
Board Chair;
Chair, Investment Committee
Date of appointment:
4 September 2018

JULIA BOND[1]
Chair, Nomination and Remuneration Committee;
Chair, ESG Committee (with effect from 22 March 2021);
Chair, Risk Sub-Committee (until 22 March 2021)
Date of appointment:
1 September 2017

STEPHANIE COXON[1]
Date of appointment:
1 January 2022

BACKGROUND AND EXPERIENCE

Mike Gerrard

A resident in the UK, Mike has over 30 years of financial and management experience in global infrastructure investment.

He has held a number of senior positions, including as an assistant director of Morgan Grenfell plc, a director of HM Treasury Taskforce, deputy CEO and later CEO of Partnerships UK plc and, later, a managing director of Thames Water Utilities Limited.

Mike has a breadth of experience across a range of economic and social infrastructure sectors and has been involved in some of the largest infrastructure projects in the UK. He is a Fellow of the Institution of Civil Engineers.

Julia Bond

A resident in the UK, Julia has 27 years' experience of capital markets in the financial sector and held senior positions within Credit Suisse, including Head of One Bank Delivery and Global Head of Sovereign Wealth funds activity.

Stephanie Coxon

Stephanie is a Fellow of the Institute of Chartered Accountants in England and Wales and is a non-executive director on several London listed companies.

Prior to becoming a non-executive director, Stephanie led the investment trust capital markets team at PwC for the UK and Channel Islands. During her time at PwC, Stephanie specialised in advising FTSE 250 and premium London listed companies on accounting, corporate governance, risk management and strategic matters.

LISTED COMPANY AND OTHER RELEVANT DIRECTORSHIPS

Mike Gerrard

Mike holds no other listed company positions but holds several non-executive positions within boards and committees that oversee the development and delivery of infrastructure investments in the UK and Europe.

Julia Bond

- European Assets Trust ('EAT')
- NED of Foreign, Commonwealth & Development Office and Strategic Command

Stephanie Coxon

- PPHE Hotel Group Limited
- JLEN Environmental Assets Group Limited
- Apax Global Alpha Limited

1 All of the independent directors are members of all Committees with the exception of Mr Gerrard, who is not a member of the Audit and Risk Committee. Mr Frost is a non-independent director.

SALLY-ANN DAVID[1]
Chair, Risk Sub-Committee (with effect from 23 March 2021)
Date of appointment:
10 January 2020

A resident of Guernsey, Sally-Ann has over 35 years of experience in infrastructure projects in the energy sector, including international offshore transmission systems and the challenges of the energy transition.

Having held senior positions within the power utility arena, Sally-Ann is currently the Chief Operating Officer of Guernsey Electricity Ltd. She is a Chartered Engineer and Chartered Director.

- Guernsey Electricity Ltd
- Channel Islands Electricity Grid

Sally-Ann is also a director of a health-related charity.

MERIEL LENFESTEY[1]
Date of appointment:
10 January 2020

A resident of Guernsey, Meriel has 27 years of multi-sector business experience.

With a background in human-centred design for technology, she brings a strategic end-user focus and a broad set of experiences encompassing many sectors and scales of organisation ranging from her own start-ups through global corporations and governmental programmes.

- Bluefield Solar Income Fund Limited

Meriel sits on a number of other commercial boards including Gemserv, Jersey Telecom and Aurigny Air Services and is a committee member for the Guernsey Institute of Directors.

JOHN LE POIDEVIN[1]
Chair, Audit and Risk Committee
Date of appointment:
1 January 2016

A resident of Guernsey, John has over 30 years of business experience.

John is a Fellow of the Institute of Chartered Accountants in England and Wales and a former partner of BDO LLP, where he held a number of leadership roles, including Head of Consumer Markets, where he developed an extensive breadth of experience and knowledge across the real estate, leisure and retail sectors in the UK and overseas.

John is a non-executive director on several plc boards and chairs a number of audit committees.

- BH Macro Limited
- TwentyFour Income Fund Limited
- Super Group (SGHC) Limited

CLAIRE WHITTET[1]
Senior Independent Director; Chair, Management Engagement Committee
Date of appointment:
10 September 2012

A resident of Guernsey, Claire has over 40 years' experience in the banking industry with Bank of Scotland, Bank of Bermuda and Rothschild and Co Bank International, where she was latterly managing director and co-Head until May 2016 when she became a non-executive director. She is also a non-executive director of a number of listed and private equity investment companies, none of which is a trading company.

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

- BH Macro Ltd
- Eurocastle Investment Ltd
- Riverstone Energy Ltd
- TwentyFour Select Monthly Income Fund Ltd
- Third Point Offshore Investors Ltd

GILES FROST
Date of appointment:
2 August 2006

A resident in the UK, Giles is a founder of Amber Infrastructure and has worked in the infrastructure investments sector for over 20 years.

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

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. He does not receive directors' fees from these roles.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors are 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 that is a constituent of the FTSE 250 All-Share Index.

The Board is responsible to shareholders for the overall direction and oversight of the Company, for agreeing its strategy, monitoring its financial performance, and setting and monitoring its risk appetite.

This section describes how the Company is governed. It explains how the Board is organised and operates, including the roles and composition of each of its Committees, and provides details on its Board members and how they are remunerated. As an investment company, the Company has no employees and relies on the advice and expertise of its key suppliers, notably its Investment Adviser, Amber Fund Management Limited ('Amber'). This section therefore also explains the nature of the Company's relationship with the Investment Adviser, and how this is managed, including the remuneration of the Investment Adviser.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES AND REGULATIONS

The Company has a Premium Listing on the London Stock Exchange and, in common with other companies listed on the Exchange, is required to confirm its compliance with (or explain departures from) the UK Corporate Governance Code (the 'UK Code'). This requirement applies regardless of where a company is incorporated. A revised UK Code was issued in July 2018, which applies to accounting periods beginning on or after 1 January 2019 and therefore applies to the Company for the financial year ended 31 December 2021.

The Company is a member of the Association of Investment Companies (the 'AIC'). The Financial Reporting Council (the 'FRC') acknowledges that the AIC Corporate Governance Code issued in February 2019 (the '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. This also applied to accounting periods beginning on or after 1 January 2019.

The GFSC 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 AIC website (www.theaic.co.uk). The UK Code is available from the FRC 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. However, 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 (Principles G and Q of the UK Code) are therefore not applicable.

Although the Company is registered in Guernsey, in accordance with the guidance set out in the AIC code, this Annual Report contains a description of how the Directors have considered matters set out in Section 172 of the UK Companies Act 2006 in relation to stakeholder engagement and the success of the Company. See pages 48 to 49 for more information.

During the year, the Company was subject to EU Regulation (2017/653) ('the Regulation') which deemed it to be a packaged retail and insurance-based investment product ('PRIIPs'). In accordance with the requirements of the Regulation, the Company published and updated its three-page Key Information Document ('KID') on 9 September 2021. The KID is available on the Company's website, www.internationalpublicpartnerships.com/investors, and will continue to be updated at least every 12 months in accordance with the relevant UK PRIIPs regulations in force at the time.

BOARD AND COMMITTEES

The Board sets the strategy for the Company and makes decisions on changes to the portfolio (including approval 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 seven of the eight directors are independent.

BOARD OF DIRECTORS

The Board of Directors currently consists of eight non-executive directors, whose biographies, on pages 64 to 65, demonstrate a breadth of investment and business experience.

The Board consists solely of non-executive directors and, for the period of this report, was chaired by Mr Gerrard, who was responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Board considered that Mr Gerrard was independent upon appointment and remained independent throughout his term of service for the purposes of the AIC Code.

For the purposes of the AIC Code, Mr Frost is not treated as being an independent director, due to his relationship with the Company's Investment Adviser. In accordance with the AIC Code, all other non-executive directors were independent of the Company's Investment Adviser on appointment to the Board and continue to remain so.

BOARD TENURE AND RE-ELECTION

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. All directors offer themselves for re-election on an annual basis. The Board considers its composition and succession planning on an ongoing basis.

In accordance with the AIC Code, when and if any director has been in office (or on re-election would at the end of that term of office have been in 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. Ms Whittet joined the Board on 10 September 2012 and will not be standing for re-election at the forthcoming AGM when she will retire. The Board will then revert to seven Directors.

On 1 January 2022, the Board appointed Ms Coxon as part of its ongoing succession planning. An independent external search agency, OSA, was used for the appointment of Ms Coxon, and the Board can confirm there is no connection with the Company or the Investment Adviser. In addition, the Company can confirm Ms Coxon ceased employment with PwC prior to the audit tender process in 2021 and subsequent appointment of PwC as external auditor of the Company.

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 the Company's mandate, objectives and strategy;
- Strategic matters and financial reporting;
- Board composition and accountability to shareholders;
- Overall 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 shareholder value 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.

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

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. The Board currently has five female directors making the gender balance 63% female and 37% male. Following the forthcoming AGM and Ms Whittet's retirement, the gender balance will be 57% female and 43% male. In addition, post-year end, the Company was listed as one of the FTSE 250's 'Top 10 Best Performers' for gender diversity in the FTSE Women Leaders review 2021.

BOARD REMUNERATION

The Nomination and Remuneration Committee considers matters relating to the Directors' remuneration, taking into account benchmark information (including fees paid to directors of comparable companies). All fees payable to the Directors should also 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.

CORPORATE GOVERNANCE REPORT
CONTINUED

During the latter half of 2021, the Nomination and Remuneration Committee recommended, having considered the Investment Company Non-Executive Directors' Fees Review 2020 report published by Trust Associates, and in line with the recommendations made by Trust Associates in their evaluation of the Company's Board remuneration undertaken in 2018, that Board remuneration be increased annually in line with inflation. In line with the Nomination and Remuneration Committee's desire to conduct an external market review of Director fees every three years, the Board appointed Condign Board Consulting Ltd in early 2022 to conduct this work and their recommendations were also subsequently adopted by the Board.

As a result, the Board resolved to increase Board remuneration with effect from 1 January 2022 as outlined in the table below.

Position	**2022 Fee p.a. £**	2021 Fee p.a. £
Board Chair	**96,600**	87,600
Audit and Risk Committee Chair	**69,500**	59,800
Director (Independent and Non-Independent)	**53,500**	46,400
Senior Independent Director[1]	**3,600**	2,000
Risk Sub-Committee Chair[1]	**3,100**	2,000
Management Engagement Committee Chair[1]	**3,100**	2,000
Nomination and Remuneration Committee Chair[1]	**3,100**	2,000
ESG Committee Chair[1,2]	**5,100**	2,000

1 These are additional fees payable to directors chairing a committee.
2 The ESG Committee was formed on 22 March 2021.

The Chair of the Board is paid a higher fee in recognition of additional responsibilities, as are the Chairs of all the Committees of the Board and the Senior Independent Director.

There are no long-term incentive schemes provided by the Company and no performance fees, or bonuses paid to directors. Any changes to directors' aggregate remuneration are considered at the AGM of the Company.

Director	**2021 Fees £**	2020 Fees £
Mike Gerrard	**87,600**	86,800
Julia Bond	**50,400**	49,900
Stephanie Coxon[1]	**nil**	nil
Sally-Ann David	**48,400**	44,765
Meriel Lenfestey	**46,400**	44,765
John Le Poidevin	**59,800**	59,200
Claire Whittet	**50,400**	49,080
Giles Frost[2]	**46,400**	45,900

1 Ms Coxon was appointed to the Board on 1 January 2022.
2 The emoluments for Mr Frost are paid to his employer Amber Infrastructure Limited, a related company of the Company's Investment Adviser.

Mr Frost is also 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.

In addition to the director fees above, Mr Le Poidevin served as a director to four Luxembourg subsidiary entities of International Public Partnerships and was entitled to fees of £3,000 per entity for the year ended 2021.

DIRECTORS' INTERESTS

Directors, who held office at 31 December 2021, had the following interests in the shares of the Company:

Director	**31 December 2021 Number of Ordinary Shares[1]**	31 December 2020 Number of Ordinary Shares[1]
Mike Gerrard	**159,181**	159,181
Julia Bond	**72,444**	48,372
Stephanie Coxon[2]	**nil**	nil
Sally-Ann David	**30,303**	nil
Meriel Lenfestey	**9,979**	9,979
John Le Poidevin	**160,653**	130,350
Claire Whittet[3]	**76,248**	74,594
Giles Frost[4]	**971,676**	944,109

1 All shares are beneficially held.
2 Ms Coxon was appointed to the Board on 1 January 2022.
3 Holds shares through a Retirement Annuity Trust Scheme jointly with Ms Whittet's spouse.
4 Holds some shares through a personal investment company.

There have been no changes to the holdings of existing directors between 31 December 2021 and the date of this report.

COMMITTEES OF THE BOARD

BOARD

Responsibilities

- **Statutory obligations and public disclosure**
- **Sets overall strategy for investments**
- **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 the Investment Manager and other third party providers
- Review the Company's financial and accounting policies
- Advise the Board on appointment of the external auditor 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
- Review the terms of the Investment Advisory Agreement and recommend any changes considered necessary
- Ensure there are no conflicts of interest between service partners

INVESTMENT COMMITTEE

Delegated responsibilities

- Review investment and divestment proposals, including ensuring that proposals are properly prepared and that the approval process has been followed
- Ensure proposals are compliant with the 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 or divestment and then, assuming the opportunity is approved, authorise the Investment Adviser to enact the transaction

NOMINATION AND REMUNERATION COMMITTEE

Delegated responsibilities

- Undertake annual Board performance evaluation
- Review remuneration of the Board and its Committees
- 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 Chair and Non-Executive Directors
- Conduct induction training for new Board members

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Delegated responsibilities

- Review the Company's ESG policies, principles and standards
- Provide strategic advice to the Board on ESG related matters and policies
- Challenge the implementation of ESG policies through the investment and divestment approval process
- Provide a forum in which the Board and Investment Adviser can discuss and share ideas in relation to evolving ESG related initiatives

CORPORATE GOVERNANCE REPORT
CONTINUED

The Board has established five 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 on the Company's website (www.internationalpublicpartnerships.com). In addition to the Chair of the Board, a Senior Independent Director is appointed as an alternative point of contact for shareholders and leads on matters where it is not appropriate for the Chair to do so.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is comprised of the full Board, with the exception of Mr Gerrard as Board Chair and Mr Frost as the Non-Independent Director. However, Mr Gerrard and Mr Frost routinely attend meetings of the Audit and Risk Committee as observers.

Mr Le Poidevin is the current Chair of the Audit and Risk Committee and Ms David is the current Chair of the Risk Sub-Committee. Ms David was appointed Chair of the Risk Sub-Committee in March 2021, taking over from Ms Bond, who was appointed Chair of the ESG Committee in March 2021.

The duties of the Audit and Risk Committee in discharging its responsibilities are outlined in the Audit and Risk Committee Report.

In respect of its risk management function, the Audit and Risk Committee, through the separately convened Risk Sub-Committee, is also responsible for reviewing the Company's risk management function and framework, in relation to the Investment Policy of the Company including 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 formally reviews the Company's overall approach to risk management on an annual basis and its risk register on at least a quarterly basis. Topics considered during the year can be found in the Audit and Risk Committee Report on pages 74 to 76. The Committee is satisfied that the key risks that could impact the Company and its investments were effectively mitigated and reported upon and were broadly in line with those of the Company's relevant industry peers.

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 Gerrard, as Chair of the Company.

The Committee considers proposals relating to the acquisition and disposal of investments and, if thought fit, approves those proposals. Details of the transactions completed during the period are outlined on pages 16 to 18 of this Annual Report.

MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee is comprised of the full Board, with the exception of Mr Frost as the Non-Independent Director; it is chaired by Ms Whittet. The duties of the Management Engagement Committee in discharging its responsibilities are outlined in the diagram on page 69.

The Management Engagement Committee carries out its review of the Company's advisers through consideration 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.

During the year, the Management Engagement Committee formally reviewed the performance of the Investment Adviser and other key service providers to the Company and no material weaknesses were identified. Overall, the Committee confirmed its satisfaction with the services and advice received.

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; it is chaired by Ms Bond.

The Committee is formally charged by the Board to consider the structure, size, remuneration, skills and composition of the Board. This includes its diversity and inclusion development in line with the Company's responsible investment objective and management of material ESG factors, ensuring diversity is strongly reflected at Board level as outlined on page 67. It also oversees the appointment and reappointment of directors, taking into account the expertise and diversity of the candidates and their independence (see pages 66 to 67 for more detail on the Committee).

In accordance with the Corporate Governance Code required for listed companies of the premium segment of the London Stock Exchange, the Company undertakes an externally facilitated evaluation every three years. The last review was undertaken in the later part of 2020 and its recommendations implemented during 2021. In 2021, the Nomination and Remuneration Committee undertook an internal evaluation of the performance of the Board and Chair.

Each Director was asked to provide written feedback regarding the performance of the Board as a whole and the Chair set against a range of best practice corporate governance criteria. A report of this feedback was considered by the Nomination and Remuneration Committee. No material issues were identified by the Directors regarding the performance of the Board and Chair. An external review of the performance of the Board and its Committees is planned to take place again during 2023.

ESG COMMITTEE

The ESG Committee was formed on 22 March 2021. It is comprised of the full Board and is chaired by Ms Bond.

The ESG Committee meets at least twice a year and supports the Board in managing the Company's ESG performance and provides a forum for mutual discussion and challenge on ESG policies with respect to investments and divestments.

BOARD AND COMMITTEE MEETING ATTENDANCE

The full Board meets at least four times per year and in addition there is regular additional 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.

The table below lists Directors' attendance at Board and Committee meetings during the year[1]. In addition, during the year, six ad hoc Board meetings and two Board Committee meetings[2] took place to finalise matters that had been approved in principle at full meetings of the Board.

Directors	Quarterly Board	Audit and Risk Committee	ESG Committee	Investment Committee	Management Engagement Committee	Nomination and Remuneration Committee
Maximum number	4	5	4	2	1	2
Mike Gerrard	4	5	4	2	1	2
Julia Bond	4	5	4	2	1	2
Sally-Ann David	4	5	4	2	1	1
Meriel Lenfestey	4	5	4	2	1	2
John Le Poidevin	4	5	4	2	1	2
Claire Whittet	4	5	4	2	1	2
Giles Frost[3]	4	n/a	4	n/a	n/a	n/a

1 Ms Coxon was appointed to the Board on 1 January 2022 and therefore did not attend any Board or Committee meetings over the course of 2021.
2 Board Committee meetings are formed of any two or more members of the Board and do not require full attendance. All members of the Board are appraised of the matters to be discussed at the Committee meeting and have the opportunity to raise questions to the Board Chair, Investment Adviser or other advisers, as required.
3 Mr Frost is not a member of the Audit and Risk Committee, Management Engagement Committee, Nomination and Remuneration Committee or the Investment Committee. While Mr Frost attended the majority of ad hoc Board and Committee meetings, as these meetings considered recommendations from the Investment Adviser, his presence does not count towards the quorum so has been excluded from this tally.

The Board has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Board confirms that it believes it has an appropriate mix of skills and backgrounds, that a majority of directors should be considered as independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

Notwithstanding that a number of the independent directors sit on the boards of other listed companies, the Board noted that these individuals are exclusively non-executive directors and that listed investment companies generally require less day-to-day responsibility and time commitment than trading companies. Furthermore, the Board noted that attendance of all Board and Committee meetings during the year is high by all Directors and that each Director has always shown the time commitment necessary to fully and effectively discharge their duties as a director.

Accordingly, the Board recommends that shareholders vote in favour of the re-election of all Directors at the forthcoming AGM. As Ms Whittet will be retiring from the Board, she will not be recommended in favour of re-election at the 2022 AGM. Please refer to page 67 outlining the Board's approach to diversity and re-election.

CORPORATE GOVERNANCE REPORT

CONTINUED

RELATIONSHIP WITH ADMINISTRATOR AND COMPANY SECRETARY

Ocorian Administration (Guernsey) Limited ('Ocorian') acts as Administrator and Company Secretary and is responsible to the Board under the terms of the Administration Agreement. Noting that final responsibility lies with the Board, the Administrator ensures compliance with Guernsey Company Law, London Stock Exchange listing requirements, the regulatory requirements of the Guernsey Financial Services Commission, anti-money laundering regulations, corporate governance best practice 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 as referred to on page 71.

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 ('IAA'), Amber Fund Management Limited (a member of the Amber Infrastructure Group Holdings Limited group of companies) acts as Investment Adviser to the Company to review and monitor current investments and to advise the Company in relation to strategic management of the investment portfolio.

CONTRACTUAL ARRANGEMENTS AND FEES

The IAA allows for the provision of investment advisory and certain other financial services to the Board. In return, the Investment Adviser receives fees based on the GAV and composition of the investment portfolio as well as a contribution to expenses. The annual base fees are detailed in note 17 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 the GAV of the portfolio;
  - 1.0% for that part of the portfolio that exceeds £750 million in GAV but is less than £1.5 billion;
  - 0.9% for that part of the portfolio that exceeds £1.5 billion in GAV but is less than £2.75 billion;
  - 0.8% per annum where GAV value exceeds £2.75 billion.

In addition, the GAV excludes uncommitted cash from capital raisings.

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 IAA was renegotiated in 2013 and has a 10-year fixed term with a five-year notice period. The Board considers that, given the long-term nature of the Company's investments, 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. 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 the flexibility to remove the Investment Adviser.

The Investment Adviser is also entitled to receive an asset origination fee of 1.5% of the value of new investments acquired by the Company. 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.

Cash receipts from capital raisings and tap issuances are not included in the GAV for the purposes of the calculation of base fees until such receipts are invested for the first time.

INVESTMENT APPROVAL PROCESS

As outlined above, the Investment Committee, comprised of independent directors of the Company, make decisions with respect to new investments or divestments 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 it makes 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 and overleaf 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. The Company's Board has a majority of independent members and a Chair 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. For more detail on the features of this procedure please refer to the Company's latest prospectus available on the website: www.internationalpublicpartnerships.com.

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 Investment 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.

This process, which covers the Company and its consolidated subsidiaries and therefore the consolidated group taken as a whole, is outlined in further detail in the Risk Report found on pages 50 to 62.

RELATIONS WITH SHAREHOLDERS

The Board places great importance on communication with shareholders and encourages shareholders to share their views. 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 Board Chair and other Directors, including the Senior Independent Director, are happy to make themselves available to meet shareholders as required.

Despite the challenges presented by Covid-19, the Investment Adviser, on behalf of the Company, has maintained an active investor engagement programme. During the year, the Company's Results Presentations and day-to-day investor relations' activities moved online with limited impact on the overall programme. During 2021, the Investment Adviser and members of the Board held formal meetings with over 185 shareholders in addition to more informal interaction, including other forms of correspondence. The Company also maintained an active programme of sell-side engagement and 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 AGM of the Company usually provides a forum for shareholders to meet and discuss issues with the Directors and with the Investment Adviser of the Company. As a result of Covid-19, the Company encouraged shareholders to submit proxy forms in respect of the AGM and to appoint the chair of the meeting as their proxy and vote on the shareholders' behalf as they would not be permitted to attend in person due to Covid-19 restrictions. It is the Board's policy to publish the results of the voting at the AGM via the Regulatory News Service ('RNS') at the completion of the meeting.

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's website (www.internationalpublicpartnerships.com) enables investors to easily find publicly disclosed documents including Annual Reports and RNS announcements, together with additional background information on its assets and corporate practice. Investors can register to receive notifications (via email) of RNS announcements that 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 Key Contacts).

The Audit and Risk Committee (the 'Committee' for the purposes of this Annual Report) is an essential part of the Company's governance framework. The Board has delegated oversight of the Company's financial reporting, internal controls, compliance and external audit to the Committee. 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 (www.internationalpublicpartnerships.com).

The Committee is chaired by Mr Le Poidevin. Ms Bond led responsibility for risk within the Risk Sub-Committee until March 2021, whereupon Ms David was appointed Chair of the Risk Sub-Committee. An overview of the Committee's work during the year and details of how the Committee has discharged its duties are set out overleaf.

AUDIT AND RISK COMMITTEE REPORT

COMMITTEE MEETINGS

The Committee meetings during the year were attended by the Investment Adviser and Administrator by invitation. A representative of the Company's external auditor also attended those meetings where the annual audit cycle, the Annual Report and financial statements and the half-yearly financial report were considered.

All Committee members are considered to be appropriately experienced to fulfil their role, having significant, recent and relevant financial experience in line with the Corporate Governance Code. Biographies of the Committee members can be found on pages 64 to 65.

COMMITTEE AGENDA

The Committee's agenda during the year included:

– Review of the Company's risk profile, specific risks and mitigation practices, with a special focus on emerging risks including climate change;
– Review of the effectiveness of the Company's systems of internal control;
– Review of the regulatory environment within which the Company operates;
– Review of the Annual Report and financial statements and half-yearly financial report and matters raised by management and the external auditors (including significant financial reporting judgements and estimates therein);
– Review of the appropriateness of the Company's accounting policies;
– Consideration and challenging of the draft valuation of the Company's investments prepared by the Investment Adviser and recommendations made to the Board on the appropriateness of the portfolio valuation;
– Review of the effectiveness, objectivity and independence of the external auditors, and the terms of engagement, cost effectiveness and the scope of the audit;
– Overseeing transition of the Company's auditor;
– Approving the external auditor's plan for the current year end; and
– Review of the policy on the provision of non-audit services by the external auditor.

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 Annual Report and financial statements, the half-yearly financial report and interim quarterly updates prior to approval by the Board and advised the Board with respect to meeting the Company's financial reporting obligations. The Committee reviewed the Company's accounting policies and practices, including approval of critical accounting policies; consideration of the appropriateness of significant judgements and estimates; and advising the Board as to its views on whether the Annual Report and financial statements, taken as a whole, was fair, balanced and understandable.

The Committee considered the most significant accounting judgement exercised in preparing the consolidated financial statements to be the basis for determining the fair value of the Company's investments, as detailed below.

Fair Value of Investments

The Company's investments are typically in unlisted securities, including shares and debt, 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 Directors' valuation of investments.

Valuations are prepared by the Investment Adviser and the methodology requires a series of judgements to be made, as explained in note 11 to the financial statements. The valuation process and methodology were discussed with the Investment Adviser regularly during the year. Key areas of focus subject to challenge were also discussed with the auditor as part of the year end audit planning and interim review processes. The Committee challenged the Investment Adviser on the year end Fair Value of Investments as part of its consideration of the audited statements.

During the year, 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. Minor changes were made in the year to the approach taken in applying foreign exchange rates when converting non-GBP cash flows as part of the valuation process, with immaterial overall impact. The Investment Adviser confirmed that, other than these changes, the valuation methodology has been applied consistently with prior years. The Committee also reviewed and challenged the valuation assumptions (reasonableness of underlying cash flows, discount rates, interest rates, foreign exchange rates, inflation rates and tax rates).

The Committee scrutinised the quality and findings of the external auditor in relation to their audit of the valuations, including its assessment of management's underlying cash flow projections and assumptions; macroeconomic assumptions; and discount rate methodology and output. The auditor confirmed no material adjustments were proposed.

The Committee concluded that a consistent valuation methodology has been applied throughout the year and any forecast assumptions applied were appropriate.

Revenue recognition

The Committee has considered the risk of inappropriate accounting recognition of revenue to be a relatively low risk given the nature of the Company's activities.

Internal controls over financial reporting

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

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

Fair, balanced and understandable

The Committee seeks to establish arrangements to ensure fair, balanced and understandable reporting. The Committee engaged in extensive dialogue with management throughout the year and considered the interim and annual financial statements, as well as quarterly updates and reports prepared by management of the Investment Adviser. Following review of the Company's 2021 Annual Report and financial statements, the Committee 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.

EXTERNAL AUDITOR

The Committee recommended to the Board the scope and terms of engagement of the external auditor. The Committee considered auditor objectivity and independence, audit tenure, audit tendering and auditor effectiveness, as detailed below.

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, mindful of the ethical standards for auditors and auditor independence.

Under the Company's policy for non-audit services, there is a list of permitted services for which the external auditor may be engaged, where the Committee considers that the provision of such services would not necessarily impact its independence. Potential services to be provided by the external auditor with an expected value of up to £50,000, and which are permitted by the policy, must be pre-approved by the Chair of the Committee; any services above this value require pre-approval by the full Audit and Risk Committee. Non-audit fees represented 13% of total audit fees during the period under review, relating only to the half-yearly review. PwC undertook its standard independence and objectivity procedures in relation to non-audit engagements and confirmed compliance with these to the Committee. Further details on the amounts of non-audit fees paid to the auditor are set out in note 7 to the financial statements. These were reported to us and were not considered to be a significant risk impacting the objectivity and independence of PwC as external auditor.

Review of auditor effectiveness

The Committee performs an annual review of the objectivity, quality and effectiveness of the audit, with consideration where appropriate given to FRC Audit Quality Inspection Reports and FRC Practice Aid guidance. The Committee conducted an in-depth review in 2021 of the auditor's performance and the Committee was satisfied in this regard. 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 Company's financial statement risks, and review of the audit findings report. In accordance with the relevant Corporate Governance Code principles, the Committee will continue to review the effectiveness of the external auditor in line with best practice.

Review of auditor's remuneration

The Committee carried out a benchmarking exercise of the proposed audit fees for 2021, by carrying out a formal tendering exercise, discussed further overleaf.

AUDIT AND RISK COMMITTEE REPORT
CONTINUED

Audit tendering and tenure
The Committee annually considers the reappointment of the external auditor, including rotation of the audit partner. The external auditor is required to rotate the audit partner responsible for the Group audit every five years and the year to 31 December 2021 was the first year for John Luff, the current lead audit partner.

During the year to 31 December 2021, following a formal tender of its audit in line with best practice and continued audit quality, the Company transitioned its audit to PwC. The Board initiated a formal tender process in late 2019 with a longlist of suitable audit firms approached. Following an initial dialogue and screening process, shortlisted firms were formally invited to tender for the audit of the Company. Formal tender proposals from participating firms and meetings with the Board of Directors took place during the year 2020. The key criteria considered by the Audit Committee in reaching its tender decision included those of audit quality, infrastructure audit and valuation experience, audit approach, potential for added value, and fees. Following a comprehensive assessment process, PwC was selected as the preferred firm and, following approval at the AGM, assumed the role of the Company's auditor for financial periods beginning 2021. A detailed transition plan was agreed, with all parties working closely to ensure an efficient and effective transition.

RISK MANAGEMENT
During the year, the Committee continued to ensure that the Company's risk management framework and processes remained effective in managing the Company's risks. Areas of note for the year are discussed below. A review of significant developments relating to the Company's risks arising in the year can be found in the Risk Management section of this report, starting on page 50.

Viability assessment
The Committee carried out a robust assessment of the principal and emerging risks facing the Company with a view to identify risks which may impact the Company's viability. Detailed stress tests, including an impact assessment on the Company's forecasted cash flows, showed significant resilience in the Company's ability to remain viable. The results of the risk assessment process are detailed in the Viability Statement on page 62.

External controls review
During the year an independent external review of the Company's controls framework in relation to bank payments, supplier procurement and systems security was commissioned. The review is currently ongoing, and further details will be provided in the Company's half-year Interim report later in the year.

Climate change
The Committee continued to strengthen the Company's approach to managing climate change risk. During the year, continued improvements were made to embed climate change further in the reporting and risk management process. Further details can be found in the Responsible Investment section from page 38, and in the review of principal and emerging risks, from page 53.

REGULATORY AND TAX ENVIRONMENT
The Committee received regular reports from the Administrator and Investment Adviser on regulation and regulatory developments. The Company continues to maintain compliance with the requirements of the Common Reporting Standard, the Retail distribution of unregulated collective investment schemes (regulation which the Company remains excluded from), the UK Criminal Finance Act 2017, AIFMD, The Foreign Account Tax Compliance Act ('FATCA'), and UK Packaged Retail and Insurance-based Investment Products (EU Exit) Regulations 2019 as amended ('UK PRIIPs').

FOCUS FOR 2022
The Company will continue to focus on the impacts arising from the Covid-19 pandemic, keep focus on regular and routine matters, as well as continuing to monitor any political, tax and regulatory developments in its applicable geographies.

JOHN LE POIDEVIN
CHAIR, AUDIT AND RISK COMMITTEE
23 March 2022

DIRECTORS' REPORT

INTRODUCTION

The Directors present their Annual Report on the performance of the Company and Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The Company is a limited liability, Guernsey-incorporated and domiciled, authorised closed-ended investment company under Companies (Guernsey) Law, 2008. The Company's 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 Chair's Letter and Strategic Report contain a review of the business during the year. A Corporate Governance Report is provided on pages 63 to 79.

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 2021, 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
Tilney Smith & Williamson	5.01	85,524,350	11 October 2021

There have been no additional notices between 31 December 2021 and the date of this report.

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 24 May 2022. The Company will seek to renew such authority at the AGM to take place on 25 May 2022. 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). No such shares were bought back by the Company during the prior year. Up to 10% of the Company's shares may be held as treasury shares.

DIRECTORS' REPORT
CONTINUED

GOING CONCERN
The Company and Group's business activities, together with the factors likely to affect the Company's future development, performance and position, are set out in the Strategic Report on pages 4 to 62. The financial position, cash flows, liquidity position and borrowing of the Company and Group are described in the financial statements on pages 87 to 111.

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 Company (and consolidated subsidiaries) have adequate resources to continue in operational existence for the 15-month going concern assessment review period, and at least 12 months from the approvals of these financial statements.

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

DIRECTOR DECLARATION
Each person 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 external 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.

MIKE GERRARD
CHAIR
23 March 2022

JOHN LE POIDEVIN
DIRECTOR
23 March 2022

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 UK adopted international accounting standards, of the state of affairs of the Company and its consolidated subsidiaries (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 accepts 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 UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Group; and
- The Annual Report and financial statements 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 it to be fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

MIKE GERRARD
CHAIR
23 March 2022

JOHN LE POIDEVIN
DIRECTOR
23 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of International Public Partnerships Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with UK-adopted international accounting standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

WHAT WE HAVE AUDITED

The Group's consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the Group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

OVERVIEW

AUDIT SCOPE

- The Company is a closed-ended investment company, incorporated in Guernsey, whose ordinary shares are admitted to trading with a premium listing on the Main Market of the London Stock Exchange;
- Following a formal audit tender the Company changed its auditor during 2021, this is therefore the first year we are serving as the appointed independent auditor of the Company;
- The Group comprises both consolidated and unconsolidated entities. As disclosed under note 1 to these consolidated financial statements, the Company meets the definition of an 'investment entity' in accordance with IFRS 10 'Consolidated Financial Statements' and therefore accounts for its subsidiaries, with the exception of certain subsidiaries that are not themselves investment entities, at fair value through profit or loss under IFRS 9 'Financial Instruments'. The Company only consolidates those subsidiaries that are not themselves investment entities and whose main purpose is to provide services relating to the Company's investment activities;
- We conducted our audit of the consolidated financial statements in Guernsey principally, using the consolidated financial information and supporting documentation provided by Amber Fund Management Limited ("Amber") and Ocorian Administration (Guernsey) Limited ("Ocorian"); both of whom the board of directors have delegated the provision of certain functions to; and
- We tailored the scope of our audit, and structured our audit team to incorporate support from our PwC valuation experts, taking into account the nature and industry sector of the assets held within the investment portfolio; the involvement of third parties referred to above and the accounting processes and controls.

KEY AUDIT MATTERS

- Risk of fraud in revenue recognition
- Fair value measurement of investments at fair value through profit or loss

MATERIALITY

- Overall Group materiality: £63.2 million based on 2.5% of equity attributable to equity holders of the parent (i.e. net asset value)
- Performance materiality: £47.4 million

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, and we considered the risk of climate change and the potential impact thereof on our audit approach. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
RISK OF FRAUD IN REVENUE RECOGNITION Interest income of £81.9 million and dividend income of £45.2 million, as reflected in the consolidated statement of comprehensive income and note 4, are measured in accordance with the stated accounting policies. We considered the risk that management may seek to manipulate revenue in order to report the desired level of return to investors, to be a significant audit risk, and accordingly this has been reported as a key audit matter.	We assessed the accounting policies in relation to the recognition of interest and dividend income for compliance with the financial reporting framework and checked that revenue has been recognised in accordance with the stated accounting policies. We understood and evaluated the internal control environment in place at the Group around the recognition of interest and dividend income. We performed the following substantive audit procedures to test revenue and check for any indication of fraudulent manipulation: – On a sample basis, we agreed dividend income recognised to the relevant supporting documentation, including dividend notices or board approvals, and traced the cash receipts to the Group's bank statements. For the sample of dividends received from UK entities, we considered whether these have been paid from sufficient distributable reserves and are therefore valid distributions; – On a sample basis, we recalculated interest income based on the contractual agreements in place; – Furthermore, we considered whether the interest and dividends in our sample testing described above had been recorded in the correct financial year. We obtained further evidence over cut off and the recording of dividend income in the correct financial year through our audit work performed over investment valuation, specifically in relation to our 'lookback' testing in which we compared the actual vs forecast cash flows and investigated variances exceeding an established threshold; and – We included specific consideration of any unusual journals impacting revenue within our journals testing. We have not identified any matters to report to those charged with governance in relation to the risk of fraud in revenue recognition.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

CONTINUED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

FAIR VALUE MEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
The investment portfolio, valued at £2.6 billion at year end as reflected in the consolidated balance sheet and note 11, comprises investments in infrastructure companies which largely generate long-term predictable cash flows.
 	
The valuation of the Group's investment portfolio involves complexity and subjective management judgements and estimates. The magnitude of the amounts involved means that there is the potential for material misstatement.
 	
Since the driver of the Group's value is the valuation of the investment portfolio, this is the area of focus for stakeholders and a significant audit risk area, and accordingly this has been reported as a key audit matter.
	We assessed the investment valuation accounting policy for compliance with the accounting framework and best practice, and we checked that the investment valuations are measured in accordance with the stated policy.
	
	We understood and evaluated the Group's processes, internal controls and methodology applied in determining the fair value of the investment portfolio in tailoring our audit approach.
	
	We tested the key controls in relation to the review and approval of the significant assumptions impacting the valuation models (including macroeconomic assumptions and discount rates), as well as the quarterly performance and actual vs forecast distribution variance analysis and certain investment model review controls.
	
	We performed the following substantive procedures:
	– We assessed the appropriateness of the key assumptions (i.e. macroeconomic assumptions, discount rates, terminal value assumptions) which impact the entire investment portfolio, with the support of our valuation experts as described below;
	– We obtained the overall fair value reconciliation of opening to closing fair value from management and corroborated significant fair value movements during the year, thereby assessing the reasonableness and completeness of the movement in fair value for the year;
	– We stratified the portfolio based on the nature of the underlying assets and performed a 'look back' comparison of the forecast vs actual cash flows for the current financial year for each stratification category. This testing was supplemented with a risk-based assessment performed to identify, and investigate, investments deemed to be at a higher risk of suffering an adverse valuation impact as a result of Covid-19 and climate change related risk exposure;
	– We performed detailed testing over a sample of models and significant inputs for the selected sample of investments, selected via risk and value-based targeted sampling, which comprised 65% of the investment portfolio by value. This testing entailed challenging key inputs in the models and obtaining appropriate supporting documentation and evidence; and
	– With the support of our PwC valuation experts, we checked and challenged the significant assumptions made by management in valuing the risk-based selected sample of assets, as well as performed a sensitivity analysis of significant subjective assumptions and checked the reasonableness of the overall valuation of these assets with reference to comparable market transactions and our experts' market knowledge. With further support from our valuation experts, we considered the reasonableness of the overall portfolio valuation with reference to our industry understanding and assessment of the fair value analysis prepared by Amber on behalf of, and subject to the review and approval of, the Directors.
	– Further substantive tests performed over the risk and value-based sample of investments included:
	  – Back testing comparison of the forecast vs actual cash flows for the current financial year earned on each individual asset in the sample; and
	  – Utilisation of a software tool to test the model integrity for each individual asset selected in our sample.
	– In addition to the controls testing and substantive testing performed over the entire portfolio, as detailed above, we performed a risk-based year on year variance analysis to identify, and investigate, any unusual movements within the remaining 35% of the portfolio.
	– Finally, for a sample of investments, to test ownership and existence we obtained third party evidence of investment holdings and checked whether the details obtained corroborated or contradicted the records held by the Group and those used for investment valuation purposes.
	
	We have not identified any matters to report to those charged with governance in relation to the fair value measurement of Investments at fair value through profit or loss.

HOW WE TAILORED THE AUDIT SCOPE

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

We have considered whether the consolidated subsidiary entities included within the Group comprise separate components for the purpose of our audit scope. However, we have taken account of the Group's financial reporting system and the related controls in place at Ocorian and Amber, and based on our professional judgement have tailored our audit scope to account for the Group's consolidated financial statements as a single component.

MATERIALITY

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

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

Overall group materiality	£63.2 million.
How we determined it	2.5% of the equity attributable to equity holders of the parent (i.e. net asset value).
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £47.4 million for the Group financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £3.2 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

REPORTING ON OTHER INFORMATION

The other information comprises all the information included in the Annual Report and Financial Statements (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon.

The Directors are responsible for the other information which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

CONTINUED

RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDIT RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with UK-adopted international accounting standards, the requirements of Guernsey law and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

COMPANY LAW EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The Company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the Company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the continuous risk management section, the corporate governance report, the audit and risk committee report, the Directors' report and the Directors' responsibilities statement, is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the Group and its environment obtained in the course of the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

CONTINUED

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

OTHER MATTER – PREDECESSOR AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another firm of auditors whose report, dated 24 March 2021, expressed an unmodified opinion on those statements.

OTHER MATTER – ESEF

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

JOHN LUFF
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
23 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	Notes	**Year ended 31 December 2021 £'000s**	Year ended 31 December 2020 £'000s
Interest income	4	**81,930**	81,204
Dividend income	4	**45,247**	42,822
Net change in investments at fair value through profit or loss	4	**34,626**	(27,731)
Total investment income		**161,803**	96,295
Other operating income/(expense)	5	**3,560**	(3,326)
Total income		**165,363**	92,969
Management costs	17	**(26,173)**	(25,888)
Administrative costs		**(2,281)**	(1,825)
Transaction costs	6, 17	**(3,896)**	(286)
Directors' fees		**(393)**	(416)
Total expenses		**(32,743)**	(28,415)
Profit before finance costs and tax		**132,620**	64,554
Finance costs	8	**(3,453)**	(3,797)
Profit before tax		**129,167**	60,757
Tax credit/(charge)	9	**44**	(44)
Profit for the year		**129,211**	60,713
Earnings per share			
From continuing operations			
Basic and diluted (pence)	10	**7.78**	3.76

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 (2020: nil). The profit for the year represents the Total Comprehensive Income for the year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital and share premium £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 January 2021		**1,769,582**	**182,481**	**432,373**	**2,384,436**
Profit for the year and total comprehensive income		**–**	**–**	**129,211**	**129,211**
Issue of ordinary shares	15	**140,629**	**–**	**–**	**140,629**
Issue costs applied to new shares	15	**(1,362)**	**–**	**–**	**(1,362)**
Dividends in the year	15	**–**	**–**	**(124,114)**	**(124,114)**
Balance at 31 December 2021		**1,908,849**	**182,481**	**437,470**	**2,528,800**

YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital and share premium £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 January 2020		1,753,840	182,481	488,918	2,425,239
Profit for the year and total comprehensive income		–	–	60,713	60,713
Issue of ordinary shares	15	15,742	–	–	15,742
Dividends in the year	15	–	–	(117,258)	(117,258)
Balance at 31 December 2020		1,769,582	182,481	432,373	2,384,436

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 £'000s	31 December 2020 £'000s
Non-current assets			
Investments at fair value through profit or loss	11	**2,579,434**	2,345,433
Total non-current assets		**2,579,434**	2,345,433
Current assets			
Trade and other receivables	11, 13	**57,378**	42,188
Cash and cash equivalents	11	**56,090**	44,263
Derivative financial instruments	11	**2,713**	268
Total current assets		**116,181**	86,719
Total assets		**2,695,615**	2,432,152
Current liabilities			
Trade and other payables	11, 14	**10,597**	9,316
Bank loans	8, 11	**–**	38,400
Total current liabilities		**10,597**	47,716
Non-current liabilities			
Bank loans	8, 11	**156,218**	–
Total non-current liabilities		**156,218**	–
Total liabilities		**166,815**	47,716
Net assets		**2,528,800**	2,384,436
Equity			
Share capital and share premium	15	**1,908,849**	1,769,582
Other distributable reserve	15	**182,481**	182,481
Retained earnings	15	**437,470**	432,373
Equity attributable to equity holders of the Parent		**2,528,800**	2,384,436
Net assets per share *(pence per share)*	16	**148.2**	147.1

The financial statements were approved by the Board of Directors on 23 March 2022.

They were signed on its behalf by:

MIKE GERRARD
CHAIR
23 March 2022

JOHN LE POIDEVIN
DIRECTOR
23 March 2022

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2021

	Notes	**Year ended 31 December 2021 £'000s**	Year ended 31 December 2020 £'000s
Profit before tax in the Consolidated Statement of Comprehensive Income[1]		**129,167**	60,757
Adjusted for:			
(Gain)/loss on investments at fair value through profit or loss	4	**(34,626)**	27,731
Finance costs[2]	8	**3,453**	3,797
Fair value movement on derivative financial instruments	5, 11	**(2,445)**	3,894
Working capital adjustments			
(Increase) in receivables		**(13,431)**	(13,349)
Increase/(decrease) in payables		**1,282**	(1,155)
Income tax (paid)/received[3]		**(105)**	2,533
Net cash inflow from operations[4]		**83,295**	84,208
Investing activities			
Acquisition of investments at fair value through profit or loss	12	**(252,725)**	(29,984)
Net repayments from investments at fair value through profit or loss		**53,350**	39,464
Net cash (outflow)/inflow from investing activities		**(199,375)**	9,480
Financing activities			
Proceeds from issue of shares net of issue costs		**133,638**	–
Dividends paid	15	**(118,485)**	(101,516)
Finance costs paid[2]		**(4,825)**	(4,170)
Loan drawdowns[2]		**178,215**	29,544
Loan repayments[2]		**(60,397)**	(19,000)
Net cash inflow/(outflow) from financing activities		**128,146**	(95,142)
Net increase/(decrease) in cash and cash equivalents		**12,066**	(1,454)
Cash and cash equivalents at beginning of year		**44,263**	45,610
Foreign exchange (loss)/gain on cash and cash equivalents		**(239)**	107
Cash and cash equivalents at end of year		**56,090**	44,263

1 Includes interest received of £70.0 million (December 2020: £66.7 million) and dividends received of £45.2 million (December 2020: £42.8 million).
2 These cash flows represent the changes in liabilities arising from financing liabilities during the period in accordance with IAS 7, 44A-E.
3 Includes cash flows received from unconsolidated subsidiary entities in respect of surrender of tax losses.
4 Net cash flows from operations above are reconciled to net operating cash flows before capital activity* as shown in the Strategic Report on pages 29 to 30.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION

International Public Partnerships Limited is a closed-ended authorised investment company incorporated in Guernsey under the Companies (Guernsey) Law, 2008. The address of the registered office is given on the inside back cover. The nature of the Group's ('Parent and consolidated subsidiary entities') operations and its principal activities are set out on pages 4 to 5.

These financial statements are presented in pounds Sterling as this is the currency of the primary economic environment in which the Group 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 UK-adopted International Accounting Standards ('IFRS'), applicable legal and regulatory requirements of Guernsey, and the Listing Rules of the UK Listing Authority. These 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 Company voluntarily transitioned to UK-adopted International Accounting Standards ('IAS') on 1 January 2021, following the UK's departure from the EU, and reflecting the Company's place of listing on the London Stock Exchange. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The new and revised standards and interpretations becoming effective in the period have had no material impact on the accounting policies of the Group.

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

a) Obtains funds from one or more investor(s) for the purpose of providing those investor(s) with investment management services;
b) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) 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, and that are not themselves investment entities. Subsidiaries that do not provide investment-related services are required to be measured at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

GOING CONCERN

The Directors have reviewed cash flow forecasts prepared by management. Based on those forecasts, consideration of the Group's operating costs and obligations as well as capital commitments, and an assessment of the Group's committed banking facilities, it has been considered appropriate to prepare these consolidated 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 £56.1 million as at 31 December 2021. The Company continues to fully cover operating costs and distributions from underlying cash flows from investments. The Company has access to a corporate debt facility of £250 million on a fully committed basis, and a flexible 'accordion' component which, subject to lender consent, allows for a future extension by an additional £150 million. At the date of this report, approximately £85 million of the fully committed portion remains available. A £20 million portion of the facility is available to be utilised for working capital purposes. The facility is forecast to continue in full compliance with the associated banking covenants. The facility is available for investment in new and existing assets until March 2024.

ACCOUNTING POLICIES

The same accounting policies, presentation and methods of computation are followed in this set of financial statements as applied in the previous financial year. The new and revised IFRS and interpretations becoming effective in the period have had no material impact on the accounting policies of the Group. Note 20 sets out a comprehensive listing of all new standards applicable from 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
CONTINUED

2. CRITICAL JUDGEMENTS AND ESTIMATES
INVESTMENT ENTITY
In the judgement of the Directors, International Public Partnerships Limited has been accounted for as an investment entity as defined by IFRS 10, further details of which are given in note 1, Basis of preparation.

FAIR VALUATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
Fair values are a critical estimate and 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, relevant long-term government bond yields, specific investment risks and evidence of recent transactions are considered. Details of the valuation process and key sensitivities are provided in note 11.

3. SEGMENTAL REPORTING
Based on a review of information provided to the chief operating decision makers of the Group (determined to be the Board), the Group has identified four operating and reportable segments based on the geographical risk associated with the jurisdictions in which it operates. The factors used to identify the Group's operating and reportable segments are centered on the risk-free rates and the maturity of the infrastructure sector 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 operating and reportable segments being UK, Europe (excl. UK), North America and Australia.

	Year ended 31 December 2021				
	UK £'000s	Europe (Excl. UK) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	**99,428**	**8,487**	**7,111**	**12,151**	**127,177**
Fair value gain/loss on investments	**28,840**	**(2,839)**	**1,979**	**6,646**	**34,626**
Total investment income	**128,268**	**5,648**	**9,090**	**18,797**	**161,803**
Reporting segment profit[1]	**92,142**	**7,803**	**8,868**	**20,398**	**129,211**
Segmental financial position					
Investments at fair value	**1,947,001**	**313,241**	**105,931**	**213,261**	**2,579,434**
Current assets	**116,181**	**–**	**–**	**–**	**116,181**
Total assets	**2,063,182**	**313,241**	**105,931**	**213,261**	**2,695,615**
Total liabilities	**(166,815)**	**–**	**–**	**–**	**(166,815)**
Net assets	**1,896,367**	**313,241**	**105,931**	**213,261**	**2,528,800**

1 Reporting segment results are stated net of operational costs including management fees.

3. SEGMENTAL REPORTING CONTINUED

	Year ended 31 December 2020				
	UK £'000s	Europe (Excl. UK) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	95,371	7,723	8,494	12,438	124,026
Fair value gain/loss on investments	(20,364)	(24,777)	1,021	16,389	(27,731)
Total investment income/(loss)	75,007	(17,054)	9,515	28,827	96,295
Reporting segment profit/(loss)[1]	42,768	(18,569)	9,582	26,932	60,713
Segmental financial position					
Investments at fair value	1,729,191	295,824	104,963	215,455	2,345,433
Current assets	86,719	–	–	–	86,719
Total assets	1,815,910	295,824	104,963	215,455	2,432,152
Total liabilities	(47,716)	–	–	–	(47,716)
Net assets	1,768,194	295,824	104,963	215,455	2,384,436

1 Reporting segment results are stated net of operational costs including management fees.

Revenue from investments which individually represent more than 10% of the Group's interest and dividend income approximates £15.4 million (2020: £26.7 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 and is recognised gross of withholding tax, if any.

Dividend income

Dividend income is recognised gross of withholding tax on the date the Company's right to receive the dividend income is established.

Net change in investments at fair value through profit or loss

Net change in investments 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 2021 £'000s	Year ended 31 December 2020 £'000s
Interest income		
Interest on investments at fair value through profit or loss	**81,930**	81,202
Interest on financial assets at amortised cost	**–**	2
Total interest income	**81,930**	81,204
Dividend income	**45,247**	42,822
Net change in investments at fair value through profit or loss	**34,626**	(27,731)
Total investment income	**161,803**	96,295

Dividend and interest income includes transactions with unconsolidated subsidiary entities. Changes in investments at fair value through profit or loss are also recognised in relation to the Group's investments in unconsolidated subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CONTINUED

5. OTHER OPERATING INCOME/(EXPENSE)

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Fair value movement on foreign exchange contracts	**2,445**	(3,894)
Other gains on foreign exchange movements	**1,089**	550
Other income	**26**	18
Total other operating income/(expense)	**3,560**	(3,326)

6. TRANSACTION COSTS

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Investment advisory costs	**3,896**	286
Total transaction costs	**3,896**	286

Details of total transaction costs paid to the Investment Adviser are provided in note 17.

7. AUDITOR'S REMUNERATION

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Fees payable to the Group's auditor for the audit of the Group's financial statements	**542**	485
Fees payable to the Group's auditor and their associates for other services to the Group		
– The audit of the Group's consolidated subsidiaries	**11**	49
– The audit of the Group's unconsolidated subsidiaries	**20**	121
Total audit fees	**573**	655
Other fees		
– Interim review	**73**	17
– Other services	**–**	–
Total non-audit fees	**73**	17

8. FINANCE COSTS AND BANK LOANS

ACCOUNTING POLICY

Interest bearing loans and overdrafts are initially recorded as the proceeds received net of any directly attributable issue costs. Subsequent measurement is at amortised cost, with borrowing costs 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 debt facility.

Finance costs for the year were £3.5 million (2020: £3.8 million). The Group has a corporate debt facility with £250 million available on a fully committed basis, with a flexible 'accordion' component which will, subject to lender approval, allow for a future extension by an additional £150 million. The interest rate margin on the corporate debt facility in the year was 170 basis points over SONIA. The facility matures in March 2024 with no repayments due ahead of maturity, and is secured over the assets of the Group. The banking group for the facility consists of National Australia Bank, the Royal Bank of Scotland International, Sumitomo Mitsui Banking Corporation and Barclays Bank. The drawdowns in the period were in the form of cash drawdowns used to partially fund investments. As at December 2021, the facility was £156.2 million cash drawn (December 2020: £38.4 cash drawn), with £9.3 million drawn as letter of credit (December 2020: no drawings under letter of credit). The uncommitted balance of the facility which was not cash drawn or notionally drawn via letters of credit, was £84.5 million (December 2020: £361.6 million).

9. 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 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 Group may be subject to withholding tax imposed in the country of origin of such income.

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Current tax:		
UK corporation tax credit – current year	**–**	–
UK corporation tax – prior year	**(2)**	–
Other overseas tax – current year	**(44)**	75
Other overseas tax – prior year	**2**	(31)
Tax (credit)/charge for the year	**(44)**	44

Reconciliation of effective tax rate:

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Profit before tax	**129,167**	60,757
Exempt tax status in Guernsey	**–**	–
Application of overseas tax rates	**(44)**	75
Group tax losses surrendered to unconsolidated investee entities	**–**	–
Adjustments to previous year's assessment	**–**	(31)
Tax (credit)/charge for the year	**(44)**	44

The income tax (credit)/charge 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 IFRS 10 investment entity consolidation exception, underlying investee entity tax is not consolidated within these financial statements. To provide an indication of the tax paid across the wider portfolio, total forecasted corporation tax payable by the Group's underlying investments is in excess of £1 billion (December 2020: £1 billion) over their full concession lives.

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	**129,211**	60,713
	Number	Number
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**1,660,869,679**	1,613,799,526
Basic and diluted *(pence)*	**7.78**	3.76

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
CONTINUED

10. EARNINGS PER SHARE CONTINUED

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.

11. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. 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 IFRS 9 Financial Instruments. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Specific financial asset and liability accounting policies are provided below.

11.1 FINANCIAL ASSETS

	31 December 2021 £'000s	31 December 2020 £'000s
Investments at fair value through profit and loss	**2,579,434**	2,345,433
Financial assets at amortised cost		
Trade and other receivables	**57,378**	42,188
Cash and cash equivalents	**56,090**	44,263
Derivative financial instruments at fair value through profit or loss		
Foreign exchange contracts	**2,713**	268
Total financial assets	**2,695,615**	2,432,152

ACCOUNTING POLICY

The Group classifies its financial assets as at fair value through profit or loss or as financial assets at amortised cost. 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 at fair value through profit or loss as required by IFRS 10. The accounting policy for bank loans is included earlier in note 8.

Investments at fair value through profit or loss

Investments in underlying unconsolidated subsidiaries and other non-controlled investments are held in a portfolio, the business model of which is to manage them on a fair value basis. The Group's policy is to fair value both the equity and debt investments in underlying 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 total investment income in the Consolidated Statement of Comprehensive Income.

Trade and other receivables

Trade and other receivables that meet the contracted cash flow test as solely payments of principal and interest and which are held in a business model to receive these contractual cash flows are classified as trade and other receivables. 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.

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 classified as financial assets and liabilities at fair value through profit or loss, held for trading. Derivatives are recognised initially, and are subsequently remeasured, at fair value. Derivatives are shown as assets when their fair value is positive or as liabilities when their fair value is negative. Fair value movements on derivative financial instruments held for trading are recognised in the Consolidated Statement of Comprehensive Income.

11. FINANCIAL INSTRUMENTS CONTINUED

11.1 FINANCIAL ASSETS CONTINUED

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, being trade and other receivables, adopt a simplified approach to calculate any expected credit losses.

11.2 FINANCIAL LIABILITIES

	31 December 2021 £'000s	31 December 2020 £'000s
Financial liabilities at amortised cost		
Trade and other payables	**10,597**	9,316
Bank loans	**156,218**	38,400
Total financial liabilities	**166,815**	47,716

Accounting policy

Trade and other payables

Financial liabilities, other than those specifically accounted for under a separate policy, are measured at amortised cost and 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 carrying value of financial liabilities at amortised cost is considered to approximate their fair value.

11.3 FINANCIAL RISK MANAGEMENT

The Group's objective in managing risk is the protection of stakeholder 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 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 Board of Directors is ultimately responsible for the overall risk management of the Group, with delegation of oversight and activities (including identifying and controlling risks) provided to the Audit and Risk Committee and the Group's Investment Adviser. The Group's risk management framework and approach is set out within the Strategic Report (pages 50 to 62). 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 loss are disclosed in the fair value hierarchy section in note 11.4.

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 for a sustained period of time, investment performance may be impaired. The level of inflation-linkage across the investments held by the Group varies and is not consistent.

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 via an economic hedge, are fixed rate loans or the risk of adverse movement in interest rates is limited through protections provided by the regulatory regime. For example, 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. However, particularly in Australia, refinancing risk exists in a number of such investments. The Group's corporate debt 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 within underlying investments is included within the fair value of investments.

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11. FINANCIAL INSTRUMENTS CONTINUED
11.3 FINANCIAL RISK MANAGEMENT CONTINUED
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 Group uses forward foreign exchange contracts to mitigate the risk of short-term volatility in foreign exchange on significant investment returns from overseas investments via an economic hedge. The Group does not hedge its exposure to foreign exchange in relation to foreign currency denominated investment balances. 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 2021 £'000s	31 December 2020 £'000s
Cash		
Euro	**875**	414
Canadian Dollar	**250**	675
Australian Dollar	**6,220**	68
US Dollar	**1,603**	517
	8,948	1,674
Current receivables		
Euro receivables	**712**	126
US Dollar receivables	**–**	989
	712	1,115
Investments at fair value through profit or loss		
Euro	**299,262**	295,824
Danish Krone	**13,979**	–
Canadian Dollar	**39,439**	39,391
Australian Dollar	**213,261**	215,455
US Dollar	**66,492**	65,572
	632,433	616,242
Total	**642,093**	619,031

Sensitivity analysis showing the impact of variations of the above risks on the fair value of investments is shown in note 11.5.

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 with creditworthy counterparties and reviewing this on a regular basis at the underlying entity level. The majority of underlying investments are in public-private partnerships and similar concessions (which are entered into with government, quasi government, other public, equivalent low risk bodies), or in regulated businesses that inherently exhibit low levels of credit risk. The maximum exposure of credit risk over financial assets as a result of counterparty default is the carrying value of those financial assets in the balance sheet. In addition, the underlying investee entities contract with third-party construction and facilities management contractors. The Group seeks to mitigate this risk through using a diverse range of sub-contractors and through at least a quarterly review of the credit position of major contractors.

11. FINANCIAL INSTRUMENTS CONTINUED

11.3 FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

Liquidity risk is defined as the risk that the Group would encounter difficulty in meeting obligations as and when they fall due 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 capital redemption rights. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows. Cash flow forecasts assume full availability of underlying infrastructure to the relevant public sector body or end-user. Failure to maintain assets available for use or operating in accordance with pre-determined performance standards or licence conditions may lead to a reduction (wholly or partially) in the investment 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. The terms of public-private partnership contractual mechanisms also allow for significant pass-down of unavailability and performance risk to sub-contractors. Regulated asset regimes allow for the pass through of efficiently incurred costs to the purchaser. The Group's financial liabilities comprise trade and other payables, payable within 12 months of the year end, and bank loans, repayable in March 2024 as disclosed under note 8.

11.4 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 2021, the Group's only derivative financial instruments were currency forward contracts amounting to an asset of £2.7 million (December 2020: asset of £0.3 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 and other non-controlled investments which are classified at fair value through profit or loss. At 31 December 2021, the fair value of financial instruments classified within Level 3 totalled £2,579.4 million (December 2020: £2,345.4 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. The valuation is reviewed by the senior members of the Investment Adviser, and reviewed and approved by the Board.

1 Indicative valuations are calculated in respect of each at 31 March and 30 September.

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11. FINANCIAL INSTRUMENTS CONTINUED
11.4 FAIR VALUE HIERARCHY CONTINUED
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.

Cash flow forecasts for the full-term of each underlying investment are generated by detailed investment specific financial models. These models forecast the dividend, shareholder loan interest payments, capital repayments and senior debt repayments (where applicable) expected from the underlying investments. 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's estimations (see also pages 29 to 30 of the Strategic Report). The significant unobservable inputs and assumptions used in projecting the Group's net future cash flows are shown overleaf.

		31 December 2021	31 December 2020
Inflation rates	UK	**2.75% RPI/2.00% CPIH**	2.75% RPI/2.00% CPIH
	Australia	**2.50%**	2.50%
	Europe (excl. UK)	**2.00%**	2.00%
	Canada	**2.00%**	2.00%
	US[1]	**N/A**	N/A
Long-term deposit rates[2]	UK	**1.00%**	1.00%
	Australia	**2.00%**	2.00%
	Europe (excl. UK)	**0.50%**	0.50%
	Canada	**1.50%**	1.50%
	US[1]	**N/A**	N/A
Foreign exchange rates	GBP/AUD	**1.86**	1.77
	GBP/DKK	**8.86**	N/A
	GBP/EUR	**1.19**	1.11
	GBP/CAD	**1.72**	1.74
	GBP/USD	**1.35**	1.37
Tax rates[3]	UK	**19.00%/25.00%**	19.00%
	Australia	**30.00%**	30.00%
	Europe (excl. UK)	**Various (12.50% – 32.28%)**	Various (12.50% – 32.28%)
	Canada	**Various (23.00% – 26.50%)**	Various (23.00% – 26.50%)
	US[1]	**N/A**	N/A

1 The Company's US investment is in the form of subordinated debt and therefore not directly impacted by inflation, deposit and tax rate assumptions.
2 The portfolio valuation assumes actual current deposit rates are maintained until 31 December 2023 before adjusting to the long-term rates noted in the table above from 1 January 2024. The 31 December 2020 valuation assumed the long-term rates noted in the table above would apply from 1 January 2023.
3 Tax rates reflect those substantively enacted as at the valuation date or those that could reasonably be expected to be substantively enacted shortly after the valuation date.

Discount rate
The discount rate used in the valuation of each investment is the aggregate of the following:
- Yield on a government bond with a remaining term equivalent to (or as close as possible to) the investment being valued, issued by the national government for the location of the relevant investment ('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. However, the rate may increase in relation to investments with unknown residual values at the end of the relevant concession life as that date nears;
- A further adjustment reflective of market-based transaction valuation evidence for similar assets. Such adjustment is considered to implicitly include the market's assessment of the risk posed by climate factors to that particular investment.

11. FINANCIAL INSTRUMENTS CONTINUED

11.4 FAIR VALUE HIERARCHY CONTINUED

Over the period, the weighted average government bond yield increased by 0.40%. The weighted average investment premium decreased, reflecting observable market-based evidence.

Valuation assumptions	31 December 2021	31 December 2020	Movement
Weighted Average Government Bond Yield	**0.96%**	0.56%	0.40bps
Weighted Average Investment Risk Premium	**6.01%**	6.41%	(0.40)bps
Weighted Average Discount Rate	**6.97%**	6.97%	–
Weighted Average Discount Rate on Risk Capital[1]	**7.38%**	7.52%	(0.14)bps

1 Weighted average discount rate on Risk Capital only (equity and subordinated debt).

Reconciliation of Level 3 fair value measurements of financial assets	31 December 2021 £'000s	31 December 2020 £'000s
Balance at 1 January	**2,345,433**	2,382,645
Additional investments during the year	**252,725**	29,984
Net repayments during the year	**(53,350)**	(39,465)
Net change in investments at fair value through profit or loss	**34,626**	(27,731)
Balance at 31 December	**2,579,434**	2,345,433

11.5 SENSITIVITY ANALYSIS

The valuation requires management to make certain assumptions in relation to unobservable inputs to the model. There are no straight forward inter-relationships between the unobservable inputs. A sensitivity analysis for reasonably possible alternative assumptions is provided below:

Significant assumptions 31 December 2021	Weighted average rate in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	**6.97%**	**+1.00%**	**(245,454)**	**-1.00%**	**295,025**
Inflation rate (overall)	**2.37%**	**+1.00%**	**231,029**	**-1.00%**	**(197,787)**
UK (CPI/RPI)	**2.00%/2.75%**	**+1.00%**	**179,431**	**-1.00%**	**(151,850)**
Europe	**2.00%**	**+1.00%**	**40,393**	**-1.00%**	**(35,843)**
North America	**2.00%**	**+1.00%**	**738**	**-1.00%**	**(1,218)**
Australia	**2.50%**	**+1.00%**	**10,451**	**-1.00%**	**(8,875)**
FX rate	**N/A**	**+10.00%**	**63,273**	**-10.00%**	**(63,279)**
Tax rate	**25.47%**	**+1.00%**	**(13,757)**	**-1.00%**	**13,541**
Deposit rate	**1.04%**	**+1.00%**	**24,626**	**-1.00%**	**(13,723)**

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11. FINANCIAL INSTRUMENTS CONTINUED
11.5 SENSITIVITY ANALYSIS CONTINUED

Significant assumptions 31 December 2020	Weighted average rate in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	6.97%	+1.00%	(224,463)	-1.00%	272,586
Inflation rate (overall)	2.40%	+1.00%	259,082	-1.00%	(213,162)
UK (CPI/RPI)	2.00%/2.75%	+1.00%	207,854	-1.00%	(167,786)
Europe	2.00%	+1.00%	39,622	-1.00%	(34,525)
North America	2.00%	+1.00%	916	-1.00%	(1,525)
Australia	2.50%	+1.00%	10,682	-1.00%	(9,309)
FX rate	N/A	+10.00%	62,014	-10.00%	(62,007)
Tax rate	21.66%	+1.00%	(20,082)	-1.00%	18,937
Deposit rate	1.05%	+1.00%	23,369	-1.00%	(23,225)

12. NEW INVESTMENTS
2021

Date of investment	Description	Consideration £'000s	% Ownership post investment
April 2021	The Group made an investment into toob, utilising part of its commitment to invest in digital infrastructure, UK	**14,270**	46.1%
June 2021	The Group made an investment into the Offenbach Police Centre, Germany	**8,073**	45%
July 2021	The Group made an investment in the Beatrice offshore transmission project, UK	**49,751**	100%
September 2021	The Group made an investment to acquire an additional interest in Angel Trains, UK	**97,496**	10%
November 2021	The Group made an investment in the Rampion offshore transmission project, UK	**35,400**	100%
November 2021	The Group made an investment to acquire interests in a portfolio of Building Schools for the Future and UK PPP projects, UK	**29,074**	Various
December 2021	The Group made an investment to acquire an interest in a portfolio of Danish PPP projects, Denmark	**14,045**	66.7%
December 2021	The Group made an investment to acquire interests in a small portfolio UK PPP projects, UK	**3,053**	Various
December 2021	The Group made a follow on investment into the Diabolo Rail Link Project, Belgium	**1,563**	100%
Total capital spend on investments during the year		**252,725**	

2020

Date of investment	Description	Consideration £'000s	% Ownership post investment
January – December 2020	The Group made further investments as part of its commitment to the National Digital Infrastructure Fund, UK	**9,489**	45%
May 2020	The Group made a follow on investment into the Essex 1 and 2 Building Schools for the Future projects, UK	**6,655**	28% – 100%
August 2020	The Group made a series of follow on investments into the Bradford Phases 1 & 2, and Lewisham Phases 1 to 4 Building Schools for the Future projects, UK	**3,636**	15.5% – 54%
October 2020	The Group made a follow on investment into the Blackburn 1 and 2 Building Schools for the Future projects, UK	**1,136**	100%
December 2020	The Group made a follow on investment into the Diabolo Rail Link Project, Belgium	**9,068**	100%
Total capital spend on investments during the year		**29,984**	

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13. TRADE AND OTHER RECEIVABLES

	31 December 2021 £'000s	31 December 2020 £'000s
Accrued interest receivable	**52,657**	40,769
Other debtors	**4,721**	1,419
Total trade and other receivables	**57,378**	42,188

Other debtors included £1.2 million (December 2020: £1.1 million) of receivables from unconsolidated subsidiary entities for surrender of Group tax losses.

14. TRADE AND OTHER PAYABLES

	31 December 2021 £'000s	31 December 2020 £'000s
Accrued management fee	**8,308**	7,790
Other creditors and accruals	**2,289**	1,526
Total trade and other payables	**10,597**	9,316

15. SHARE CAPITAL AND RESERVES

Share capital	31 December 2021 shares '000s	31 December 2020 shares '000s
Authorised and in issue at 1 January	**1,620,953**	1,610,795
Issued for cash	**81,818**	–
Issued as a scrip dividend alternative	**3,333**	10,158
Authorised and in issue at 31 December – fully paid	**1,706,104**	1,620,953

	31 December 2021 £'000s	31 December 2020 £'000s
Balance at 1 January	**1,769,582**	1,753,840
Issued for cash (excluding issue costs)	**135,000**	–
Issued as a scrip dividend alternative	**5,629**	15,742
Total share capital issued in the year	**140,629**	15,742
Costs on issue of Ordinary Shares	**(1,362)**	–
Balance at 31 December	**1,908,849**	1,769,582

At present, the Company has one class of Ordinary Shares with a par value of 0.01 pence which carry no right to fixed income.

On 4 June 2021, 2,602,941 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 2020.

On 13 July 2021, the Group raised an additional £135 million of equity through a tap issue of 81,818,178 Ordinary Shares at an issue price per share of 165 pence.

On 17 November 2021, 729,570 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 2021.

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15. SHARE CAPITAL AND RESERVES CONTINUED

Other distributable reserve	31 December 2021 £'000s	31 December 2020 £'000s
Balance at 1 January	**182,481**	182,481
Movement in the year	**–**	–
Balance at 31 December	**182,481**	182,481

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 2021 £'000s	31 December 2020 £'000s
Balance at 1 January	**432,373**	488,918
Net profit for the year	**129,211**	60,713
Dividends paid[1]	**(124,114)**	(117,258)
Balance at 31 December	**437,470**	432,373

1 Includes scrip element of £5.6 million in 2021 (December 2020: £15.7 million).

DIVIDENDS

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 2021.

The Board has approved interim dividends as follows:

	Year ended 31 December 2021 £'000s	Year ended 31 December 2020 £'000s
Amounts recognised as distributions to equity holders for the year ended 31 December	**124,114**[1]	117,258
Declared and proposed		
Interim dividend for the period 1 January to 30 June 2021 was 3.78 pence per share (2020: 3.68 pence per share)	**64,463**	59,430
Interim dividend for the period 1 July to 31 December 2021 was 3.77 pence per share[2] (2020: 3.68 pence per share)	**64,320**	59,651

1 Includes the 2020 interim dividend for the period 1 July to 31 December 2020.
2 The dividend for the period 1 July to 31 December 2021 was approved by the Board on 23 March 2022 and therefore has not been included as a liability in the balance sheet for the year ended 31 December 2021.

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 debt 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 ongoing expenses and dividend payments. The Group's investment policy is set out in the Corporate Governance Report on page 66.

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 associated risks.

16. NET ASSETS PER SHARE

	31 December 2021 £'000s	31 December 2020 £'000s
Net assets attributable to equity holders of the Parent	**2,528,800**	2,384,436
	Number	Number
Number of shares		
Ordinary Shares outstanding at the end of the year	**1,706,103,581**	1,620,952,892
Net assets per share *(pence per share)*	**148.2**	147.1

17. RELATED PARTY TRANSACTIONS

Details of the Company's significant consolidated and unconsolidated subsidiaries are included in note 20.

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 and International Public Partnerships GP Limited are subsidiary companies 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 certain 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 £48,500 (2020: £45,900) 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 2021 £'000s	For the year ended 31 December 2020 £'000s	**At 31 December 2021 £'000s**	At 31 December 2020 £'000s
International Public Partnerships GP Limited[1]	**26,173**	25,888	**8,308**	7,790
Amber Fund Management Limited[2]	**3,896**	286	**247**	17
Total	**30,069**	26,174	**8,555**	7,807

1 Represents amounts paid to related parties for investment advisory fees.
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.

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17. RELATED PARTY TRANSACTIONS CONTINUED

INVESTMENT ADVISORY ARRANGEMENTS

Investment advisory fees payable during the period are calculated as follows:

For existing construction assets:
– 1.2% per annum of gross asset value of investments bearing construction risk.

For existing 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) is between £1.5 billion and £2.75 billion;
– 0.8% per annum where GAV (excluding uncommitted cash from capital raisings) value exceeds £2.75 billion.

Asset origination fees in connection with new acquisitions are charged at a rate of 1.5% of the value of new acquisitions.

The IAA can be terminated where 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. The IAA may also be terminated by either party giving to the other five years notice of termination, expiring at any time after 10 years from the date of the IAA.

As at 31 December 2021, the Amber Group held 8,002,379 (December 2020: 8,002,379) shares in the Company. The shares held by the Investment Adviser in the Company helps further strengthen the alignment of interests between the two parties.

During the year the Company acquired interests in a small portfolio of UK PPP investments from an affiliate of the Company's Investment Adviser, Amber. The interests were acquired for £3.1 million following an independent valuation of the assets. Further interests in the portfolio representing up to £3.0 million will be acquired over the coming months. Protocols provided in the Company's Investment Advisory Agreement were followed with respect to the sale of the Projects from Amber to INPP, including the establishment of separate buy-side and sell-side teams within Amber.

TRANSACTIONS WITH DIRECTORS

Shares acquired by Directors in the year are disclosed below:

	Number of New Ordinary Shares	
Director	**Year ended 31 December 2021**	Year ended 31 December 2020
Mike Gerrard	**–**	22,330
Julia Bond	**24,072**	5,358
Sally Ann David	**30,303**	–
Meriel Lenfestey	**–**	9,979
John Le Poidevin	**30,303**	–
Claire Whittet	**1,654**	3,460
Giles Frost	**27,567**	26,276
Total purchased	**113,899**	67,403

Remuneration paid to the Non-Executive Directors is disclosed on page 68. Directors received dividends on total shares held as disclosed on page 68, in accordance with the approved dividends detailed under note 15.

18. CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2021 the Group has committed funding of up to c.£44.7 million (December 2020: c.£46.8 million), which includes committed investment amounts as noted in the Strategic Report on page 23, and a deferred commitment of £14.5 million for BeNEX (December 2020: £18.2 million) which is due to be settled from future returns generated by BeNEX.

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

19. EVENTS AFTER THE BALANCE SHEET DATE

In March 2022, the Company reached preferred bidder status for Moray East OFTO. The Company expects to make an investment of up to £75 million later in the year.

20. OTHER MANDATORY DISCLOSURES

NEW STANDARDS THAT THE GROUP HAS APPLIED FROM 1 JANUARY 2021

Standards and amendments to standards applicable to the Group that became effective during the period are listed below. These have no material impact on the reported performance or financial statements of the Group.

– Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (1 January 2021).

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards applicable to the Group which are issued but 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 these standards when they become effective, however, does not currently anticipate the standards to have a significant impact on the Group's financial statements. Current assumptions regarding the impact of future standards will remain under consideration in light of interpretation notes as and when they are issued.

– Annual improvements to IFRS Standards 2018-2020 (1 January 2022).

UNCONSOLIDATED SUBSIDIARIES

A list of the significant investments in unconsolidated subsidiaries, including the name, country of incorporation as at 31 December 2021 and proportion of ownership is shown below:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
Abingdon Limited Partnership	UK	100
Aggregator PLC	UK	100
Access Justice Durham Limited	Canada	100
AKS Betriebs GmbH & Co. KG	Germany	98
Arden Partnership (Derby) Limited	UK	50
Arden Partnership (Lincolnshire) Limited	UK	50
Arden Partnership (Leicester) Limited	UK	50
BBPP Alberta Schools Limited	Canada	100
Blackburn with Darwen Phase 1 Limited	UK	100
Blackburn with Darwen Phase 2 Limited	UK	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
Derby City BSF Limited	UK	90
Derbyshire Courts Limited Partnership	UK	100
Derbyshire Schools	UK	100
Derbyshire Schools Phase Two Partnership	UK	100
Essex Schools Limited	UK	100
Future Ealing Phase 1 Limited	UK	80
4 Futures Phase 1 Limited	UK	90
4 Futures Phase 2 Limited	UK	90
Hertfordshire Schools Building Partnership Phase 1 Limited	UK	100
H&W Courts Limited Partnership	UK	100
INPP Infrastructure Germany GmbH & Co. KG	Germany	100
Inspire Partnership Limited Partnership	UK	100
IPP CCC Limited Partnership	Ireland	100
Inspiredspaces Durham (Project Co 1) Limited	UK	91

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
CONTINUED

20. OTHER MANDATORY DISCLOSURES CONTINUED

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
Kent PFI (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	90.1
Inspiredspaces STaG (Project Co 2) Limited	UK	90.1
Inspiredspaces Wolverhampton (Project Co 1) Limited	UK	100
Inspiredspaces Wolverhampton (Project Co 2) Limited	UK	100
Transform Islington (Phase 1) Limited	UK	90
Transform Islington (Phase 2) Limited	UK	90
IPP (Moray Schools) Holdings Limited	UK	100
LCV Project Trust	Australia	100
Lewisham Schools for the Future SPV Limited	UK	90
Lewisham Schools for the Future SPV 2 Limited	UK	90
Lewisham Schools for the Future SPV 3 Limited	UK	90
Lewisham Schools for the Future SPV 4 Limited	UK	81
Maesteg School Partnership	UK	100
Norfolk Limited Partnership	UK	100
Northampton Schools Limited Partnership	UK	100
Northern Diabolo N.V.	Belgium	100
Oldham BSF Limited	UK	99
OPP Hobro Tinglysningsret A/S	Denmark	66.7
OPP Ørstedskolen A/S	Denmark	66.7
OPP Vildbjerg Skole A/S	Denmark	66.7
OPP Randers P-Hus A/A	Denmark	66.7
PSBP Midlands Limited	UK	92.5
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
TC Westermost Rough OFTO Limited	UK	100
TC Dudgeon OFTO PLC	UK	100
TC Beatrice OFTO Limited	UK	100
TC Rampion OFTO Limited	UK	100

The entities listed above in aggregate represent 58.2% (December 2020: 58.1%) 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.

20. OTHER MANDATORY DISCLOSURES CONTINUED

CONSOLIDATED SUBSIDIARIES

The 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 Holdings 1 Limited	UK	100
IPP Investments UK Limited	UK	100
IPP Investments Limited Partnership	UK	100

21. INVESTMENTS

The Group holds 142 investments across energy transmission, education, transport, health, courts, wastewater, police, military housing and other sectors. The table below sets out the Group's investments that are recorded at fair value through profit or loss.

Investment Name	Country	Status at 31 December 2021	% Risk Capital Owned by the Group[1]	Investment end
UK				
UK PPP Assets				
Calderdale Schools	UK	Operational	100.0	April 2030
Derbyshire Schools Phase Two	UK	Operational	100.0	February 2032
Northamptonshire Schools	UK	Operational	100.0	December 2037
Derbyshire Courts	UK	Operational	100.0	August 2028
Derbyshire Schools Phase One	UK	Operational	100.0	April 2029
North Wales Police HQ	UK	Operational	100.0	December 2028
St Thomas More Schools	UK	Operational	100.0	April 2028
Tower Hamlets Schools	UK	Operational	100.0	August 2027
Norfolk Police HQ	UK	Operational	100.0	December 2036
Strathclyde Police Training Centre	UK	Operational	100.0[2]	September 2026
Hereford & Worcester Courts	UK	Operational	100.0[2]	September 2025
Abingdon Police Station	UK	Operational	100.0	April 2030
Bootle Government Offices	UK	Operational	100.0	December 2022
Maesteg Schools	UK	Operational	100.0	July 2033
Moray Schools	UK	Operational	100.0	February 2042
Liverpool Library	UK	Operational	100.0	November 2037
Three Shires – Derbyshire	UK	Operational	50.0	October 2037
Three Shires – Leicestershire	UK	Operational	50.0	June 2037
Three Shires – Lincolnshire	UK	Operational	50.0	May 3028
Townlands Hospital	UK	Operational	100.0	November 2041
Priority Schools Building Aggregator Programme				
Batch 1 – Schools in North East England	UK	Operational	0.0[2]	August 2040
Batch 2 – Schools in Hertfordshire, Luton and Reading	UK	Operational	0.0[2]	November 2040
Batch 3 – Schools in North West of England	UK	Operational	0.0[2]	August 2041
Batch 4 – Schools in the Midlands Region	UK	Operational	92.5[2]	December 2041
Batch 5 – Schools in Yorkshire	UK	Operational	0.0[2]	September 2041
OFTOs				
Robin Rigg OFTO	UK	Operational	100.0[2]	March 2031

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FOR THE YEAR ENDED 31 DECEMBER 2021
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21. INVESTMENTS CONTINUED

Investment Name	Country	Status at 31 December 2021	% Risk Capital Owned by the Group[1]	Investment end
Gunfleet Sands OFTO	UK	Operational	100.0[2]	July 2031
Barrow OFTO	UK	Operational	100.0[2]	March 2030
Ormonde OFTO	UK	Operational	100.0[2]	July 2032
Lincs OFTO	UK	Operational	100.0	November 2034
Westermost Rough OFTO	UK	Operational	100.0	February 2036
Dudgeon OFTO	UK	Operational	100.0	November 2038
Beatrice OFTO	UK	Operational	100.0	April 2045
Rampion OFTO	UK	Operational	100.0	November 2041
Building Schools for the Future Portfolio				
Minority Shareholdings in 22 Building Schools for the Future Projects	UK	Operational	Various	Various
Blackburn with Darwen Phase One	UK	Operational	100.0	September 2036
Blackburn with Darwen Phase Two	UK	Operational	100.0	September 2039
Derby City	UK	Operational	90.0	August 2037
Durham Schools	UK	Operational	91.0	January 2036
Ealing Schools Phase One	UK	Operational	80.0	March 2038
Essex Phase Two	UK	Operational	100.0	December 2036
Hertfordshire Schools Phase One	UK	Operational	100.0	August 2037
Islington Phase One	UK	Operational	90.0	August 2034
Islington Phase Two	UK	Operational	90.0	March 2039
Lewisham Phase 1	UK	Operational	90.0	December 2034
Lewisham Phase 2	UK	Operational	90.0	August 2037
Lewisham Phase 3	UK	Operational	90.0	August 2037
Lewisham Phase 4	UK	Operational	81.0	March 2038
Oldham Schools	UK	Operational	99.0	August 2037
Tameside Schools One	UK	Operational	46.0	August 2036
Tameside Schools Two	UK	Operational	46.0	August 2037
Nottingham Schools One	UK	Operational	82.0	August 2034
Nottingham Schools Two	UK	Operational	82.0	August 2038
South Tyneside and Gateshead Schools One	UK	Operational	90.1	October 2034
South Tyneside and Gateshead Schools Two	UK	Operational	90.1	September 2036
Southwark Phase One	UK	Operational	90.0	January 2036
Southwark Phase Two	UK	Operational	90.0	December 2036
Wolverhampton Schools Phase One	UK	Operational	100.0	September 2037
Wolverhampton Schools Phase Two	UK	Operational	100.0	August 2040
Kent Schools	UK	Operational	58.0	August 2035
NHS LIFT Portfolio				
Beckenham Hospital	UK	Operational	49.8	December 2033
Garland Road Health Centre	UK	Operational	49.8	December 2031
Alexandra Avenue Primary Care Centre, Monks Park Health Centre (two projects)	UK	Operational	49.8	June 2031
Gem Centre Bentley Bridge, Phoenix Centre (two projects)	UK	Operational	49.8	December 2030
Sudbury Health Centre	UK	Operational	49.8	November 2032
Mt Vernon	UK	Operational	49.8	December 2033
Lakeside	UK	Operational	49.8	November 2032
Fishponds Primary Care Centre, Hampton House Health Centre (two projects)	UK	Operational	33.4	January 2031

21. INVESTMENTS CONTINUED

Investment Name	Country	Status at 31 December 2021	% Risk Capital Owned by the Group[1]	Investment end
Shirehampton Primary Care Centre, Whitchurch Primary Care Centre (two projects)	UK	Operational	33.4	May 2032
Blackbird Leys Health Centre, East Oxford Care Centre (two projects)	UK	Operational	33.4	May 2031
Brierley Hill	UK	Operational	34.3	April 2035
Ridge Hill Learning Disabilities Centre, Stourbridge Health & Social Care Centre (two projects)	UK	Operational	34.3	October 2031
Harrow NRC (three projects)	UK	Operational	49.8	June 2034
Goscote Palliative Care Centre	UK	Operational	49.8	November 2035
South Bristol Community Hospital	UK	Operational	33.4	February 2042
East London LIFT Project One (four projects)	UK	Operational	30.0	October 2030
East London LIFT Project Two (three projects)	UK	Operational	30.0	April 2033
East London LIFT Project Three (Newby Place)	UK	Operational	30.0	May 2037
East London LIFT Project Four (two projects)	UK	Operational	30.0	August 2036
Eltham Community Hospital	UK	Operational	49.8	January 2040
Other UK				
Angel Trains	UK	Operational	10.0	December 2058
Tideway	UK	Construction	15.99	March 2150
Cadent	UK	Operational	7.25	June 2069
National Digital Infrastructure Fund	UK	Operational	45.0	July 2027
Australia				
Royal Melbourne Showgrounds	Australia	Operational	100.0	August 2031
Long Bay Forensic & Prisons Hospital Project	Australia	Operational	100.0	July 2034
Reliance Rail	Australia	Operational	33.0	February 2044
Royal Children's Hospital	Australia	Operational	100.0	December 2036
Orange Hospital	Australia	Operational	100.0	December 2035
NSW Schools	Australia	Operational	25.0	December 2035
Gold Coast Rapid Transport	Australia	Operational	30.0	May 2029
Victoria Schools Two	Australia	Operational	100.0	December 2042
Flinders University	Australia	Construction	100.0	March 2049
North America				
Alberta Schools	Canada	Operational	100.0	June 2040
Durham Courts	Canada	Operational	100.0	November 2039
US Military Housing	US	Operational	0.0[2]	October 2052
Europe (ex UK)				
Diabolo Rail Link	Belgium	Operational	100.0	June 2047
Dublin Courts	Ireland	Operational	100.0	February 2035
BeNEX	Germany	Operational	100.0	December 2049
Federal German Ministry of Education and Research Headquarters	Germany	Operational	98.0	July 2041
Pforzheim Schools	Germany	Operational	98.0	September 2039
Offenbach Police Centre	Germany	Construction	45.0	June 2050
Brescia Hospital	Italy	Operational	37.0	November 2021
Hobro Court	Denmark	Operational	66.7	December 2027
Randers Hospital Parking Facility	Denmark	Operational	66.7	April 2041
Ørsted School	Denmark	Operational	66.7	June 2038
Vildbjerg School	Denmark	Operational	66.7	December 2036

1 Risk Capital includes project level equity and/or subordinated shareholder debt.
2 Investment contains senior or mezzanine debt in addition to any Risk Capital ownership shown.

GLOSSARY
INCLUDING ALTERNATIVE PERFORMANCE MEASURES

AGM
The Company's Annual General Meeting

AIC
Association of Investment Companies

AFML
Amber Fund Management Limited, a member of the Amber Group

AMBER / AMBER INFRASTRUCTURE
The Company's Investment Adviser (Amber Fund Management Limited and its corporate group)

AMBER GROUP
Amber Infrastructure Group Holdings Limited and its subsidiaries

APMs
In accordance with ESMA Guidelines on Alternative Performance Measures ('APMs') the Board has considered what APMs are included in the Annual Report and financial statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the Annual Report and financial statements are identified as non-GAAP measures and are defined within this glossary

ASCE
American Society of Civil Engineers

AVERAGE NAV
Average of published NAVs for the relevant periods

BEPS
Base Erosion and Profit Shifting

BSF
Building schools for future projects

CASH DIVIDEND COVER
Non-GAAP measure. Cash dividend payments to investors covered by the net operating cash flow before capital activity. This measure shows the sustainability of the dividend payments made by the Company. Net operating cash flows before capital activity include net repayments from Investments at Fair Value through profit and loss and finance costs paid and exclude investment transaction costs when compared to net cash inflows from operations as disclosed in the statutory cash flow statement in the financial statements

CDF
The Company's corporate debt facility

CMA
Competition and Markets Authority

CPI
Consumer Price Index

CPIH
CPI including owner occupied housing costs

DIVIDEND GROWTH
Non-GAAP measure. Represents the growth in dividend per share paid to shareholders compared to the prior year. This measure provides information on the Company's dividend performance. Dividends paid and number of issued shares can be found disclosed in the financial statements and notes to the financial statements

DIVIDEND PER SHARE
Non-GAAP measure. Represents dividends paid per Ordinary Share issued, as disclosed in the financial statements. This measure provides information on the Company's dividend performance. Dividends paid and number of issued shares can be found disclosed in the financial statements and notes to the financial statements

EAT
European Assets Trust

ESG
Environmental, Social and Governance

EU TAXONOMY
EU Taxonomy for Sustainable Activities

FCA
Financial Conduct Authority

FRC
The Financial Reporting Council

GAV
Gross asset value

GDNs
Gas distribution networks

GFSC
The Guernsey Financial Services Commission

GHG
Greenhouse gas emissions

GRESB INFRASTRUCTURE
The Infrastructure Asset Assessment assesses ESG performance at the asset level for infrastructure asset operators, fund managers and investors that invest directly in infrastructure

HMRB
Flinders University Health and Medical Research Building

IAA
Investment Advisory Agreement

IFRS
International Financial Reporting Standards

INTERNATIONAL PUBLIC PARTNERSHIPS
The ‘Company’, ‘INPP’, the ‘Group’ (where including consolidated entities)

INVESTMENT ADVISER
Amber (see above)

IPO
Initial public offering

IRR
The internal rate of return

HUNT
Amber’s long-term investor, US Group, Hunt Companies LLC

KPIs
Key performance indicators

LIBOR
The London Inter-Bank Offered Rate is an interest-rate average calculated from estimates submitted by the leading banks in London

NDIF
National Digital Infrastructure Fund

NET ASSET VALUE (‘NAV’)
Non-GAAP measure. Represents the equity attributable to equity holders of the Parent in the Balance Sheet. This terminology is used as it is common investment sector terminology and so is the most understandable to the users of the Annual Report. Components of NAV are further discussed throughout the Annual Report, including from page 31

NET ASSET VALUE (‘NAV’) PER SHARE
Non-GAAP measure. Represents the equity attributable per share to equity holders of the Parent in the Balance Sheet. This terminology is used as it is common investment sector terminology and so is the most understandable to the users of the Annual Report

NET OPERATING CASH FLOWS BEFORE CAPITAL ACTIVITY
Non-GAAP measure. Represents the cash flows from the Company’s operations before capital activity relating to the acquisition of new investments, issues of new capital or payment of dividends. This approach is used to provide investors with an indication of cash flows generated from operational activity and is used as part of the cash dividend cover calculations. Components of net operating cash flows before capital activity are further discussed throughout the Annual Report, including from page 29

NET ZERO
Net Zero refers to balancing the amount of emitted greenhouse gases with the equivalent emissions that are either offset or sequestered. This should primarily be achieved through a rapid reduction in carbon emissions, but where zero carbon cannot be achieved, offsetting through carbon credits or sequestration through rewilding or carbon capture and storage needs to be utilised

OECD
Organisation for Economic Co-operation and Development

OFTO
Offshore Electricity Transmission project

PFI
Projects and private finance initiative

PORTFOLIO INFLATION-LINKED RETURN / INFLATION-LINKED CASH FLOWS
Non-GAAP measure. Calculated by running a ‘plus 1.00%’ inflation sensitivity for each investment and solving each investment’s discount rate to return the original valuation. The inflation-linked cash flows is the increase in the portfolio weighted average discount rate. This measure provides an indication of the portfolio’s inflation protection. There is no near comparable in the financial statements

PPP
Public-private partnerships

PRI
The UN-backed Principles for Responsible Investment

PwC
The Company’s auditors PricewaterhouseCoopers CI LLP

GLOSSARY
INCLUDING ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

RNS
Regulatory news service

RPI
UK Retail Price Index

SCOPE 1 EMISSIONS
Direct emissions from owned or controlled sources

SCOPE 2 EMISSIONS
Indirect emissions from the generation of purchased energy

SCOPE 3 EMISSIONS
All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

SDGs
Sustainable Development Goals

SDR
The proposed UK Sustainability Disclosure Requirements

SFDR
The EU Sustainable Finance Disclosure Regulation

SONIA
SONIA is the effective reference for overnight indexed swaps for unsecured transactions in the Sterling market

SPV
Special Purpose Vehicle

TCFD
Task Force on Climate-related Financial Disclosures

THE COMPANY
International Public Partnerships Limited

TOCS
Train operating companies

TOTAL SHAREHOLDER RETURN (‘TSR’)
Non-GAAP measure. Share price appreciation plus dividends assumed to be reinvested since IPO. The total return based on the NAV appreciation plus dividends paid since the IPO. There is no direct reconciliation to the financial statements, being a calculation instead derived from the Company’s share price. However, a nearest comparison were this measure based on a figure in the financial statements is provided in the Strategic Report, Investor Relations, Total Shareholder Return paragraph

TRANSITION RISK
Transition risks include policy changes, reputational impacts, and shifts in market preferences, norms and technology. Transition opportunities include those driven by resource efficiency and the development of new technologies, products and services, which could capture new markets and sources of funding

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NOTES

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